



**University  
of Victoria**

**UNIVERSITY OF VICTORIA  
BOARD OF GOVERNORS  
Tuesday, September 29, 2015  
11:00 a.m. – 12:00 p.m.  
Senate and Board Chambers**

**AGENDA - OPEN BOARD**

**Welcome**

**1. Approval of Agenda**

**2. Minutes**

**a) Minutes of Regular Meeting of June 29, 2015 *(attached)***

**MOTION:**

*THAT the minutes of the open session of the regular meeting of June 29, 2015 be approved.*

**3. Business Arising**

**4. Remarks from the Chair**

**5. Correspondence - Nil**

**CONSENT**

**6. Audit Committee (Ms. Tracy Redies)**

**a) Government Reporting Entity Quarterly Reports – period ending June 30, 2015  
BOG-Sept29/15-11**

**MOTION:**

*THAT the Audit Committee recommend that the budget for the purposes of inclusion in the reporting on the 2015/16 University of Victoria Consolidated financial statements prepared in accordance with the Public Sector Accounting Standards, be approved as per Schedule A.*

7. **Operations and Facilities Committee (Mr. Michael Kennedy)**
  - a) **Status Report on Capital Projects** BOG-Sept29/15-02
8. **Finance Committee (Ms. Lindsay LeBlanc)**
  - a) **Short Term Investment Report to June 30, 2015** BOG-Sept29/15-06
  - b) **Long-Term Disability Trust – 2015/16 Financial Statements** BOG-Sept29/15-08

***Pro Forma Motion:*** *That the above items be approved by the Board of Governors by consent.*

### **REGULAR**

9. **Operations and Facilities Committee (Mr. Michael Kennedy)**
  - a) **Academic Staffing, Recruitment, and Vacancies Report** BOG-Sept29/15-01
  - b) **Preliminary Enrolment Update**
10. **Finance Committee (Ms. Lindsay LeBlanc)**
  - a) **2015/16 Budget Expenditure Allocation Report** BOG/Sept29/15-04
  - b) **Comparative Analysis of Fundraising Revenue** BOG-Sept29/15-09
11. **President's Report**
  - a. **Overview of key initiatives and achievements of 2014-15** ([LINK](#))
  - b. **Presentation to BC Government Select Standing Committee on Finance and Government Services** ([LINK](#))
  - c. **Draft Strategic Research Plan – Dr. David Castle, Vice-President Research** ([LINK](#))  
tbc
  - d. **Other matters**
12. **Other Business**
13. **Adjournment**



**University  
of Victoria**

**UNIVERSITY OF VICTORIA  
BOARD OF GOVERNORS  
Monday, June 29, 2015, 2:00 p.m.  
Administrative Services Building, boardroom 120**

**DRAFT MINUTES - OPEN SESSION**

- Present:** Dr. Erich Mohr (Chair), Ms. Beverly Van Ruyven, Ms. Ida Chong, Mr. Bradley Cranwell, Dr. Ana Maria Peredo, Mr. Nav Bassi, Prof. Jamie Cassels, Mr. Peter Gustavson, Ms. Lindsay LeBlanc, Dr. Ana Maria Peredo, Ms. Tracy Redies Ms. Shelagh Rogers, Dr. Julia Eastman (Secretary)
- Regrets:** Mr. Michael Kennedy, Dr. Hélène Cazes, Ms. Kayleigh Erickson, Ms. Isobel Mackenzie
- By Invitation:** Dr. David Castle, Ms. Gayle Gorrill, Dr. Valerie Kuehne, Ms. Carmen Charette, Mr. Murray Griffith, Ms. Kristi Simpson, Ms. Samantha Watkins

**1. Approval of Agenda**

**MOTION (B. Cranwell/S. Rogers):**

*THAT the agenda of the open session of the regular meeting of June 29, 2015 be approved.*

**CARRIED**

**2. Minutes of Regular Meeting of May 26, 2015**

**MOTION (A. Peredo/B. Van Ruyven):**

*THAT the minutes of the open session of the regular meeting of May 26, 2015 be approved.*

**CARRIED**

**3. Business Arising**

There was none.

**4. Remarks from the Chair**

Dr. Mohr offered congratulations to Chancellor Shelagh Rogers on her installation during the previous week's Convocation ceremonies.

Dr. Mohr added that one of the heartwarming features of Convocation week was that Chancellor Rogers had presided over student Board member Bradley Cranwell's graduation.

## **5. Correspondence**

There was none.

## **CONSENT**

### **6. Operations and Facilities Committee (B. Van Ruyven)**

- a. Discontinuation of the Certificate in Business Studies for International Students (CBSIS) BOG-June29/15-06**

**MOTION:**

*THAT the Board of Governors approve the Discontinuation of the Certificate in Business Studies for International Students (CBSIS).*

- b. Establishment of Trades as a Teaching Option to the Existing (5-year) Bachelor of Education Degree BOG-June29/15-07**

**MOTION:**

*THAT the Board of Governors approve the Establishment of Trades as a Teaching Option to the Existing (5-year) Bachelor of Education Degree effective immediately.*

- c. Due Diligence Reports 2014 BOG-June29/15-17**
- d. Status Report on Capital Projects BOG-June29/15-15**
- e. Discrimination and Harassment Policy (GV0205)—update to include WorkSafeBC bullying and harassment policy requirements BOG-June29/15-28**

**MOTION:**

*THAT the Board of Governors approve changes to the Discrimination and Harassment Policy (GV0205) effective immediately.*

- f. Annual report on University of Victoria approved Research Centres BOG-June29/15-01**

### **7. Finance Committee (L. LeBlanc)**

- a. University of Victoria Staff Pension Plan Financial Statements for the Year Ended December 31, 2014 BOG-June29/15-11**
- b. Staff Pension Plan Investment Performance Report for the Period Ended March 31, 2015 BOG-June29/15-10**
- c. University of Victoria Staff Pension Plan Compliance Report for the Year Ended December 31, 2014 from Staff Pension Plan Governance Committee BOG-June29/15-12**



**Pro Forma Motion (T. Redies/A. Peredo):** *That the above items be approved by the Board of Governors by consent.*

**CARRIED**

**REGULAR**

**8. Operations and Facilities Committee (B. Van Ruyven)**

**a. 2015/16 Five Year Capital Plan BOG-June29/15-16**

Ms. Van Ruyven said there had been a good discussion of the priorities reflected in the Five Year Capital Plan including additional space and deferred maintenance.

**MOTION (N. Bassi/P. Gustavson):**

*THAT the Board of Governors approve the 2015/16 Five Year Capital Plan as amended and that the Vice-President Finance and Operations submit capital priorities to the Ministry on the basis of the Capital Plan.*

**CARRIED**

**b. University of Victoria Institutional Accountability Plan and Report BOG-June29/15-24**

Ms. Van Ruyven reported on the Institutional Accountability Plan and Report submitted to the Committee. She said the report was informative and extremely well done.

**MOTION (S. Rogers/B. Cranwell):**

*THAT the Board of Governors approve the University of Victoria Institutional Accountability Plan and Report;*

*and*

*That the Board of Governors authorize the President and the Board Chair to make any final adjustments to the Institutional Accountability Plan and Report.*

**CARRIED**

**f. Strategic Research Plan Update BOG-June29/15-03**

The Board received for information the Strategic Research Plan Update. Ms. Van Ruyven conveyed to Dr. Castle that the Board was looking forward to receiving the draft plan in the fall. Dr. Mohr thanked Dr. Castle for his leadership in this.

**9. Finance Committee (L. LeBlanc)**

**a. 2014/15 Year End Management Statements and Budget Review BOG-June29/15-14**

The Board received for information the 2014/15 Year End Management Statements and Budget Review.

**b. Statement of Financial Information for the Year Ended March 31, 2015 BOG-  
June29/15-13**

**MOTION (N. Bassi/T. Redies):**

*THAT the Board of Governors approve the Statement of Financial Information for the year ended March 31, 2015 and that the Chair of the Board of Governors and the Vice-President Finance and Operations be authorized to sign on the Board's behalf.*

**CARRIED**

Executive Director Financial Services Murray Griffith gave a presentation on the fund accounting statements and schedules.

Associate Vice-President Financial Planning Kristi Simpson gave a presentation on the general operating budget.

Dr. Mohr thanked Mr. Griffith and Ms. Simpson for their presentations.

In response to a question about carry forwards, Ms. Simpson said that carry forward funds were mostly project based and used to deal with pressures in a given year. She said they were not used to pay ongoing costs like regular salaries. Ms. Simpson confirmed the university would always have a carry forward but the size would fluctuate.

Dr. Kuehne said that all departments that report to the Provost received and completed a template for reporting on how they intended to spend carry forwards.

Prof. Cassels said that a significant portion of carry forward funds consisted of professional development funds and faculty research accounts.

**10. Executive and Governance Committee (E. Mohr)**

**a. Review of Board Governance Checklist**

Dr. Eastman reported on the annual review of the Board Governance Checklist. She said the checklist had been developed by the Board over a decade ago and was reviewed every year. She said the Board was being asked to approve one small editorial change.

**MOTION (B. Van Ruyven/P. Gustavson):**

*THAT the Board of Governors approve the posting of the updated board governance checklist, as circulated, on the university's website for 2015/16 as part of UVic's accountability framework.*

**CARRIED**

**11. President's Report**

President Cassels updated the Board on items of Provincial news including:

- Meetings with the Minister and Deputy Minister of Advanced Education at which items including debt and deficit, BC knowledge development, and an upcoming mission to China had been discussed.

- The mandate letter the university had received from the Minister.
- Development of a skills plan that would align with the province's emerging technology strategy.

Federally, Prof. Cassels reported on Universities Canada's response to the recommendations of the Truth and Reconciliation Commission of Canada. Prof. Cassels said that universities wanted to demonstrate leadership in closing the education gap between Indigenous peoples and others in Canada.

Internationally, Prof. Cassels reported that he had participated in meetings with Brazilian university officials jointly organized by Universities Canada, the Research Universities Council of BC (RUCBC) and the BC Branch of the Canadian Council on International Education.

President Cassels updated the Board on local matters, including:

- The Catalyst Conversation held on June 2, 2015 with officials from 13 municipalities in the region. Prof. Cassels extended thanks to Ms. Charette for a successful event.
- UVic having been identified as one of 8 possible sites for waste water treatment.

The President also reported that:

- David Foster had received the Distinguished Entrepreneur of the Year Award for 2015 presented by the Peter B. Gustavson School of Business. Mr. Gustavson said it had been one of the best events the School had done. Prof. Cassels thanked Mr. Gustavson for his championship of the event.
- 3650 students had graduated during 8 Convocation ceremonies in June.

President Cassels offered his thanks to all members of the Board for their dedication over the course of the year. He said the university valued greatly their oversight, advice and input.

He thanked departing members Bradley Cranwell and Peter Gustavson for their contributions. His thanks were echoed by other Board members.

## **12. Adjournment**

There being no other business the Board meeting adjourned at 3:00 p.m.



University  
of Victoria

**SUBMISSION TO THE UVIC BOARD OF GOVERNORS**

**FOR DECISION**

**To:** Audit Committee

**From:** VICE-PRESIDENT FINANCE AND OPERATIONS

A handwritten signature in dark ink, appearing to read "G. Smith".

**cc:** President and Vice-Chancellor

**Meeting Date:** September 29, 2015

**Subject:** **GOVERNMENT REPORTING ENTITY QUARTERLY REPORTS -  
PERIOD ENDING JUNE 30, 2015**

**Basis for Jurisdiction:** Committee's Terms of Reference 6.1

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**Recommendation:**

*THAT the Audit Committee recommend that the budget for the purposes of inclusion in the reporting on the 2015/16 University of Victoria Consolidated financial statements prepared in accordance with Public Sector Accounting Standards, be approved as per Schedule A.*

**Background:**

Since 2003, B.C. Universities have been included in the Government Reporting Entity (GRE) in order to facilitate the consolidation of University Financial Statements into the Public Accounts of the Province.

Inclusion in the GRE requires the filing of two quarterly reports within the tight deadlines set by the Office of the Comptroller General. The first report is a quarterly year to date financial report known as Appendix C, while the second report is a forecast providing projections of the Universities financial statements for the current year plus three years.

With the adoption of Public Sector Accounting Standards supplemented with Treasury Board regulations 257/2010 and 198/2011 as of March 31, 2013, these quarterly reports now follow the new PSAS basis of presentation.

Both reports have been submitted to the Ministry of Advanced Education. The Ministry has also been provided with a “confirmation” that the Forecast Report and assumptions have been reviewed by the Chair of the Audit Committee.

### **Year to Date Financial Report (Appendix C)**

The year to date financial report consists primarily of a Statement of Financial Position and a Statement of Operations together with a number of supplementary schedules designed to identify significant inter-company transactions between the University and other government reporting entities. This detail allows the Province to eliminate any duplication of revenue, expense, assets or liabilities in the consolidated Public Accounts.

The figures reported are actual results for the three month period ending June 30, 2015 with additional analysis and breakdown of inter-company transactions in excess of \$100,000.

Highlights of the report are as follows:

#### **Statement of Operations**

- Expenses exceed revenues at June 30, 2015 resulting in reported net loss of \$14.7 million. This compares to a \$14.1million net loss reported for the three months ended June 30, 2014. Losses result from the fact that the first three months of the fiscal year are low revenue producing months (i.e., Tuition and Ancillary Operations) while expenses are distributed more evenly throughout the year. Investment income in the first quarter of 2015 was a gain of \$0.8 million compared to a gain of \$3.6 million in 2014.

### **Forecast Report**

The Forecast Report consists of a current year forecast plus projections for three additional years presented in the form of a Statement of Operations (revenues and expenses), a Statement of Financial Position (assets, liabilities and equity) and a Statement of Changes in Financial Position (changes in cash and temporary investments). The report is submitted in June and updated for any significant change in assumptions in either October or January.

As we are not permitted to forecast a deficit (excluding unrealized gains and losses and before endowment contributions) any deficits must be offset on the “Unallocated Pressures” line of the report.

Key Forecast Amounts (\$ thousands)	Budget Estimate 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19
Total Revenue	(538,440)	(545,746)	(552,108)	(558,427)
Total Expense	531,830	538,839	551,026	558,309
Net (Revenues) Expenses	(6,610)	(6,907)	(1,082)	(118)
Unallocated Pressures	-	-	-	-
Operating Net (Income) Loss for Ministry	(6,610)	(6,907)	(1,082)	(118)
Endowment Contributions	(3,000)	(3,000)	(3,000)	(3,000)
Net (Income)	(9,610)	(9,907)	(4,082)	(3,118)
Capital Asset Additions	36,065	32,256	34,000	36,000
Debt	(54,739)	(52,752)	(50,752)	(48,652)

Key Assumption Amounts	2015/16	2016/17	2017/18	2018/19
Grant Funding (operating grant only)	182,000	183,000	184,000	185,000
Student FTEs (Government Funded FTE)	16,240	16,240	16,240	16,240
Tuition fee increases	2.0%	2.0%	2.0%	2.0%

Key assumptions include:

- Operating grant funding as per 15/16 ministry letter. Domestic and international tuition will increase at inflation assumed at 2%.
- Compensation costs in accordance with Provincial mandate and current collective agreements
- Provincial mandate changes to be funded by the province
- Routine capital forecasted assuming it will remain consistent with 14/15 ministry funding and;
- Research revenue to remain at FY15 levels

Risks in achieving the projected revenues and expenditures include market risk; difficulty in predicting sponsored research and specific purpose revenues and expenses as these are applied for and granted by external agencies.

Public Sector Accounting Standards (PSAS) require a Board approved, consolidated, all-funds budget on a PSAS basis to be reported on the audited financial statements. The Q1 forecast forms the basis for this budget and Schedule A outlines how this forecast translates into the budget figures to be reported on the March 31, 2016 financial statements. Schedule B outlines how this budget compares to the 2015 budget and actual results.

**Attachments:**

Schedule A – Reconciliation of the 2015 Q1 Forecast to the 2016 PSAS Budget  
Schedule B – Comparison of the 2016 PSAS Budget to the 2015 PSAS Budget and Actuals  
Schedule C – Q1 GRE Reports

Reconciliation of the 2015 Forecast to the 2016 PSAS Budget		Schedule A	
2015 Q1 Forecast		2016 PSAS Budget to be Reported on Statement of Operations	
Operating contributions from Provincial Ministries	182,000		
Operating contributions from Provincial Crown Corps & Agencies	9,300		
	191,300	Province of British Columbia grants	191,300
Operating contributions from the Federal Government	53,861	Government of Canada grants	53,861
Operating contributions from other sources	33,316	Other government Grants	16,658
	33,316	Donations, non-government grants and contracts	16,658
			33,316
Deferred capital contributions from Province	13,880		
Deferred capital contributions from Federal Government	12,769		
Deferred capital contributions from Other Sources	3,326		
	29,975	Revenue Recognized from Deferred Cap Contributions	29,975
Sales of goods and services to Crown Corps & Agencies (including contracts)	1,058		
Sales of goods and services to others (contracts and other sales)	14,280		
Sales of goods and services to others (Ancillary Services)	48,000		
	63,338	Sales of Services and Products	63,338
Domestic Tuition and Mandatory Fees	123,000	Student tuition - credit courses	123,000
International Tuition and Mandatory Fees	24,000	Student tuition - non-credit courses	24,000
	147,000		147,000
Earnings from Government Business Enterprises (GBEs)	600	Income from GBE	600
Investment earnings (not included in above)	11,050	Investment Income	11,050
Other revenue (not included above)	6,000		
Recognition of endowment investment income	1,000		
Realized investment earnings (gains)/losses	1,000		
	8,000	Other Revenue	8,000
<b>Total Revenue</b>	<b>538,440</b>	<b>Total Revenue</b>	<b>538,440</b>
<b>Expenses - debits</b>			
Salaries and benefits	332,000	Instruction and non-sponsored research	210,874
Cost of goods sold	14,153	Academic and student support	127,372
Operating costs paid to Provincial Ministries	-	Administrative support	19,074
Operating costs paid to Provincial Crown Corps & Agencies	5,823	Facility operations and maintenance	49,536
Other operating costs (less amortization & debt servicing)	89,848	Sponsored research	112,932
Capital asset amortization expense	48,943	External engagement	12,044
Capital asset write-downs	-		
Grants to Crown Corporations and other Agencies	-		
Grants to third parties (Scholarships)	38,000		
Grants to third parties (Foundations and Other)	-		
Debt service costs (net of sinking fund earnings)	2,263		
Amortization of debt issue costs	-		
Other	800		
<b>Total Expense</b>	<b>531,830</b>	<b>Total Expense</b>	<b>531,830</b>
<b>Note</b>			
PSAB requires expenses to be presented by function, which are significantly different than forecast template provided by the Province. In order to determine our budgeted expenses by function we use total forecasted expenditures, multiplied by the prior year functional allocation of actual expenditures.			
<b>Total forecasted expenditures</b>	<b>531,830</b>		
<b>Expense</b>		<b>Functional Allocation from fiscal 2015 (Actual Results)</b>	
Instruction and non-sponsored research	210,874	40%	
Academic and student support	127,372	24%	
Administrative support	19,074	4%	
Facility operations and maintenance	49,536	9%	
Sponsored research	112,932	21%	
External engagement	12,044	2%	
	<b>531,830</b>		



