UNIVERSITY OF
TORONTO

Service Ancillaries Report on Operating Plans 2009-2010

TABLE OF CONTENTS

BACKGROUND

The University Affairs Board approves operating plans for all service ancillaries on an annual basis. This report describes the proposed services and programs offered within the financial parameters of the University's operating budget and financial policies set by the Business Board. The plans include each ancillary's annual operating budget, as well as changes to programs and levels of service, categories of users, accessibility, and compulsory or optional fees.

The service ancillaries' annual budgets for 2009-10 and long-range plans for 2010-11 to 2013-14 were reviewed by a number of student and local committees and councils. The committees and councils have student representatives who are an integral part of the consultation process (see page 46).

Following this consultation process, the Financial Services Department (FSD) reviewed the management reports submitted by each ancillary. FSD analyzed the reports for completeness, adherence to fiscal policies and financial feasibility. The department also assessed the progress made by measuring their performance to the four financial objectives established for ancillaries. These are:

1. To operate without subsidy from the operating budget. Should the need for a subsidy be identified, the subsidy must be expressed as a matter of policy and compete on equal terms with other priorities in the operating budget.

2. To provide for all costs of capital renewal, including deferred maintenance. Provision must be made for regular replacement of furniture and equipment.

3. Having achieved the first two objectives, create and maintain an operating reserve (excluding capital requirements) at a minimum level of ten percent of annual expenditure budgets (net of cost of goods sold, capital renewal costs and deans and dons' expenses), as a protection against unforeseen events which would have a negative financial impact on the operation.

4. Having obtained the first three objectives, service ancillaries will contribute net revenues to the operating budget*. The rate of contribution will be established by each individual campus for each individual ancillary. (*For purposes of clarification, objective four relates to all contributions of net revenues made by the ancillary operation to any operating budget outside of their own operations.)

Issues requiring further action were identified by FSD and addressed by the ancillaries. Finally, the budgets were reviewed by the Service Ancillaries Review Group (SARG), which included three members of the University Affairs Board.

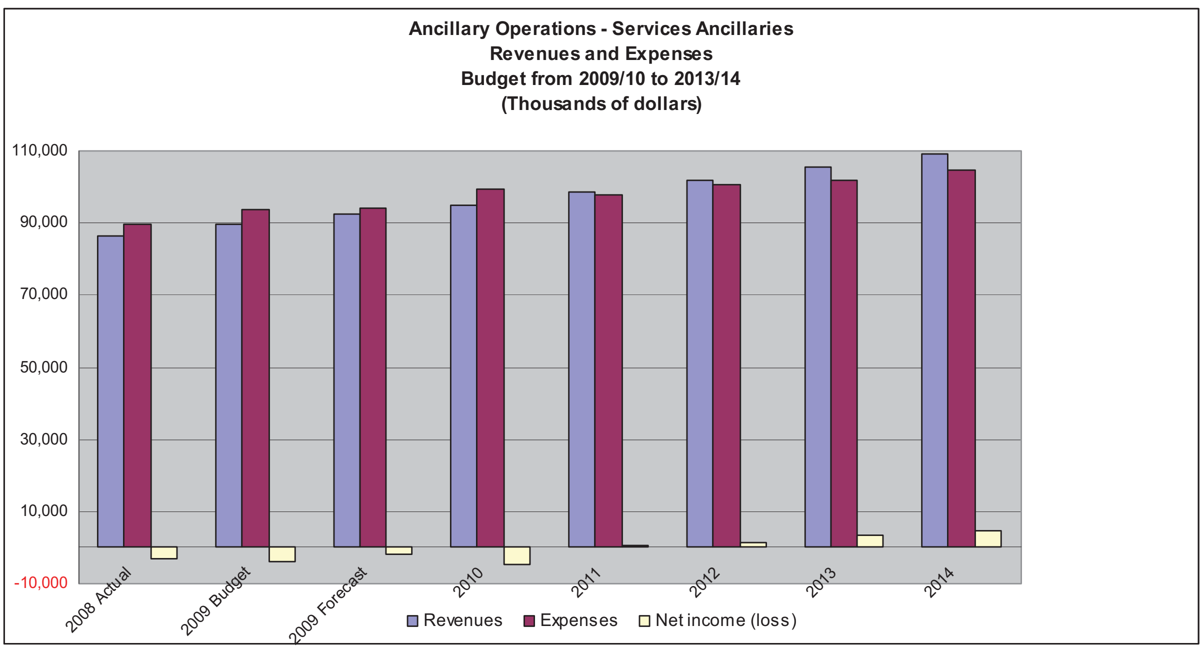
The SARG provides advice and formulates recommendations on the operating plans for all service ancillaries. The SARG process contributes to the success of the ancillary operations by providing direction and guidance on short and long-range planning. It reviews, monitors and provides recommendations on operating plans for approval. It also considers other matters that fall within its purview.

This report includes an executive summary and financial highlights with the 2009-10 budgets including long-range plans. The report also includes summary financial schedules. Copies of the detailed submissions may be obtained from any of the following offices: Governing Council, Vice-President Business Affairs and Vice-Provost, Students.

Executive Summary

Financial Highlights

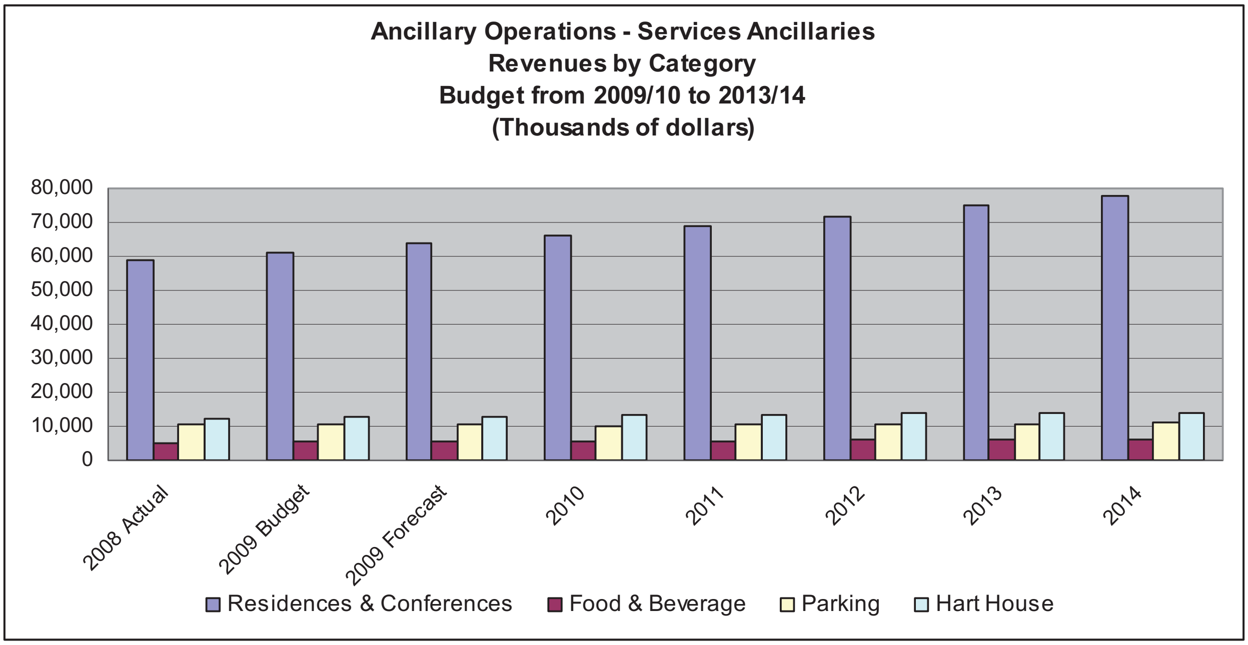
Ancillary services are forecasting a net loss of $1.9 million before transfers and subsidies at April 30, 2009 on projected revenues of $92.3 million. The forecasted net loss is $1.2 million less in comparison to 2007-08 actual with $5.9 million revenue growth. For the 2010 budget, the ancillary services are anticipating a net loss of $4.5 million with $94.9 million of revenues and $99.4 million of expenses. The 2010 budget presents an increase of 2.7% in revenues, 5.5% in expenses and 135.2% increase in the net loss position over last year's forecasted results. This significant budgeted net loss is due to the cost of repairing the Ontario Institute for Studies in Education (OISE/UT) parking garage. Excluding this one time only event, the budget would have shown a net loss of $1.5 million or 20% improvement in the net loss position over the forecasted 2009 results.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenues	86,374	89,713	92,319	94,844	98,482	101,988	105,501	109,042
Expenses	89,540	93,766	94,249	99,384	97,923	100,461	101,946	104,584
Net income (loss)	(3,166)	(4,053)	(1,930)	(4,540)	559	1,527	3,555	4,458

The long-range plan projects revenue increase of $14.2 million or 15% from 2010 to 2014. This is mainly due to revenue increases from residence operations. This plan is anticipating to break even by 2011 and to generate a net income of $4.5 million in 2014. This positive outlook is mostly due to the anticipated net income of $4.3 million from residence operations and $1.1 million from parking facilities. However, this budgeted net income will be offset by a net loss of $1.5 million from Hart House.

Revenue



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Residences & Conferences	58,770	61,059	63,811	66,237	68,981	71,830	74,747	77,704
Food & Beverage Services	4,930	5,367	5,364	5,423	5,597	5,848	6,039	6,218
Parking	10,676	10,426	10,371	9,996	10,392	10,621	10,833	11,077
Hart House	11,998	12,861	12,773	13,188	13,512	13,692	13,882	14,043
Total Revenue	86,374	89,713	92,319	94,844	98,482	101,991	105,501	109,042

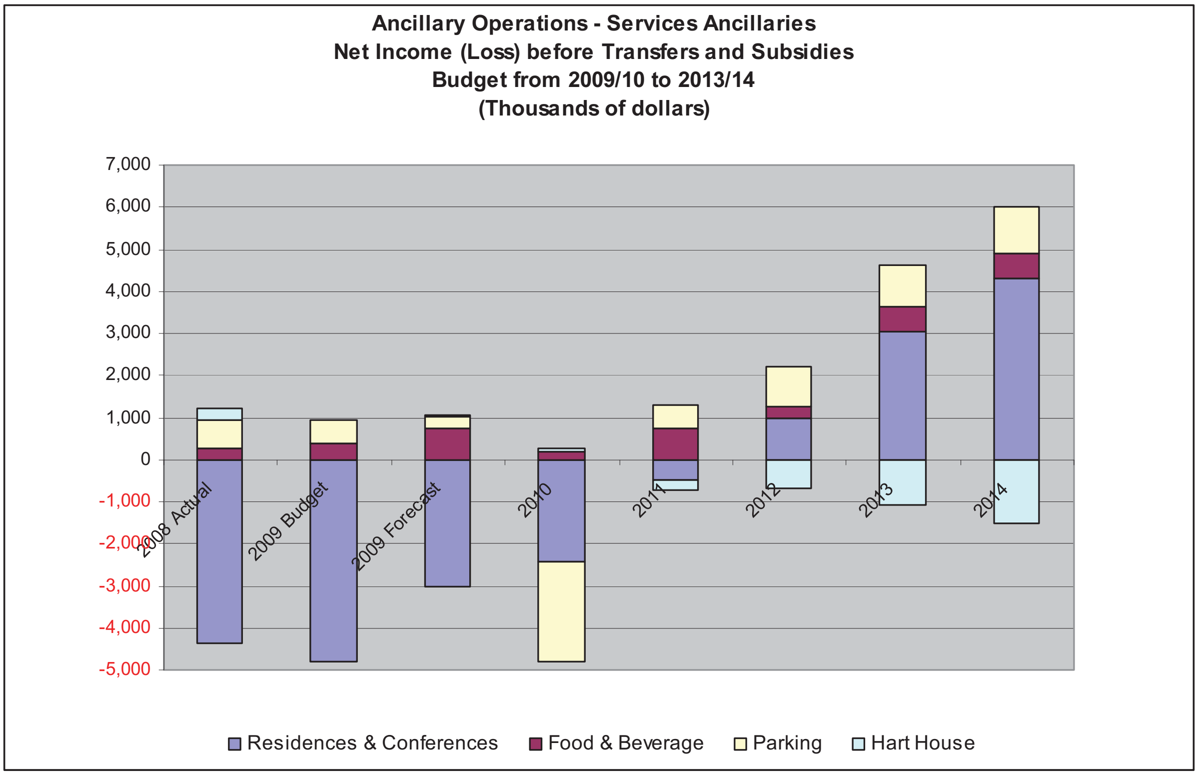
The 2010 budget incorporates a $2.5 million increase in revenues of which $2.4 million is from residence and conference services. Hart House projects a revenue increase of $0.4 million while Parking Services expect a revenue decrease of $0.4 million due to a temporary closure of the OISE/UT parking garage and the sale of the parking lot at 240 McCaul Street.

Residence and conference services projected their summer revenues conservatively due to the economic downturn. Most of the residences are forecasting revenue growth of 3% to 6% except for University of Toronto at Mississauga (UTM), Innis College and New College. UTM was successful in collecting some outstanding damage deposits and recognizing forfeited residence deposits last year; however, since these transactions are not expected to be repeated in 2009-10, UTM is not showing revenue growth. The expected revenue increase for Innis Residence from the fall and winter session will be offset by the anticipated decrease in summer revenue and a decline in the provincial grant subsidy. New College shows a revenue increase of $0.9 million of which $0.4 million is a recovery from the New College operating budget for the direct cost of the residence to provide space for academic and administrative purposes. If this revenue is not collected from the College, the actual net loss will be $0.4 million more than budget.

