2ND QUARTER FINANCIAL REPORT | 2012 - 2013

A Presentation to the Board of Governors
November 12, 2012

ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report

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ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report
SUMMARY
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q2 vs. Approved Variance F/(U)
Funded Activity/College Operations			
Revenue	$ 190,813	$ 191,569	$ 756
Expenditures	190,813	187,076	3,736
Net Cash Flow	-	4,492	4,492
Contract Activity			
Revenue	27,781	29,107	1,326
Expenditures	23,405	26,739	(3,334)
Net Cash Flow	4,376	2,368	(2,008)
College Ancillary Services			
Revenue	40,641	39,939	(703)
Expenditures	36,585	35,879	706
Net Cash Flow	4,057	4,060	3
International Education Centre			
Revenue	16,575	14,420	(2,155)
Expenditures	12,032	10,844	1,188
Net Cash Flow	4,543	3,576	(967)
Strategic Investment Priorities			
Revenue	48,795	32,842	(15,953)
Expenditures	60,771	43,123	17,649
Net Cash Flow	(11,976)	(10,280)	1,696
TOTAL REVENUE	324,605	307,877	(16,728)
TOTAL EXPENDITURES	323,606	303,662	19,944
NET CASH FLOW	**1,000**	**4,216**	**3,216**
Adjustments to Comply with Generally Accepted Accounting Principles (GAAP)[1]	7,072	17,588	10,516
NET CONTRIBUTION before Expenditures from Internally Restricted Funds	**$ 8,072**	**$ 21,804**	**$ 13,732**
Expenditures from Internally Restricted Funds [2]	(4,800)	(17,236)	(12,436)
NET CONTRIBUTION as per GAAP	**$ 3,272**	**$ 4,568**	**$ 1,296**

[1] See Schedule of Adjustments for GAAP on Page 4 for details.
[2] See Strategic Investment Priorities Schedule on Page 16 for details.

2012/2013 2nd Quarter Financial Report
ADJUSTMENTS FOR GENERALLY ACCEPTED ACCOUNTING PRINCIPLES
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q2 vs. Approved Variance F/(U)
Adjustments to Comply with Generally Accepted Accounting Principles (GAAP)			
Add: Capital Assets (net)	$ 32,974	$ 28,794	$ (4,180)
Add: Principal Portion of Debt Payments Expensed	2,053	2,053	-
Add: Contributions to Internally Restricted Funds Expensed	2,580	2,569	(11)
Less: Loan Proceeds Recorded as Revenue[1]	(23,822)	(9,126)	14,696
Less: Amortization of Capital Assets	(7,230)	(7,219)	11
Less: Change in Vacation, Sick Leave & Post-Employment Benefits	517	517	-
TOTAL ADJUSTMENTS TO COMPLY WITH GAAP	**$ 7,072**	**$ 17,588**	**$ 10,516**

Note: The College manages and reports its Annual Budget on a cash flow basis with a targeted $1 million Net Cash Flow. Capital expenditures, the principal portion of debt servicing payments and budgeted contributions to Internally Restricted Funds are shown as expenditures. Capital grants, donations for capital buildings & equipment and loan proceeds are shown as revenue. The above adjustments are required to convert the College's net contribution from a Net Cash Flow basis to a GAAP basis.

[1]Loan for Pembroke Campus paid in full in July 2012.

ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report
STATEMENT OF FINANCIAL POSITION
(all figures in $ 000's)