Comparison of 2016 PSAS Budget to 2015 PSAS Budget and Actuals				Schedule B	
	2016 PSAB Budget	2015 PSAB Budget	2015 PSAB Actual	15/16 Change in Budget	Notes
<b>Revenue</b>					
Province of British Columbia grants	191,300	188,000	184,180	3,300	
Government of Canada grants	53,861	56,000	61,064	-2,139	
Other government Grants	16,658	15,500	14,098	1,158	
Student tuition - credit courses	123,000	114,000	118,740	9,000	1
Student tuition - non-credit courses	24,000	22,000	22,860	2,000	1
Donations, non-government grants and contracts	16,658	15,500	18,389	1,158	
Sales of Services and Products	63,338	61,150	61,988	2,188	
Investment Income	11,050	3,254	21,980	7,796	2
Income from GBE	600	800	1,352	-200	
Other Revenue	8,000	16,000	5,374	-8,000	3
Revenue Recognized from Deferred Cap Contributions	29,975	28,771	30,941	1,204	
<b>Total Revenue</b>	<b>538,440</b>	<b>520,975</b>	<b>540,966</b>	<b>17,465</b>	
<b>Expenses</b>					
Instruction and non-sponsored research	210,874	206,304	209,547	4,570	4
Academic and student support	127,372	124,612	131,304	2,760	4
Administrative support	19,074	18,660	18,787	413	4
Facility operations and maintenance	49,536	48,462	44,682	1,073	4
Sponsored research	112,932	110,484	108,295	2,447	4
External engagement	12,044	11,783	11,923	261	4
<b>Total Expense</b>	<b>531,830</b>	<b>520,305</b>	<b>524,538</b>	<b>11,525</b>	
Notes					
1) Expected increase in international student numbers					
2) Budget increase due to recent years of strong performance - forecast more in line with recent results					
3) Reduced to be more in line with recent results.					
4) Expenses adjusted for known increases and inflation, where applicable					

Please report all debits as positive numbers and credits as negative numbers

### Revenue - (credits)

Amortization of contributions:

	Forecast 2015/16	Projections 2016/17	2017/18	2018/19
Operating contributions from Provincial Ministries	(182,000)	(183,000)	(184,000)	(185,000)
Operating contributions from Provincial Crown Corps & Agencies	(9,300)	(9,300)	(9,300)	(9,300)
Operating contributions from the Federal Government	(53,861)	(56,000)	(56,000)	(56,000)
Operating contributions from other sources	(33,316)	(33,000)	(34,000)	(35,000)
Deferred capital contributions from Province	(13,880)	(14,000)	(14,000)	(14,000)
Deferred capital contributions from Federal Government	(12,769)	(13,000)	(13,250)	(13,500)
Deferred capital contributions from Other Sources	(3,326)	(3,500)	(3,500)	(3,500)
Contributed surplus	-	-	-	-

Sales of goods and services to Provincial Ministries (including contracts)

Sales of goods and services to Crown Corps & Agencies (including contracts)

	(1,058)	(1,080)	(1,101)	(1,123)
Sales of goods and services to others (contracts and other sales)	(14,280)	(14,566)	(14,857)	(15,154)
Sales of goods and services to others (Ancillary Services)	(48,000)	(48,500)	(49,000)	(49,500)
Domestic Tuition and Mandatory Fees	(103,000)	(104,000)	(106,000)	(108,000)
International Tuition and Mandatory Fees	(44,000)	(45,000)	(46,000)	(47,000)
Recognition of endowment investment income	(1,000)	(1,000)	(1,000)	(1,000)
Realized investment earnings (gains)/losses	(1,000)	(1,000)	(1,000)	(1,000)
Earnings from commercial subsidiaries (GBE's)	(600)	(600)	(600)	(600)
Investment Earnings (not included above)	(11,050)	(12,000)	(12,000)	(12,000)
Other revenue (not included above)	(6,000)	(6,200)	(6,500)	(6,750)
Total Revenue	(538,440)	(545,746)	(552,108)	(558,427)

### Expenses - debits

Salaries and benefits	332,000	337,000	342,000	347,000
Cost of goods sold	14,153	14,436	14,725	15,020
Operating costs paid to Provincial Ministries				
Operating costs paid to Provincial Crown Corps & Agencies	5,823	5,939	6,058	6,179
Other operating costs (less amortization & debt servicing)	89,848	91,645	93,478	95,347
Capital asset amortization expense	48,943	48,856	53,902	54,000
Capital asset write-downs				
Grants to Crown corporations and agencies				
Grants to third parties (Scholarships)	38,000	38,000	38,000	38,000
Grants to third parties (Foundations and Other)				
Debt service costs (net of sinking fund earnings)	2,263	2,163	2,063	1,963
Amortization of debt issue costs				
Other	800	800	800	800
Total Expense	531,830	538,839	551,026	558,309

### Net (Revenues)/Expenses before extraordinary items

(Gain) loss on sale of capital assets

### Net (Revenues)/Expenses

Unallocated Pressures (use in Q1 only)

### Operating Net (Income) Loss (for Ministry)

Endowment (restricted asset) contributions

### Net (Income) Loss (PSI)

	(6,610)	(6,907)	(1,082)	(118)
	(6,610)	(6,907)	(1,082)	(118)
	(6,610)	(6,907)	(1,082)	(118)
	(3,000)	(3,000)	(3,000)	(3,000)
	(9,610)	(9,907)	(4,082)	(3,118)

Please report all debits as positive numbers and credits as negative numbers.  
Please report all items in 000s of dollars.

All figures should be on a GROSS basis.

Boxes marked in grey are protected and the numbers come from formulas or the indicated schedule.

Boxes in red are normally in a credit (negative) balance, those in blue normally in a debit (positive) balance.

## Statement of Operations Report in '000s

			Schedule	OCG Comments
<b>REVENUE</b>				
Grants	Direct transfers from the province	-43,013		
	Direct transfers from Crown corporations or government orgs	-940	1	
	Transfers from the federal government	-1,594		
		-45,547		
Deferred contributions	Recognition of Deferred Capital Contributions provincial	-3,326	4	
	Recognition of Deferred Capital Contributions non provincial oth.	-943	4	
	Recognition of Deferred Capital Contributions Federal	-3,458	4	
	Recognition of Deferred Contributions provincial	-2,436	4	
	Recognition of Deferred Contributions Federal	-17,044	4	
	Recognition of Deferred Contributions non provincial	-12,186	4	
		-39,393		
Other revenues	Tuition Fees - Domestic	-7,465		
	Mandatory Fees (related to tuition) - Domestic			
	Tuition Fees - International	-8,711		
	Mandatory Fees (related to tuition) - International			
	Sinking fund earnings	0	3	
	Recognition of debt premium	0	3	
	Realized investment Gains/Losses	0		
	Recognition of Endowment Investment earnings	-2,099	4	-Linked to Remeasurement Gains & Losses tab
	Investment earnings	1,283		-Linked to Schedule 4 - Deferred Revenue - Endowment Fund (B5)
	(Gain) loss on sale of tangible capital assets			-Do not include sinking fund earnings in this cell.
	Miscellaneous	-324		
		-17,316		
Sales of goods and services	Sales of goods or services to the province (including contracts)			
	Sales of goods or services to Crown corps or govt orgs (including contracts)	-785	1	
	Sales of goods or services to non-related entities (Contracts)			
	Sales of goods or services to non-related entities (Ancillary Services)	-11,743		
		-12,528		
<b>TOTAL REVENUE</b>		-114,784		
<b>EXPENSE</b>				
	Salaries and benefits	79,279		
	Operating expense	28,218		
	Asset amortization expense	12,851	2	Asset amortization is reported separately.
		120,348		
Grants	Transfers to Crown corporations or government organizations	0	1	
	Grants to third parties (Scholarships)	5,339		
	Grants to third parties (Foundations and Other)			
		5,339		
Debt expenses	Debt service costs (gross of sinking fund investment)	439	3	
	Recognition of debt discount	0	3	Interest expense less other adjustments from Sch 3.
		439		
Other Expenses	Cost of goods sold	2,143		
	Expense due to valuation allowance	0	5	
	Restructuring exit expenses			Incremental costs that do not provide future benefit and are a
	Other miscellaneous expenses		5	direct result of restructuring.
	Purchases from Crown corporations or government orgs	1,897	1	
	Purchases from Provincial Ministries			
		4,040		
	<b>TOTAL EXPENSE</b>	130,166		
<b>(SURPLUS) DEFICIT FOR THE YEAR, BEFORE ENDOWMENT CONTRIBUTIONS</b>		15,382		
	Endowment Contribution - New Contributions (external sources)	-638		
	Endowment Contribution - Transferred to/(from) Restricted Deferred Revenue (capitalization)	0	4	New endowment contributions received this year
		0		
<b>(SURPLUS) DEFICIT FOR THE YEAR</b>		14,744		
<b>ACCUMULATED (SURPLUS) DEFICIT</b>				
	Opening Accumulated (Surplus) Deficit, before Accumulated Remeasurement (Gains)/Losses	-672,377		Prior year closing Accumulated (Surplus) Deficit as reported on your audited statements
	(Surplus) Deficit for the Year	14,744		
	Prior Period Adjustments (see below)	0		
	Other Adjustments to Accumulated (Surplus) Deficit (see below)	0		
	Closing Accumulated (Surplus) Deficit, before Accumulated Remeasurement (Gains)/Losses	-657,633		
	Opening Accumulated Remeasurement (Gains)/Losses	-17,324		
	Net Remeasurement (Gains) and Losses for the Year	294		
	Closing Accumulated Remeasurement (Gains) and Losses	-17,030		
<b>Closing Accumulated (Surplus) Deficit - Combined</b>		-674,663		Total Accumulated (Surplus) Deficit from Statement of Financial Position must match closing Accumulated (Surplus) Deficit - Combined (Cell C88)
				-674,663

Explanation of adjustments to Accumulated (Surplus) Deficit	Amount	Verification must equal \$0
<b>Prior Period Adjustments</b>		
<b>Total Prior Period Adjustments Explained</b>	0	\$0
<b>Other Adjustments to Accumulated (Surplus) Deficit</b>		
<b>Total Other Adjustments to Accumulated (Surplus) Deficit</b>	0	\$0

Please report all debits as positive numbers and credits as negative numbers.  
Please report all items in 000s of dollars.

All figures should be on a GROSS basis.

Boxes marked in grey are protected and the numbers come from formulas or the indicated schedule.

Boxes in red are normally in a credit (negative) balance, those in blue normally in a debit (positive) balance.

## Statement of Financial Position

Financial Assets	Report in 000s		Schedule	OCG Comments
Cash		8,162		
Cash Equivalents		69,414		Includes demand deposits and short-term highly liquid investments that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
Temporary investments		0		
			77,576	
Accounts receivable	from the province	2,658		
	from Crown corps, government orgs, trusts, etc.	986	1	
	from the federal government (current)	12,476		
	from the federal government (long term)			
	from municipalities (current)	470		
	from municipalities (long term)			
	from other provincial governments (current)			
	from other provincial governments (long term)			
	trade (not included above)	13,618		GST/PST tax refunds should be included here (not in line 30).
	taxes (not included above)			
	accrued interest (not included above)	1,897		
	less: provision for doubtful accounts	-5,414		
			26,691	
Inventory for resale	properties for resale			This category is for resale inventories only.
	other inventories for resale	1,488		See Other Assets for inventories that are not for resale.
			1,488	
Loans and Advances	Loans and advances	28,576		
	less: provision for doubtful account			Provisions for loans and advances only.
			28,576	
Investments	Portfolio investments in debt/equity instruments	76,226		This Investment category includes other Endowment Fund
	Portfolio investments in debt/equity instruments			This cell is linked to checklist Note 4a (Endowment Fund Note (exclude other Endowment Fund))
	-Endowment (Available to Spend)	78,304	Checklist 4a	
	Investment in corporations on a cost basis			
	Investment in corporations on an equity basis	5,007		
	Other			
	Less: provision for doubtful payout			
			159,537	
Sinking Fund Investments	Sinking fund Investment (Direct debt to province)	4,867	3	
	Sinking fund Investment (debt guaranteed by province)	0	3	
			4,867	
<b>Total Financial Assets</b>			298,735	
<b>Liabilities</b>				
Payables and accruals	trade payables to the province	-338		
	trade payables other	-12,468		
	accrued employee leave entitlements	-33,265		This cell is linked to checklist Note 10 (Accrued Employee Leave Entitlement:
	other accrued liabilities (not included elsewhere)	-4		
	to Crown corporations or government orgs	0	1	
	to federal government (current)	-3,359		
	to federal government (long term)			
	to municipalities (current)			
	to municipalities (long term)			
	to other provincial government (current)			
	to other provincial government (long term)			
			-49,434	
Accrued interest	on direct debt to province	-295	3	
	on mortgages	0	3	
	on other debt	-65	3	
			-360	
Deferred revenue	deferred capital contributions - provincial	-249,435	4	
	deferred capital contributions - non-provincial oth.	-48,980	4	
	deferred capital contributions - Federal	-75,716	4	
	deferred contributions - provincial	-9,669	4	
	deferred contributions - Federal	-42,295	4	
	deferred contributions - non-provincial	-42,960	4	
	deferred contributions - Endowment Deferred Contributions	-46,583	4	
	unearned lease revenue			
	tuition	-9,341		
	other deferred revenue	-6,793		
			-531,772	
Unfunded pension liability		5,409	5,409	
Taxpayer-supported debt	direct debt to province	-20,800	3	Excluded Sinking Fund from Schedule 3
	mortgages	0	3	
	other debt	-33,470	3	
	capital lease	0	3	
			-54,270	
<b>Total Liabilities</b>			-630,427	
<b>Net Financial Assets (Debt)</b>			-331,692	
<b>Non-Financial Assets</b>				
Other assets	inventories - not for resale	1,694		
	restricted assets (e.g. endowment funds)	309,168		"Restricted assets" at this cell represents the portion of endowment funds that are to be held in perpetuity, and are not available to be used for operations or capital purchases. This cell is linked to Note 4b - Endowment at "Checklist-Must Complete" tab
	prepaid program costs	2,658		
	deferred charges			
	unamortized issue cost of public debt			
			313,520	
Capital assets	historical cost of tangible capital assets	1,091,791	2	
	accumulated amortization	-398,956	2	
			692,835	
<b>Total Non-Financial Assets</b>			1,006,355	

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Boxes in red are normally in a credit (negative) balance, those in blue normally in a debit (positive) balance.

Statement of Financial Position

		Schedule	OCG Comments
Accumulated (Surplus) Deficit	Contributed Surplus		
	Accumulated Surplus	-657,633	
	Accumulated Remeasurement (Gains) and Losses	-17,030	
Total Accumulated (Surplus) Deficit	Note: Total Accumulated (Surplus) Deficit must match closing Accumulated (Surplus) Deficit from Statement of Operations	-674,663	
Accumulated (Surplus) Deficit is comprised of:	Invested in Capital Assets	-258,767	
	Endowments	-296,167	
	Internally Restricted; and	-94,061	
	Unrestricted	-25,668	
Total restricted and unrestricted Accumulated (Surplus) Deficit	Note: Total Accumulated (Surplus) Deficit must match closing Accumulated (Surplus) Deficit from Statement of Operations	-674,663	Accumulated (Surplus) Deficit from Statement of Operations -674,663

Notes and Comments:

# STATEMENT OF CONTRIBUTIONS AND DEFERRED REVENUE

Please report all debits as positive amounts and credits as negative amounts

Please report all debits as positive amounts and credits as negative amounts	Forecast	Projections		
	2015/16	2016/17	2017/18	2018/19
<b>Financial assets - debits</b>				
Cash and temporary investments	56,586	69,302	71,806	72,402
Accounts receivable (net):				
from Ministries	3,639	3,700	3,700	3,700
from other Service Delivery Agencies	4,566	4,500	4,500	4,500
other receivables	13,384	13,500	13,500	13,500
	<u>21,589</u>	<u>21,700</u>	<u>21,700</u>	<u>21,700</u>
Sinking Funds:				
Sinking funds on Fiscal Agency Loan program debt	4,867	5,496	6,125	6,754
Sinking funds on other debt		629	1,258	1,887
	<u>26,456</u>	<u>27,825</u>	<u>29,083</u>	<u>30,341</u>
Inventory held for resale	1,808	1,900	1,900	1,900
Loans, advances and mortgages receivable (net)	27,500	26,500	25,500	24,500
Investments in commercial subsidiaries (GBE's)	6,200	6,200	6,200	6,200
Investments - other (net)	179,235	175,000	180,000	185,000
<b>TOTAL FINANCIAL ASSETS</b>	<u>297,785</u>	<u>306,727</u>	<u>314,489</u>	<u>320,343</u>
<b>Liabilities - (credits)</b>				
Accounts payable (net):				
to Provincial Ministries	(312)	(350)	(350)	(350)
to Provincial Crown Corporations and Agencies	(200)	(200)	(200)	(200)
other payables (excluding current portion of debt and/or leases)	(33,953)	(34,025)	(34,025)	(34,025)
	<u>(34,465)</u>	<u>(34,575)</u>	<u>(34,575)</u>	<u>(34,575)</u>
Unfunded pension and other accrued liabilities	(33,000)	(33,000)	(33,000)	(33,000)
Deferred income on externally restricted assets	(57,166)	(60,166)	(63,166)	(66,166)
Deferred contributions:				
deferred operating contributions - Ministries & SDAs	(9,484)	(8,204)	(9,505)	(13,599)
deferred operating contributions - Federal & Other	(79,679)	(76,879)	(73,079)	(68,279)
deferred capital contributions - Ministries	(243,225)	(230,865)	(218,242)	(204,884)
deferred capital contributions - Federal & Other	(128,242)	(127,742)	(127,242)	(126,742)
Deferred Tuition	(7,000)	(7,200)	(7,400)	(7,600)
Deferred Other	(5,000)	(5,200)	(5,400)	(5,600)
Unearned lease revenue				
	<u>(472,630)</u>	<u>(456,090)</u>	<u>(440,868)</u>	<u>(426,704)</u>
Public debt (including current portion):				
Obligations under Capital Leases (including current portion)		-	-	-
P3 liabilities		-	-	-
Fiscal Agency Loan program debt	(12,838)	(12,838)	(12,838)	(12,838)
other debt	(41,901)	(39,914)	(37,914)	(35,814)
	<u>(54,739)</u>	<u>(52,752)</u>	<u>(50,752)</u>	<u>(48,652)</u>
<b>TOTAL LIABILITIES</b>	<u>(652,000)</u>	<u>(636,583)</u>	<u>(622,361)</u>	<u>(609,097)</u>
<b>Net assets/(liabilities)</b>	<u>(354,215)</u>	<u>(329,856)</u>	<u>(307,872)</u>	<u>(288,754)</u>
<b>Non-financial assets - debits</b>				
Inventory for operating purposes	1,681	1,700	1,700	1,700
Capitalized debt issue costs	-	-	-	-
Prepaid expenses and other deferred charges	15,371	15,500	15,500	15,500
Endowment Funds (restricted assets)	322,856	332,856	342,856	352,856
Capital assets (net of amortization)	715,643	699,043	679,141	661,141
<b>TOTAL NON-FINANCIAL ASSETS</b>	<u>1,055,551</u>	<u>1,049,099</u>	<u>1,039,197</u>	<u>1,031,197</u>
<b>Accumulated (surplus)/deficit - Operating</b>				
Share capital		-	-	-
Contributed surplus	-	-	-	-
Accumulated Surplus	(676,012)	(685,919)	(690,001)	(693,119)
Accumulated Remeasurement Gains and (losses)	(25,324)	(33,324)	(41,324)	(49,324)
<b>TOTAL ACCUMULATED (SURPLUS)/DEFICIT</b>	<u>(701,336)</u>	<u>(719,243)</u>	<u>(731,325)</u>	<u>(742,443)</u>
<b>Guarantees of Third Party Debt</b>	-	-	-	-