The long-range plan from 2010 to 2014, projects revenues to increase by $14.2 million, of which $11.5 million from Residence and Conference Services, $0.8 million from Food & Beverage Services, $1.1 million from Parking Services and $0.8 million from Hart House. The projected revenue growths include: $3.6 million from 89 Chestnut, $2.0 million from UTM, and $1.1 million from University of Toronto at Scarborough (UTSC).

Net Income (Loss)

A net loss of $4.5 million is budgeted for 2010. Both residence and conference operations and parking services anticipate a net loss of $2.4 million which will be only partially offset by net income from Food & Beverage Services and Hart House.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Residences & Conferences	(4,383)	(4,980)	(3,006)	(2,410)	(471)	961	3,036	4,293
Food & Beverage	263	387	723	195	732	313	611	604
Parking	661	554	301	(2,403)	565	931	989	1,095
Hart House	293	(14)	52	78	(267)	(678)	(1,081)	(1,534)
Net income (loss)	(3,166)	(4,053)	(1,930)	(4,540)	559	1,527	3,555	4,458

The long-range plan is showing an improvement in the net loss position from a $4.5 million loss in 2010 to a net income of $4.5 million in 2014 mainly due to a $6.7 million improvement in the financial position of the residence and conference operations. Parking Services and Food and Beverage Services are anticipating a total net income of

$0.4 million and $3.5 million respectively for the five years of operation from 2010 to 2014.

Hart House is expecting a $1.6 million net loss in 2014 and a total net loss of $3.5 million from 2010 to 2014. It believes the proposed fee increases are realistic and will be acceptable to both student and senior members. However, the anticipated operating deficits reflect challenges such as:

- Salaries and benefits and utility cost increases, are greater than the stated inflation rate
- Facilities are operating close to capacity
- High deferred and major maintenance costs.

The long-range plan anticipates a significant improvement in the annual net income for all ancillary services except Hart House. However, the budgeted accumulated net losses for the next five years from the three ancillaries are significant:

- $3.5 million from Hart House
- $2.7 million from Woodsworth
- $1.9 million from New College

These total net losses will be offset by net incomes from the residence operations of UTM, UTSC, Innis College, University College, Graduate House and Family Housing. The impact on net assets will be reduced by subsidies from the Academic Priorities Fund and the office of the Vice-President, Business Affairs. For these five budget years, the Food & Beverage Services projected total net income of $2.5 million and Parking Services anticipated total net income of $1.2 million.

Ancillary Operations - Service Ancillaries

Net Income (Loss) before Transfers and Subsidies

Budget from 2010-2014

(thousands of dollars)

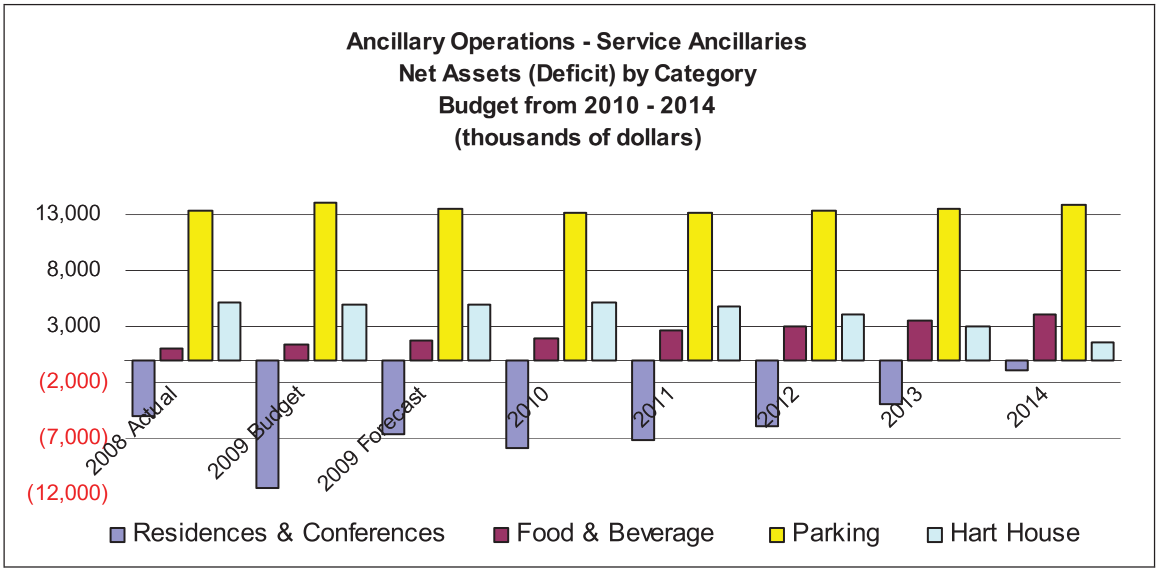
Residences & Conferences	**2010**	**2014**	**Improvement in 2014 over 2010**	**Total net income(loss) for five budget years**
UTM *	(451)	1,131	1,582	2,082
UTSC *	(169)	856	1,025	1,581
Family Housing	(38)	674	712	1,932
Innis College	16	39	23	917
Graduate House	177	800	623	2,494
Woodsworth College	(565)	(498)	67	(2,654)
New College	(578)	(182)	396	(1,934)
University College	74	324	250	743
89 Chestnut Street **	(876)	1,149	2,025	248
	(2,410)	4,293	6,703	5,409
Food & Beverage Services	195	604	409	2,455
Parking	(2,403)	1,095	3,498	1,177
Hart House	78	(1,534)	(1,612)	(3,482)
Total	(4,540)	4,458	8,998	5,559

** UTM and UTSC manage conferences as a separate ancillary while others combine conference businesses as part of the residence ancillary.*

***89 Chestnut includes revenue and expenses from conferences, food & beverage and parking.*

Net Assets

For 2010, the service ancillaries are projecting total net assets of $12.1 million. The St. George Family Housing ancillary also has a restricted fund which is reserved for major capital improvements based on the transfer agreement with the Ontario Housing Corporation (OHC). The 2009-10 operating plans include a contribution of $0.5 million from the ancillary fund to the operating fund.



Net Assets	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Residences & Conferences	(5,037)	(11,552)	(6,692)	(7,922)	(7,208)	(5,927)	(4,033)	(1,019)
Food & Beverage Services	1,002	1,390	1,725	1,922	2,629	2,902	3,474	4,039
Parking	13,330	14,020	13,434	13,078	13,184	13,350	13,517	13,784
Hart House	5,102	4,963	4,973	5,051	4,784	4,105	3,024	1,490
Total Net Assets	9,295	8,821	8,467	12,129	13,389	14,429	15,982	18,294

Net Assets are expected to grow to $18.3 million by 2014 reflecting an increase of $6.2 million.

Ancillary Debt

For 2009, the service ancillaries are projecting total debt of $267.2 million, of which $239.1 million is for residences and $28.1 million is for parking services. The estimated principal and interest repayment on this borrowing is projected to be $25.4 million, representing 22% of revenues. The estimated interest costs on borrowing will be $18.2 million or 15.8% of revenues and 15.5% of expenses. This represents the main reason why certain ancillaries are not currently breaking even. The majority of this borrowing is allocated to the residence ancillaries and, therefore, subsidies were provided from the University's operating budget and from existing operations with a plan that they will break even in year five and cumulatively in year eight from inception of the building.

Loan Balance ('000)	**2008**	**2009 Forecast**	**2010**	**2011**	**2012**	**2013**	**2014**
Residences:							
UTM	55,137	53,936	52,656	50,878	49,026	47,112	45,072
UTSC	18,983	18,236	17,437	16,584	15,671	14,769	13,910
St. George Family Housing	17,097	16,456	15,773	15,046	14,272	13,448	12,570
Innis	4,203	3,934	3,644	3,337	3,011	2,663	2,293
Graduate House	15,287	14,781	14,238	13,655	13,031	12,361	11,643
Woodsworth	26,259	25,659	25,018	24,334	23,604	22,824	21,991
New College	25,346	24,638	23,883	23,079	22,223	21,310	20,338
Universtiy College	15,882	15,413	14,924	14,423	13,900	13,353	12,817
89 Chestnut	67,659	66,027	64,284	62,421	60,431	58,306	56,035
Sub-total	245,853	239,080	231,857	223,757	215,169	206,146	196,669
Food & Beverage Services							
UTM				740	2,695	2,632	2,564
Parking Services:							
UTM	11,603	11,303	10,984	10,643	10,279	9,891	9,477
UTSC	7,431	7,252	7,062	6,858	6,641	6,409	6,162
St. George Family Housing	9,845	9,592	9,319	9,027	8,714	8,378	8,017
Sub-total	28,879	28,147	27,365	26,528	25,634	24,678	23,656
Total Loan Balance	274,732	267,227	259,222	251,025	243,498	233,456	222,889

Many years ago, a UTM residence was financed with a loan from OHC that did not require principal repayment until the loan matured in 2010. No principal repayment has been accumulated by UTM to enable this loan to be retired. Therefore, UTM will refinance this loan under the University internal borrowing program beginning in 2010 and will make blended principal and interest payments.

Factors such as enrolment growth, the First Year Residence Guarantee program and demand from upper year students to return to residence continued to sustain the optimal fall and winter session occupancy rate for Residence Services. However, summer occupancy remains very competitive and all Residence Services implemented creative strategies to maximize their revenues or reduce costs for the summer. A pilot group was set up with the financial representatives from each residence operation to develop a "per bed" analysis. The purpose of this analysis is to give an extensive review on cost per bed basis that allows residence ancillaries to gauge their position compared to their peers. The cost range by category will serve as a benchmark for all residence operations.

The building expansion on all three campuses to increase residence spaces has put a strain on the financial viability of most residence operations. Minimal equity down payments for new residence buildings resulted in substantial borrowings and in turn large annual interest costs. The impact of these large borrowings leads to financial deficiencies in some of the newly constructed residences and continues to impact the long-range budget plans. Residence ancillary operations with new buildings supported by partial down payments, donations or operating fund subsidies are more financially sound. Increasing repairs and maintenance costs for older buildings or as a result of construction deficiencies have led to increased operating costs for some residence operations.

Although subsidies received from the Academic Priorities Fund and the office of the Vice- President, Business Affairs provided some relief of financial pressure from substantial borrowing; residences must continue to seek opportunities to maximize their revenues and to be cost effective in order to break even. To address the issue, the following strategies were implemented:

- New College converted two residence floors to office spaces which are leased at market rate.
- 89 Chestnut converted underutilized common rooms on each floor into student rooms.
- UTM were successful in recovering outstanding damage deposits.
- University College introduced a new summer business model and raised funds to renovate Whitney Hall.
- Woodsworth saved on salaries from increased operation efficiency
- University College and 89 Chestnut introduced full or modified meal plans for their summer operations.

There were no significant construction developments for Food Services in 2008/09 at all three campuses except for the addition of a Second Cup outlet in Graduate House, and the introduction of two new food operators at the Sandford Fleming building on the St. George campus. The food service operation at UTM still remains 15,000 square feet short in capacity in comparison to Council of Ontario Universities (COU) benchmark averages. In 2008-09, Food & Beverage Services put their focus on improving day-to-day services, recognizing customers' preference for high profile franchise brands and diverse dietary needs, and seeking operational efficiencies wherever possible. Catering services at 89 Chestnut established a marketing niche; it is viewed as a "budget" venue for many government and non-profit groups. Overall, all three campuses have enjoyed sales growth from recent renovations. The commission from Aramark has been reduced for the St. George campus due to the reduction of eighty residence beds at New College, and all food operations are struggling with the significant increase in food costs this year.

The shortage of meeting and conference space on campus has made it difficult to maintain or increase profits for the conference operations. However, it is important to note that the supply of parking is adequate for student, staff, faculty, and visitors and meets the municipal by-laws that require the St. George campus to maintain a parking space inventory within a pre-defined boundary.

Hart House also has its own financial challenges such as the consistent gap between the annual increase of student fees and the expected inflationary increases in expenditures, particularly for salaries and the cost of utilities. Three years of transitional funding from University to support Hart House Theatre will end on April 30, 2009. To address these issues, their budget and long term goals are to focus on operation efficiency and to diversify revenue streams while offering high quality of services. Several initiatives are already underway. The student fee increase is restricted and defined by the protocol of the Council on Student Services. As a result, the 2010 budget plan anticipates a rate increase of 0.7%.

Residence Services

The residence expansion has presented the University with a financial challenge, in that the costs of building new residences have risen faster than residence rates. Currently, the approved subsidy from the Academic Priorities Fund (APF) in support of residence expansion is $1.55 million per annum for the first eight years of operation, of which $1.2 million is allocated to Woodsworth College and $0.35 million to New College. The office of the Vice President, Business Affairs has committed a subsidy of $0.9 million to the 89 Chestnut residence until 2011.

The residence expansion has necessitated temporary changes to the ancillary principles mentioned earlier for Woodsworth, New College and 89 Chestnut. In the case of the first objective, a subsidy will be provided for a maximum of eight years through the Academic Priorities Fund (APF) from the University's operating budget to a college's residence ancillary budget to cover a portion of the cost of borrowing. The combined ancillary operation will be required to break even annually in year five and cumulatively in year eight. The subsidy amount will be calculated to achieve those break-even targets. Should special circumstances warrant, the University may continue to assist a college with principal and interest payments after eight years.

In the case of the second objective, the normal capital renewal provision for new residence buildings will be deferred until the sixth year of operation.

