

Operating Fund Forecast

Business Board Meeting
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VP Business Affairs



Income Statement 2001/2002

	<u>\$ millions</u>
Revenue	1,143.3
Expenses	<u>(1,268.4)</u>
Revenue - Expenses	(125.1)
Annual Deficit*	(12.7)

* composed of (\$7.0 m) for the operating fund, (\$0.5 M) for ancillary funds, and (\$5.2 m) for the capital fund.



How do we get from (\$125 M) to (\$12.7 M)?

- A series of capital account adjustments
- A **positive** adjustment is a drawdown of a capital account that helps finance the gap
- A **negative** adjustment adds to the capital account



Capital Fund Accounts

- **Funds Committed**
 - Monies previously earned but not yet spent
- **Investment in Capital Assets**
 - Specific to public sector accounting. Denotes the portion of “retained earnings” attributed to capital assets
- **Endowments**



2001/2002 Capital Account Adjustments

	<u>\$ millions</u>
Revenue less Expenses	(125.1)
Adjustments	
1) Reducing Funds Committed	73.5
2) Increasing Capital Assets	(27.3)
3) Endowment Payouts*	<u>66.2</u>
Annual Deficit	(12.7)

* includes funding investment losses



Financing Perspective

Financing Requirement

	<u>\$ millions</u>
Gap from Revenue less Expenses	125.1
Equity portion for Capital Expenditures	<u>27.3</u>
Total gap to be financed	152.4

Financing Sources

Reducing Funds Committed	73.5
Endowment payouts, etc	66.2
Borrowing for Deficit	<u>12.7</u>
Total financing sources	152.4



Perspective 1998/2000

1998 – 2000 Utilization of Surplus

<u>Source of Surplus</u>	<u>\$ millions</u>
Cumulative Revenue less Expenses	185.3
<u>Use of Surplus</u>	
Adding to Funds Committed	48.8
Increasing Capital Assets	13.4
Adding to Endowment	115.8
Adding to Surplus	<u>7.3</u>
Total Uses	185.3



Perspective 2001/2002

2001 – 2002 Financing Revenue less Expenses Gap

<u>Financing Requirements</u>	<u>\$ millions</u>
Cumulative Revenue less Expenses	(191.0)
Increasing Capital Assets	<u>(33.2)</u>
Total Uses	(224.2)
<u>Financing Sources</u>	
Reducing Funds Committed	(88.5)
Reducing Endowment	(115.4)
Increasing Deficit	<u>(20.3)</u>
Total Sources	(224.2)



Operating Fund Forecast 2002/2003

	<u>\$ millions</u>
Forecast	(16.0)
Budget	<u>(4.4)</u>
Variance	<u><u>(11.6)</u></u>
Revenue	4.1
Expenses	(15.7)

Together with \$18.1 million cumulative opening deficit, the projected cumulative operating fund deficit is \$34.1 million.