# STATEMENT OF CONTRIBUTIONS AND DEFERRED REVENUE

Please enter cash inflows as positive amounts and  
outflows as negative amounts

	Forecast	Projections		
	2015/16	2016/17	2017/18	2018/19
<b>Opening balance - cash &amp; temporary investments</b>	<b>100,725</b>	<b>56,586</b>	<b>69,302</b>	<b>71,806</b>
<b>Operating activities:</b>				
<b>Net (Income) Loss (PSI)</b>	9,610	9,907	4,082	3,118
Less:				
non-cash revenue	(308,452)	(311,800)	(314,050)	(316,300)
(gain) loss sale of assets	-	-	-	-
Add:				
non-cash expenses	48,943	48,856	53,902	54,000
cash received for operating contributions	275,644	277,220	280,801	284,594
Net change in working capital	(49,672)	307	400	400
Net change in investments	4,000	13,235	4,000	4,000
Net change in restricted assets & Deferred Endowment Contributions	(7,000)	(7,000)	(7,000)	(7,000)
Net change in other assets	-	(148)	-	-
	<b>(26,927)</b>	<b>30,577</b>	<b>22,135</b>	<b>22,812</b>
<b>Financing activities:</b>				
Cash received for deferred capital contributions	22,017	17,640	17,627	17,142
Cash received for contributed surplus	-	-	-	-
Capital Leases:				
New capital leases	-	-	-	-
Capital lease payments	-	-	-	-
P3 liabilities:				
Liabilities incurred (i.e. capitalized contract costs)	-	-	-	-
Reduction in liabilities (impact of unitary payments)	-	-	-	-
Fiscal Agency Loans:				
New borrowing under Fiscal Agency Loan program	-	-	-	-
Repayment of existing Fiscal Agency Loan program debt	-	-	-	-
Sinking fund instalments - Fiscal Agency Loan program debt	(629)	(629)	(629)	(629)
Other Borrowing:				
New borrowing of other debt	-	-	-	-
Repayment of other debt	(1,906)	(1,987)	(2,000)	(2,100)
Sinking fund instalments - other debt	(629)	(629)	(629)	(629)
Capitalized debt issue costs	-	-	-	-
Dividends	-	-	-	-
	<b>18,853</b>	<b>14,395</b>	<b>14,369</b>	<b>13,784</b>
<b>Capital asset activities:</b>				
Capital assets additions (with Provincial funding)	(7,608)	(3,256)	(3,000)	(3,000)
Capital assets additions (without Provincial funding)	(28,457)	(29,000)	(31,000)	(33,000)
Capital assets additions (including P3s and capital lease assets)	<b>(36,065)</b>	<b>(32,256)</b>	<b>(34,000)</b>	<b>(36,000)</b>
Capitalized interest (including IDC on P3 projects)	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
	<b>(36,065)</b>	<b>(32,256)</b>	<b>(34,000)</b>	<b>(36,000)</b>
<b>Closing balance - cash &amp; temporary investments</b>	<b>56,586</b>	<b>69,302</b>	<b>71,806</b>	<b>72,402</b>



University  
of Victoria

**SUBMISSION TO THE UVIC BOARD OF GOVERNORS**

**FOR INFORMATION**

**To:** OPERATIONS AND FACILITIES COMMITTEE

A handwritten signature in dark ink, appearing to read "G. Hill".

**From:** VICE-PRESIDENT FINANCE AND OPERATIONS

**cc:** President and Vice-Chancellor

**Meeting Date:** September 29, 2015

**Subject:** STATUS REPORT ON CAPITAL PROJECTS

**Basis for Jurisdiction:** Committee's Terms of Reference

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**Background**

Attached please find the regular Board reports on the status of capital projects for current approved capital projects.

**Attachment(s):**

VPFO/FMGT Project Updates: September 1, 2015

1. Centre for Athletics, Recreation and Special Abilities (CARSA) and Parkade Buildings
  - The CARSA report has been modified slightly to focus on the McKinnon renovations.
  - The final closeout report will be provided at the end of the McKinnon renovations.
2. Continuing Studies Building Expansion





<b>PROJECT:</b>	<b>CENTRE FOR ATHLETICS, RECREATION AND SPECIAL ABILITIES (CARSA) + PARKADE BUILDINGS</b>
-----------------	---

Project No.: 08-7758, 10-9565  
 Project Architect: Cannon Design Architecture Inc.  
 Contractor: Campbell Construction Ltd.

<b>BUDGET STATUS:</b>	<b>Approved Budget 29-Jan-2013</b>	<b>Approved Budget 28-May-2015</b>	<b>FMGT Forecast Costs 01-Sep-2015</b>
<b>Consulting</b>	\$ 7,404,000	\$ 7,530,670	\$ 7,530,670
<b>Construction</b>	\$ 62,255,600	\$ 64,265,700	\$ 64,826,500
<b>Completion</b>	\$ 4,680,900	\$ 4,686,165	\$ 4,686,165
<b>Contingency</b>	\$ 1,332,300	\$ 867,300	\$ *306,500
<b>Sub-Total</b>	\$ 75,672,800	\$ 77,394,835	\$ 77,394,835
<b>HST (3.4%) / GST (1.65%)</b>	\$ 1,327,200	\$ 1,350,165	\$ 1,350,165
<b>TOTAL PROJECT COSTS</b>	<b>\$77,000,000</b>	<b>\$78,700,000</b>	<b>\$78,700,000</b>

\* Contingency of \$560,800 transferred to Construction Budget to address UVic's portion of delay claim settlement to contractors.

- Total forecasted Commitments to date are approximately \$78,100,000, including \$5,407,000 allocated to McKinnon Building renovations, representing 99% of the approved Budget of \$78,700,000.

<b>SCHEDULE STATUS:</b>	<b>Revised Target Date 29-Jan-2013</b>	<b>Actual / Forecasted Date 01-Sep-2015</b>
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**CARSA & PARKADE**

<b>Schematic Design Start</b>	Jan 2009	Jan 2009
<b>Schematic Design Completion</b>	Apr 2009	May 2009
<b>Design Development</b>	Oct 2009	May 2010
<b>Construction Documents</b>	Jan 2011	Sep 2012
<b>Tender</b>	Dec 2012	Dec 2012
<b>Commence Construction</b>	Feb 2013	Feb 2013
<b>Construction Complete</b>	Dec 2014	Mar 2015
<b>Fit-up and Move In</b>	Apr 2015	Apr 2015

**MCKINNON BLDG RENOVATIONS**

<b>Commence Construction</b>	May 2015	Jul 2015
<b>Construction Complete</b>	Jul 2016	Jul 2016
<b>Fit-up and Move In</b>	Aug 2016	Aug 2016

**Major Risks:**

- The McKinnon Building renovation work has uncovered some minor unforeseen conditions, which are being addressed.

<b>PROJECT:</b>	<b>CONTINUING STUDIES BUILDING EXPANSION</b>
-----------------	--

Project No.: 12-00643  
 Project Architect: Hughes Condon Marler Architects (HCMA)  
 General Contractor: Knappett Projects Inc.

<b>BUDGET STATUS:</b>	<b>Approved Budget 01-Oct-2013</b>	<b>FMGT Forecast Costs 01-Sept-2015</b>
<b>Consulting</b>	\$ 1,570,000	\$ 1,340,000
<b>Construction</b>	\$ 9,500,000	\$ 10,640,000
<b>Completion</b>	\$ 1,900,000	\$ 1,240,000
<b>Contingency</b>	\$ 500,000	\$ 250,000
<b>Sub-Total</b>	\$13,470,000	\$13,470,000
<b>GST (1.65%)</b>	\$ 230,000	\$ 230,000
<b>TOTAL PROJECT COSTS</b>	<b>\$13,700,000</b>	<b>\$13,700,000</b>

Total Commitments to date are \$12,097,000 or 88% of the Approved Budget.

<b>SCHEDULE STATUS:</b>	<b>Target Dates 01-Oct-2013</b>	<b>Actual/Forecasted Dates 01-Sept-2015</b>
<b>Programming</b> Complete	Apr 2013	Apr 2013
<b>Schematic Design</b> Complete	Jun 2013	Jun 2013
<b>Design Development</b> Complete	Dec 2013	Dec 2013
<b>Construction Documents</b> Complete	Apr 2014	May 2014
<b>Tender</b> Complete	May 2014	June 2014
<b>Commence Construction</b> Complete	Jul 2014	Aug 2014
<b>Construction Complete</b>	Jul 2015	Dec 2015
<b>Occupancy for Fit-Out</b>	Jul 2015	Dec 2015
<b>Operational</b>	Aug 2015	Jan 2016

### Major Risks:

- Additional temporary facilities will be required for Continuing Studies to house increased student population perhaps for a longer duration than originally envisioned.



University  
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## SUBMISSION TO THE UVIC BOARD OF GOVERNORS

**FOR INFORMATION**

**To:** FINANCE COMMITTEE

**From:** VICE-PRESIDENT FINANCE AND OPERATIONS

**cc:** President and Vice-Chancellor

**Meeting Date:** September 29, 2015

**Subject:** SHORT TERM INVESTMENT REPORT – To June 30, 2015

**Basis for Jurisdiction:** Short-Term Investment Policy, FM5200

### Background:

The following report covers the portfolio and activity of the short-term investment funds (i.e., those apart from pension and endowment funds) for the period ended June 30, 2015.

### Reporting Update:

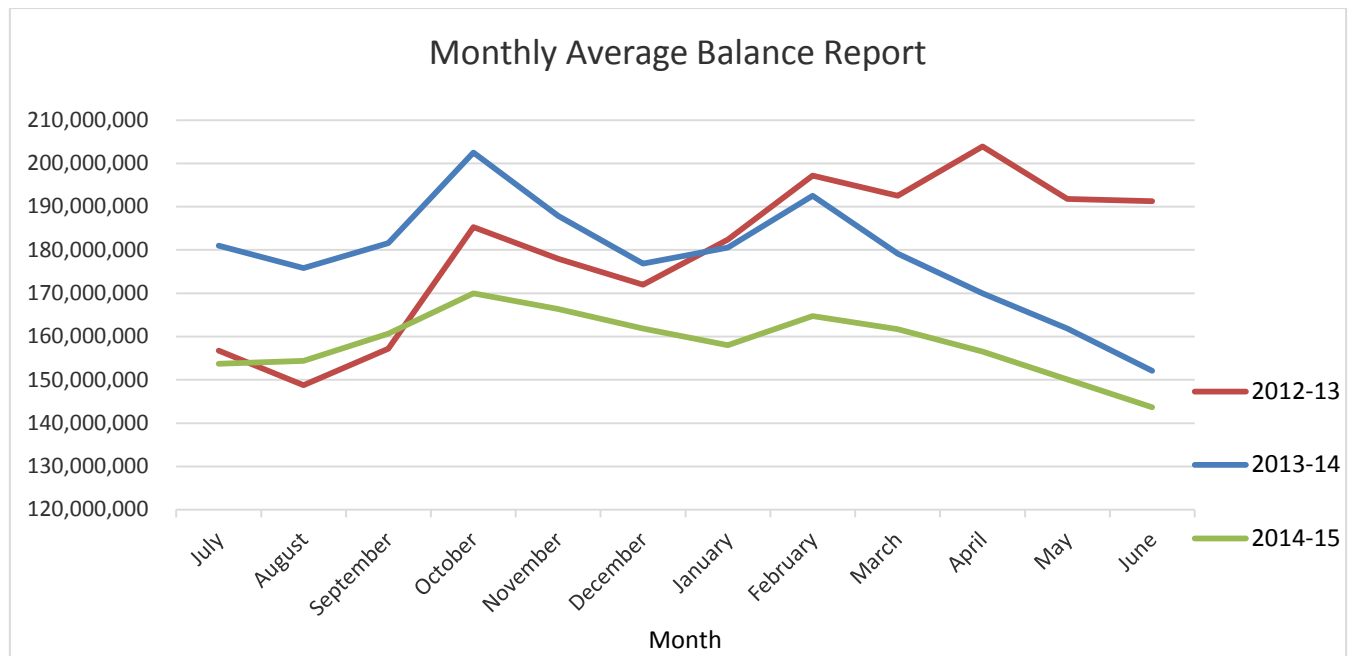
Short Term Funds–Total Assets (Market Value of Average Monthly Holdings)–June 30, 2015

<u>Allocation</u>	<u>Held/Managed</u>	<u>Millions (\$)</u>	<u>(%)</u>
Cash (CAD and USD)	Bank	13.2	9
Money Market	Raymond James	71.8	50
Short Term Bond and Mortgage Fund	PH&N	36.1	25
Mortgage Pension Trust Fund	PH&N	22.6	16
<b>Total Fund</b>		<b>143.7</b>	<b>100</b>

Report of Monthly Balances in Short-Term Investment Pooled Funds

Volatility of the monthly balances in the university's short-term pooled investments are subject to seasonality. The provincial operating grant is received bi-monthly, which coincides with payrolls being run. The cash peaks generally occur in the fall (September/October) and winter (January/February) when tuition revenues are collected. The following Graph #1 illustrates the value of the short-term investment pool and the seasonality of inflows/outflows of the short term fund levels for the last 3 years. Capital outflows (i.e., CARSA) are the primary reason for the cash flow decrease during this period.

Graph #1 – Short Term Pooled Fund



### Short Term Interest Rate Activity

The Bank of Canada (BoC) had maintained a 1% overnight rate since September 2010 until the unexpected rate cut of 25 bps in January 2015. Economic performance continued to lag in the first half of 2015 which lead to the BoC again cutting the overnight rate 25 bps to 0.5% in July. Regardless of the continued weakness in oil prices, as well as the increasing uncertainty about growth prospects for China, fundamentally the Canadian economy has shown growing signs of strengthening. Despite two consecutive quarters of contraction, Canada has added more than 100,000 jobs this year, and exports are slowly rising again.

The next scheduled date for announcing the overnight rate target is October 21st. According to Bloomberg calculations based on overnight index swaps, the market is forecasting a 78% probability that the Bank will maintain rates at 0.50% in October.

In the US, the Federal Reserve is being closely watched to see if they will raise interest for the first time since 2006. Many forecasters are predicting that the US Federal funds rate will be raised in either September or December. This is important as in the past Canadian monetary policy has been closely linked with US monetary policy. The remaining BoC interest rate announcement dates are October 21 and December 2.

## Investment Yields

Table #1 and #2 below show the yield curve and the 1 year implied change at June 30th, 2015 compared to December 31, 2014. During the recent past, rate expectations have remained relatively stable, although interestingly we now see that 1 and 2 year rate expectations have declined. To date the BoC rate moves have been consistent with these expectations.

Table #1

Government of Canada Yields	1-year (%)	2-year (%)	5-year (%)	10-year (%)	30-year (%)
June 30, 2015	0.60	0.49	0.82	1.69	2.31
Forward curve for June 30, 2016	<u>0.38</u>	<u>0.42</u>	<u>1.13</u>	<u>1.86</u>	<u>2.39</u>
Implied change (1 Year)	-0.22	-0.07	+0.31	+0.17	+0.08

(Source: PH&N)

Table #2

Government of Canada Yields	1-year	2-year	5-year	10-year	30-year
June 30, 2014	1.01%	1.10%	1.53%	2.24%	2.78%
Forward curve for June 30, 2015	<u>1.18%</u>	<u>1.36%</u>	<u>1.81%</u>	<u>2.45%</u>	<u>2.87%</u>
Implied change (1 Year)	+0.17%	+0.26%	+0.28%	+0.21%	+0.09%

(Source: PH&N)

## Performance Review of Short-Term Investment Pooled Funds

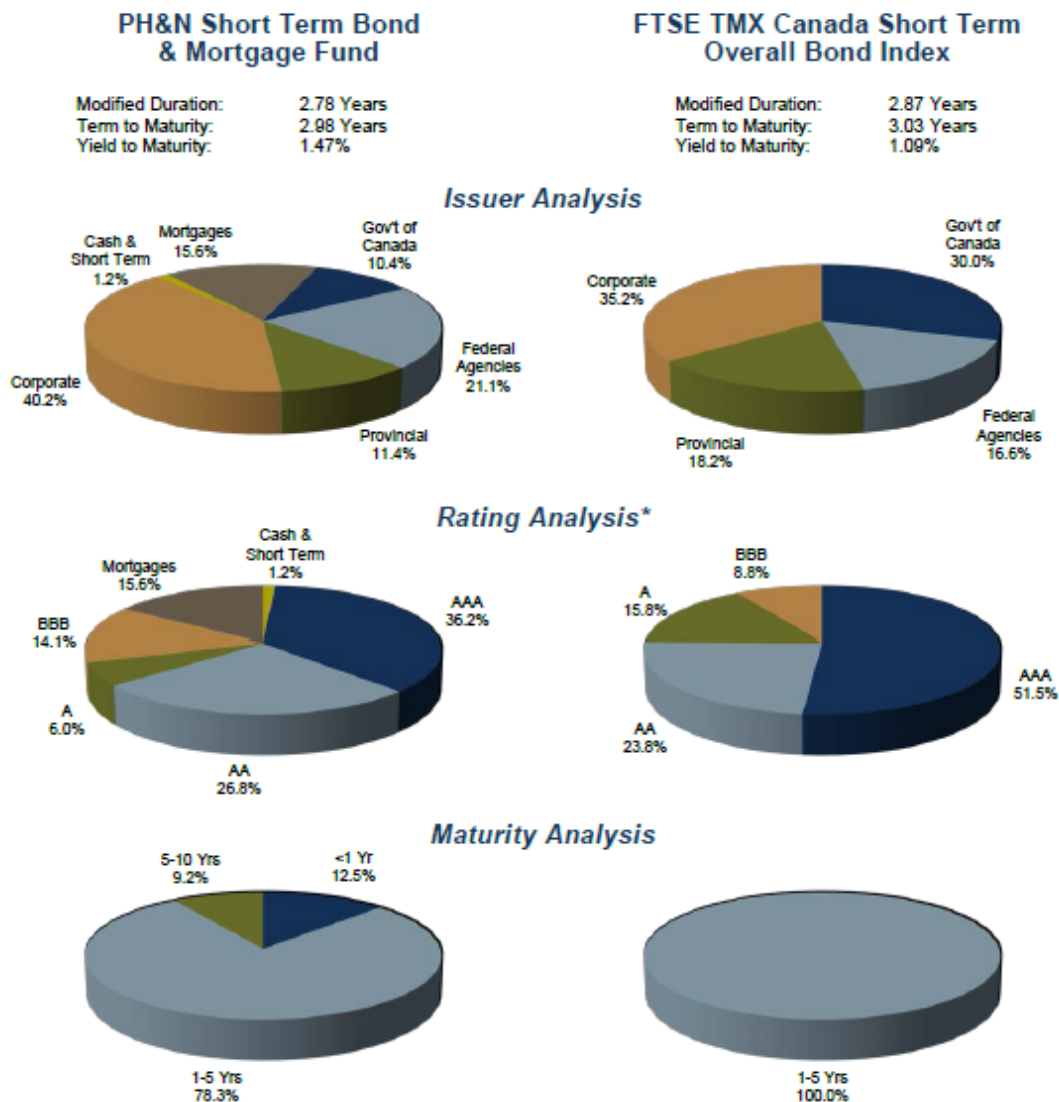
The bank account at the end of June earned a variable rate of 1.1% annually, based on the RBC prime rate of 2.85% minus 1.75%. RBC further reduced their prime rate to 2.7% on July 16th in line with the BoC overnight rate. Of note, all the major banks only decreased their prime rates 0.25% based on two BoC overnight rate cuts that equaled 0.5%. The Provincial Cash Deposit Program (CDP) was added to the investment policy as a permitted investment last year. The CDP interest rate is CIBC prime rate less 1.5% (or 1.2%) and is planned to be used tactically in conjunction with our existing money market investments made through Raymond James. To date the CDP has not been used given more favourable rates through Raymond James.