The third objective will remain unchanged, i.e., the residence ancillary will continue to be responsible for funding operating and maintenance contingencies in the residences.

The first three objectives must be met before the fourth can be invoked, i.e., transfers from the residence and conference ancillaries to the divisional operating budget can only occur when the residence and conference ancillaries combined meet the first three objectives. During the current residence expansion program, the first three objectives will only be met after the annual subsidy provision has ended, the annual 1.5% provision for capital renewal is being set aside, and operating contingencies have been provided for by net surpluses.

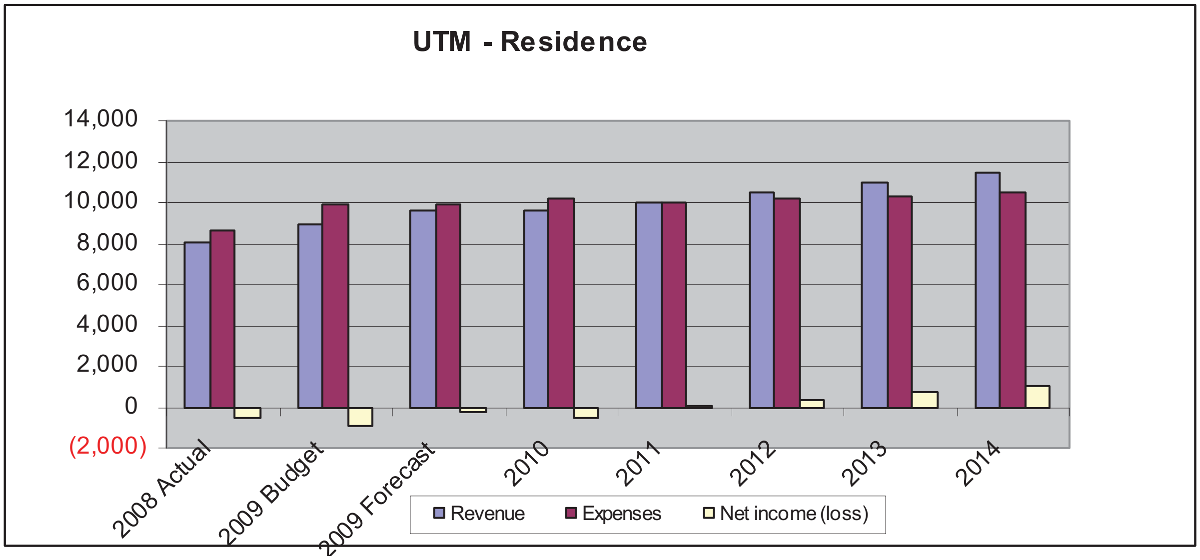
In the intervening period, it is expected that the residence and conference ancillaries will remain within their ancillary budgets and use the funds normally transferred to their college operating budget. The ancillaries will use these funds to support the expansion program. This expectation has been factored into the financial plans. The colleges have submitted their financial plan for their residence expansion program and have included the calculation of the maximum subsidy available to each division from the APF.

During the residence expansion program, colleges are expected to continue to strive to maximize their cash flows through revenue and expense management. Each year, during which a central subsidy flows to a college, the actual amounts generated by the residence and conference ancillaries combined will be compared to the amounts required in the subsidy model. Colleges will be allowed to transfer any excess amount to their operating budgets as required by the subsidy model in order to generate annual break-even results for the ancillary in year five and cumulative break-even results in year eight.

The ancillary objectives have been modified for UTSC, UTM, New College, 89 Chestnut, Woodsworth College, Graduate House and University College residences to allow for deficits, with targets of annual break-even in year five and cumulative break-even in year eight, with deferral of the capital renewal provision on new construction to year six.

UTM

With 1,280 single undergraduate student beds and 121 family and graduate student units, UTM residences provide accommodation to over 1,500 residents in eight building complexes with a multitude of options, such as 2, 3 and 4 bedroom townhouses, 2 and 4 bedroom apartment suites, and traditional style suites.



UTM Residence	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	8,065	8,973	9,635	9,603	10,045	10,507	10,993	11,503
Expenses	8,635	9,905	9,861	10,173	10,024	10,167	10,295	10,480
Net income (loss)	(570)	(932)	(226)	(570)	21	340	698	1,023

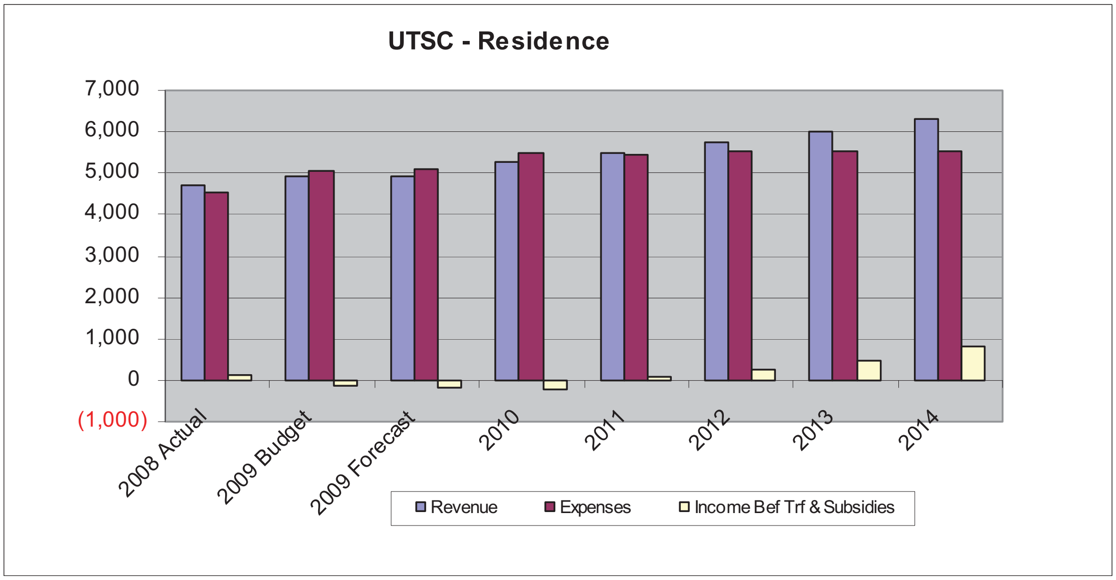
The ancillary is forecasting an operating deficit of $225,642 in 2009, which is $706,488 better than budget. The favorable variance is mainly due to higher than the projected 96% occupancy rate, forfeited residence deposits and targeted efforts to address the outstanding damage recoveries.

With the additional borrowing for the construction of the Phase 8 residence, this ancillary is projecting its operations to have a positive operating result in 2010 (year four of Phase 8 residence) and a positive total fund balance by approximately 2015 (year nine of Phase 8 residence). This long-range budget is anticipating that it will operate another year in deficit. When one of the loans matured in 2010, its net income before transfer and subsidies will turn into surplus. UTM residence is forecasting net assets to be in a deficit of $4.5 million in 2009 and in a deficit of $3.0 million by 2014. It projects that net assets will be positive in 2016.

This operating plan moved away from the traditional across the board rate increase to a differential increase model based on demand areas and weighted by revenues from the specific areas of residence. The net result will mean a 5.7% increase in fees, or 0.7% higher than the planned increase from the 2008/09 plan.

UTSC

The Student Housing at UTSC consists of 767 beds in 114 townhouses and 56 apartments. Five houses and one apartment are specially designed with disability access.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	4,695	4,930	4,920	5,254	5,502	5,763	6,016	6,318
Expenses	4,550	5,048	5,114	5,465	5,427	5,522	5,528	5,511
Net income (loss)	145	(118)	(194)	(211)	75	241	488	807

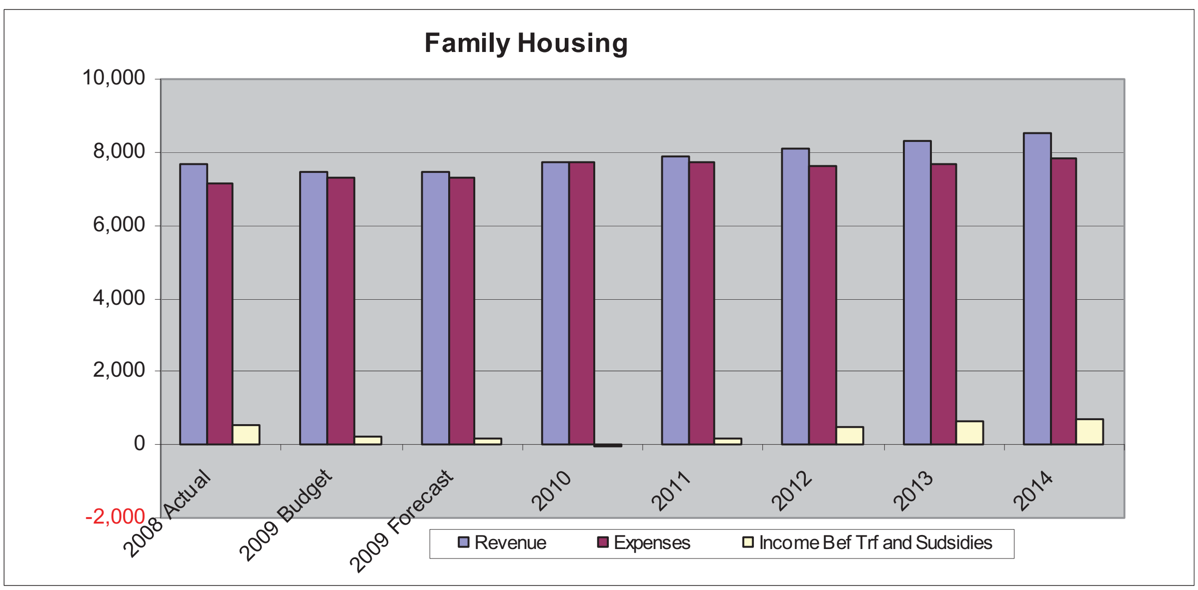
The residence ancillary is forecasting an operating deficit of $194,136 for 2009, which is $76,178 worse than budget. The unfavourable result over budget is due to an increase in expenditures, mainly smallware supplies, software and annual maintenance. Net assets will decrease by $210,560 in 2010 with the long-range budget anticipating an increase in net assets of $1.6 million to $2.3 million by 2014. Any potential financial impact from the facilities audit conducted on Phase I and Phase IV residences are not reflected in this budget. The major maintenance budget in the long range plan is based on actual plans developed by the Director and Assistant Director of Facilities, and accounts for the year over year fluctuations in expenses.

Fall/Winter residence fees will increase by 6.0% for 2009-10 and an annual increase of 5% over the next four years. In 2009-10, a summer fee increase of 17% was required to equalize the summer term fee with the fall and winter fees. There are no differences in the level of services provided to residence students during the three terms.

This budget assumes a fall/winter occupancy rate of 98% and 85% of available inventory to residence services for the summer. There is full demand for residence beds during the fall/winter but the average occupancy is less than 100% because of turnover or withdrawals. Withdrawals from residence occur for a number of reasons including academic suspensions.

St. George Family Housing

Family Housing has 712 apartment units in the 2 buildings at 30 and 35 Charles Street West with child care on site. Safety and security improvements were the main objective for the residence this year. The ancillary has taken many steps to improve the overall security. These steps include installation of new security cameras in many locations, replacement of all apartment door locks and master keys to a high security metal key system, relamping the garage at 35 Charles to improve lighting levels, an increase in security personnel presence to 24 hours per day and changes to the buildings' access procedures.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	7,698	7,472	7,461	7,711	7,896	8,085	8,298	8,497
Expenses	7,149	7,278	7,317	7,749	7,703	7,616	7,664	7,823
Net income (loss)	549	194	144	(38)	193	469	634	674

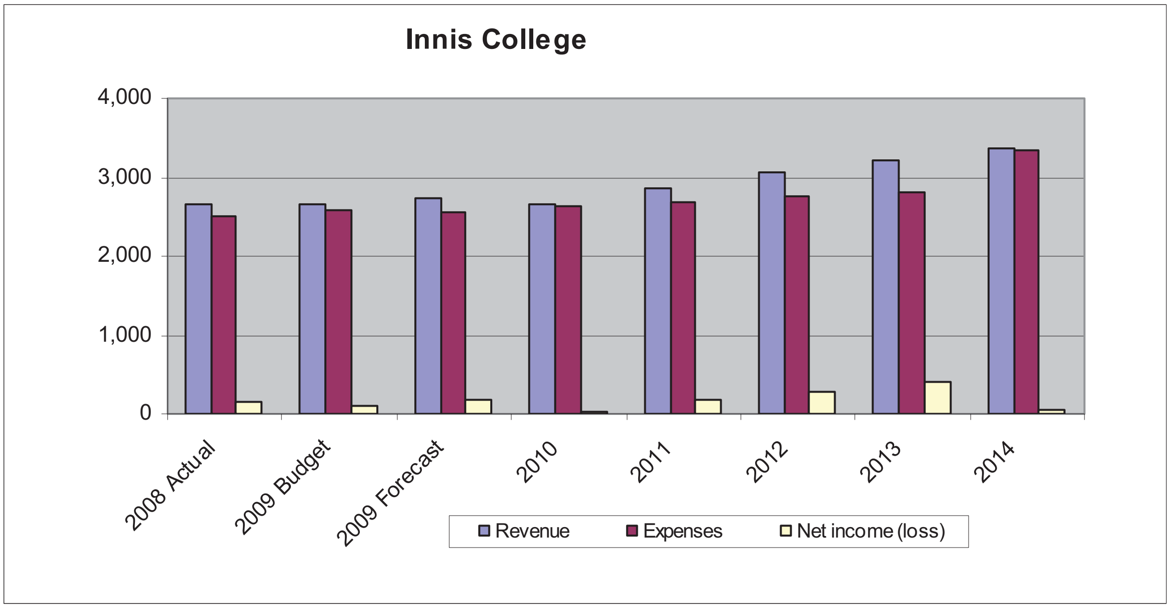
Family Housing is anticipating an operating surplus of $143,861 in 2009, which is $49,709 less than previously budgeted. The unfavourable result is due to a slightly higher vacancy rate and to increased cost in security services and garbage disposal. The construction noise arising from a nearby condominium project, and generally a high vacancy rate in rental housing in the City of Toronto, are the main causes for the higher vacancy rate. This ancillary is planning for some major maintenance projects which will end its 2009-10 operation at a loss of $37,518. The long-range plan is anticipating an operating surplus for the next four fiscal years. The budgeted net assets for 2010 are $3.5 million and projected to be at $3.1 million by 2014.