	March 31, 2013 Approved Annual Budget	March 31, 2013 Q2 Projected	Q2 vs. Approved Variance F/(U)
ASSETS			
Current Assets			
Cash & Short Term Investments	$ 23,616	$ 22,922	$ (694)
Accounts Receivable	21,986	21,986	-
Inventory	2,154	1,644	(510)
Prepaid Expenses	907	1,200	293
	48,663	**47,752**	**(911)**
Investments	**43,204**	**43,000**	**(204)**
Endowment Assets	**15,871**	**17,056**	**1,185**
Capital Assets	**284,214**	**283,799**	**(415)**
TOTAL ASSETS	**$ 391,952**	**$ 391,607**	**$ (345)**
LIABILITIES & NET ASSETS			
Current Liabilities			
Accounts Payable & Accrued Liabilities	$ 26,811	$ 26,500	$ (311)
Accrued Salaries & Employee Deductions Payable	10,431	10,000	(431)
Deferred Revenue	22,068	20,000	(2,068)
Current Portion of Long Term Debt	2,386	2,442	56
	61,696	**58,942**	**(2,754)**
Long Term Debt	**62,986**	**62,930**	**(56)**
Vacation, Sick Leave & Post-Employment Benefits	**13,841**	**13,926**	**85**
Deferred Capital Contributions	**163,114**	**163,634**	**520**
Interest Rate Swaps	**8,744**	**8,744**	**-**
Net Assets			
Unrestricted	1,000	1,000	-
Investment in Capital Assets	55,731	54,602	(1,129)
Vacation, Sick Leave & Post-Employment Benefits	(13,842)	(13,926)	(84)
Internally Restricted			
Appropriations	2,000	-	(2,000)
Specific Reserves	9,797	9,837	40
Contingency Reserve Fund	-	4,500	4,500
Reserve Funds	19,758	19,106	(652)
Interest Rate Swaps	(8,744)	(8,744)	-
Endowment Fund	15,871	17,056	1,185
	81,571	**83,431**	**1,860**
TOTAL LIABILITIES & NET ASSETS	**$ 391,952**	**$ 391,607**	**$ (345)**

2012/2013 2nd Quarter Financial Report
REVENUE SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q2 vs. Approved Variance F/(U)
FUNDED ACTIVITY/COLLEGE OPERATIONS			
Grants			
Post Secondary Activity	$ 94,075	$ 94,101	$ 26
Apprentice	4,855	4,789	(65)
Flow-Through Student Aid	1,808	1,148	(660)
Collaborative Programs	3,404	3,228	(176)
TOTAL GRANTS	104,142	103,267	(875)
Tuition Fees			
Full-Time Post Secondary	50,823	52,174	1,351
Part-Time	9,684	9,862	178
Adult Training	1,643	1,583	(60)
Student IT & Mobile Computing Fees	4,513	4,622	109
TOTAL TUITION FEES	66,663	68,241	1,578
Other			
Early Learning Centre	938	938	-
Student Ancillary Fees	4,214	4,588	375
Student Services Grant	100	100	-
Investment Income	1,587	1,433	(154)
Transfer from International Education Centre[1]	6,362	5,202	(1,160)
Miscellaneous	6,808	7,800	992
TOTAL OTHER	20,008	20,061	53
TOTAL FUNDED ACTIVITY/COLLEGE OPERATIONS	**190,813**	**191,569**	**756**
CONTRACT ACTIVITY	**27,781**	**29,107**	**1,326**
COLLEGE ANCILLARY SERVICES	**40,641**	**39,939**	**(703)**
INTERNATIONAL EDUCATION CENTRE	**16,575**	**14,420**	**(2,155)**
STRATEGIC INVESTMENT PRIORITIES	**48,795**	**32,842**	**(15,953)**
TOTAL REVENUE	**$ 324,605**	**$ 307,877**	**$ (16,728)**

[1] 50% of full-time tuition fees from International Students is shared with Academic Services (part of Funded Activity/College Operations).