A review of net performance shows that for the 6 month period ending June 30, Raymond James returned 0.88% compared to the benchmark (FTSE TMX 91-day T-Bill Index) of 0.41%. The one year return of the mandate was 1.75% and added 88 bps of value relative to the benchmark. The yields are low on an absolute basis; however, the yield pick-up is relatively large.

PH&N's Short Term Bond and Mortgage Fund (STBMF) is benchmarked against the FTSE TMX Short Term Bond Index. In the 6 months ending June 30, the Fund returned 2.1% and underperformed its benchmark by 6 basis points (bps). The one year return for the fund was 3.5% and outperformed its benchmark by 11 bps, mainly as a result of corporate credit strategies and mortgages. Consistent with the overall market and as per table #3, the yield on the Fund has decreased to 1.47% from 1.99% a year ago. Table #3 also shows how the composition of the Short Term Bond and Mortgage Fund compares to its benchmark at June 30, 2015. The most significant difference relative to the benchmark remains the underweight in Gov't of Canada bonds and the overweight in corporate bonds and mortgages.

Table #3

### Bond Portfolio Structure as of June 30, 2015 – Short Term Mandate



\* Current ratings based on average ratings across rating agencies (DBRS, Moody's, S&P) where available. Ratings at the time of purchase may be different.

Totals may not add to 100% due to rounding.

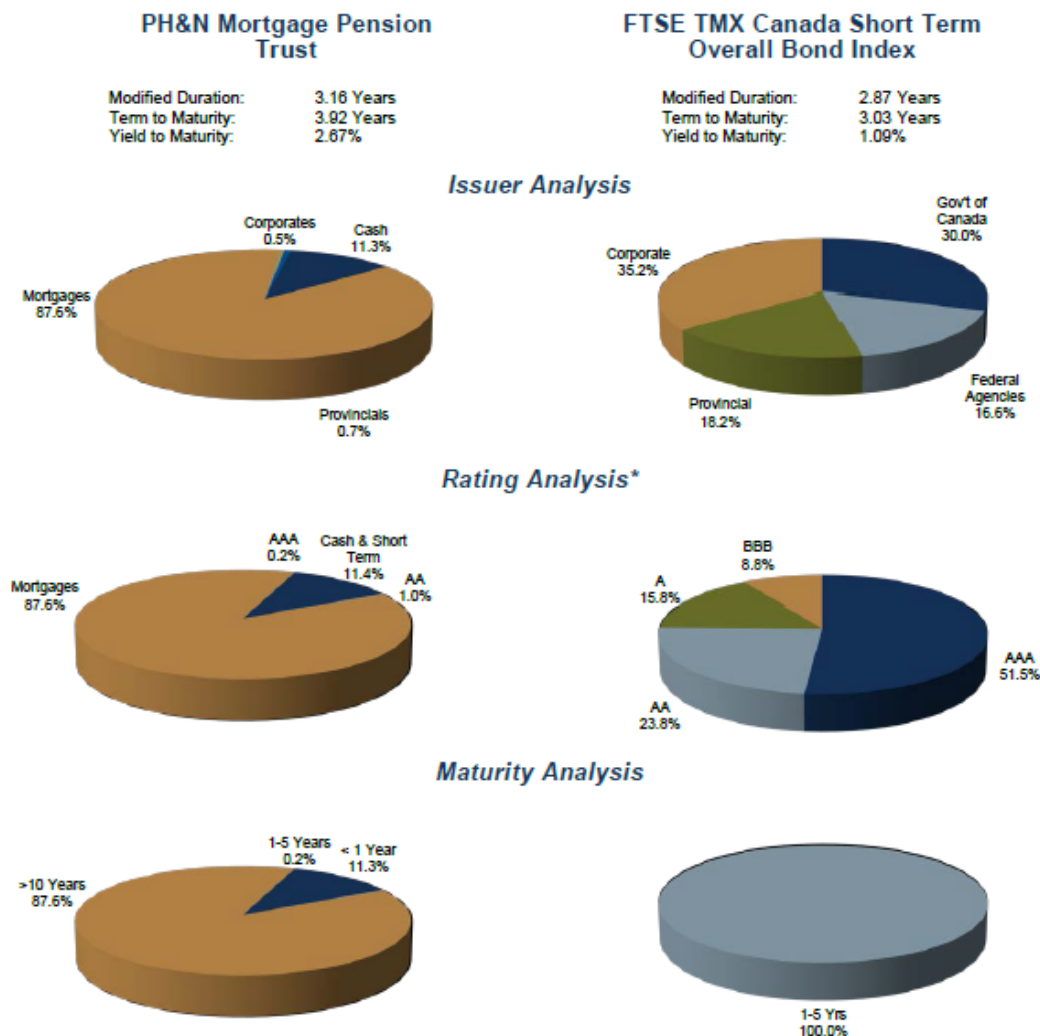
(Source: PH&N)

PH&N's Mortgage Pension Trust (MPT) is benchmarked against the FTSE TMX Short Term Overall Bond Index + 1%. In the 6 months ending June 30, 2015 since the position was initiated the Fund returned 2.4% and underperformed its benchmark by 21 bps.

Table #4 below shows the yield on the Fund was 2.67% and how the composition of the MPT compares to its benchmark at June 30, 2015.

Table #4

### Bond Portfolio Structure as of June 30, 2015 – Mortgage Mandate



\* Current ratings based on average ratings across rating agencies (DBRS, Moody's, S&P) where available. Ratings at the time of purchase may be different.  
Totals may not add to 100% due to rounding.

(Source: PH&N)



Bond Market Outlook - PH&N Commentary

- *The Bank of Canada (BoC) has paused while it waits for more data to indicate how the economy is coping. The bond market continues to price in a further BoC policy rate cut from the current 0.75%, so we expect the front end of the yield curve to stay close to where it is now for the near-term.*
- *We believe the U.S. Federal Reserve (the Fed) remains on track to raise rates in 2015 and this will have a large influence on the global bond market. The precise timing has a significant degree of data dependency because, other than in the labour market, evidence of strong enough growth is elusive. A shift to higher U.S. yields will be limited due to a weak global economy as well as a strong substitution effect with capital coming from Asia and Europe to the relatively higher yielding North American bond market.*
- *We believe that capital markets could become more volatile than they have been in the past few years. This belief is driven by several factors including uncertainty surrounding the first Fed rate hike in nine years, worries about a possible Greek exit from the Eurozone, and the availability of fewer bonds for investors to transact (reduced dealer inventories and more being held by central banks). With this in mind, we remain focused on relatively liquid, higher-quality credit strategies to maintain resilience and nimbleness in the portfolios we manage.*
- *We have structured a close to benchmark duration position in the portfolio and continue to consider duration and term structure strategies to be tactical in nature. Credit strategies have been positioned cautiously because we are seeing more risk without a commensurate increase in potential return.*

**Short Term Funds Investment Return Summary and Analysis**

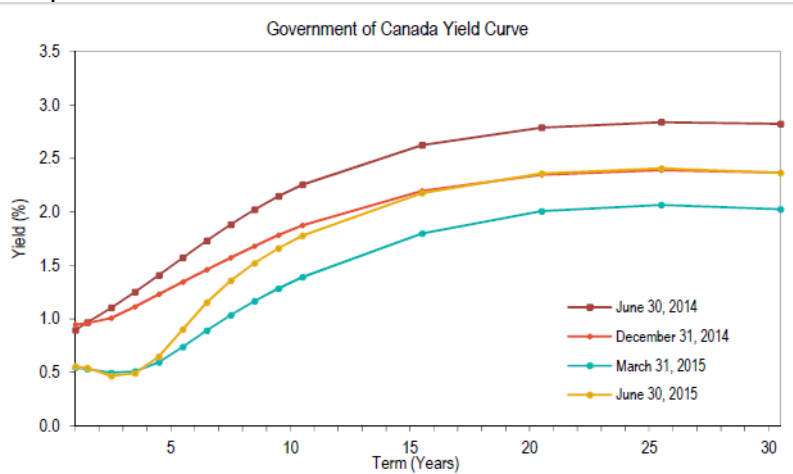
The overall average term to maturity of the portfolio is 1.4 years and in line with the benchmark average term to maturity. The duration of the portfolio is 1.2, 0.1 years short of the benchmark at 1.3 years. As per tables #3 and #4 this is as a result of the PH&N funds being shorter duration than their respective benchmark portfolios. The overall 1 year return of the fund ending June 30, 2015 was 2.52% net of fees (appendix 2). Each mandate outperformed its benchmark and the overall fund return outperformed its benchmark by 22 bps. The Consumer Price Index increased 1.5% over the same period and as a result, all things being equal, the overall purchasing power of the fund increased over the last year with returns exceeding inflation by 1%.

6 Month Total Fund Return	6 Month Benchmark Return	6 Month Over (Under) Performance	1 Year Total Fund Return	1 Year Benchmark Return	1 Year Over (Under) Performance
1.43%	1.27%	0.16%	2.52%	2.30%	0.22%

Strong equity markets over the last five years have valuations stretched and have left many equity investors wondering when the market correction is coming and how large it will be. We saw a correction in August and many are predicting that the volatility will continue especially if the Fed begins to raise rates. This year yields dropped again and are at record lows as seen in graph #2.



Graph #2



(Source: Towers Watson)

As mentioned in previous Short Term Investment reports, while the timing of this was uncertain, in the long run interest rates were expected to trend upwards. As result, further rate decrease has left bond investors further pushing out their expectations for interest rates to rise. While this would be painful in the short to medium term, it is necessary for investors to earn a more sustainable ongoing yield.

We regularly monitor the S&P/TSX dividend yield compared to the 10 year BoC yield. Yields are what investors earn while they hold an asset. In years past it was unusual to have a 10 year bond yield less than the dividend yield on equities. At the end of June the yield on the S&P/TSX was 2.9% compared to a 10 year Canadian bond yield of 1.78%. This trend has persisted for the last few years and in theory if yields on bonds are less than yields on equities then bond investors are encouraged to take on more risk (traditionally investing in equities), reducing the demand for bonds, decreasing prices and raising yields. However, given the recent run of equities this is less appealing than it was at this time last year. Equities and bonds both increased in value by a relatively substantial amount this year which is unusual and unlikely to be sustainable in the medium to long term.

Last year our report noted that interest rates on short-term investments continue to be extremely low. With recent drop in yields, rates on the longer STBMF and MPT are now even lower than last year at 1.47% and 2.67%. There is little chance of capital appreciation and expecting anything greater than that yield over the medium term (3-5 years) time horizon would be unrealistic.

### Short Term Investment Policy FM5200 – Update

#### *Update - 6 year comparison versus the previous Short Term Investment Policy*

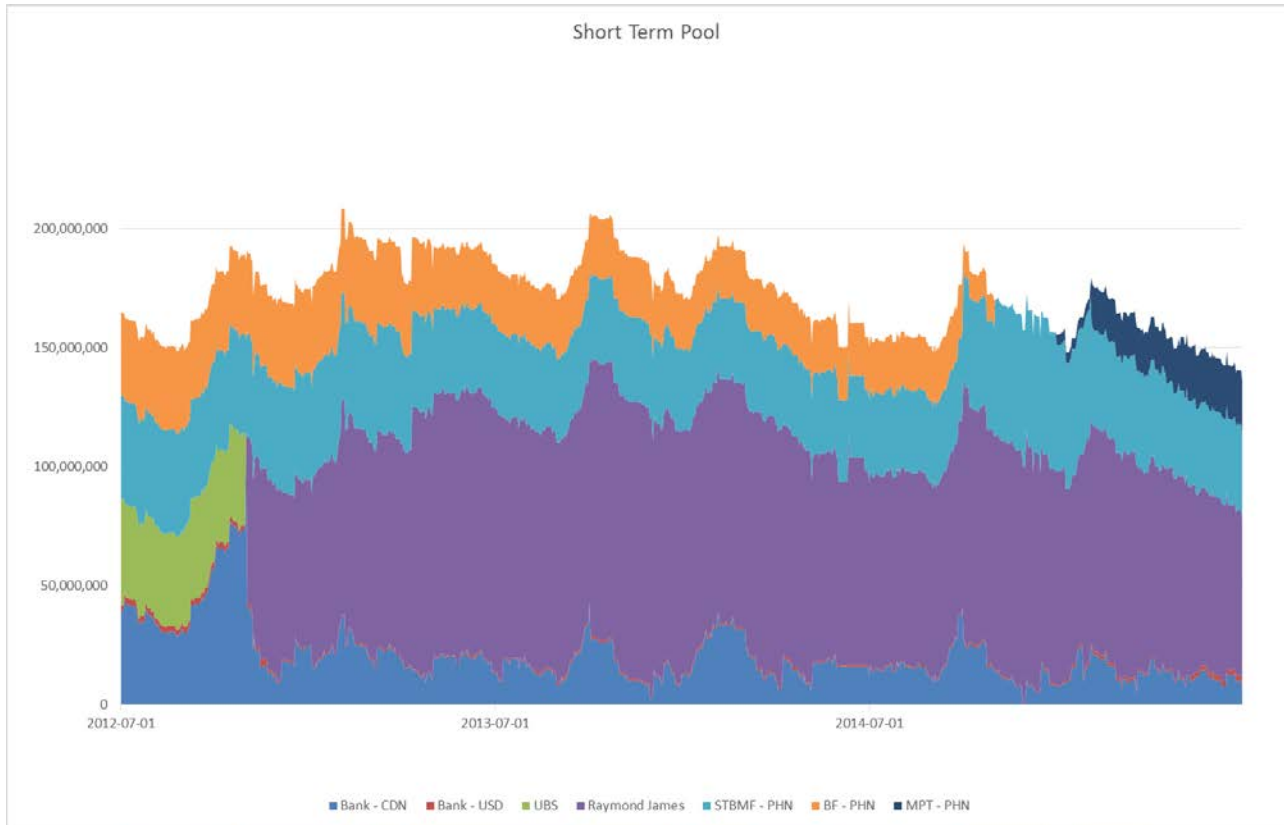
We are constantly evaluating options to optimize the overall portfolio in order to meet the investment objectives of:

- a) preserving capital
- b) providing liquidity, and;
- c) providing yield at a low level of volatility.

In June of 2009 the Board approved updating the short term investment policy to include a Bond Fund with longer duration. In June of 2014 the Board approved updating the short term investment policy with the primary change to replace the Bond Fund with the Mortgage Pension Trust.

Table #5 below is tracking the asset allocation of the Short Term Pool since 2012.

Table #5



As depicted in table #6, overall the policy change has been a success and in 5 of the 6 years since being implemented.

Table # 6 - Short Term Investment Policy

Current Policy			Previous policy		Difference	
	Return (%)	Return (\$)	Return (%)	Return (\$)	Return (%)	Return (\$)
2009-2010	2.6%	4,340,000	1.2%	2,030,000	1.4%	2,310,000
2010-2011	2.1%	3,620,000	1.4%	2,140,000	0.8%	1,480,000
2011-2012	3.1%	4,980,000	1.6%	2,650,000	1.4%	2,330,000
2012-2013	0.8%	1,440,000	1.0%	1,860,000	-0.2%	(420,000)
2013-2014	2.3%	4,200,000	1.5%	2,680,000	1.5%	1,520,000
2014-2015	2.6%	4,190,000	1.5%	2,410,000	1.5%	1,780,000
Total		22,770,000		11,360,000		9,000,000

## **CARSA Cash Flow – Investment Strategy Update**

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The CARSA cash flow liability driven investing strategy has been successfully completed and the cash disbursements for the project have been made.

## **Managing Exchange Rate Risk**

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As per section 6.01 of the short term investment policy 5200 below, we manage the exchange rate risk to reduce the risk of significant negative variances in our operating and research budgets in the current fiscal year. This approach was chosen as we are mindful that our internal expertise is to facilitate operational transactions and not to attempt to create value by taking currency positions. In addition, it is important to recognize that budgets are established and modified on an annual basis giving the opportunity for annual adjustments based on economic circumstances. The policy is as follows:

### **6.01 Currency (or Exchange Rate) Risk Management**

The university recognizes that exchange rate risks are incidental to normal business operations. The University does not normally hedge against foreign currency transactions as a matter of general practice.

Where a specific transaction or group of transactions is to occur in a foreign currency and the amount of the transaction exceeds \$50,000 USD, or there is some concern about currency fluctuations, the Vice President Finance and Operations may authorize the purchase of hedging products which are effective in managing risk and make hedging decisions based on the institution's objectives and tolerance for risk, rather than market conditions.

### *Implementation*

After meeting with the library in April 2015 we determined that \$1.68 million U.S. dollars (USD) should be purchased in order to partially mitigate the purchasing power of the 2015-16 library acquisitions budget. The USD were purchased at rates ranging from 1 USD = 1.21 Canadian dollar (CAD).