Charles Street Student Family Housing is committed to provide a safe, well-maintained, affordable living environment where student families can participate in a supportive community. The 2009 budget assumes a rent increase of 3.0% and the long-range plans assume rent increases of 2.5% per annum over the next few years. These rate increases will allow the ancillary to maintain the buildings at a level that both the University and the residents desire.

Innis College

The Innis Residence opened in 1994 and has a total of 339 beds in 81 suite style apartments. The ancillary is anticipating an operating surplus of $179,685 in 2009, which is $90,205 better than budget. Two factors that contribute to the surplus are higher summer revenues and lower cost of utilities. A large group from the People's Republic of China attending the Rotman School of Management generated unexpected additional revenues of $84,310 in 2009.

Significant capital renewal outlays are not expected until 2013-14 since the building is still relatively new and has undergone preventative maintenance. Nonetheless, the Capital Renewal reserve has been built up with reference to the Residence's Capital Reserve Study. This Capital Reserve Study will be updated after the ancillary conducts a building audit in 2009. Given the adequacy of the residence's capital and operating reserves together with anticipated positive future financial operating results, $125,000 will be transferred to the College in support of its academic mission.



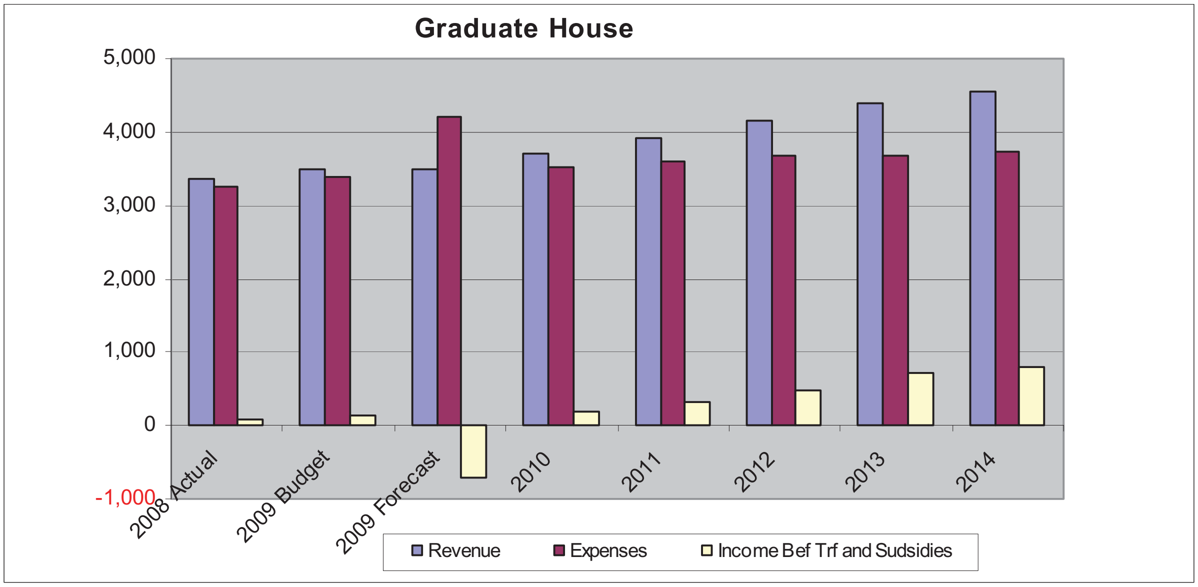
Innis College	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	2,667	2,670	2,740	2,651	2,862	3,051	3,206	3,371
Expenses	2,512	2,580	2,560	2,635	2,681	2,766	2,810	3,332
Net income (loss)	155	90	180	16	181	285	396	39

This ancillary is forecasting annual operating surpluses in the next five years. The forecasted net asset for 2010 is $2.5 million, and is projected to increase to $3.2 million by 2014. The capital renewal reserve is forecasted to be $1.2 million by the end of 2010 and increase to $2.5 million by the end of this long-range plan.

The fall/winter room rates are budgeted to increase by 4.9% with a 98% occupancy rate. Summer room rates will increase by 2.2%, a reflection of the competitive summer market. Innis College is projecting a negative impact to its summer revenue as a result of the economic downturn. They expect group rentals and foreign students for the summer to drop substantially. The budgeted revenue is expected to be lower by approximately $174,000 on a year-over-year basis.

Graduate House

Graduate House opened in 2000 and is a 425-bed, suite-style residence operated by the School of Graduate Studies. It is home to both students from the School of Graduate Studies and students from six second-entry professional faculties (Dentistry, Law, Medicine, Nursing, Education, and Pharmacy).



Graduate House	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	3,352	3,503	3,502	3,696	3,915	4,148	4,394	4,542
Expenses	3,258	3,379	4,202	3,519	3,590	3,672	3,678	3,742
Net income (loss)	94	124	(700)	177	325	476	716	800

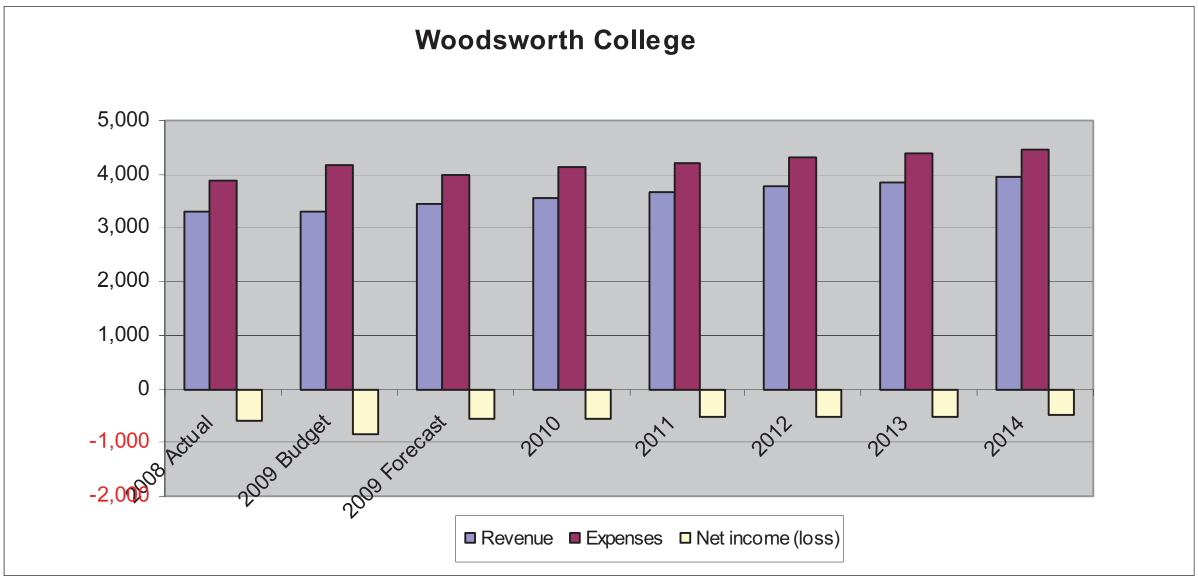
The ancillary is forecasting an operating deficit before commitments of $699,837 for 2009, which is $823,581 worse than previously budgeted. This is due to major maintenance costs resulting from the legacy of significant construction deficiencies. There was no curtain wall system installed in the hundreds of windows of the building.

Graduate House is budgeting an operating surplus of $177,338 for 2010. Net assets are anticipated to increase from $1.5 million to $3.7 million in 2014. The ancillary will make a $47,741 contribution to the School of Graduate Studies, offset in part by a proposed $13,500 interfund transfer from the Real Estate Department.

Room rates will increase by approximately 6.0% annually until the end of 2013, reverting to a 3% annual fee increase in 2014. Graduate House is projecting a 98.5% occupancy rate in 2010. By 2012-13, Graduate House will no longer have an unrestricted deficit. The net assets position will be at $3.7 million with accumulated reserves of $1,179,380 divided between operating and capital renewal and an unrestricted surplus by 2013-14.

Woodsworth College

The Woodsworth College residence opened its doors in May 2004 and has a total of 371 private, single bedrooms arranged in suite-style apartments. Since the residence is new and has no existing ancillary operations to draw from, an annual subsidy of $1.2 million from the APF is being made for the first eight years of operation. For 2008/09 (the ancillary's fifth year of operation), the operation is forecasting an annual deficit of $542,842 before subsidy, which is $296,833 better than budget. This favourable variance is due to a better than expected occupancy rate, lower direct expenses and no overhead costs charged by the College.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	3,294	3,322	3,454	3,554	3,663	3,763	3,855	3,951
Expenses	3,884	4,161	3,997	4,119	4,193	4,299	4,380	4,449
Net income (loss)	(590)	(839)	(543)	(565)	(530)	(536)	(525)	(498)

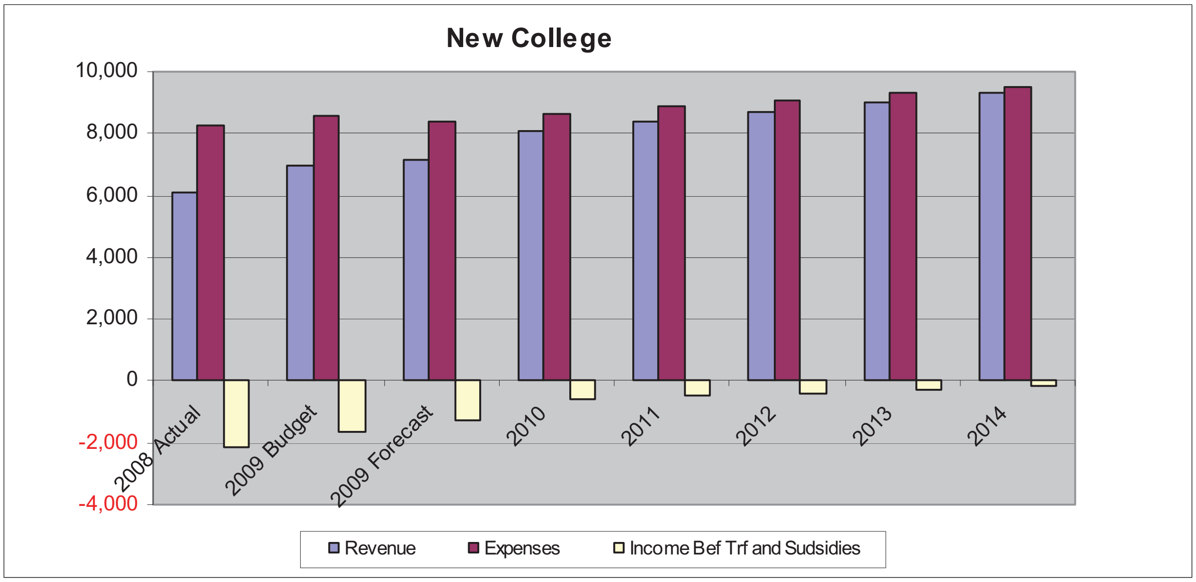
The 2009-10 budget is anticipating an operating deficit of $564,774 before subsidy. With the assistance of the subsidy, the residence will build up its reserves to support the operation and carry the remainder of the mortgage payments after the subsidy ends in 2012. Woodworth has the highest fall/winter fee for the suite-style residences and its interest charge on the $28.3 million loan currently makes up 65% of its budgeted revenue; the residence's annual operation is not expected to break even for many years after the subsidy ends. The forecasted operating reserve may not be sufficient to cover the mortgage payments without deficits. Management continues to work on resolving this issue.

The fall/winter room rates are budgeted to increase by 4.8% with a 99% occupancy rate. The total expenditures are budgeted higher than previous years due to a higher than inflationary rate increase in utilities and in its annual maintenance costs.

New College

The residents of New College are housed in three buildings: Wetmore Hall, Wilson Hall, and 45 Willcocks. Wetmore Hall and Wilson Hall went into service in the late 1960's. 45 Willcocks was opened in September 2003. These three buildings house 779 undergraduate students.