2012/2013 2nd Quarter Financial Report
REVENUE SCHEDULE
Variance Analysis (all figures in $ 000's)

Description	Variance F/(U)	Comments
Flow-Through Student Aid	$ (660)	Ontario Ministry of Training, Colleges and Universities (MTCU) discontinued funding of the Ontario Special Bursary Program (OSBP) (announced after budget was prepared).
Full-Time Post Secondary	$ 1,351	Overall enrolment is expected to be 3% higher than planned.
Student Ancillary Fees	$ 375	Higher online learning service fees due to higher enrolment.
Transfer from International Education Centre	$ (1,160)	International student enrolment lower than expected resulting in a lower transfer to Funded Activity/College Operations.
Miscellaneous	$ 992	Ontario College Application Service (OCAS) processing fees ($384K) not included in budget (processing through colleges introduced after the budget) (a flow-through revenue with a small amount retained by the College); and additional hosting fees received from other Colleges for their students participating in our on line courses ($227K). Balance due to changes in internal revenues (offset by internal charges).
CONTRACT ACTIVITY	$ 1,326	Increase of $4.8M for provincial contracts and decreases of $3.5M for all other lines of business, including the Corporate Training Centre, the Personal Development Institute, Applied Research and all other miscellaneous contracts.
COLLEGE ANCILLARY SERVICES	$ (703)	Cadre - The Economic Cities (Saudi Arabia campus) no longer intending to purchase new textbooks.
INTERNATIONAL EDUCATION CENTRE	$ (2,155)	15% lower than expected student enrolment.
STRATEGIC INVESTMENT PRIORITIES	$ (15,953)	*See Strategic Investment Priorities Variances.*
Total Explained Variances	$ (16,587)	
Other Minor Variances	$ (142)	
Total Variance	$ (16,728)	

ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report
EXPENDITURES SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget	Q2 Year-End Projection	Q2 vs. Approved Variance F/(U)
FUNDED ACTIVITY/COLLEGE OPERATIONS			
TOTAL SALARIES & BENEFITS	$ 134,969	$ 133,396	$ 1,572
Other Operating Costs			
Building Maintenance & Utilities	9,224	9,228	(4)
Contract Services	7,727	8,031	(304)
Contingencies	6,169	4,032	2,137
Mandated Student Aid	4,673	4,759	(86)
Information Technology *	3,968	4,409	(441)
Instructional Supplies & Equipment	3,157	3,456	(299)
Promotion	2,366	2,034	332
Debt Servicing	2,298	2,298	-
Flow-Through Student Aid	1,800	1,148	652
Other	14,463	14,285	177
TOTAL OTHER OPERATING	55,844	53,680	2,164
TOTAL FUNDED ACTIVITY/COLLEGE OPERATIONS	**190,813**	**187,076**	**3,736**
CONTRACT ACTIVITY	**23,405**	**26,739**	**(3,334)**
COLLEGE ANCILLARY SERVICES	**36,585**	**35,879**	**706**
INTERNATIONAL EDUCATION CENTRE	**12,032**	**10,844**	**1,188**
STRATEGIC INVESTMENT PRIORITIES	**60,771**	**43,123**	**17,649**
TOTAL EXPENDITURES	**$ 323,606**	**$ 303,662**	**$ 19,944**

* Grouped under "Other" in 2012/13 Approved Budget.

2012/2013 2nd Quarter Financial Report
EXPENDITURES SCHEDULE
Variance Analysis (all figures in $ 000's)

Description	Variance F/(U)	Comments
Salaries & Benefits	$ 1,572	Budget included 2% increase for full-time academic salaries. Settlement contains no increase. Partially offset by increased part-time academic salaries to accommodate increased enrolment. Vacancy savings have also been realized.
Contract Services	$ (304)	Increase in contract teachers to serve higher than planned enrolment in Distance Education courses.
Contingencies	$ 2,137	Provision for uncertainty of Ontario Provincial Budget reductions measures has been assessed and reduced accordingly.
Information Technology	$ (441)	Purchase of new software for Institutional Research and increases in license fees offset by savings elsewhere.
Instructional Supplies & Equipment	$ (299)	Increase due to higher enrolment.
Promotion	$ 332	Business Development promotion plans scaled back from budget.
Flow-Through Student Aid	$ 652	Flow-through funding for the Ontario Special Bursary Program (OSBP) was eliminated in the Ontario budget. OSBP bursary payments are anticipated to be approximately as budgeted but will be reported under Mandated Student Aid and Other Expenses. The estimated net impact on total expenses for this year is $392K, which is offset by savings elsewhere.
CONTRACT ACTIVITY	$ (3,334)	Increase of $4.6M to match the increase in provincial contract revenue and a decrease of $1.3M in variable costs associated with the decline in revenue for the Corporate Training Centre, the Personal Development Institute and Applied Research.
COLLEGE ANCILLARY SERVICES	$ 706	Cost of goods sold savings associated with the loss of revenue from intended textbook orders from Cadre - The Economic Cities contract.
INTERNATIONAL EDUCATION CENTRE	$ 1,188	International student enrolment lower than expected resulting in a lower transfer to Funded Activity/College Operations.
STRATEGIC INVESTMENT PRIORITIES	$ 17,649	*See Strategic Investment Priorities Variances.*
Total Explained Variances	$ 19,857	
Other Minor Variances	$ 87	
Total Variance	$ 19,944	