### **Attachments:**

Appendix 1 – Report of Monthly Balances in Short-Term Investment Pooled Funds & Investment Performance

Appendix 2 - Investment Performance Report - Returns as at June 30, 2015

# Appendix 1 - Report of Monthly Balances in Short-Term Investment Pooled Funds<sup>1</sup> and Investment Performance

	Policy FM5200	RBC		Raymond James		PH&N Short Term Bond & Mortgage Fund		PH&N Mortgage Pension Trust		Total Portfolio	
2015	Jan	15,123,145	10%	85,165,875	54%	53,183,606	34%	4,506,467	3%	157,979,093	100%
2015	Feb	11,626,282	7%	94,376,425	57%	41,573,210	25%	17,147,243	10%	164,723,160	100%
2015	Mar	12,371,730	8%	90,644,062	56%	40,576,850	25%	18,127,902	11%	161,720,545	100%
2015	Apr	15,134,750	10%	84,603,791	54%	38,323,738	24%	18,490,592	12%	156,552,871	100%
2015	May	13,763,486	9%	77,889,638	52%	35,941,262	24%	22,517,624	15%	150,112,010	100%
2015	Jun	13,199,934	9%	71,788,572	50%	36,074,469	25%	22,632,297	16%	143,695,272	100%

<sup>1</sup> Assets are reported on average market monthly holdings

**Appendix 2 - Investment Performance Report - Returns as at June 30, 2015**

Raymond James

Monthly Return	Monthly FTSE TMX 91-Day T- Bill Index	Monthly Over (Under) Performance	1 Year Fund Return	1 Year FTSE TMX 91-Day T- Bill Index	Yearly Over (Under) Performance
0.15%	0.07%	0.08%	1.75%	0.87%	0.88%

**PH&N – Short Term Bond and Mortgage Fund**

Monthly Return	Monthly FTSE TMX Short Term Bond Index	Monthly Over (Under) Performance	3 Month Return	3 Month FTSE TMX Short Term Bond Index	3 Month Over (Under) Performance	1 Year Fund Return	1 Year FTSE TMX Short Term Bond Index	1 Year Over (Under) Performance
0.23%	0.25%	-0.02%	0.30%	0.21%	0.09%	3.50%	3.38%	0.12%

**PH&N – Mortgage Pension Trust\* (Investment was initiated January 2015)**

Monthly Return	Monthly FTSE TMX Short Term Bond Index+1%	Monthly Over (Under) Performance	3 Month Return	3 Month FTSE TMX Short Term Bond Index+1%	3 Month Over (Under) Performance
0.27%	0.33%	-0.06%	0.30%	0.46%	-0.16%

Total Fund Return vs. Benchmark Return – (including bank deposits and based on average monthly balances)

Monthly Total Fund Return	Monthly Benchmark Return	Monthly Over (Under) Performance	3 Month Total Fund Return	3 Month Benchmark Return	3 Month Over (Under) Performance	1 Year Total Fund Return	1 Year Benchmark Return	1 Year Over (Under) Performance
0.18%	0.17%	0.01%	0.35%	0.23%	0.12%	2.52%	2.30%	0.22%



University  
of Victoria

**SUBMISSION TO THE UVIC BOARD OF GOVERNORS**

**FOR INFORMATION**

**To:** Finance Committee

A handwritten signature in black ink, appearing to be 'G. Smith'.

**From:** VICE-PRESIDENT FINANCE AND OPERATIONS

**cc:** President and Vice-Chancellor

**Meeting Date:** September 29, 2015

**Subject:** Long Term Disability Trust Financial Statements

**Basis for Jurisdiction:** Committee's Terms of Reference 6.1

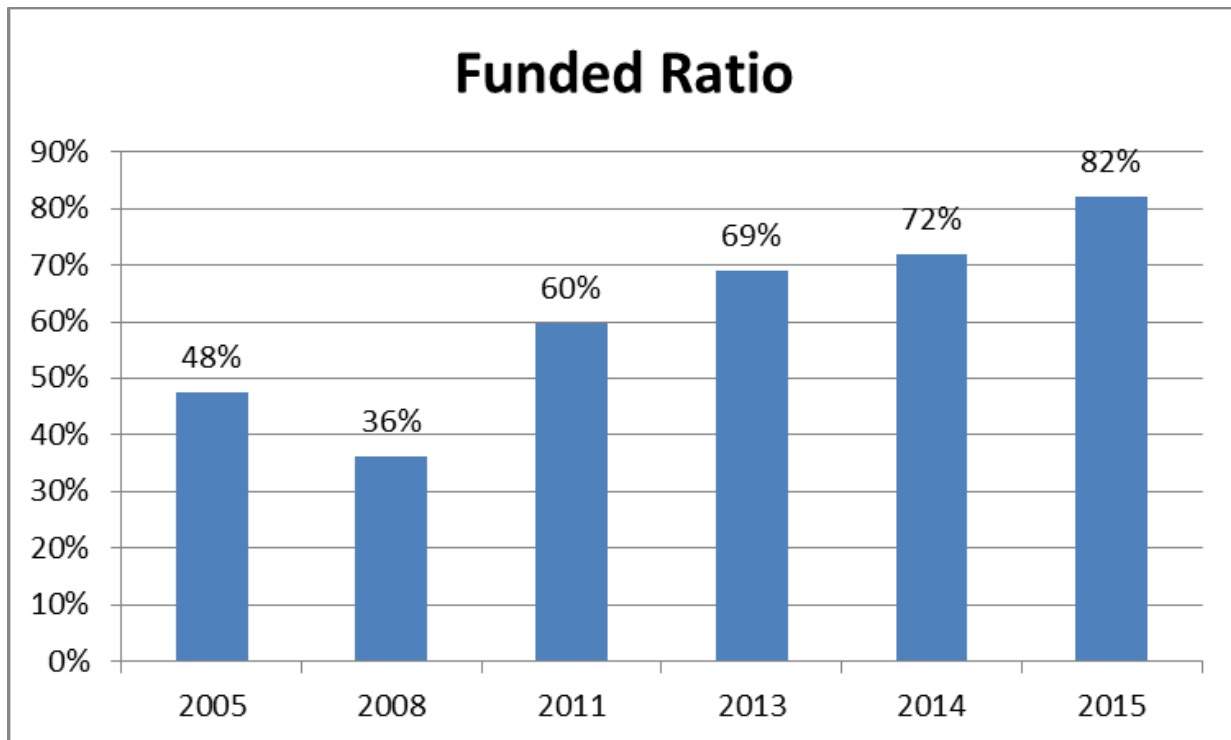
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**Background:**

The Long Term Disability Trust was established July 1, 2007 to administer the employee-funded long term disability plan for UVic's faculty and administrative and academic professional staff.

Attached are the Trust's financial statements for the year ended March 31, 2015 which have received a "clean" audit opinion from the Trust's external auditors, Grant Thornton.

Due to very favorable investment returns during the year, the Trust's financial position improved significantly with plan assets available for benefits increasing to \$12.2 million (2014-\$10.1 million) and liabilities increasing to \$14.8 million (2013-\$14.1 million). Consequently, the unfunded liability improved to \$2.6 million (2014-\$4.0 million) and the funded ratio moved up to 82% (2014 -72%).



During the year the plan completed its latest actuarial valuation which resulted in a very small reduction in the contribution rate paid by employees from 2.09% to 2.05% of basic salary. This is the first time contribution rates have declined.

As of April 1, 2014, the Plan's assets were transitioned from the Phillips Hager & North (PH&N) Bond Fund to the PH&N Core Plus Bond Fund which utilizes several yield-enhancing strategies to augment and diversify universe bond holdings. Investment returns for the year were 10.83% (2014-1.51%).

**LONG TERM DISABILITY TRUST  
FINANCIAL STATEMENTS  
MARCH 31, 2015**

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## LONG TERM DISABILITY TRUST

### STATEMENT OF ADMINISTRATIVE RESPONSIBILITY FOR FINANCIAL STATEMENTS

The University of Victoria is responsible for the preparation of the financial statements of the Long Term Disability Trust. The statements have been prepared in accordance with Canadian accounting standards for pension plans and present fairly the financial position of the Long Term Disability Trust as at March 31, 2015 and the results of its operations for the year then ended.

In fulfilling its responsibility and recognizing the limits inherent in all systems, the University's Administration has developed and maintains a system of internal controls designed to provide reasonable assurance that the Trust's assets are safeguarded from loss and that the accounting records are a reliable basis for preparation of the financial statements.

The financial statements have been examined by Grant Thornton LLP, the independent auditors appointed by the Trustees. The Independent Auditors' Report outlines the nature of their examination and expresses an opinion on the financial statements of the Trust for the year ended March 31, 2015.

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

June 25, 2015



## Independent Auditors' Report

Grant Thornton LLP  
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F +1 250 381 4623  
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To the board of trustees of the Long Term Disability Trust

We have audited the accompanying financial statements of the Long Term Disability Trust, which comprise the statement of financial position as at March 31, 2015, and the statement of changes in net assets available for benefits, and the statement of changes in benefit obligations for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for pension plans, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Long Term Disability Trust as at March 31, 2015, and its financial performance for the year then ended in accordance with Canadian accounting standards for pension plans.

Victoria, Canada  
June 25, 2015

*Grant Thornton LLP*  
Chartered Professional Accountants

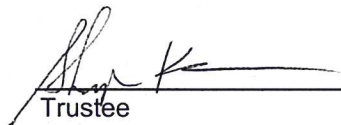
**LONG TERM DISABILITY TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**As at March 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 269,834	\$ 199,876
Cash held on deposit with benefit carrier	152,000	141,000
Income taxes receivable (note 7)	-	2,920
Investments (note 3)	11,669,354	9,702,879
Due from University of Victoria	<u>262,760</u>	<u>259,342</u>
	<u>12,353,948</u>	<u>10,306,017</u>
<b>Liabilities</b>		
Accounts payable and accruals	<u>185,304</u>	<u>173,757</u>
<b>Net assets available for benefits</b>	<u>12,168,644</u>	<u>10,132,260</u>
<b>Accrued benefit obligations</b> (note 4)	<u>14,765,159</u>	<u>14,097,159</u>
<b>Deficit</b>	<u>\$ (2,596,515)</u>	<u>\$ (3,964,899)</u>

On behalf of the board:



Trustee



Trustee

See accompanying notes to the financial statements

**LONG TERM DISABILITY TRUST**  
**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**  
For the Year ended March 31, 2015

	<u>2015</u>	<u>2014</u>
<b>Net return on investments</b>		
Interest income	\$ 577,098	\$ 324,009
Realized (losses) gains	(34,785)	18,578
Unrealized gains (losses)	<u>560,642</u>	<u>(189,253)</u>
	<u>1,102,955</u>	<u>153,334</u>
<b>Contributions</b>		
Employee contributions	<u>3,160,974</u>	<u>3,040,684</u>
<b>Payments to or on behalf of members</b>		
Benefit carrier claims	<u>1,905,703</u>	<u>1,895,773</u>
<b>Operating expenses</b>		
Actuarial fees	53,072	3,825
Audit expense	9,351	7,918
Benefit carrier administration fees	55,136	67,376
Custodial fees	5,872	5,043
Interest expense	1,597	4,381
Investment management fees	28,481	15,417
Financial administration fees (note 8)	1,000	1,000
Legal fees	<u>-</u>	<u>130</u>
Total operating expenses	<u>154,509</u>	<u>105,090</u>
<b>Increase in net assets available for benefits, before taxes</b>	2,203,717	1,193,155
Income taxes (note 7)	<u>167,333</u>	<u>86,239</u>
<b>Increase in net assets available for benefits</b>	2,036,384	1,106,916
<b>Net assets available for benefits, beginning of year</b>	<u>10,132,260</u>	<u>9,025,344</u>
<b>Net assets available for benefits, end of year</b>	<u>\$ 12,168,644</u>	<u>\$ 10,132,260</u>

See accompanying notes to the financial statements



**LONG TERM DISABILITY TRUST**  
**STATEMENT OF CHANGES IN BENEFIT OBLIGATIONS**  
**For the Year ended March 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Beginning balance, accrued benefit obligation</b>	\$ 14,097,159	\$ 13,056,159
Change in actuarial assumptions	(1,810,000)	(1,518,000)
Benefit accrued	4,538,000	4,560,000
Benefit paid	<u>(2,060,000)</u>	<u>(2,001,000)</u>
	668,000	1,041,000
<b>Ending balance, accrued benefit obligation</b>	\$ <u><u>14,765,159</u></u>	\$ <u><u>14,097,159</u></u>

See accompanying notes to the financial statements

**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**1. Description of Plan**

The following is a summary of the Long Term Disability Trust (the Trust).

a) General

The Trust was established in July 2007 to administer a self-funded long term disability plan covering all faculty, administrative and academic professional staff holding regular appointments of 50%, or more, of full time at the University of Victoria.

b) Funding Policy

Members contribute 2.05% of basic salary, which is deducted by the University semi-monthly, and remitted to the Trust. The Trust holds these contributions, and pays the plan benefit carrier for benefit payments made to qualifying employees. The contribution rate is set by the Trustees referencing actuarial valuations, and covers the normal cost of providing benefits, plus an amount required to build a reserve against estimated future liabilities of the plan.

c) Plan Benefits

Long term disability benefits are calculated at 80% of monthly "net earnings", plus the amount required to maintain employee and University Pension Plan contributions. Benefits are indexed to the lower of (1) the annual increase in the Canada CPI index, and (2) the most recent annual across-the-board general salary adjustment.

As this is an employee-pay-all plan benefits paid to qualifying employees are tax-free.

d) Commencement and Duration of Benefits

If approved, LTD benefit payments commence following completion of six months of continuous disability, and following receipt of proof of total disability. Benefits continue until the earliest of the following:

- no longer considered to be totally disabled,
- start work at any occupation for wage or profit except as permitted under the Plan,
- fail to furnish proof of continuous disability,
- no longer under the care of a qualified physician, or fail to follow prescribed medical treatment, or participate in a recommended rehabilitation program,
- death,
- normal retirement date.

e) Investments

The assets of the Trust are invested in a Phillips, Hager and North Bond Fund.

**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**2. Significant Accounting Policies**

The financial statements have been prepared in accordance with Canadian accounting standards for pension plans.

Accounting standards for pension plans apply to all pension plans as well as benefit plans with characteristics similar to pension plans (such as long term disability plans) and require entities to select accounting policies for accounts that do not relate to its investment portfolio or accrued benefit obligations in accordance with either Part I International Financial Reporting Standards (IFRS) or Part II Canadian Accounting Standards for Private Enterprises (ASPE) of the CICA Handbook. The Trust selected to apply Part II for such accounts on a consistent basis and to the extent that these standards do not conflict with the requirements of the accounting standards for pension plans. Under Canadian accounting standards for pension plans the Trust is required to follow IFRS 7 and 13 with respect to Financial Instruments.

**a) Financial Instruments**

Financial assets and financial liabilities are recognized when the Plan becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

All financial assets and financial liabilities are initially measured at fair value. Fair value is an estimate of the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act.

Financial assets and financial liabilities are subsequently measured as described below.

**b) Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash within three months, have been classified as held for trading and recorded at fair value.

**c) Investment assets and investment liabilities**

All investment assets and investment liabilities are measured at fair value at the date of the statement of financial position in accordance with IFRS 13 Fair Value Measurement, International Financial Reporting Standards in Part 1 of the CICA Handbook.

Pooled funds are valued at the unit value supplied by the pooled fund administrator and which represent the Plan's proportionate share of underlying net assets at fair value determined using closing bid prices.

Transaction costs are not included in the fair value of investment assets and investment liabilities either on initial recognition or on subsequent re-measurement. Transaction costs are included in the statement of changes in net assets available for benefits as part of expenses incurred in the period.



**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**2. Significant Accounting Policies (continued)**

d) Investment Income

Income from investments is recognized on an accrual basis and includes interest income.

e) Realized and Unrealized Gains and Losses on Investments

Realized gains or losses on sale of investments are the difference between the proceeds received and the average cost of investments sold.

Unrealized gains or losses on investments represent the differences between carrying value at the year end and the carrying value at the previous year end or purchase value during the year, less the reversal of previously recognized unrealized gains and losses in respect of disposals during the year.

f) Contributions

Contributions from the members are recorded on an accrual basis.

g) Net assets available for benefits

Net assets available for benefits are amounts available for the servicing of future claims under the Trust agreement, and terms of the Plan.

h) Estimation Uncertainty

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results are likely to differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments, estimates and assumptions that have the most effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Fair value of financial instruments: management uses valuation techniques in measuring the fair value of financial instruments, where active market quotes are not available. Details of the assumptions used are given in the notes regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Accrued benefit obligation: management estimates the accrued benefit obligation with the assistance of an independent actuary; however, the actual outcome may vary due to estimation uncertainties. The estimate of its accrued benefit obligation is based on assumptions as outlined in Note 4 to these financial statements.

**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**3. Investments**

Investments are reported at fair value and are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Phillips Hager and North Bond Fund, Series O	\$ -	\$ -	\$ 9,724,102	\$ 9,702,879
Core Plus Bond Fund, Series O	11,129,934	11,669,354	-	-
RBC Institutional Cash	269,834	269,834	199,876	199,876

**4. Obligations for Plan Benefits**

An actuarial valuation was made as of June 30, 2014 by Mercer Human Resource Consulting, a firm of consulting actuaries. Salary figures used in the actuarial analysis are based on annual salary increases effective July 1, 2014.

The actuarial liability is the actuarial present value of the disability benefits expected to be paid in the future to members who were disabled at the valuation date. This liability is divided into two components: the Disabled Life Reserve (DLR) for individuals in receipt of benefits at the valuation date, and the Incurred But Not Reported (IBNR) reserve for individuals who are disabled but not reported at the valuation date and who have not completed the six month elimination period. The estimated liability as at March 31, 2015 has been calculated by Mercer using updated data and assumptions consistent with the 2014 actuary report.

The financial position of the Plan as at March 31 is as follows:

	<u>2015</u>	<u>2014</u>
Net Assets	\$ 12,168,644	\$ 10,132,260
Liabilities		
- Disability Life Reserve	13,395,159	12,779,159
- Incurred But Not Reported	1,370,000	1,318,000
	<u>14,765,159</u>	<u>14,097,159</u>
Unfunded Liability	\$ (2,596,515)	\$ (3,964,899)
Funded ratio	82%	72%

**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

**4. Obligations for Plan Benefits (continued)**

The assumptions used in determining the actuarial value of accrued disability benefits were developed by reference to expected long-term market conditions. Significant long-term actuarial assumptions used in the valuation were:

	<u>2015</u>	<u>2014</u>
Discount rate	1.7%	1.7%
Cost of living adjustment	2%	2%
Retirement age assumption	65	65

**5. Risk Management**

The Trust's assets are invested in Phillips, Hager & North's Core Plus Bond Fund and the RBC Institutional Cash Fund. All assets are recorded at fair value. The main investment risks are interest rate risk, liquidity risk and credit risk.

**Interest rate risk**

Interest rate risk relates to the possibility that the investments will change in value due to future fluctuations in market interest rates. Duration is an appropriate measure of interest rate risk for fixed income funds as a rise (fall) in interest rates will cause a decrease (increase) in bond prices - the longer the duration, the greater the effect. At March 31, 2015, the modified duration of the bond portfolio was 7.8 years. Therefore, if interest rates were to increase by 1% across all maturities, the value of the bond portfolio would drop by 7.8%, contrarily if interest rates were to decrease by 1% across all maturities, the value of the bond portfolio would increase by 7.8%.

**Liquidity risk**

Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost effective manner in order to meet commitments as they come due. The primary liabilities in the Trust are future benefit obligations and operating expenses. Liquidity requirements are managed through income generated by contributions and investing in sufficiently liquid assets and other easily marketable instruments.

**Credit risk**

The value of fixed income and debt securities depends, in part, on the perceived ability of the issuer that issued the securities to pay the interest and to repay the original investments. Credit risk relates to the possibility that a loss may occur from failure of a fixed income security issuer to meet its debt obligations. At March 31, 2015, the maximum risk exposure for this type of investment is \$11,939,188.



**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

5. **Risk Management (continued)**

The credit risk is also mitigated by the credit rating and issuer analysis. Table 1 below shows the percentage of fixed income holdings in the portfolio by credit rating as of March 31, 2015 and compared to March 31, 2014. Table 2 below shows the percentage of fixed income holdings by type of issuer as of March 31, 2015 and compared to March 31, 2014.