New College residence operations face many challenges: substantial major maintenance is necessary for the aging Wetmore and Wilson buildings; construction and design deficiencies require some major maintenance for the five-year old New College residence, debt financing for the New College building and the finance charges on the large accumulated deficit are a significant drain on the residence finances. Two major changes were made as part of the plan for 2008-09 to help correct the operating deficit position. The first change was to depart from a pricing policy that has ensured New College's traditional position of having the lowest rates on the St. George campus. The second major change was to deal with the maintenance issues on the two older buildings, by increasing the budget to more realistic levels.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	6,092	6,936	7,168	8,077	8,372	8,680	8,997	9,328
Expenses	8,262	8,570	8,412	8,655	8,862	9,073	9,288	9,510
Net income (loss)	(2,170)	(1,634)	(1,244)	(578)	(490)	(393)	(291)	(182)

The ancillary is forecasting an operating deficit before subsidy of $1,243,583 for 2009, which is $389,715 better than previously budgeted. In order to address the large deficit that the new residence at 45 Willcocks has been incurring since its inception, two floors of that building have been converted to office space. The new lease agreement will bring $340,000 net income annually to the residence ancillary. Revenues are projected $231,766 over budget and expenditures are forecasted $157,936 under budget. Saving in expenditures is also due to the current low interest rates charged on their deficit and careful attention to staffing levels and the cost of overtime.

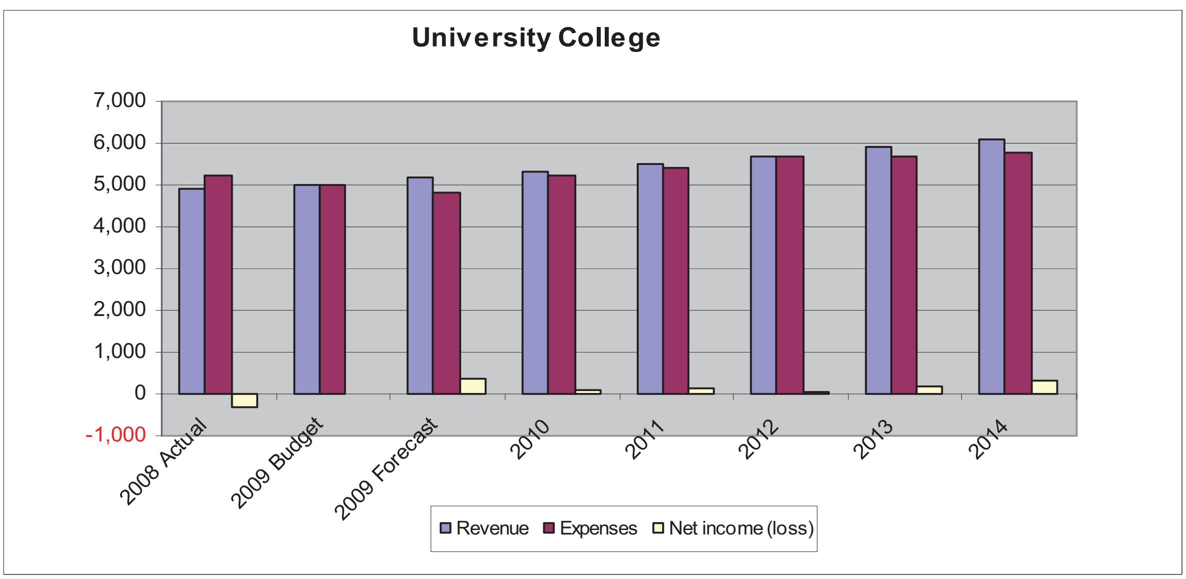
The New College residence is projecting operating deficits in each year of the plan, which will be partially offset by an annual operating subsidy from the APF in the amount of $351,948 for the next three years and part of 2012. This long-range plan does not show how a break-even financial position result will be achieved. Deficits are expected to continue through 2013-14 albeit at a significantly decreased rate. This budget also recognizes that the residence ancillary budget has been subsidizing the operating budget since the new residence at 45 Willcocks went into service. Based on the percentage (12.1%) share of the total building NASM, these costs are estimated to be $417,000.

There is no funding available in the College operating budget to cover these costs. These cost recoveries will be added back as an explicit ancillary budget subsidy to the New College's operating budget. Net assets are forecasted to be in deficits of $7.6 million for 2010 and in deficit of $10 million by 2014.

The ancillary will follow the recommendation from the Residence Review Committee to implement differential room rates for the 2009-10 and will increase the fall/winter residence rates by 3.7% over the next five fiscal years. This is to move away from its past practice where one rate increase will apply to all. This operating plan reflects New College's efforts to restore the residence ancillary back to financial equilibrium. For 2013-14, the first year without a residence central subsidy, the operating loss is expected to be $182,000 which continues the trend of annually improving results.

University College

The University College is at the historic heart and geographic centre of the University of Toronto campus. The University College Residence ancillary consists of approximately 730 beds in three buildings, Sir Daniel Wilson Hall, Whitney Hall and Morrison Hall.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	4,930	5,022	5,188	5,319	5,504	5,698	5,898	6,106
Expenses	5,246	5,020	4,819	5,245	5,388	5,664	5,703	5,782
Net income (loss)	(316)	2	369	74	116	34	195	324

The residence had an excellent year and is forecasting an operating surplus of $369,136, which is $367,462 better than previously budgeted for 2009. This favourable variance is due to a higher occupancy rate and the introduction of a new summer business model. This new model was a success, and it generated $139,952 more revenue than expected. In addition, University College was most fortunate to reap the rewards of the College's Alumni and Development staff's efforts with the Alumni of Whitney Hall,raising funds to complete the renovation of the Whitney Hall Library room and three kitchenettes in Whitney Hall.

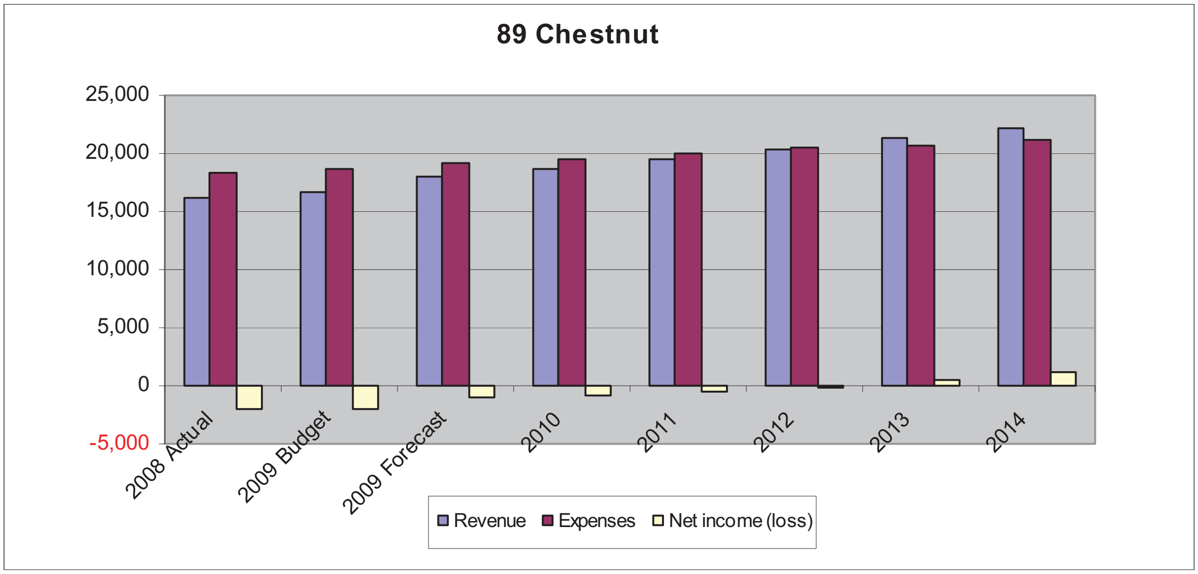
This ancillary is forecasting an operating surplus of $74,040 for 2009-10 as well as surpluses for the next four years. University College is expecting net assets of $3.7 million by end of 2010 and $4.3 million for 2014. The Capital renewal reserve is budgeted at $2.1 million for 2010 and will remain at this level throughout this plan.

The operating plan anticipates a 98% occupancy rate with a fall/winter rate increase of 5.0%. The pricing schedule for the summer of 2009 will be revised to reflect its competitiveness and offering good value, including their "Dining Dollars" programs to students. To ensure the quality of the fabric of the UC Residences, a 4% rate increase is budgeted for the next four years to ensure adequate funding available for all future essential major capital expenditures.

Students of the residences have been great contributors to the capital improvements of the buildings in terms of their care for the buildings. This stewardship on their part has enabled University College to hold rate increases at reasonable levels.

89 Chestnut

89 Chestnut Residence is home to 1,030 students from diverse cultural backgrounds and academic disciplines. Students also benefit from a food program designed by a chef with an international reputation. The ancillary has several revenue streams in addition to the winter residence income. Revenue is generated from several commercial spaces and a call centre for the Division of University Advancement. In addition, there is a 370-space parking garage and a 22,000 square foot banquet and meeting facility.



89 Chestnut	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	16,231	16,701	18,063	18,676	19,508	20,377	21,286	22,236
Expenses	18,303	18,686	19,087	19,552	20,007	20,473	20,716	21,087
Net income (loss)	(2,072)	(1,985)	(1,024)	(876)	(499)	(96)	570	1,149

89 Chestnut had an excellent year in 2008-09 and is forecasting a positive variance of $1.0 million, bringing the operation to almost break-even after subsidy. This favourable variance is mainly due to a profitable summer season and an increase of 40 single student rooms by eliminating the underutilized common rooms on each floor. This increased residence capacity brought an additional $500,000 in annual revenue. 89 Chestnut was also able to position itself to share in this past summer's good market for conferences.

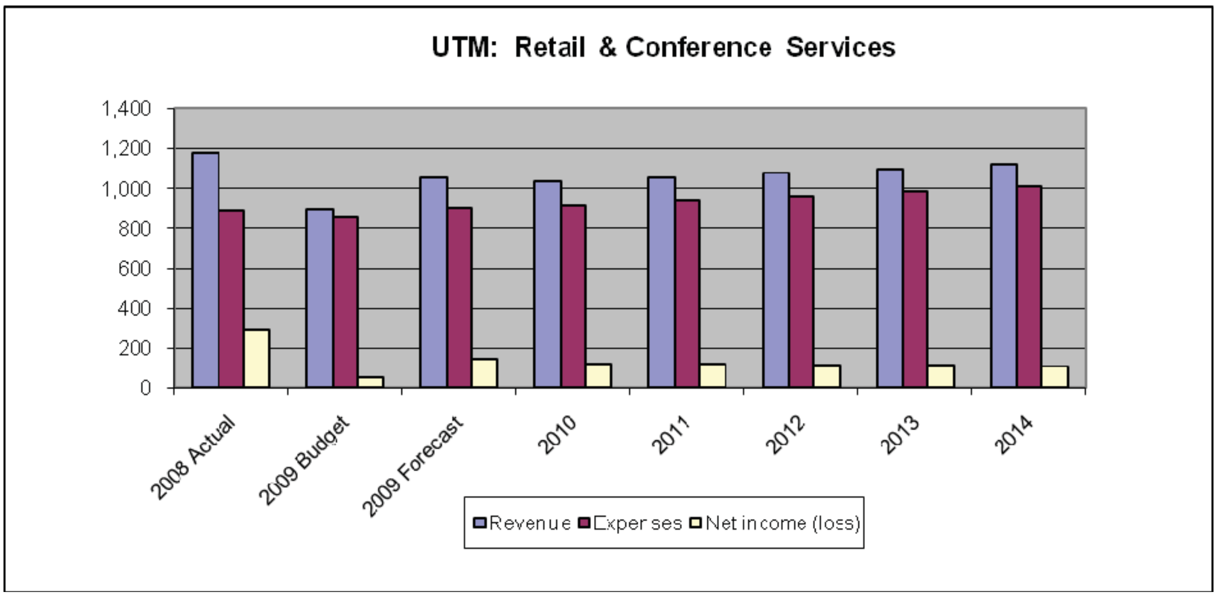
The conference business is expected to be slower due to the economic downturn and this will also affect the summer catering and parking revenues. However, the outlook for catering services is still strong because 89 Chestnut is viewed as a "budget" venue for many government and non-profit groups. This operating plan is budgeting a smaller deficit than the previous year with the expectation that residence occupancy will remain high, summer students will continue to grow and catering services will remain strong despite the economic downturn.

Residence rates will increase by 5% for 2009. The long-range budget assumes a 5% rate increases for accommodation, a 4% increase for food services and a 3% increase for parking fees and negotiated or inflationary increases for costs. Extending these assumptions forward gives us a timeline of 2015-16 for full repayment of the accumulated deficit.

Conference Services

Most of the residences run conference operations. However, only UTM and UTSC manage their conference operations as ancillaries separate from their residence operations. The common challenge of increasing sales in the conference operation is that they are constrained by the shortage of meeting and conference space on campus. The key to success is making cooperative efforts to optimize the available space and controlling operating expenses. UTM's 2010 budget meets all four objectives while UTSC only meets the first three objectives.