2012/2013 2nd Quarter Financial Report
STRATEGIC INVESTMENT PRIORITIES SCHEDULE
(all figures in $ 000's)

	Approved Annual Budget (A)	Internally Restricted Funds Approved June 2012 [1] (B)	Total Approved (C) = (A) + (B)	Q2 Year-End Projection (D)	Q2 vs. Total Approved Variance F/(U) (E) = (D) - (C)
Campus Expansion					
Source of Funds					
Ontario Financing Authority (OFA) Loan Proceeds	$ 23,822	$ -	$ 23,822	$ 9,126	$ (14,695)
Students' Association Contribution	16,389	-	16,389	14,117	(2,272)
Capital Campaign	1,300	-	1,300	1,427	127
Enabling Accessibility Fund	1,000	-	1,000	976	(24)
Other	2,500	-	2,500	2,500	-
Internally Restricted Funds - Reserve Funds [2, 3]	-	-	-	10,562	10,562
	45,010	-	45,010	38,709	(6,301)
Expenditures					
Pembroke Campus	19,224	-	19,224	17,028	2,196
Student Commons	25,786	-	25,786	21,681	4,105
	45,010	-	45,010	38,709	6,301
NET CASH FLOW - CAMPUS EXPANSION	**-**	**-**	**-**	**-**	**-**
Other Projects					
Source of Funds					
Digital College Grant	3,200	-	3,200	2,602	(598)
Facilities Renewal	585	-	585	601	16
Apprenticeship Enhancement Fund	-	-	-	934	934
College Equipment Renewal Fund	-	-	-	559	559
Internally Restricted Funds - Appropriations/Specific Reserves [2]	4,800	4,339	9,139	6,674	(2,465)
	8,585	4,339	12,924	11,369	(1,555)
Expenditures					
Digital College	3,200	879	4,079	4,166	(87)
College Technologies	2,000	184	2,184	1,803	381
College Space & Infrastructure	2,585	1,057	3,642	3,480	162
New Program Initiatives	250	-	250	250	-
Academic & Other Equipment	1,513	-	1,513	1,513	-
Business Plan Priorities	9,637	1,514	11,151	7,491	3,660
Apprenticeship Enhancement Fund	-	-	-	934	(934)
Ancillary Projects Funded by Internally Restricted Funds [2]	-	705	705	705	-
Capital Campaign Bridge Financing Funded by Internally Restricted Funds [2]	1,376	-	1,376	1,308	68
	20,561	4,339	24,900	21,650	3,250
NET CASH FLOW - OTHER PROJECTS	**(11,976)**	**-**	**(11,976)**	**(10,280)**	**1,696**
SOURCE OF FUNDS:					
Annual Budget	48,795	-	48,795	32,842	(15,953)
Internally Restricted Funds [2]	4,800	4,339	9,139	17,236	8,097
TOTAL REVENUE	**53,595**	**4,339**	**57,934**	**50,079**	**(7,856)**
EXPENDITURES:					
Annual Budget	60,771	4,339	60,771	43,123	17,649
Internally Restricted Funds [2, 3]	4,800	-	9,139	17,236	(8,097)
TOTAL EXPENDITURES	**65,571**	**4,339**	**69,910**	**60,359**	**9,551**
TOTAL NET CASH FLOW	**$ (11,976)**	**$ -**	**$ (11,976)**	**$ (10,280)**	**1,696**

[1] Use of additional reserves approved by the Board of Governors in June 2012.