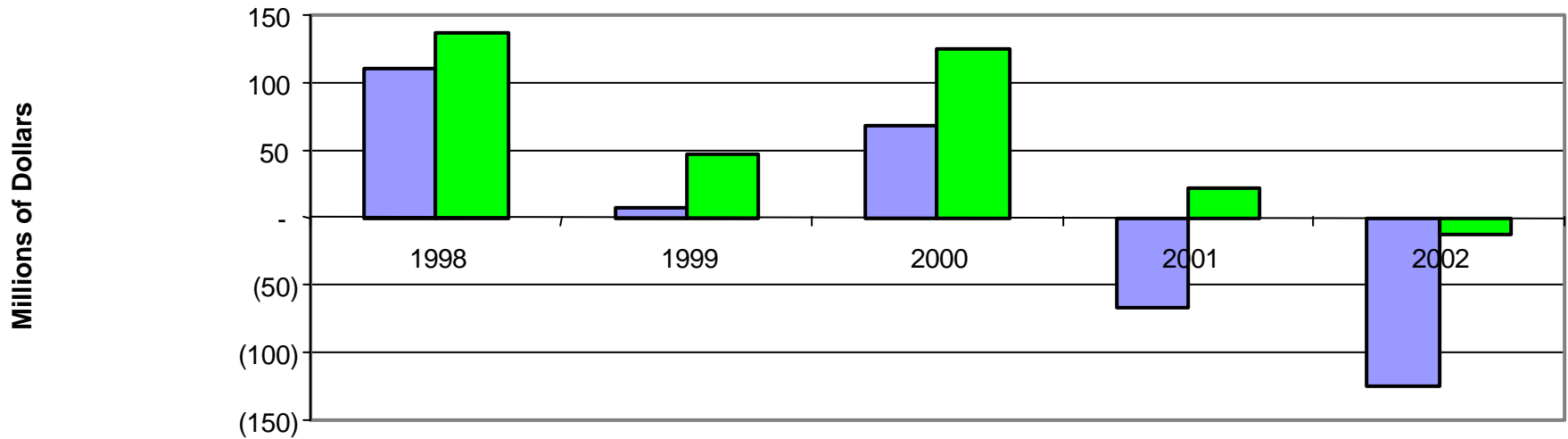


Implications for 2002/2003

	<u>\$ millions</u>
Reducing Funds Committed	(95.7)
Change in Capital Assets	?
Endowment Payouts and Losses	(155.4)
Forecast Operating Fund Deficit	<u>(16.0)</u>
Forecast Revenues less Expenses	(267.1) + ?



Comparison of Revenues minus Expenses and Investment Income



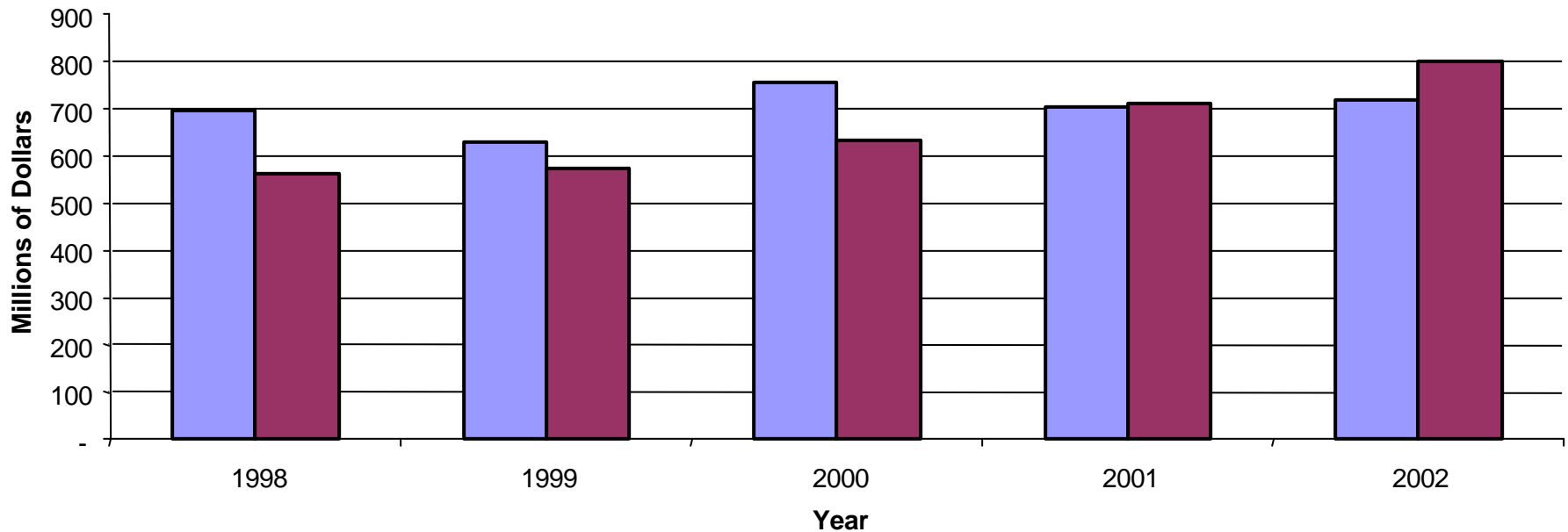
	April 30, 1998	April 30, 1999	April 30, 2000	April 30, 2001	April 30, 2002
■ Revenues minus Expenses	109.8	7.5	68.0	(65.9)	(125.1)
■ Investment Income	137.2	46.7	125.1	22.1	(12.2)