UTM

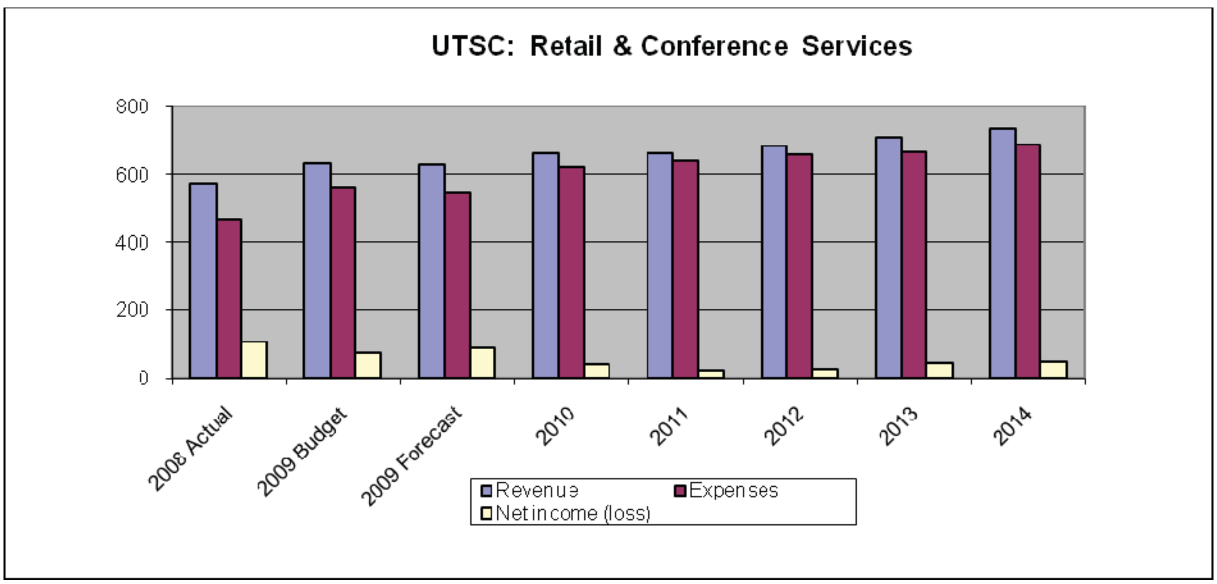


	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	1,173	898	1,050	1,033	1,053	1,074	1,096	1,118
Expenses	888	850	905	914	937	959	984	1,010
Net income (loss)	285	48	145	119	116	115	112	108

The ancillary's 2008-09 budget included a decrease of 24% in revenue and 83% in net income before transfers and subsidies. There were a number of groups that confirmed their conference after the budget was submitted resulting in a favourable revenue variance of $152,942. The conference services operation is expecting a surplus of $145,433 in 2009, which is $97,930 better than previously budgeted but represents a 49% decrease over last year. Revenues are projected to increase between 2.0% to 2.5% for the next five years. Expenses will increase at a rate slightly higher than revenues with the income margin dropping from 11.5% to 9.6%. There are no capital expenditures planned for this operation over the next five years. A transfer out of the Conference Ancillary to the UTM operating budget of $100,000 is planned commencing 2010. Net assets are anticipated to grow moderately from $185,196 in 2010 to $235,305 by 2014.

UTSC

The success of the Green Path program (a 12-week summer English as a second language (ESL) program for recent high school graduates from China who receive offers to UTSC subject to successful completion of the ESL courses) continued to be the cornerstone for the success of the Retail & Conference Services. This program continues to benefit UTSC in terms of increased international student enrolment and demand for residence in the following academic terms. The Green Path program continues to be the critical success of this ancillary. Opportunities for the conference business to grow will continue to be constrained by the shortage of meeting and conference spaces.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	573	632	630	663	661	684	708	734
Expenses	466	560	543	621	640	658	665	685
Net income (loss)	107	72	87	42	21	26	43	49

The volume of business is expected to rise based upon an optimistic assumption of business activity and the attraction of groups that require accommodation but no other campus facilities. The global economic downturn is not expected to have a direct impact on this ancillary operation in the short-term since much of the business in 2009 is already confirmed. The forecasted operating surplus for 2009 is $87,295 before commitments, which is $15,439 more than previously budgeted. The operation is projecting a surplus for the next five years. Net assets are forecasted to grow from $613,757 in 2010 to $752,319 by 2014.

Food and Beverage Services

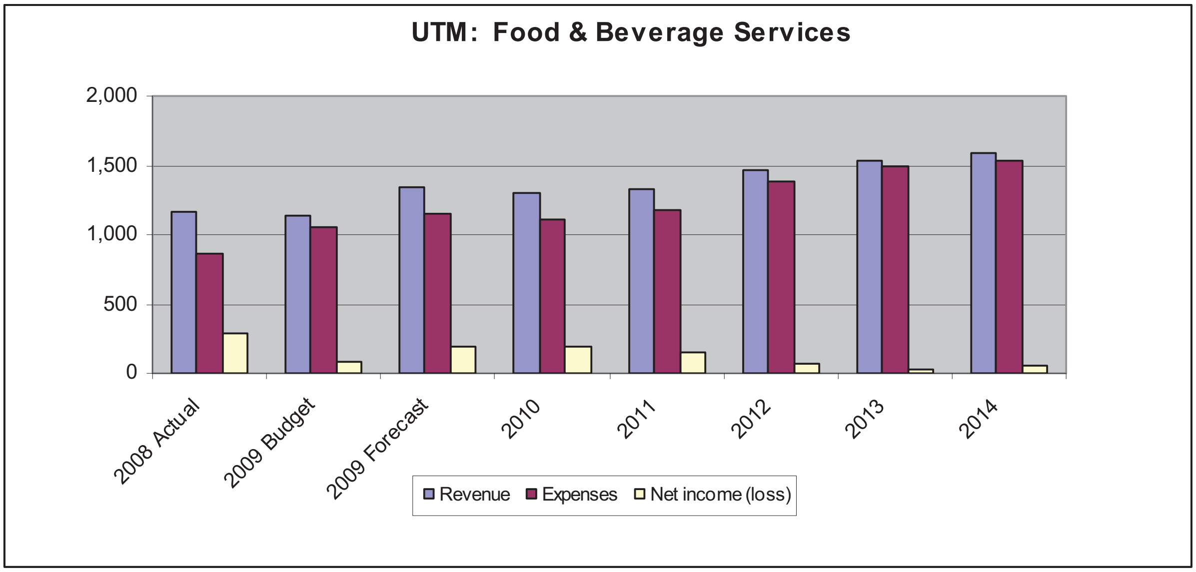
Food Services are delivered by institutional and independent providers. ARAMARK is the independent food provider for St. George and UTSC and Chartwells is for UTM. There are also a number of independent, University-operated and branded food providers. This diversity serves to cater to the wide range of dietary tastes and needs that make up the U of T community. Beverage Services provide the means to licence events and operations on campus.

For the 2009-10 budget year, UTSC, St. George, and University College food service ancillary budgets meet the first three objectives, with UTM and New College meeting only the first two objectives.

UTM

Although there was no new development for Food Services in 2008-09, the revitalization of a number of existing outlets provided additional choices to consumers. Net revenue is forecasted to be $202,418 higher than budget because of meal plan and cafeteria sales. An operating surplus before commitments of $187,058 is forecasted for 2009 and is $108,666 better than previously budgeted.

Food service capacity is still approximately 15,000 square feet less than the COU benchmark averages. Expansion plans for a new food court as part of the South Building redevelopment and an addition to Colman Commons at Oscar Peterson Hall will allow closure of the poorly located Spigel Hall cafeteria. The ancillary is expecting sales will be affected negatively due to the current economic conditions since eating out is discretionary. The 2009-10 budget is anticipating a 3% decrease in net revenue with expenses under control to achieve a surplus of $189,424.

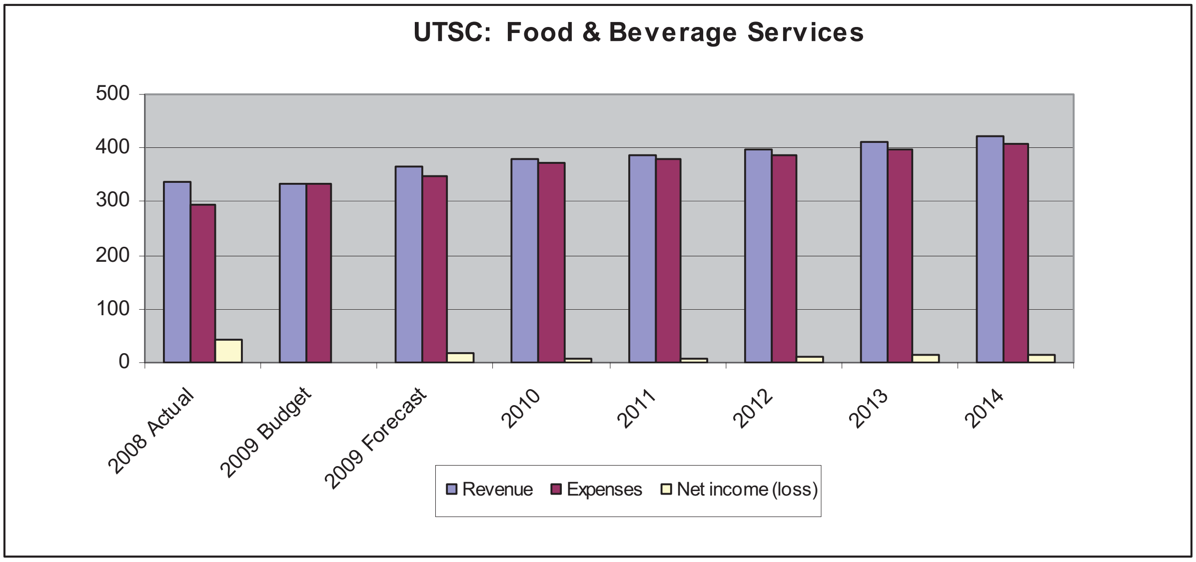


	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	1,159	1,139	1,342	1,295	1,332	1,461	1,529	1,584
Expenses	865	1,061	1,155	1,106	1,178	1,386	1,499	1,532
Net income (loss)	294	78	187	189	154	75	30	52

This ancillary has incurred losses in the past few years due to costs incurred in making improvements and developing new sales outlets. The revenues from these outlets are now beginning to generate surpluses needed to pay back the accumulated deficit. Net assets are projected to be at $117,805 in 2010 increasing to $429,680 by 2014. The long range budget plan also provides for two loans beginning in 2010-11 for an addition to Colman Commons and the rejuvenation of the South Building Meeting Place; however, these plans have not been formalized and no borrowing has been assigned to them by the University.

UTSC

Recognizing the needs and preferences of users on campus, the ancillary made changes to its operation to reflect the growth in the campus population, preference for high profile franchise brands, and diverse dietary requirements. Emphasis on recognized brands will continue; most recently with the expansion of the original Tim Hortons outlet into a new space that has enabled the franchise to increase both production and service capacity. These changes have the food and beverage services moving away from traditional institutional services. Experience to date continues to underscore the importance of franchise operations as an essential component of retail food services on this campus. It generated positive feedback and improved financial results. With the prospect for significant development of the campus and the potential for partnering with external bodies and agencies, the ancillary may be required to look beyond traditional campus operational models to include possible food service choices delivered through leasing/licensing facilities in new spaces.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	337	333	364	379	385	398	410	422
Expenses	294	333	346	371	378	388	397	407
Net income (loss)	43	0	18	8	7	10	13	15

The ancillary is forecasting a small profit of $17,555 for 2009 which is $17,360 better than budget. This favourable result is mainly due to increased sales by expanding the hours of operation in key retail outlets, increased sales volumes from the expanded Tim Hortons outlet combined with strong cash sales. Net assets are projected to be $272,288 at the end of 2009-10.

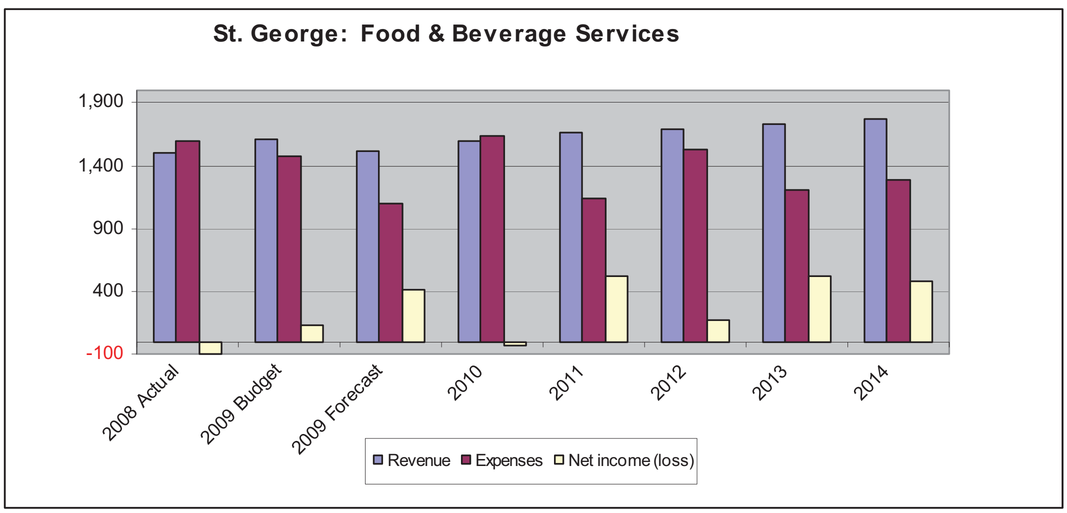
Operating plans for the next five years are dependent on the performance of the contracted food service provider. Discussions have already started with the provider to exercise an option to renew the existing agreement rather than conduct a RFP. The ancillary is budgeting an operating surplus of $8,249 with net assets of $280,638 at the end of the 2009 fiscal year. Net assets are expected to grow from a small operating surplus for each of the plan years.

The ancillary is projected to make annual contributions to the new construction reserve resulting in a $194,830 balance by the end of 2014.

St. George

The St. George Campus Food and Beverage Ancillary provides food services at 18 locations on campus and operates the Beverage Services department. Catering services are also provided for campus events.

