Presentation to:	Board of Governors
Subject:	2012/13 2nd Quarter Financial Report
Date:	November 12, 2012
Presenter(s):	Duane McNair, Vice-President, Finance and Administration

Purpose

To present the 2nd Quarter financial projection for the 2012/13 fiscal year.

Background

On April 9, 2012 the Board of Governors approved the 2012/13 Annual Budget with a net cash flow of $1.0 million and a net contribution after Generally Accepted Accounting Principles (GAAP) adjustments and expenditures from internally restricted funds of $3.3 million.

On June 11, 2012, the Board of Governors approved the 2011/12 Financial Statements which included authority to spend $9.1 million from internally restricted funds. The Board approved using $23 million of internally restricted funds to construct the new Pembroke campus rather than long term finance the project through the Ontario Financing Authority at the March 12th, 2012 Board meeting.

Discussion/Considerations

This financial report reflects the projected revenue and expenditures using the most current information available from deans, directors, chairs and managers throughout the College. This forecast shows a projected increase in the total net cash flow position from $1.0 million to $4.3 million before GAAP adjustments. The 2nd Quarter Financial report is attached and includes variance analyses compared to the approved budget.

Revenue Outlook

Domestic enrolment is trending 3% higher than originally forecasted resulting in higher domestic tuition fees revenue. This is offset by a 15% lower than expected International student enrolment and the corresponding tuition fees. The International Education Centre is exploring the reasons for this shortfall and developing strategies to realize the College's International student enrolment objectives going forward.

The Ontario Special Bursary Program funding has been discontinued by the Ministry of Training Colleges and Universities. This has resulted in a net loss of approximately $660,000 for the College for 2012/13 and $900,000 in 2013/14.

Contract activity revenue increased by a net of $1.3 million, comprised of an increase

of $4.8 million for provincial contracts and decreases of $3.5 million from other activities including the Corporate Training Centre, the Personal Development Institute, Applied Research and all other miscellaneous contracts.

Expenditures Outlook

Reductions for in-year salaries and benefits related to the academic and administrative employee groups and staff vacancies have been reflected in this report showing an estimated savings of $1.6 million. Other operating costs and provisions established for contingencies were reviewed and adjusted based on current information.

Net contract activity expenditures have increased by $3.3 million, which is comprised of an increase of $4.6 million to match the increase in provincial contract revenue and a decrease of $1.3 million in variable costs associated with the decline in revenue for the Corporate Training Centre, the Personal Development Institute and Applied Research.

Strategic Investment Priorities Schedule

During the 1st Quarter of the year, the College was advised that it would receive Apprenticeship Enhancement funding of $934,000 and College Equipment renewal funding of $559,000.

The Strategic Investments Schedule includes estimated cash requirements for Campus Development such as the Student Commons and Pembroke projects, as well as various strategic projects.

Recommendation

That the Board of Governors approves the report as presented.