Year

- Revenues minus Expenses
- Investment Income



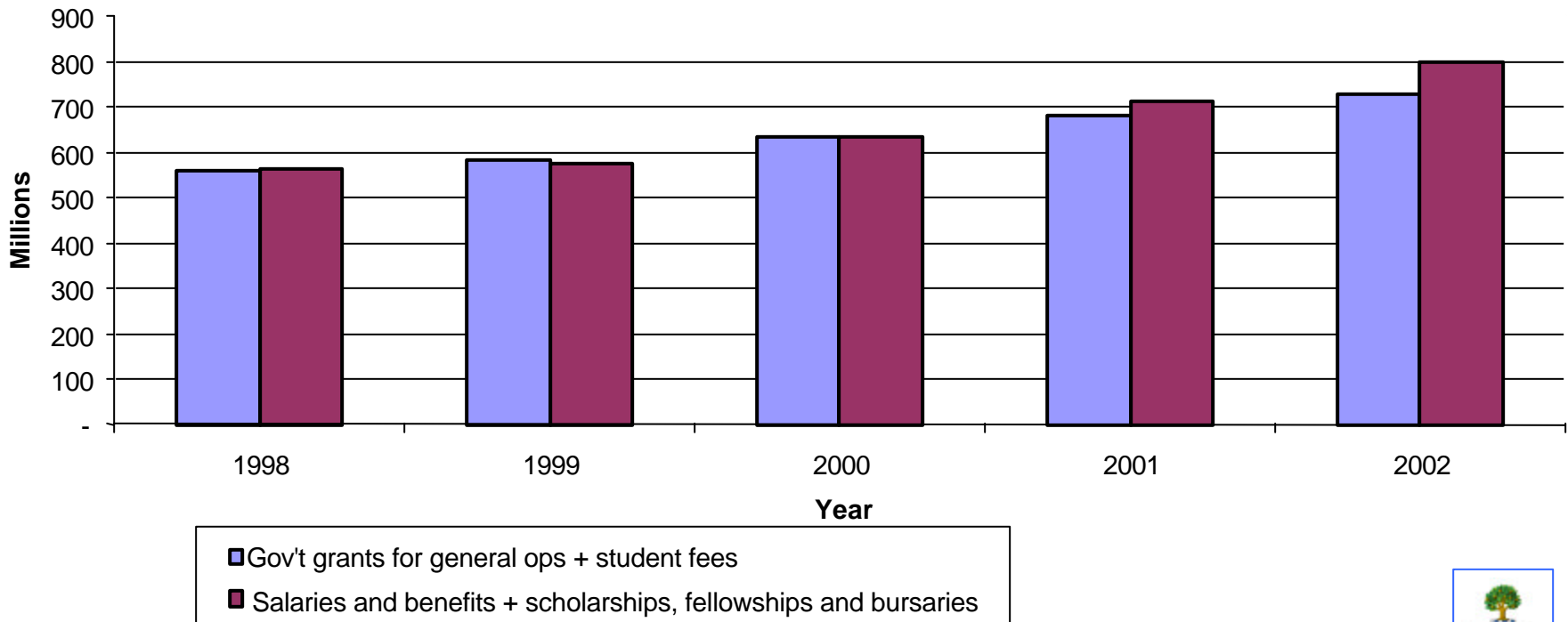
Salaries and Benefits plus Scholarships, Fellowships and Bursaries compared to Government Grants for General Operations, Student Fees and Investment Income



- Gov't grants for general ops + student fees + investment income
- Salaries and benefits + scholarships, fellowships and bursaries



Salaries and Benefits and Scholarships, Fellowships and Bursaries compared to Government Grants for General Operations and Student Fees



Comparison All other Revenues and Expenses