There were no major renovations for Food & Beverage Services this year except for the addition of a Second Cup outlet in Graduate House and the addition of two new food outlets at the Sandford Fleming, one of which is student-run. The focus this year was to improve day-to-day operations and work with other food service providers across the St. George campus on joint projects. There were a number of campus-wide food events such as Nutrition Week, Chinese New Year and the "Lug A Mug" campaign. Other food service projects included a weekly Farmer's Market and certifying two additional "Eat Smart" locations.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	1,499	1,603	1,515	1,601	1,658	1,693	1,729	1,767
Expenses	1,598	1,473	1,102	1,636	1,140	1,529	1,212	1,286
Net income (loss)	(99)	130	413	(35)	518	164	517	481

Despite the $100,000 commission revenue loss as a result of the bed count reduction at New College, the ancillary is forecasting a favourable net income variance of $283,205.

This variance is as a result of closing the Dentistry cafeteria which only served a limited number of customers and cost $50,000 annually to operate, combined with savings from deferred capital renewal. The capital renewal reserve will end the 2009 fiscal year with a balance of $750,000 and the operating reserve will have a balance of $140,000.

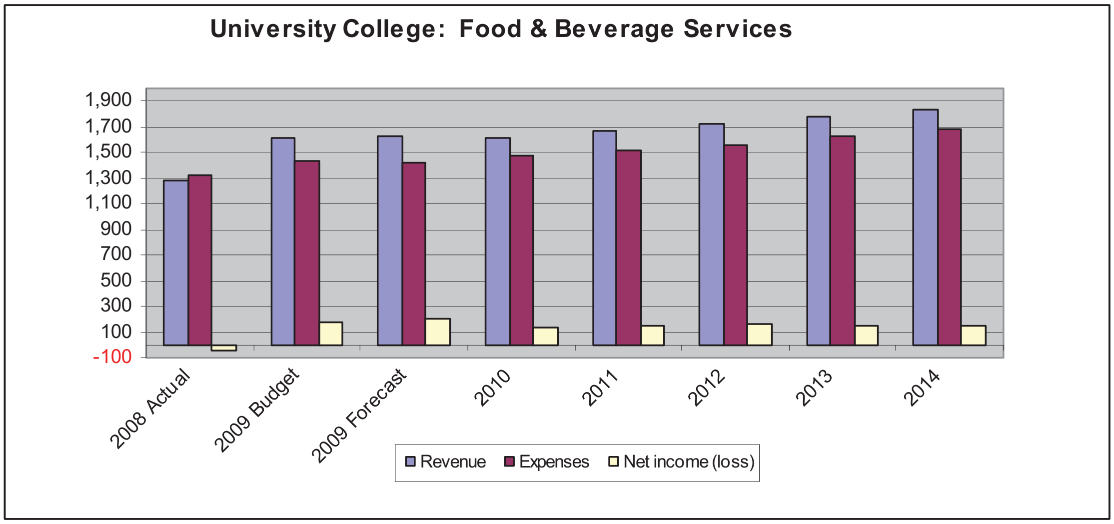
The ancillary is anticipating the benefits of renovations will continue to yield sales growth of 10% in 2009-10. Due to the planned renovation of the Sid Smith cafeteria, the net income is budgeted to be in a deficit of $34,633 maintaining the same level of capital renewal reserve balance and an increase of $10,000 to the operating reserve.

The long-range budget assumes inflationary increases for sales and expenses. Net income is impacted by major maintenance, replacement of non-depreciable furniture, renovations and upgrades to current facilities. Future large-scale renovations will be funded through Aramark, capital renewal and/or new construction reserves. Based on these assumptions, the ancillary is budgeting the capital renewal balance to be at $1.5 million and the operating reserve to be at $150,000 by 2014. A significant capital renewal reserve has been intentionally budgeted to give the maximum operational flexibility when the campus-wide contract expires in 2016.

University College

The Howard Ferguson Dining Hall is a "self-operated" food service operation that provides services primarily to approximately 730 residence students. Their key goals are to maintain a balance of high quality, affordable pricing and a wide selection of menu choices.

The introduction of a mandatory meal plan as part of the Summer Residence operation and extending the catering services to non-University College customers are the key success factors that improved this year's bottom line. The sharp rise in food prices affected most food services in 2007-08. Faced with this challenge, University College Food Services and 89 Chestnut Food Operations jointly entered into a three year contract with a supplier who offered favourable prices. Efforts were also made to control portion size and recipe consistency which significantly reduced cost of sales.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	1,281	1,618	1,624	1,611	1,666	1,721	1,776	1,829
Expenses	1,329	1,437	1,422	1,474	1,511	1,558	1,629	1,681
Net income (loss)	(48)	181	202	137	155	163	147	148

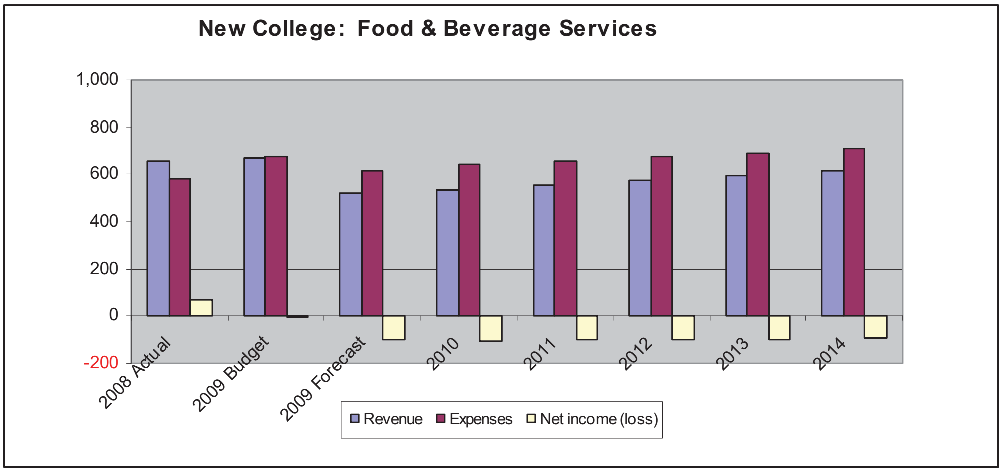
With the success in summer business that brought in extra revenues and the efforts in controlling cost of sales, the ancillary is forecasting an operating surplus of $201,610 which is $20,376 better than budget.

The ancillary will apply the same summer business model in 2009-10 and will bring the cost of sales under control at about 45.5%. With the change of labour mix implemented in 2008-09, it is projecting an operating surplus of $137,091. The Capital Reserve will increase by $47,000 for major maintenance and replacement of the kitchen.

The long range plan includes a price increase of 3% to 5% which allows a moderate growth of operating and capital reserves. With the net assets of $647,107 in 2009-10, $25,000 will be transferred to the University College operating budget. Net assets will increase to $984,785 in 2013-14 made up of a $659,378 capital renewal reserve and a $141,835 operating reserve.

New College

Net revenue is forecasted to be $153,750 or 22.9% less than budget. This unfavourable variance is mainly due to the conversion of two floors from residence to office space at 45 Willcocks. As a result, the associated commission on the meal plan was lost with the eighty beds taken out of service. In addition to this revenue loss, Aramark invoked a material change clause in its contract and reduced its commission rate, as the bed reduction has a significant negative impact on gross revenue, but does not allow for any substantial operating cost savings (e.g., wages). The ancillary is projecting a deficit of $96,836 which is $93,886 more than previously budgeted.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	654	673	519	537	556	575	595	616
Expenses	581	676	616	641	658	674	691	708
Net income (loss)	73	(3)	(97)	(104)	(102)	(99)	(96)	(92)

The long-range budget anticipates operating deficits before commitments in each of the subsequent four years beyond 2010. Net assets are budgeted to be in deficit of $141,632 in 2010 increasing to a deficit of $530,014 by 2014.

The budget assumes price increases range from 0.04% to 5.49% depending on the meal plan package chosen. It also anticipates that non-residence meal plan sales will continue to grow with the recent upgrades to the facilities.

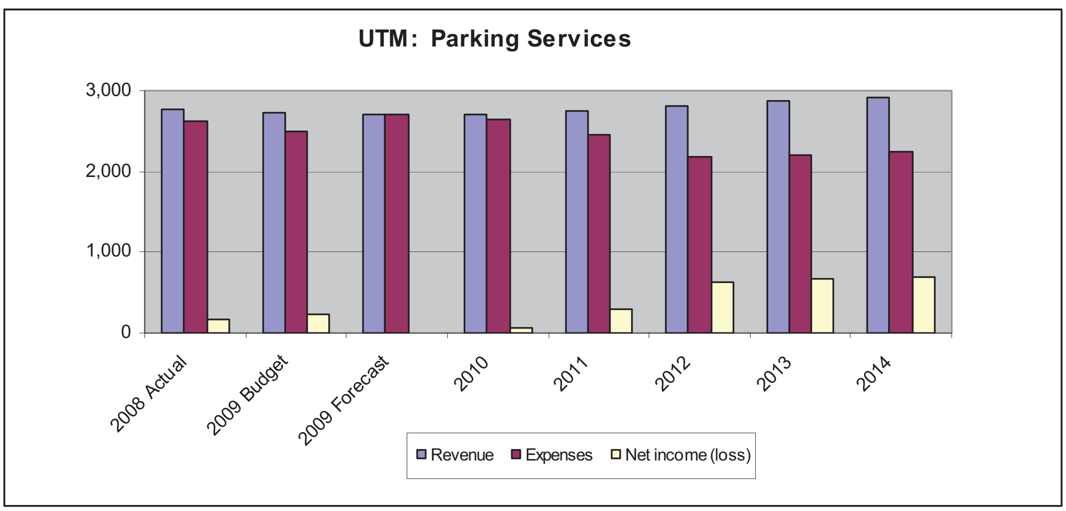
Parking Services

For the 2008-09 budget year, the UTSC parking operation meets all four objectives, while St. George meets the first three objectives and UTM only meets the first two objectives.

UTM

The UTM campus is a suburban commuter campus where the use of cars is more extensive and consistent. The current supply of parking at UTM is adequate and the amount of unused spaces in existing lots will accommodate a small growth in population in 2009-10.

The permit revenue is forecasted to be under budget by 7%. This unfavourable variance will be offset by an increase in cash sales from pay and display revenues. The projected operating surplus before commitments for 2009 is $4,086 which is $216,890 less than previously budgeted. The unfavourable variance is due to higher than budgeted major maintenance expense and extra staffing required to implement the student "sessional" permit (Students have an option to purchase a 4-month or 8-month unreserved permit).



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	2,778	2,717	2,700	2,699	2,753	2,808	2,864	2,922
Expenses	2,615	2,496	2,696	2,638	2,463	2,181	2,202	2,235
Net income (loss)	163	221	4	61	290	627	662	687

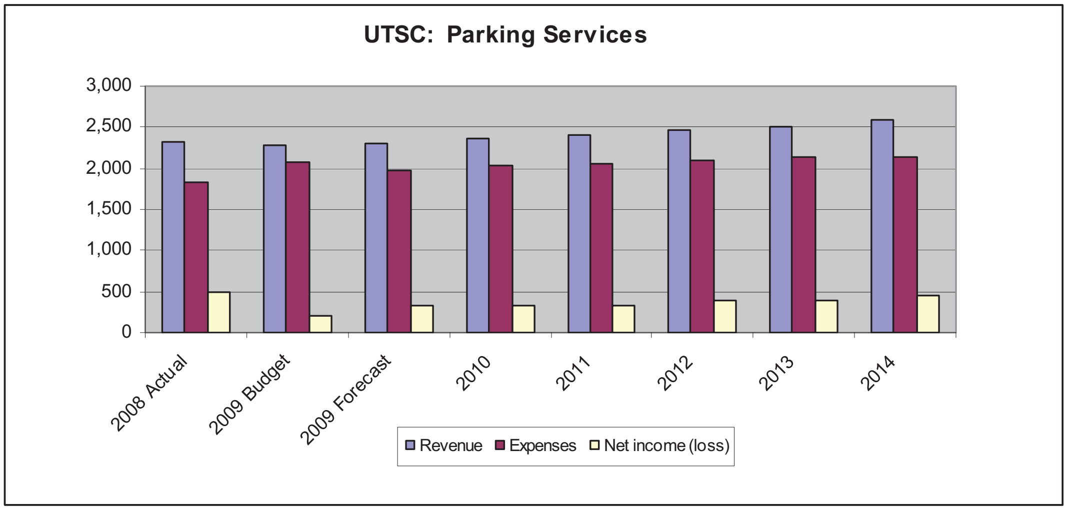
The 2010 budget includes the new “sessional” permit which will reduce the summer revenues by $20,600. This pilot project is intended to weigh the demand for this type of permit against the increased costs associated with its implementation. Expenses are expected to be similar to the 2009 forecast with major maintenance expenses of $500,000 to install the new light standards and resurface lot 5. This ancillary is forecasting an operating surplus of $60,515 before transfers. The capital renewal reserve will remain at $300,000.

The long-range budget assumes no change in prices, operations and enrolment plans. Based on these assumptions, the operation is financially viable and can provide adequate parking facilities for the campus. If demand increases, the ancillary will begin its contribution to a new construction reserve starting 2011-12. Net assets are budgeted to increase from $421,112 in 2010 to $1.7 million in 2014.