<b>Table 1</b>		<b>2015</b>	<b>2014</b>
	<b><u>Ratings Summary</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
	AAA	6.9	11.8
	AA	39.6	41.8
	A	13.4	18.5
	BBB	16.7	12.8
	BB	6.9	0.0
	Mortgages	9.0	0.6
	Cash	7.3	0.0

<b>Table 2</b>		<b>2015</b>	<b>2014</b>
	<b><u>Issuer Analysis</u></b>	<b><u>%</u></b>	<b><u>%</u></b>
	Federal bonds	2.4	9.2
	Provincial bonds	28.6	34.0
	Corporate bonds	49.5	41.0
	Emerging markets	3.2	0.0
	Mortgages	9.0	0.6
	Cash and short term	7.3	14.6

Financial instruments measured at fair value are classified according to a fair value hierarchy that reflects the importance of the inputs used in making the measurements. The fair value hierarchy is made up of the following levels:

- Level 1 - valuation is based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable data on the market each time such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

The Trust's portfolio consists of bonds and mortgages and are pooled into a combined mutual fund. The lowest level of the hierarchy for the portfolio is a level 2.

6. **Capital Disclosures**

The purpose of the Trust is to provide benefits to members on long term disability. The Trust's objectives when managing its capital are to protect the value of the funds against inflation and provide stability in benefit distributions. With the assistance of an investment consultant, the Trust's Board of Directors regularly monitors the Trust's investments to ensure that immediate and

**LONG TERM DISABILITY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2015**

long-term obligations can be met within an acceptable level of risk.

**7. Income Tax**

Income taxes are paid on a calendar basis and are based on the difference between income earned on investment funds less plan expenses exclusive of employee contributions and benefit carrier claims.

**8. Related Party Transaction**

The Trust receives accounting and administrative services from the University of Victoria and was charged a fee of \$1,000 for the year.



University  
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## SUBMISSION TO THE UVIC BOARD OF GOVERNORS

**FOR INFORMATION**

September 28, 2015

**To:** Operations and Facilities Committee

**From:** Valerie S. Kuehne, Vice-President Academic and  
Provost

**cc:** President and Vice-Chancellor

**Meeting Date:** September 28, 2015

**Subject:** **Academic Staffing, Recruitment, and Vacancies Report**

**Basis for Jurisdiction:** University Act, Section 27(g)  
*Collective Agreement*

**Background:** The appointment of regular faculty members and academic administrators is a power of the Board under the University Act. Appointments are governed by a number of Board policies and are delegated to the university executive under Section 11 of the Board Procedures.

Academic appointments and reappointments are governed by the *Collective Agreement*. These are approved by the Vice-President Academic and Provost under the Board delegations

procedures, with the expectation that the Operations and Facilities Committee will receive annual reports on staffing that gives an overview of all appointments of regular faculty and senior administrators.

The allocation of faculty FTEs and annual recruiting is overseen by the Office of the Provost within a planning framework which integrates faculty academic planning, university enrolment planning, faculty staffing, and budget plans.

**Summary:** This report provides a summary of academic recruitment, vacancies and retirement as of July 2015 and is an update to the last presented in September 2014. As of July 2015, there were 21 FTE vacant positions available for recruitment, a further 11 FTE vacant positions that are bridged or reserved for other purposes, and 36 active recruitments underway. Between July 2014 and June 30, 2015, 29 faculty and librarians retired and 5 departed for other reasons (resignation, termination or death).

# Annual Academic Recruitment and Vacancies Report

September 2015

## **Summary:**

This report provides a snapshot of academic recruitment, vacancies and retirements as of July 2015 and is an update to the last report from September 2014.

There are currently (as of July 2015) 823 FTE (full-time equivalent) faculty and librarians at UVic in filled budgeted positions. As of July 2015, there were 21 FTE vacant positions available for recruitment, a further 11 FTE vacant positions that are bridged or reserved for other purposes, and 36 active recruitments underway. Between July 2014 and June 30, 2015, 29 faculty and librarians retired and 5 departed for other reasons (resignation, termination or death).



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## 1. Faculty Budgeted FTEs and New Hire Headcounts

### Faculty and Librarian Budgeted FTEs (as of July 2015)

There are currently (as of July 2015) 823 FTE (full-time equivalent) faculty and librarians at UVic in filled budgeted positions, one FTE less than last year. The number of FTEs illustrated in the table below does not include vacant (which appear in a later table) or limited term positions. Librarian FTE were reported to the Board for the first time in 2011/12.

Faculty rank	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Full Professor	276	264	274	276	276	268	288	276	268	290.7
Associate Professor	210	214	224	236	252	250	286	310	300	291.7
Assistant Professor	201	213	217	199	190	202	157	130	136	120.7
Lecturer	5	7	8	11	6	9	2	5	4	0.0
Teaching Professor - all ranks*	54	58	61	64	67	72	70	71	75	76.8
Artist-in-Residence	4	4	4	4	4	4	4	4	4	4.0
Academic Administrator - all ranks						8	6	6	7	8.7
Librarians							30	30	30	30.5
<b>TOTAL</b>	<b>750</b>	<b>760</b>	<b>788</b>	<b>790</b>	<b>795</b>	<b>813</b>	<b>843</b>	<b>832</b>	<b>824</b>	<b>823.0</b>

\* Senior Instructor before 12/13



### Vacancies (as of July 2015)

Faculty and Librarian vacancies are not necessarily available for recruitment - some (11 FTE) are used to bridge positions for Research Chairs including Canada Research Chairs, returns from excluded administrative positions, and other commitments made by the university. While there were a total of 67 vacant FTEs as of July 2015, existing and future commitments are accounted for, the true number available is 21 FTE.

### Number of Recruitments Currently Underway for 2015/16

As of July 2015, there are 36 active recruitments in progress.

### New Faculty and Librarian Headcounts by Rank (as of July 2015)

There were a total of 33 new regular faculty and librarians hired in 2014/15. The appointments below do not include Limited Term appointments. New hires were across all ranks and were evenly split by gender.

Please note that the preceding table detailed the number of faculty and librarian FTE at the university while the following tables provide headcounts. Therefore, the totals do not equate and cannot be compared.

New Faculty by Rank	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Full Professor	3	5	3	6	2	2	2	1	4	5
Associate Professor	5	6	2	4	3	5	2	1	0	1
Assistant Professor	35	36	35	20	17	17	17	2	18	16
Lecturer	4	6	3	3	3	3	2	3	1	1
Teaching Professor - all ranks*	5	8	6	5	7	5	2	6	7	6
Academic Administrator - all ranks	0	0	0	0	2	0	0	0	1	1
Librarian	0	0	0	0	0	0	1	0	3	3
<b>Total</b>	<b>52</b>	<b>61</b>	<b>49</b>	<b>38</b>	<b>34</b>	<b>32</b>	<b>26</b>	<b>13</b>	<b>34</b>	<b>33</b>

\* Senior Instructor before 12/13

### Faculty and Librarian Hires by Gender (as of July 2015)

New Faculty by Gender	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Male	25	34	27	17	21	18	12	7	16	17
Female	27	27	22	21	13	14	14	6	18	16
<b>Total</b>	<b>52</b>	<b>61</b>	<b>49</b>	<b>38</b>	<b>34</b>	<b>32</b>	<b>26</b>	<b>13</b>	<b>34</b>	<b>33</b>



## 2. Faculty and Librarians who left the university

### 2014/15 Faculty and Librarian Resignations and Terminations

Between the period July 1, 2014 and June 30, 2015, four regular faculty resigned from the university. Reasons for faculty resignations are tracked annually, and reasons cited for leaving include opportunities for increased challenges and personal and family responsibilities.

Faculty resignations by Rank	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Full Professor				1	3	3	2		1	1
Associate Professor				1	1	1	6	2	3	
Assistant Professor				6	4	7	5	1	7	2
Teaching Professor - all ranks*							1	3		1
Lecturer							1			
Librarian					1	1	1	1		
<b>Total Resignations</b>	<b>14</b>	<b>6</b>	<b>11</b>	<b>8</b>	<b>9</b>	<b>12</b>	<b>16</b>	<b>7</b>	<b>11</b>	<b>4</b>
Termination/deceased			1	2	2	1	2			1
<b>Total</b>	<b>14</b>	<b>6</b>	<b>12</b>	<b>10</b>	<b>11</b>	<b>13</b>	<b>18</b>	<b>7</b>	<b>11</b>	<b>5</b>

\* Senior Instructor before 12/13

### 2014/15 Faculty and Librarian Retirements

Between July 1, 2014 and June 30, 2015, a total of 29 faculty members retired (including one librarian)—most of whom were 65 years or older. During this period, eight faculty members reduced their FTE towards an anticipated future retirement.

Type of retirement	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15
Retirement at age 65 or later	29	8	15	11	8	10	11	8	14	21
Retirement before age 65	4	3	7	3	4	2	2	3	5	8
Reduced FTE towards anticipated retirement			2	3	1	5	5	6	7	8
<b>Total number retired</b>	<b>33</b>	<b>11</b>	<b>22</b>	<b>14</b>	<b>13</b>	<b>12</b>	<b>13</b>	<b>11</b>	<b>19</b>	<b>37</b>

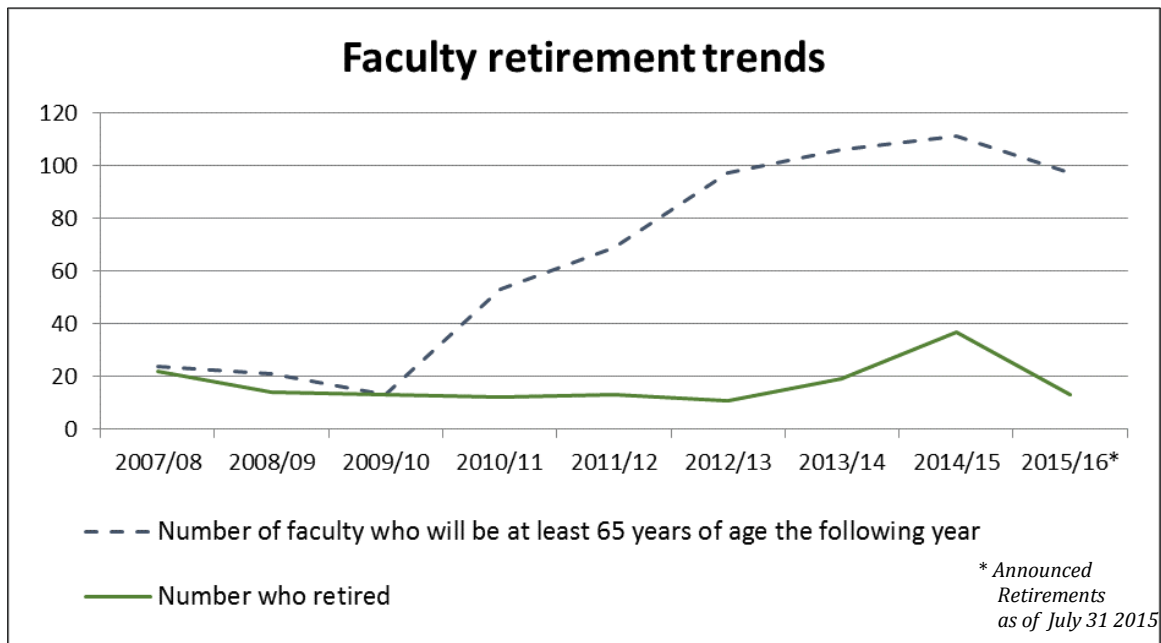
*Note: Mandatory retirement was eliminated in 2006/07*



## Retirements in 2015/16

There will be approximately 97 faculty members who are 65 years or older by June 30 2016. A "Faculty Recruitment and Retention Survey" is sent annually to the Deans asking them to report any anticipated retirements. This data is used to model staffing plans. As of July 31, 2015, 13 faculty members have indicated that they will retire as of June 2016.

The following graph shows the impact of non-mandatory retirement on the numbers of UVic faculty who are 65 years or older.





University  
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**SUBMISSION TO THE UVIC BOARD OF GOVERNORS**

**FOR INFORMATION**

**To:** Finance Committee

**From:** Valerie Kuehne  
Vice-President Academic and Provost  
Gayle Gorrill  
Vice-President Finance and Operations

**cc:** President and Vice-Chancellor

**Meeting Date:** September 29, 2015

**Subject:** 2015/16 Budget Expenditure Allocation Report

A handwritten signature in blue ink, likely belonging to Valerie Kuehne.

A handwritten signature in black ink, likely belonging to Gayle Gorrill.

**Basis for Jurisdiction:** 6.2 Committee's Terms of Reference

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**Background:** The attached report has been prepared to provide the Board of Governors more detailed information on the implementation of the 2014/15 budget framework. As well, this document is used as an accountability document to the Ministry of Advanced Education. This document reflects the budget framework, which was approved by the Board of Governors on March 31, 2015.

The report outlines the operating expenditure allocations as outlined in the 2015/16 budget framework. Appendix 1 provides information on the total operating expenditure budget presented by functional area and Appendix 2 of this report gives details of the operating expenditure allocations as distributed to Faculties/Departments.



## **2015/16 Budget Expenditure Allocation Report**

## 2015/16 BUDGET EXPENDITURE ALLOCATION REPORT

### OVERVIEW

At its March 31, 2015 meeting, the UVic Board of Governors approved the 2015/16 Planning and Budget framework. The preliminary base operating expenditure budget is \$338.7M and is outlined in appendix 1. As summarized in the 2015/16 budget framework, total revenues are projected to increase by \$11.0M. From this \$11.0M, recurring expenditures were projected to increase by \$8.68M and the remaining \$2.3M was to be used in the current year for non-recurring expenditures and in the future for offsetting projected budget shortfalls in 2016-17 and 2017-18.

The increase in expenditures of \$8.68M is comprised of the following:

- \$4.94M in non-discretionary allocations for salary and benefits costs resulting from either known or projected costs related to collective agreements or bargaining;
- An investment of \$1.16M to support targeted enrolment growth in business and engineering;
- \$1.86M for academic priorities including growth in demand in science and social sciences, growth in international both within faculties and support areas (counselling, advising, etc.) and investments to enhance the student experience;
- Funding of \$0.47M to address on-going activities which are currently funded through non-recurring sources; and
- An increase in expenditures of \$0.25M required to cover on-going costs resulting from building operating costs (continuing studies) and other program costs that are partially offset by differential fees.

The total expenditures increase of \$8.68M was funded by \$11.0M in incremental revenue that resulted mainly from international tuition revenue (\$7.2M). Tuition revenue increased by \$10.8M as a result of a 2% fee increase, growth in international students and other enrolment growth as noted above. There was an increase in revenue of \$0.5M from research overhead and earnings from UVic Properties. There was an overall reduction in funding from the Province of \$0.4M as a result of a decrease in the operating grant of \$2.4M partially offset by new funding for compensation costs of \$2.0M.

There is a total of \$3.5M that has been allocated to non-recurring priorities including student financial aid, UVic Edge and positioning project, orientation, community engagement, library acquisitions, capital, etc.

Per Ministry grant letters and the "Skills for Jobs Blueprint," funded enrolments are as follows:

Year	Status	FTE
2014-15	Initial	16,528
2014-15	Final	16,463
2015-16	Current	16,240

The changes are due to revised targets in our program mix.

**Attachment(s):** The attached document, appendix 1, provides summary information of the total operating expenditure budget presented by functional area.

Further details of the operating expenditure allocations distributed to specific Faculties/ Departments are provided in the attached appendix 2.



University of Victoria  
2015-16 Budget Statements  
Operating Expenditure Budget - by Function

	2015-16 Continuing Reg FTE	Salaries & Benefits (000's)	Supplies & Other Expenses (000's)	2015-16 Preliminary Base Budget (000's)
<b>Academic</b>				
Business	85.68	8,333	918	9,251
Education	100.71	10,727	433	11,161
Engineering	125.91	13,704	815	14,519
Fine Arts	95.61	9,565	507	10,071
Human & Social Development	156.79	15,724	1,168	16,892
Humanities	174.89	18,498	370	18,868
Law	43.92	4,220	343	4,563
Science	202.13	20,738	953	21,691
Social Sciences	184.07	20,065	412	20,477
Medical Sciences	41.61	2,750	2,242	4,992
Cooperative Education	63.27	4,045	480	4,525
Graduate Studies	9.00	727	140	867
<b>Total Academic</b>	<b>1,283.59</b>	<b>129,098</b>	<b>8,780</b>	<b>137,878</b>
<b>Other Academic</b>				
Continuing Studies	77.45	9,154	7,516	16,671
Other Academic Projects	181.86	13,479	7,177	20,655
<b>Total Other Academic</b>	<b>259.31</b>	<b>22,633</b>	<b>14,693</b>	<b>37,326</b>
<b>Library</b>				
Library Acquisitions	-	-	7,995	7,995
Library Operations	131.18	7,997	640	8,637
<b>Total Library</b>	<b>131.18</b>	<b>7,997</b>	<b>8,635</b>	<b>16,633</b>
<b>Student Awards &amp; Services</b>				
Student Awards	12.00	612	15,730	16,342
Student Services	96.94	8,440	3,167	11,507
<b>Total Student Awards &amp; Services</b>	<b>108.94</b>	<b>9,052</b>	<b>18,897</b>	<b>27,950</b>
<b>Plant Maintenance</b>				
Utilities	-	-	6,620	6,620
Other	269.67	14,522	5,916	20,438
<b>Total Plant Maintenance</b>	<b>269.67</b>	<b>14,522</b>	<b>12,536</b>	<b>27,058</b>
<b>Administrative and General</b>				
Executive Offices	35.57	4,000	444	4,443
Alumni and Development	35.10	2,475	395	2,870
Administrative Registrar	79.00	4,284	396	4,679
Student Recruitment	27.57	1,638	981	2,619
Budget and Capital Planning	14.00	1,104	125	1,228
Financial Services	68.35	3,938	141	4,078
Human Resources	32.85	2,772	400	3,173
Chief Information Officer	42.20	3,024	454	3,477
Other Expenses	65.85	4,634	1,397	6,031
<b>Total Administrative and General</b>	<b>400.49</b>	<b>27,868</b>	<b>4,730</b>	<b>32,598</b>
<b>Compensation, Benefits &amp; Central Budgets</b>				
		53,007	6,229	59,236
<b>Total Base Expenditure Budget</b>	<b>2,453.18</b>	<b>264,178</b>	<b>74,502</b>	<b>338,679</b>

Student Financial Assistance	Budget Allocation	Accountability/Purpose
Student Awards	\$75,822	Financial assistance for graduate and undergraduate students (from differential fees)
<b>Total</b>	<b>\$75,822</b>	

Student Support and Interdisciplinary Services	Budget Allocation	Accountability/Purpose
Student Awards office	\$60,000	Mentorship and financial aid coordinator position
Graduate Studies	\$40,000	To support an increase to Associate Deans' FTEs
Cooperative Education	\$74,862	Staff position in support of growth in Engineering, Computer Science and Mathematics
Student Affairs	\$119,000	Staff position to support Judicial Affairs and Student Life Programming including Student Mental Health initiatives. Support for Family Centre operations
Learning and Teaching Centre	\$64,000	Two positions within the Learning and Teaching Centre (Math/Stats Coordinator, CES support)
Athletics and Recreation	\$92,300	To support operating costs and enhance programs and services (from fee increases)
Community University Engagement	\$147,000	To support the development and implementation of Community University Engagement office
Office of the Registrar	\$21,160	Operations support (from registration fee increases)
<b>Total</b>	<b>\$618,322</b>	