[2] Internally Restricted Funds were not included on this schedule in the 2012/13 Approved Budget. They have been added to the revised budget and projection to provide a complete picture of Strategic Investments.

[3] $23M drawdown of reserve funds for Pembroke campus approved by Board of Governors in March 2012.

2012/2013 2nd Quarter Financial Report
STRATEGIC INVESTMENT PRIORITIES SCHEDULE
Variance Analysis (all figures in $000's)

Description	Variance F/(U)	Comments
Ontario Financing Authority (OFA) Loan Proceeds	$ (14,695)	Reflects revised cash flow for Student Commons building and repayment of loan for Pembroke campus in July. Pembroke Campus will be financed from reserves as approved by the Board of Governors.
Students' Association Contribution	$ (2,272)	Reflects revised cash flow for Pembroke and Student Commons buildings (no change to overall cost).
Internally Restricted Funds (Campus Expansion)	$ 10,562	Use of reserves to finance Pembroke Campus.
Pembroke Campus	$ 2,196	Reflects revised cash flow for Pembroke campus (no change to overall cost).
Student Commons	$ 4,105	Reflects revised cash flow for Student Commons building (no change to overall cost).
Digital College Grant	$ (598)	Approved budget reflects preliminary list of qualifying projects to be completed in the current fiscal year. Final list is lower due to timing of work; MTCU grant adjusted accordingly.
Apprenticeship Enhancement Fund	$ 934	Apprenticeship Enhancement Fund grant announced after budget was prepared (offset by equivalent expenditures).
College Equipment Renewal Fund	$ 559	College Equipment Renewal Fund grant announced after budget was prepared. Grant will be used to fund budgeted projects.
Internally Restricted Funds (Other Projects)	$ (2,465)	In-year allocation to address provincial budget risk contingency no longer required ($2,034K). Revised project costs and deferral of various projects to next fiscal year ($431K).
College Technologies	$ 381	Reflects partial deferral of PeopleSoft Stabilization project to next fiscal year.
Business Plan Priorities	$ 3,660	In-year allocation to address provincial budget risk contingency no longer required ($2,034K). Revised project costs and deferral of various projects to next fiscal year ($1,626K).
Apprenticeship Enhancement Fund Expenditures	$ (934)	Apprenticeship Enhancement Fund grant announced after budget was prepared (offset by equivalent grant).
Total Explained Variances	$ 1,433	
Other Minor Variances	$ (262)	
Total Variance	$ 1,696	

ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report
INTERNALLY RESTRICTED NET ASSETS SCHEDULE
(all figures in $ 000's)

	Year-Ended March 31, 2012 (Audited)[1]	Projected In Year Use of Funds (Q2)	Projected Year End Adjustments (Q2)	Projected March 31, 2013 (Q2)
Appropriations	$ 1,077	$ 1,058	$ (19)	$ -
Specific Reserves:				
Other Projects & Initiatives	7,357	3,718	-	3,639
Ancillary Services Reserve Fund	5,391	705	998	5,684
Employment Stabilization Funds	452	10	55	497
Other Student Aid	22	10	5	17
	13,222	4,443	1,058	9,837
Contingency Reserve Fund	1,750	-	2,750	4,500
Reserve Funds:				
Future Capital Expansion - Sale of Rideau Campus	6,562	6,562	-	-
Future Capital Expansion	32,729	15,578	1,955	19,106
Rural Campus Reserve Fund	2,168	2,168	-	-
	41,459	24,308	1,955	19,106
TOTAL INTERNALLY RESTRICTED NET ASSETS	**$ 57,507**	**$ 29,809**	**$ 5,744**	**$ 33,443**

[1] Actuals as per the the 2011/12 Financial Statement, note 19(b).