UTSC

Ongoing capital improvements and program initiatives are instrumental in maintaining the quality of service for parking at UTSC. In the current year, the introduction of dedicated inner parking lots maximized the use of the facility and gave barrier-free parking spaces for persons with physical challenges. An on-line permit sales alternative has dramatically reduced customer wait times and improved overall services to customers.

With 3,194 parking spaces, facilities will accommodate the parking requirements of staff, faculty and students in 2009-10 and beyond. It will also accommodate demand from a further 1,250 customers from the Centennial HP Science and Technology Centre. Several customer-focused initiatives are in the 2010 plan to provide a quality parking facility in a safe environment.



UTSC Parking	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	2,329	2,282	2,303	2,361	2,399	2,468	2,517	2,595
Expenses	1,828	2,068	1,969	2,036	2,065	2,086	2,131	2,136
Net income (loss)	501	214	334	325	334	382	386	459

The ancillary is forecasting a net operating surplus of $334,393 which is $120,555 better than previously budgeted. The favourable variance is mainly attributed to an increase in visitor meter revenues, savings in annual maintenance, supplies and depreciation expenses. After the transfer of $197,077 to UTSC's operating budget, net assets are projected to be at $1.8 million.

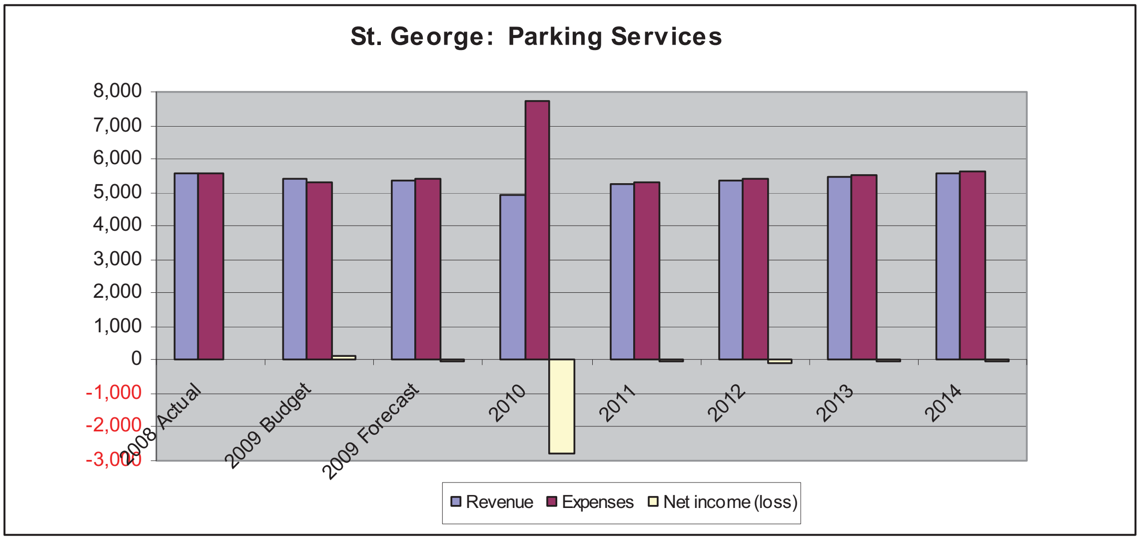
The ancillary will contribute to the expansion of the UTSC Patrol service in 2009, thereby replacing the current RideSafer program (a bus service from main buildings to the Outer parking lots where their vehicles are parked). The usage of the RideSafer program has declined and the service has been used for convenience rather than safety. The proposed East Arrival Court project originally intended for construction in the summer of 2006 has been deferred for an unspecified period of time due to outstanding campus planning decisions, unresolved issues with the Toronto and Regional Conservation Authority and financing issues.

The 2009-10 budget proposes a 3% permit price increase for all permits, an operating surplus of $325,452 and a transfer of $202,989 to UTSC's operating budget. This will result in net assets of $2.0 million at the end of the 2010 budget year with $341,428 committed to capital renewal, $394,315 to operating reserves and $555,682 to a new construction reserve.

The long-range budget assumes permit price increases of 3% through the remainder of the period. The ancillary will remain fully self-funded, providing efficient and quality services, continued maintenance of its facilities, contributions of surplus funds to fund future initiatives, and to UTSC's operating budget. Net assets are anticipated to be at $2.7 million by the end of the planning period with $205,296 in the capital renewal reserve, $433,431 in the operating reserve and $1,387,154 for future construction projects.

St. George

The St. George ancillary operates 42 surface lots and 9 underground garages, providing 2,465 parking spaces for students, faculty and staff. It also provides parking management services to UTM. The forecasted 2009 operating loss before commitments is $37,422, an unfavourable variance of $156,572 from budget. There was a loss in sales from the Bahen garage and OISE/UT parking garage. The Bahen garage was closed from June 23 to August 31 for major maintenance and the OISE/UT parking garage was closed to daily Pay & Display clients as of November 26, 2008. The forecasted annual maintenance and snow removal expenses were higher than previously budgeted. The saving on salaries and benefits offset part of these unfavourable variances. The total reserve balance for 2009 is forecasted to be $11.0 million of which $9.0 million represents investment in capital assets (funds already spent on capital assets).



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	5,569	5,427	5,368	4,936	5,240	5,345	5,452	5,560
Expenses	5,572	5,308	5,405	7,725	5,299	5,423	5,511	5,611
Net income (loss)	(3)	119	(37)	(2,789)	(59)	(78)	(59)	(51)

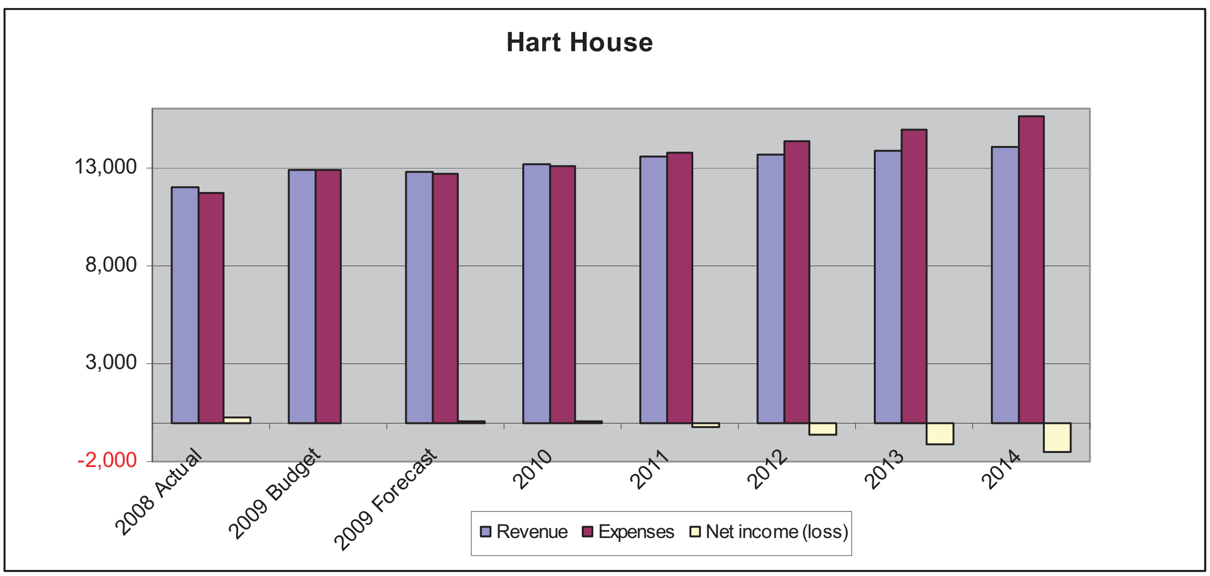
The OISE/UT parking garage will be closed to facilitate structural repairs that may take 30 weeks. As a result of this closure, and the 240 McCaul Street parking lot sale, pay & display meter revenue will decrease by 21%. The cost of the OISE/UT garage repair is estimated at $2.5 million. Facilities and Services will be providing financing assistance for this project with a ten year repayment period. This budget also includes an investment in a new credit card technology for the Pay & Display machines. This investment is expected to pay itself off in less than two years by recovering lost revenues due to the use of fraudulent credit cards. It is not foreseen that there will be an increase in demand beyond the current parking capacity. A loss of $2.8 million is budgeted with a $0.5 million loss in revenue and an estimated $2.5 million garage repair cost. With the financing assistance from Facilities and Services, the net assets balance will not be impacted significantly by the loss. The net assets balance is budgeted to decrease by $0.6 million.

The long-range budget assumes inflationary increases for revenue and most expenses. The net assets will decrease to $9.4 million with a small annual budgeted loss. The $9.4 million net assets include $5.6 million in investment in capital assets, $0.4 million in capital renewal reserve and $0.4 million in operating reserve leaving $2.9 million in unrestricted surplus.

Hart House

Hart House is a multi-faceted hub at the University where students, faculty, staff and alumni engage in social, cultural and informal education, and recreational athletics. Hart House also welcomes the general public to events such as theatre performances, art shows, talks, workshops, conferences, weddings, etc. The theatre has received outstanding reviews and has been highly acclaimed by national and local press. Hart House is open 365 days per year from early morning until late evening.

Several initiatives were undertaken to increase revenues and reduce costs over the long term. The Hall Porters Desk was merged with the operations of the Membership Office to provide extended hours of service and to eliminate overlapping of staff. Under-utilized space is now rented to two University programs – the Art Zone starting in 2008 and CIUT radio station starting in August 2009. Hart House will meet its 2009 budget despite a deficit in student fee due to lower than expected student enrolment. Additional costs were incurred as a result of a reorganization to create efficiencies, increase communication and to enhance customer service. Hart House is forecasting an operating surplus of $52,000 before $219,000 of transitional funding and ending with net assets of $5.0 million for 2009. Three years of transitional funding from the University to support Hart House Theatre will end in 2008-09.



	2008 Actual	2009 Budget	2009 Forecast	2010	2011	2012	2013	2014
Revenue	11,998	12,861	12,773	13,188	13,512	13,692	13,882	14,043
Expenses	11,705	12,875	12,721	13,110	13,779	14,370	14,963	15,577
Net income (loss)	293	(14)	52	78	(267)	(678)	(1,081)	(1,534)

The 2009-10 budget has been designed to continue to diversify and strengthen programmes and to provide top-notch service. It is targeted to achieve a surplus position and to address some major financial challenges such as:

- Increase costs of $357,000 in salaries and benefits due to recently settled collective agreements
- Loss of $58,000 in revenue from endowment interest income based on the direction of Business Affairs
- End of support in the amount of $219,000 from the University for the Theatre
- Lower student fee increase in 2009-10 versus 3.5% in 2008-09
- Senior fees will be frozen to maintain market competitiveness

Hart House is budgeting an increase in revenues of $415,000 with a surplus of $78,000 before commitments and transfers.

The long range plan budgets for annual operating deficits in each of the remaining four years. An ongoing challenge has been that rate increases for student fees are significantly less than the rate increase for salaries, wages, benefits and utility costs. In addition, senior member fees are market-driven and Hart House facilities are operating close to its capacity. Four years of $3.5 million accumulated deficits will impact significantly on the existing cash position.

To address the long-term budget issues, Hart House will continue to focus on

- Operational effectiveness
- Spending will be highly scrutinized to determine the necessity of all proposed expenditures
- Re-launching the Theatre Campaign to promote donations
- Development of new revenue streams
- Exploration of additional income through summer programming

The 2010 budget plan anticipates a student fee rate increase of 0.7%.

Members of the Service Ancillary Group

Vice-President, Business Affairs	Catherine Riggall
Chief Financial Officer (Chair)	Sheila Brown
Vice-Provost, Students	Jill Matus
Vice Provost, Planning and Budget	Safwat Zaky

***Co-opted members from University Affairs Board*:**

Assistant Dean, Student Affairs UTM	Chris McGrath
Coordinator, Student Affairs	Diana A.R. Alli
Undergraduate Student	Grant Gonzales

Financial Services:

Manager, Accounting Services	Selina Law
Financial Accounting Analyst	Nira Rajaratnam

Review and Consultative Process
with Student/Local Committees and Councils

1. UTM

Parking

Transportation and Parking Subcommittee

Resource, Planning and Priorities Committee

College Council

Residences

UTM Residence Council

Housing Sub-committee of UTM Association of Graduate Students

Resource, Planning and Priorities Committee

Erindale College Council

Food Services

Resource, Planning and Priorities Committee

College Council

Facilities Rental & Conference Services

Resource, Planning and Priorities Committee

College Council

2. UTSC

Parking

Planning & Budget Committee

Parking Advisory Review Committee (PARC) (new – March 2008)

Residences

Residences Advisory Committee

Planning & Budget Committee

Food Services

Planning & Budget Committee

Council on Student Services

Alcohol Education and monitoring subsidy

Facilities Rental& Conference Services
Planning & Budget Committee

3. St. George Campus

Residences

New College:
Priority, Planning and Budget Committee
New College Council

Innis College:
Innis Residence Committee

Graduate House:
Graduate House Council (residents)
SGS Graduate House Governing Body

University College:
University College Residence Council

89 Chestnut:
Residence Council
Residence Advisory Board

St. George Family Housing:
Joint Committee, Management & Tenant Executive
Residence Advisory Board

Woodsworth College:
Woodsworth Residence Council

Food Services

New College Food Services:

Priority, Planning and Budget Committee

New College Council

University College Food Services:

University College Residence Council Food Committee

St. George campus

Foodservices Advisory Committee

4. Hart House

Finance Committee

Board of Stewards

Council on Student Services