#### Academic programs by Faculty

Business	Budget Allocation	Accountability/Purpose
The MGB expansion - 2nd cohort	\$328,304	Supports the MGB program expansion (faculty and staff positions, operating costs)
Differential fees	\$42,002	To support programs
<b>Total</b>	<b>\$370,306</b>	

Engineering	Budget Allocation	Accountability/Purpose
Civil Engineering program	\$550,000	5 Faculty, 2 staff positions, TA support as well as operating costs (additional \$200,000 was provided in 2014-15)
Differential fees	\$3,140	To support programs
<b>Total</b>	<b>\$553,140</b>	

Human & Social Development	Budget Allocation	Accountability/Purpose
Indigenous support	\$43,500	Staff position to support Indigenous students
Differential fees	\$2,976	To support programs
<b>Total</b>	<b>\$46,476</b>	

Humanities	Budget Allocation	Accountability/Purpose
Academic Writing Requirement	\$240,000	3 Assistant Teaching Professors for additional sections of Academic Writing Requirement courses
<b>Total</b>	<b>\$240,000</b>	

Law	Budget Allocation	Accountability/Purpose
Differential fees	\$8,728	To support programs
Amicus program	\$17,000	For Amicus student support program

Student Financial Assistance	Budget Allocation	Accountability/Purpose
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**Academic programs by Faculty**

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<b>Total</b>	<b>\$46,476</b>	

Humanities	Budget Allocation	Accountability/Purpose
Academic Writing Requirement	\$240,000	3 Assistant Teaching Professors for additional sections of Academic Writing Requirement courses
<b>Total</b>	<b>\$240,000</b>	

Law	Budget Allocation	Accountability/Purpose
Differential fees	\$8,728	To support programs
Amicus program	\$17,000	For Amicus student support program



<b>Total</b>	<b>\$25,728</b>	
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<b>Science</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Department of Mathematics and Statistics	\$160,000	2 Assistant Teaching Professors to support enrolment increases in large multi-section courses
MV Strickland	\$10,000	To support increased frequency of ship time on the MV Strickland
<b>Total</b>	<b>\$170,000</b>	

<b>Social Science</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Enrolment support	\$200,000	To support increased enrolment
<b>Total</b>	<b>\$200,000</b>	

<b>Library</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Library acquisitions	\$250,000	To address shortfall caused by Canadian dollar purchasing power
Distance Education	\$80,000	Distance Education librarian position to support distance students in HSD
Access Copyright	\$120,000	Staff positions for the Access Copyright program
<b>Total</b>	<b>\$450,000</b>	

<b>VP Academic &amp; Provost</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Enrolment and student support contingencies	\$188,387	Further enrolment and student support funding allocated annually to Faculties and Units
Differential fees	\$10,329	To provide academic support
<b>Total</b>	<b>\$198,716</b>	

**Non-academic related expenditures**

<b>VP Finance and Operations</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Differential fees	\$24,611	To provide infrastructure support
<b>Total</b>	<b>\$24,611</b>	

<b>Accounting Services</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Research Accounting	\$20,000	To provide support for research accounting position reclassifications
Purchasing Services	\$68,303	Funding provided for 1.0 FTE staff to support procurement
<b>Total</b>	<b>\$88,303</b>	

<b>Information Services</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Systems developers	\$84,000	To regularize 1.0 FTE staff systems developer to support institutional applications
<b>Total</b>	<b>\$84,000</b>	

<b>Facilities Management</b>	<b>Budget Allocation</b>	<b>Accountability/Purpose</b>
Utilities	\$65,000	To support cost increases
<b>Total</b>	<b>\$65,000</b>	

VP External Relations	Budget Allocation	Accountability/Purpose
Ceremonies, Events and Farquhar	\$20,000	To support 9th convocation ceremony
Communications and Marketing	\$55,000	Support for 1.0 FTE staff to support web writing
<b>Total</b>	<b>\$75,000</b>	

VP Research Services	Budget Allocation	Accountability/Purpose
Animal Care	\$100,000	To support 2.0 FTE staff positions for the animal care unit
<b>Total</b>	<b>\$100,000</b>	

University Secretary	Budget Allocation	Accountability/Purpose
University Secretary and Human Rights office	\$43,000	To provide staffing support for Human Rights office and University Secretary office
<b>Total</b>	<b>\$43,000</b>	






University  
of Victoria

## SUBMISSION TO THE UVIC BOARD OF GOVERNORS

FOR INFORMATION

14 September 2015

**To:** Finance Committee

**From:** Vice-President External Relations 

**cc:** President and Vice-Chancellor

**Meeting Date:** September 28, 2015

**Subject:** **Comparative Analysis of Fundraising Revenue**

**Basis for Jurisdiction:** UVic's Strategic Plan Objectives 10 and 33

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**Previous Consultation:** Board of Governors

**Background:** At the May 2015 meeting of the Finance Committee of the Board of Governors, the question was raised as to whether the University undertook any benchmarking to see how its fundraising compared to other universities of similar age. As noted at the meeting, accurate benchmarking is not possible as there are no standard reporting standards in place. Based on readily available public data the following report provides a high level overview of how UVic compares to other institutions.

**Summary:** Twelve universities were chosen as comparators based on their age, size or both. The first section of the analysis that follows is based on data collected on university endowments by the Canadian Association of University Business Officers (CAUBO). This analysis shows that UVic is well ahead in terms of the size of its endowment of all but one of the universities in the comparator group. The second section uses information from the T3010 Registered Charity Information Return that all charities, including universities, must submit annually to the Canada Revenue Agency. This analysis shows that UVic is at about or slightly ahead of the median in revenue for which a charitable receipt is issued. Conclusion is that although UVic is doing relatively well in comparison to some of its peers, there is certainly room for growth in our development program.

## UNIVERSITIES INCLUDED IN THE ANALYSIS

To create a comparator group, a number of universities were selected, some based on age, some based on size and some that were both similar in age and size. The following table lists the universities, their date of establishment and size of the student body.

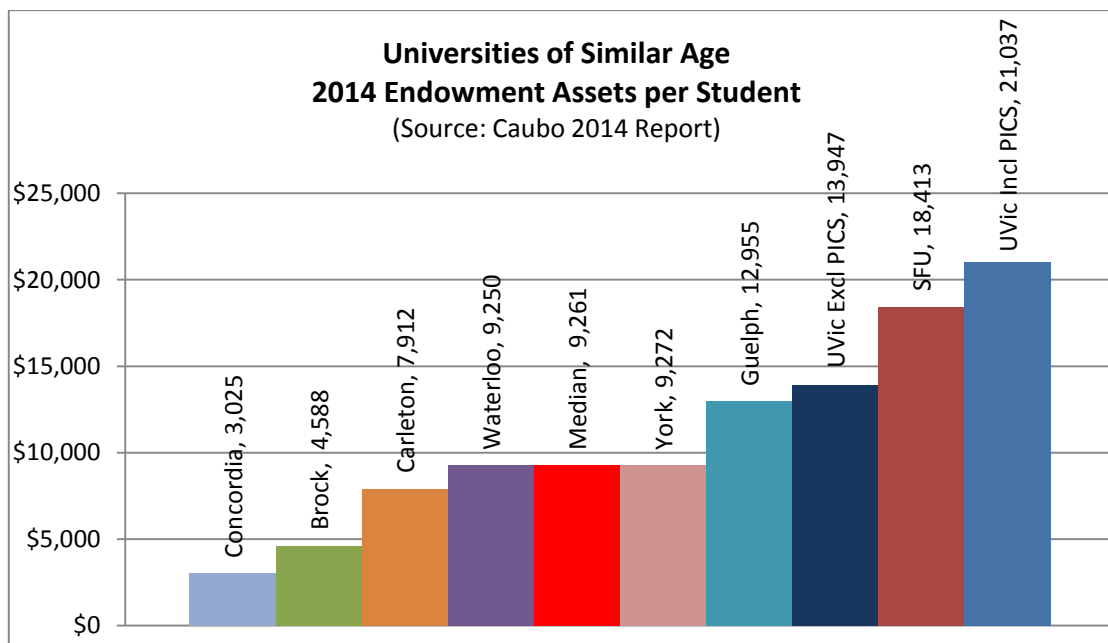
University Name	Established (Approx)*	2014 Student FTE**
<b>University of Victoria</b>	1963	17,911
Simon Fraser University	1965	20,523
Brock University	1963	16,789
University of Waterloo	1957	34,257
University of Guelph	1964	25,103
Carleton University	1952	24,903
Concordia University	1974	28,979
York University	1959	46,814
University of Saskatchewan	1907	18,759
Wilfred Laurier University	1924	17,054
Dalhousie University	1863	17,239
Memorial University of NL	1925	15,873
University of Windsor	1857	14,533

\*Green highlights universities of similar age to UVic

\*\*Blue highlights universities of similar size to UVic

## COMPARISON OF ENDOWMENT ASSETS PER STUDENT FTE

Endowment growth compounds over time; therefore, this analysis includes schools of a similar age to UVic as their endowments would have had a similar timeframe in which to grow. The Canadian Association of University Business Officers (CAUBO) 2014 University Investment Survey provided Endowment Market Values.



Note: UVic excluding PICS was not included in the median calculation



UVic is at the top end relative to the group, including and excluding the amount for the Pacific Institute for Climate Solutions (PICS). This is a very strong position considering that its student population is the 2nd smallest of the group.

## **COMPARISON OF REVENUE FROM FUNDRAISING**

There are no standards by which Canadian universities count or report fundraising revenues.

Historically, UVic has counted fundraising totals based on the activity of the UVic Alumni and Development team, but is currently moving towards adopting the Council for Advancement and Support of Education (CASE) reporting standards. CASE standards measure total philanthropic support for a university from gifts and non-contract grants, regardless of whom within the institution received the gift.

Fundraising and accounting departments count fundraising revenue differently:

- Fundraising counting = Cash Gifts + Gift in Kinds + Pledges (the entire pledge is counted once in the year it is committed)
- Accounting counting = Cash Gifts + Gifts in Kinds + Pledge payments (each pledge payment is counted as it comes in)

Fundraising goals are set to match fundraising counting.

It is difficult to provide comparative data using Fundraising Counting because there is no centralized source for reporting fundraising results and institutions use varying counting standards.

To provide a comparative analysis of the philanthropic support of universities for this analysis, each university's T3010 Registered Charity Information Return was used. The T3010 document follows the Accounting Counting method mentioned above. It should be noted that there appears to be little consistency on how these numbers are reported so the analysis should not be interpreted too rigidly. It should also be noted that revenues can fluctuate significantly from year to year so the numbers used for this analysis may not truly reflect averages for a particular organization over a longer period of time (for example SFU's reported receipted revenue in 2012 was over \$23M, while the following two years it was just under and just over \$10M).

For the purpose of this analysis four revenue lines as reported by universities on the T3010 were used:

- Line 4500 - Total eligible amount of all gifts for which the charity issued tax receipts (this is predominantly gifts from individuals)
- Line 4510 - Total amount received from other charities (this is money from other charities such as foundations)
- Line 4530 - Total other gifts for which a tax receipt was not issued by the charity (often corporations do not require a tax receipt for their gifts)
- Line 4630 - Total non-tax-receipted revenue from fundraising (typically events, lotteries, etc.) – across universities there was no consistency in how 4530 and 4630 were used.

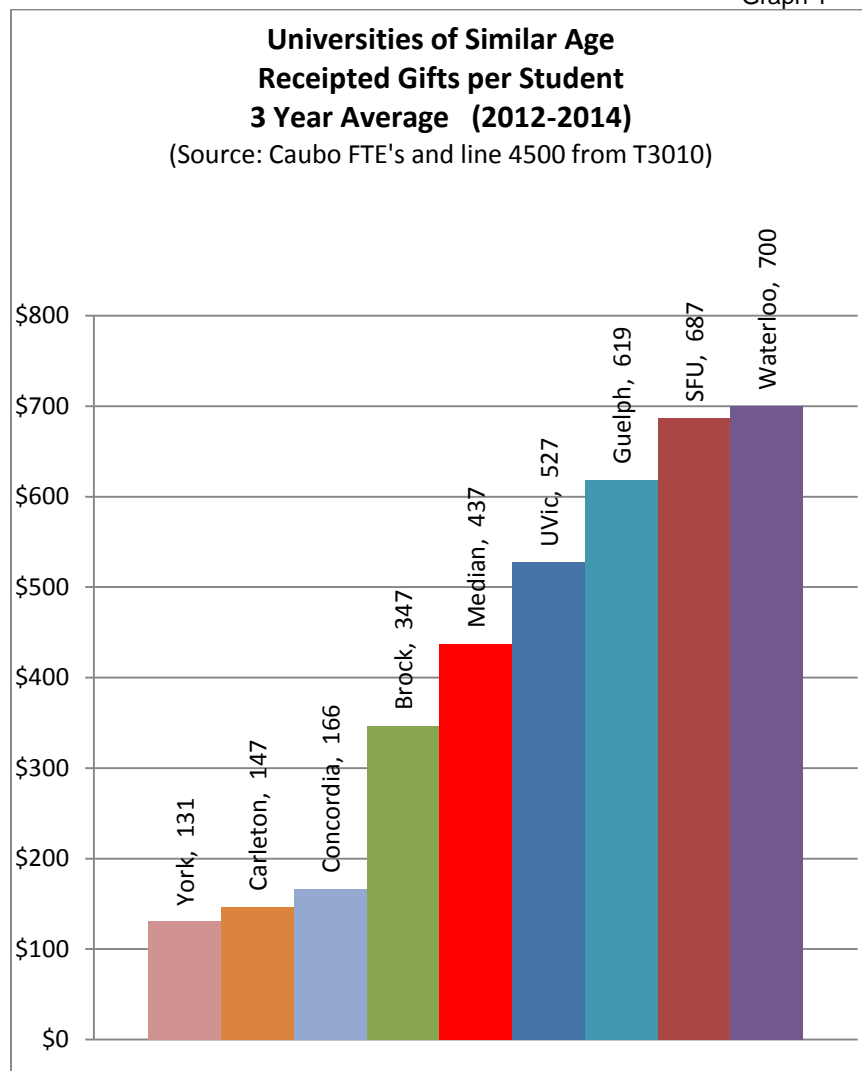
Other lines reported on the T3010 such as revenues from governments, investment income and sales (tuition) were not included in this analysis.

The following graphs provide information per student and per total revenue for each university based on:

- 1) receipted gifts only, i.e., line 4500
- 2) total revenue, i.e., the sum of lines 4500, 4510, 4530 and 4630

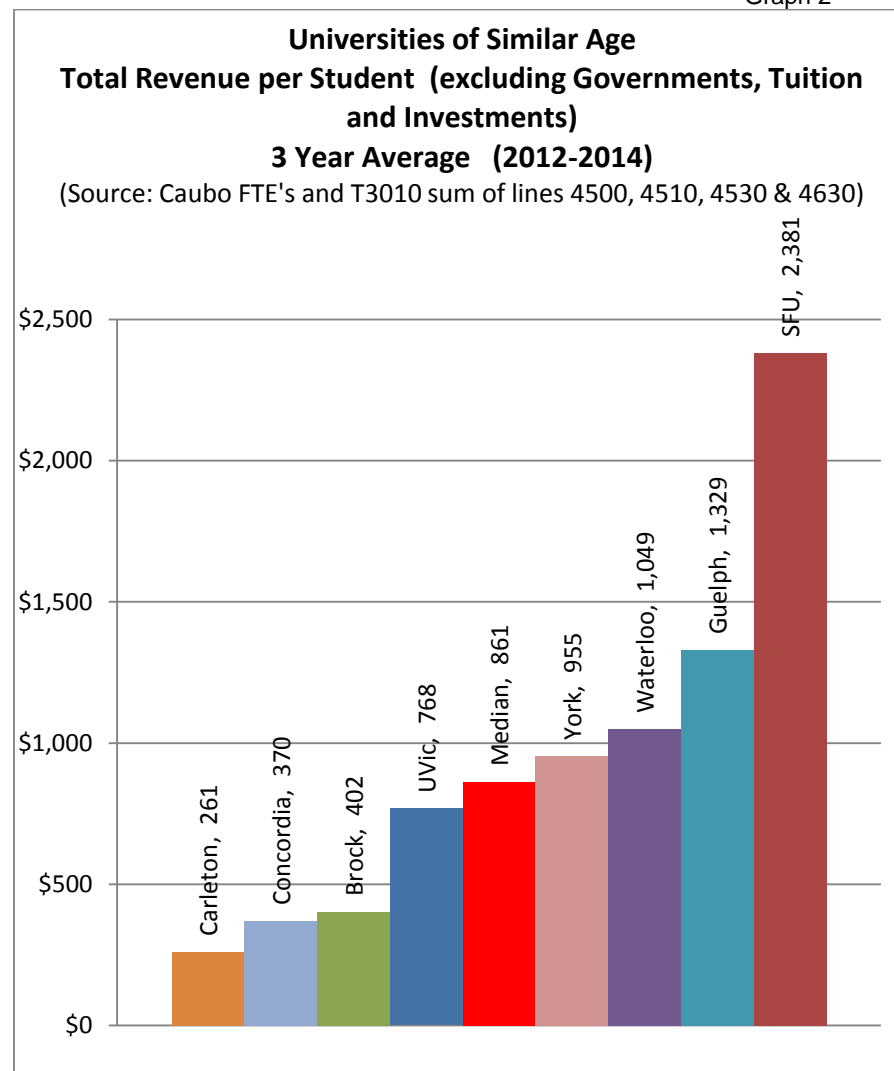
# Analysis of Universities of Similar Age:

Graph 1



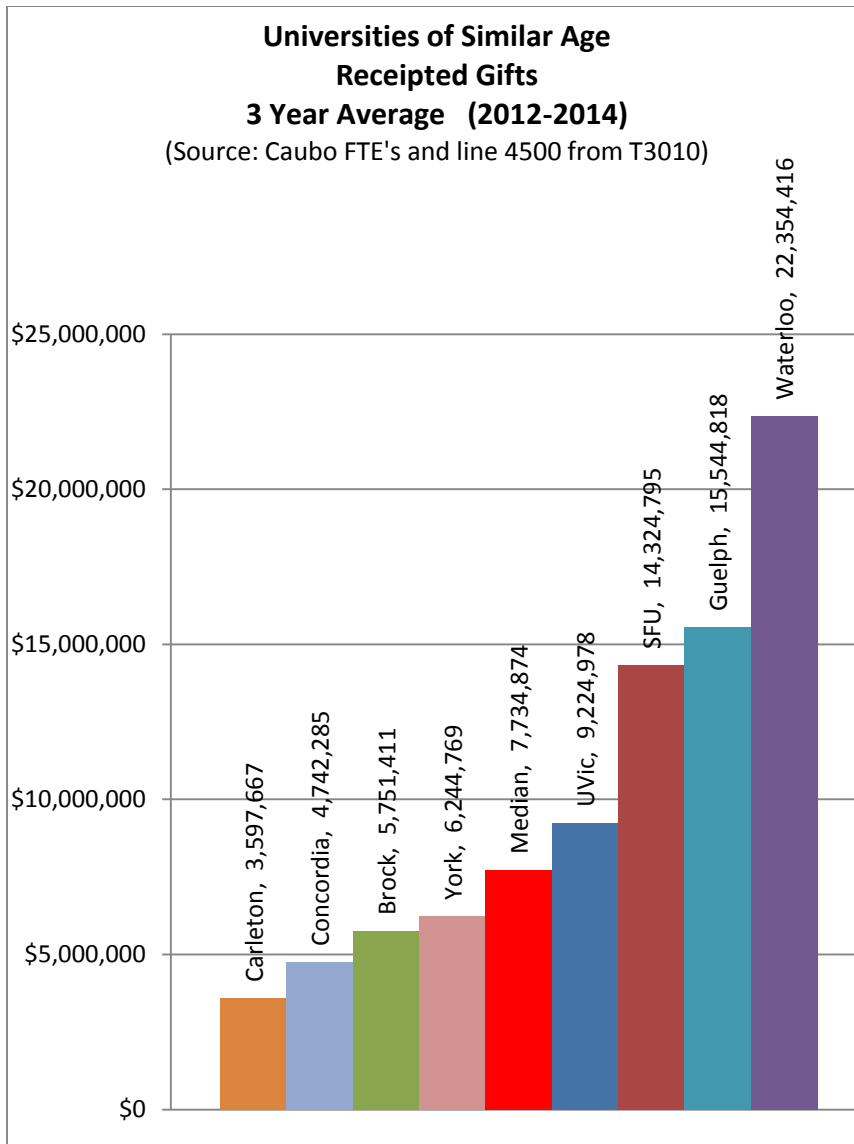
When measuring on a per student basis, UVic's total receipted gifts are just above the median

Graph 2

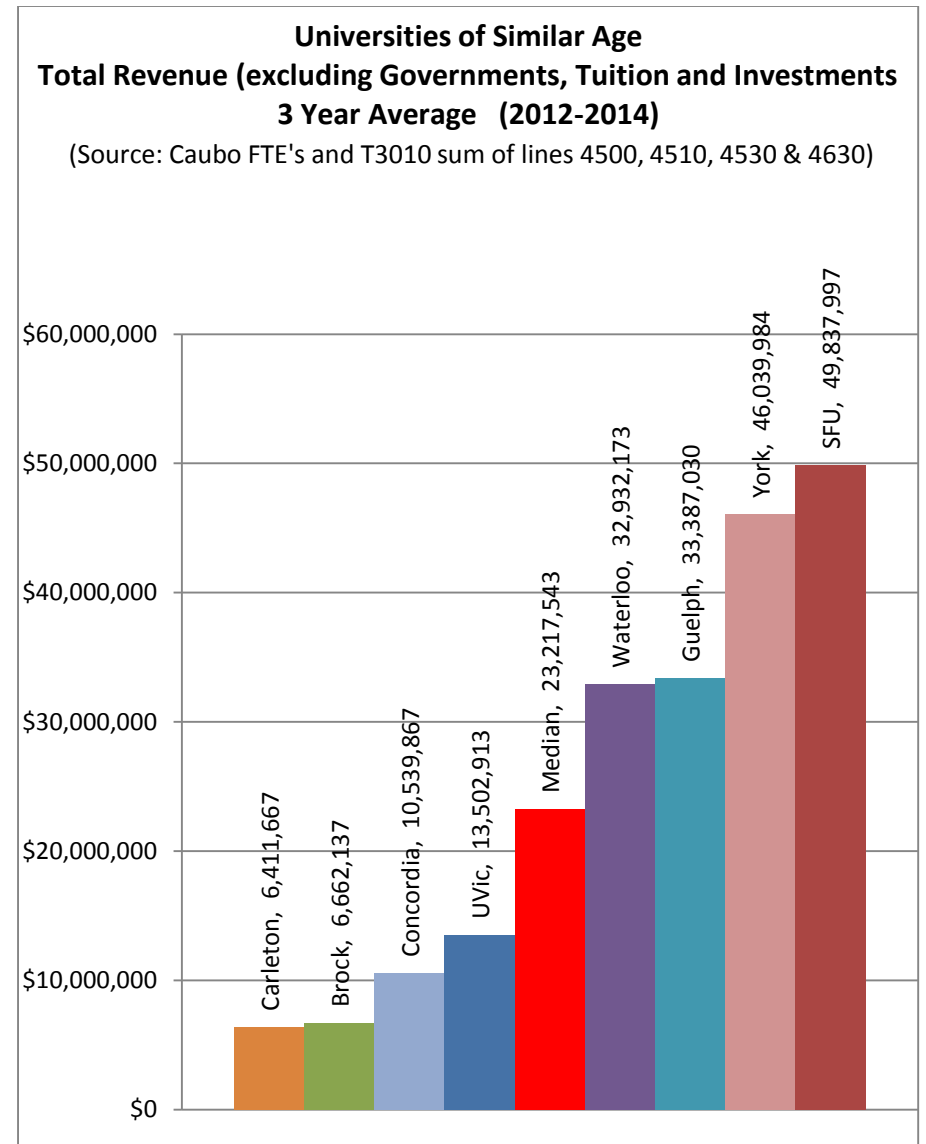


When measuring on a per student basis, UVic's total revenue excluding governments, tuition and investment income is just below the median

Graph 3



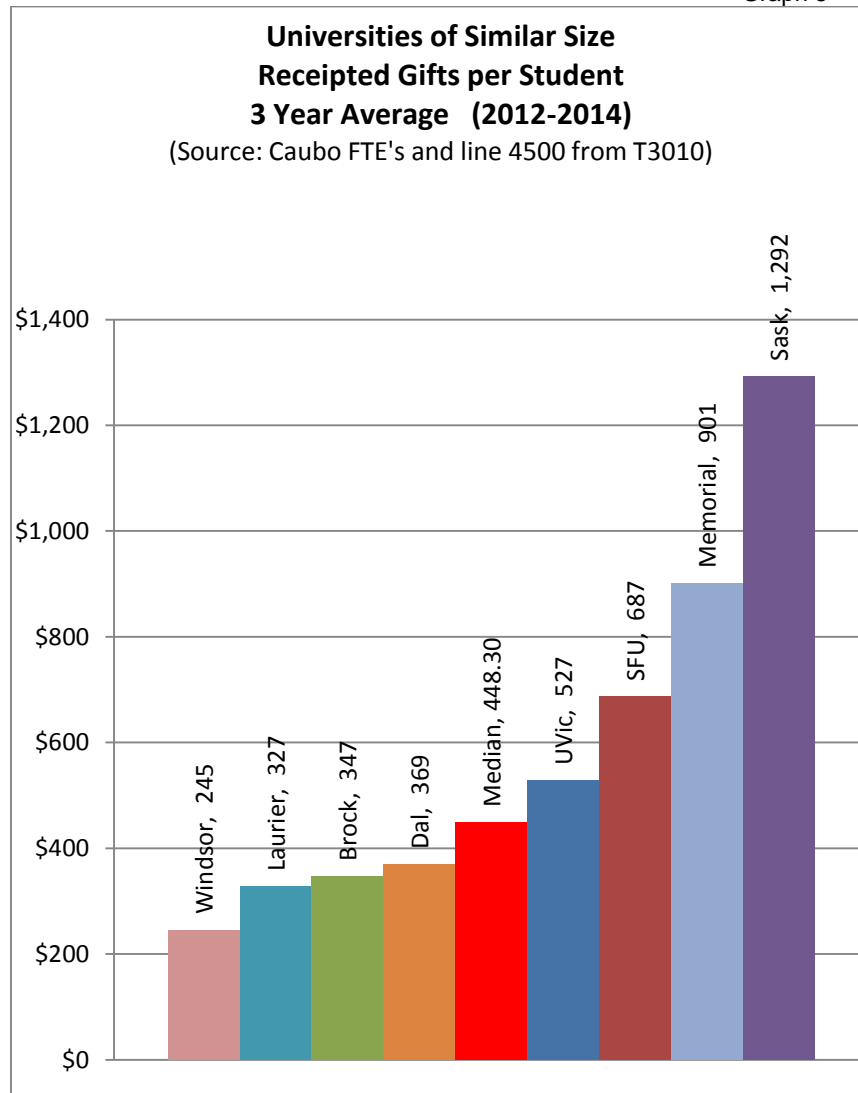
Graph 4



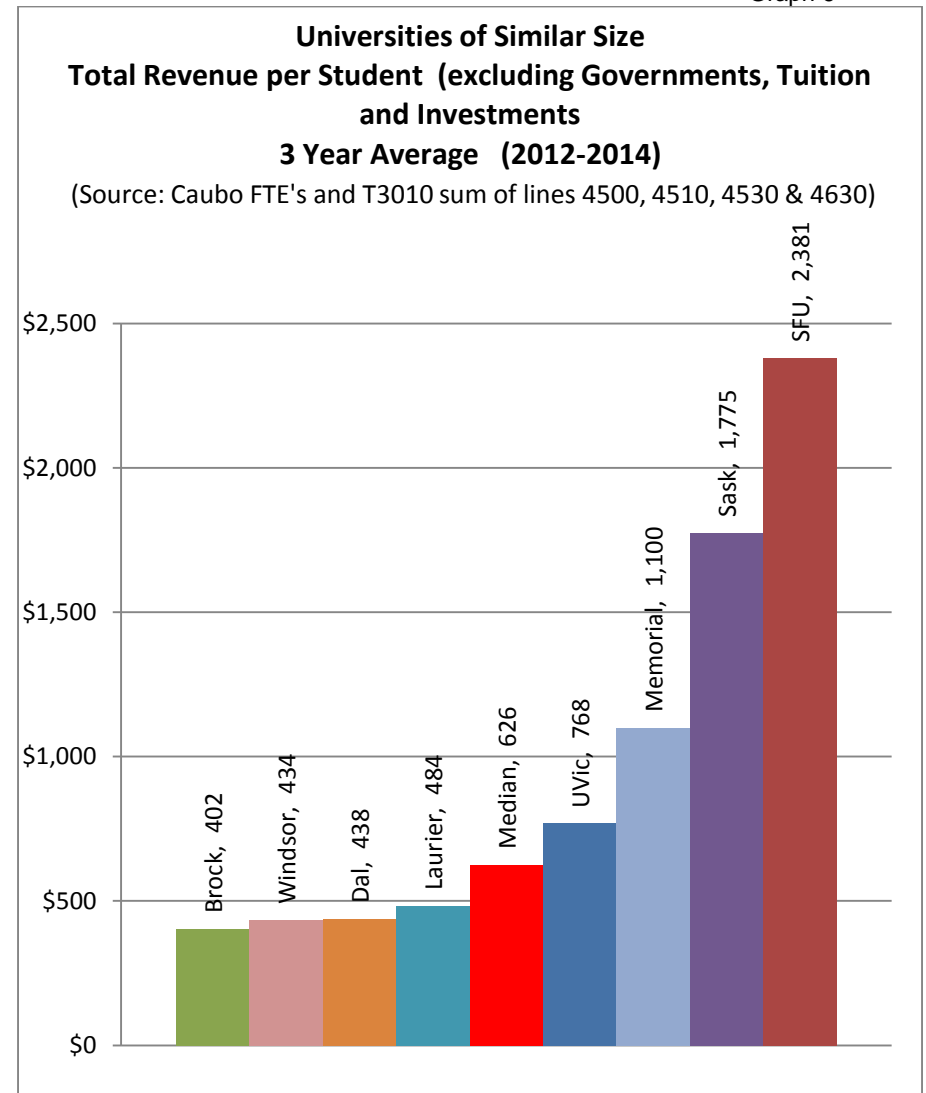
When measuring on absolute values – the same holds true as for the student numbers

## Analysis of Universities of Similar Size

Graph 5

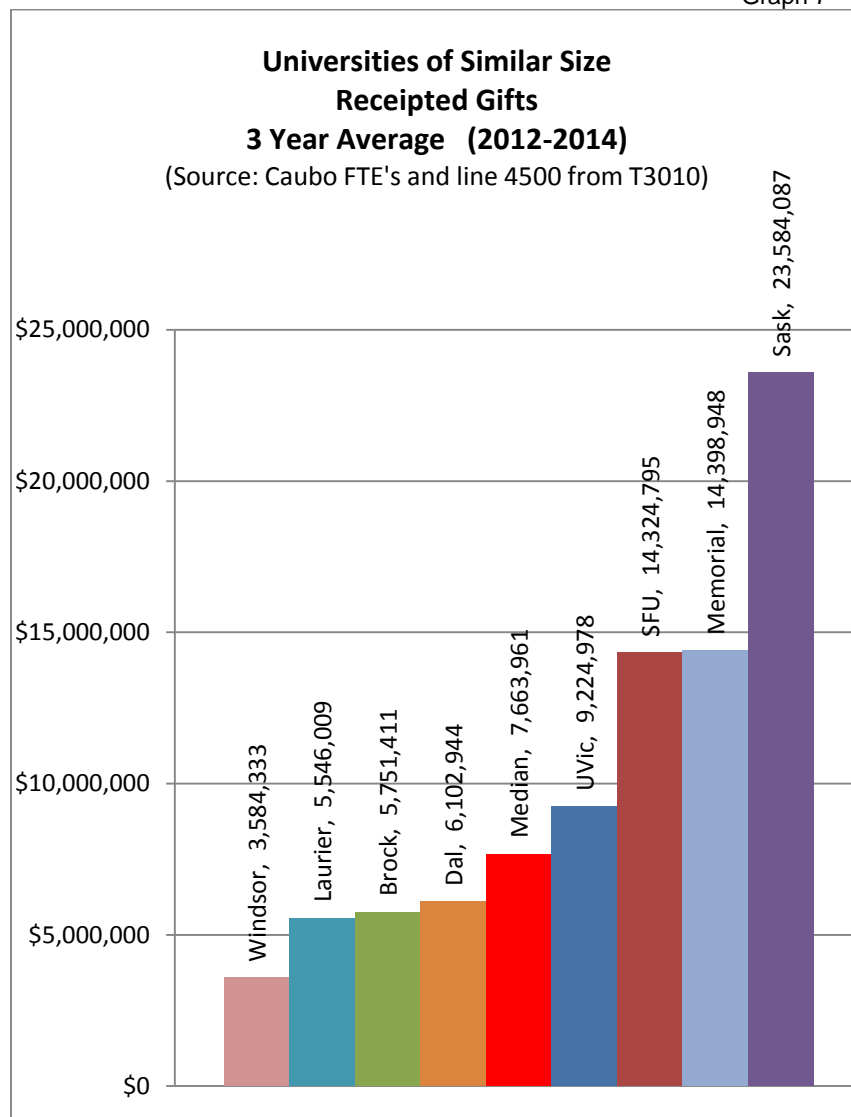


Graph 6

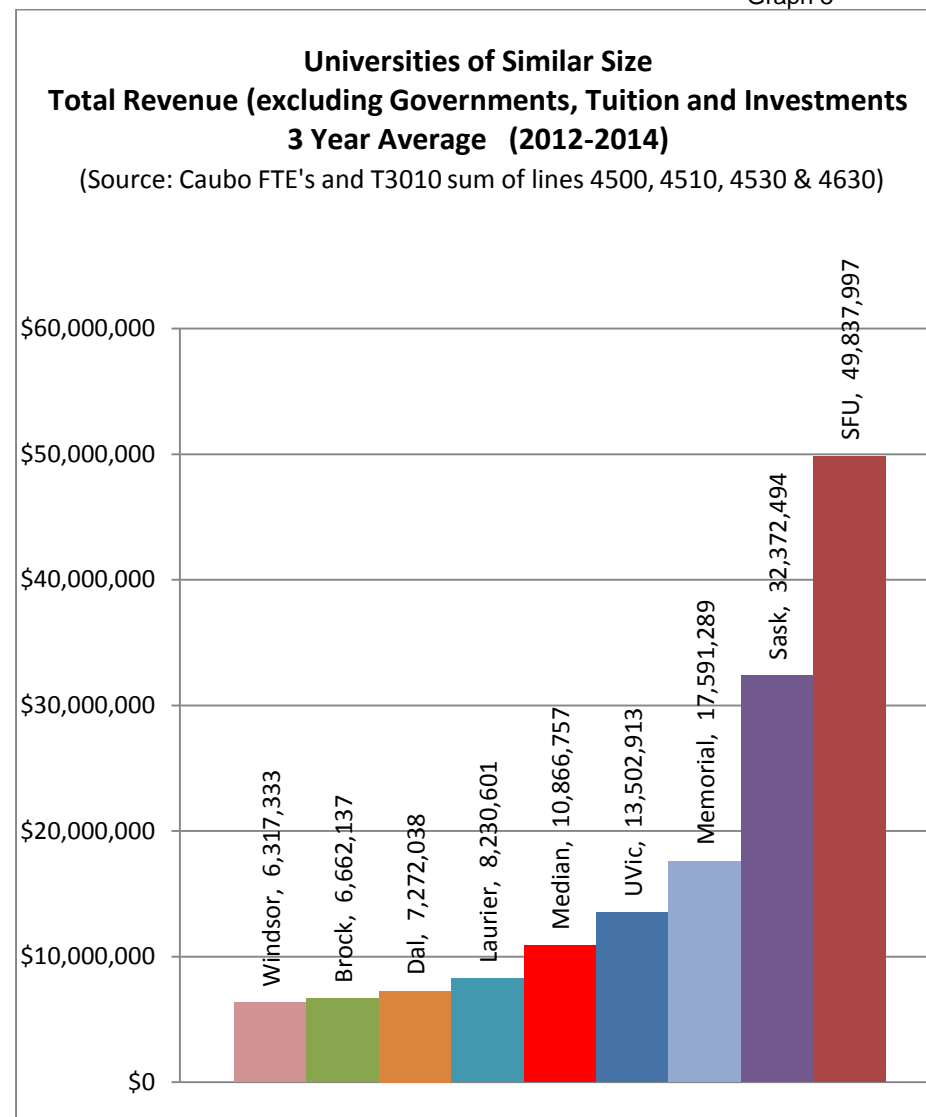


When measuring on a per student basis, UVic's received gifts and UVic's total revenue excluding governments, tuition and investment income are both just above the median

Graph 7



Graph 8



When measuring on absolute values – the same holds true as the per student numbers

## Conclusion

UVic's fundraising appears to have an average performance relative to other universities and sits in the middle or slightly ahead of the pack in most categories. "Receipted gifts" tend to come from individuals, and UVic is just above the median in this category. In the "Total Revenue" (receipted and non-receipted) category UVic tends to be slightly below median which may indicate that fundraising from corporate and foundation donors is lower than the median – potentially attributed to UVic's location away from major industries.

Fundraising is affected by location (often schools in urban centres with numerous head offices fare better), size of alumni base (alumni make up the majority of donors for schools therefore an older school with a large base often has higher fundraising totals), comprehensive vs medical (universities with medical schools tend to raise more), academic and research strength (a school with a strength in engineering will attract more funding than one with a focus on teacher education) and the amount spent on fundraising (higher staffing levels generally mean more fundraising dollars).

This study, although at a very high level, shows that UVic is doing relatively well but has the capacity to do even better. The Alumni & Development team are committed to continue to grow the level of alumni engagement and both the sources and proceeds of fundraising initiatives.