ALGONQUIN COLLEGE

2012/2013 2nd Quarter Financial Report
SUMMARY OF FUNDED POSITIONS

	Approved Annual Budget 2012/13				Position Changes			Full-Time Funded at Q2 Projection 2012/13			
	Admin	Support	Academic	Total	Positions Opened	Positions Closed	Positions Transferred	Admin	Support	Academic	Total
President & Board of Governors											
President's Office	3	-	-	3	-	-	-	3	-	-	3
Human Resources											
Human Resources	22	2	1	25	-	(1)	-	21	2	1	24
Administration											
Vice-President's Office	2	-	-	2	-	-	-	2	-	-	2
College Ancillary Services	18	70	-	88	-	-	-	18	70	-	88
Finance & Administrative Services	7	29	-	36	-	(2)	-	7	27	-	34
Information, Institutional Research and Technology Services[2]	10	66	-	76	-	(1)	-	9	66	-	75
Physical Resources	14	39	-	53	-	-	-	14	39	-	53
Total	51	204	-	255	-	(3)	-	50	202	-	252
Student Services											
Vice-President's Office	2	-	-	2	-	-	-	2	-	-	2
Student Support Services	7	23	17	47	3	(1)	-	9	24	16	49
Algonquin College Foundation[2]	3	2	-	5	-	(1)	-	3	1	-	4
Registrar	10	59	-	69	-	(1)	-	10	58	-	68
Total	22	84	17	123	3	(3)	-	24	83	16	123
Business Development											
Vice-President's Office	3	1	-	4	-	-	-	3	1	-	4
Applied Research & Development	2	-	-	2	-	-	-	2	-	-	2
International & Corporate Business Development	9	11	21	41	-	-	-	9	11	21	41
Business Development & Corporate Training[1]	2	3	-	5	1	-	-	2	4	-	6
Total	16	15	21	52	1	-	-	16	16	21	53
Academic Services											
Vice-President's Office	12	2	12	26	-	-	(10)	12	2	2	16
School/College Work Initiative	-	1	-	1	-	-	-	-	1	-	1
Faculty of Arts, Media & Design	7	28	107	142	2	(4)	5	7	27	111	145
School of Business	5	9	81	95	2	(1)	2	5	8	85	98
School of Hospitality & Tourism	3	9	37	49	-	-	2	3	9	39	51
Faculty of Technology & Trades	6	25	137	168	3	-	2	6	25	142	173
Algonquin College Heritage Institute	2	11	11	24	-	-	-	2	11	11	24
Faculty of Health, Public Safety & Community Studies	8	31	125	164	-	(2)	-	8	31	123	162
Learning & Teaching Services	5	21	4	30	-	-	(1)	5	21	3	29
Mobile Computing	-	1	-	1	-	-	-	-	1	-	1
Centre for Continuing and Online Learning	4	17	-	21	-	-	-	4	17	-	21
Algonquin College in the Ottawa Valley	6	27	25	58	1	-	-	6	27	26	59
Total	58	182	539	779	8	(7)	-	58	180	542	780
Advancement											
Executive Director's Office	3	2	-	5	-	-	-	3	2	-	5
Recruitment	2	6	-	8	-	(1)	-	2	5	-	7
College Marketing	2	8	-	10	-	-	-	2	8	-	10
Total	7	16	-	23	-	(1)	-	7	15	-	22
SUBTOTAL	179	503	578	1,260	12	(15)	-	179	498	580	1,257
Positions to be Closed in Future	-	-	-	(19)	-	15	-	-	-	-	(4)
COLLEGE TOTAL				1,241	12	-	-				1,253

The complement report represents the total number of positions for each of the College's major areas assuming the proposed budget is accepted.
Not all positions are 100% funded in the budget as some positions are vacant at the start of the year and other positions have a start date projected for other than April 1st.

[1] Formerly named Workforce & Personal Development
[2] Formerly part of Business Development