

BUDGET 2021-2022

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MESSAGE FROM THE PROVOST AND VICE-PRESIDENT, ACADEMIC AFFAIRS

I am pleased to present to you the Budget Book for the 2021-2022 academic year. This book is the result of extensive work by our teams, to whom I wish to offer my sincere thanks.

As you know, a budget requires outstanding strategic planning to create a shared vision of our future and of what we want to achieve in the coming year. It also is a measure of our progress that allows us to ensure that our operations are flawless and that we have achieved our objectives.

In the fiscal year 2021-2022, the University remains determined to pursue the projects outlined in its strategic plan, *Transformation 2030*; despite the pandemic-related uncertainty and the fiscal constraints imposed by the Ontario Government. Additional investments are planned in research, the Administrative Services Modernization Program, new building constructions, the Facilities Renewal Improvement Program and creation of new teaching positions.

The University is also engaged in a significant effort to revitalize academic programs to attract the next generation of gifted students and ensure our competitiveness in an increasingly globalized higher education sector. Recruitment efforts in Asia and Africa are being intensified to ensure a diversity of students and support long-term financial sustainability. Furthermore, significant investments have been made in mental health, anti-racism, and Indigenous programming to foreground wellness and inclusion as foundational principles that underpin our operations and inform our goals and ambitions. The University's budget is aligned with these priorities, which are stated in the University's strategic plan, *Transformation 2030*.

This has been an exceptionally challenging year, and I continue to be tremendously inspired by the commitment of our professors and staff and the resilience of our students. There is still much uncertainty about the future, but our uOttawa community remains strong and I am confident that together, we will prevail.

Jill Scott

Provost and Vice-President Academic Affairs

INTRODUCTION

The University of Ottawa is proud to present its consolidated budget for the 2021-2022 fiscal year. This budget is based on the funding parameters, programs, and operational framework at the time of preparation. The 2021-2022 consolidated budget is also based on our best assumptions concerning the evolution of the COVID-19 pandemic. Lastly, this consolidated budget considers the constraints imposed by the Ontario Government and granting agencies (funders), the regulatory framework governing tuition and other external factors that influence the University's activities and fiscal situation.

In many regards, developing Budget 2021-2022 has been a challenge, given the numerous fiscal constraints imposed by the Ontario Government, for example, its decision to maintain the tuition freeze for Ontario residents in 2021-2022, after the freeze imposed in 2020-2021 and the 10% tuition reduction in 2019-2020. These measures over three successive fiscal years make for a shortfall in the order of \$57M, in addition to the underfunding of French-language programs estimated at \$49M, representing underfunding by \$106M in total in 2021-2022 for the University. Indeed, this gap will continue to widen unless government policy changes.

In 2018-2019, we implemented a new budget model, with an emphasis on basic envelopes for faculties and services that are reviewed each year under the new formula. Hence, for the 2021-2022 budget, we have made the necessary adjustments to the 2020-2021 envelopes to consider the changing needs of the faculties and services. This has allowed the University of Ottawa to present a budget in line with its strategic priorities while remaining fiscally prudent.

The leadership wishes to thank all teams who have participated in developing the 2021-2022 budget, which will help build the University of Ottawa of the future and meet the *Transformation 2030* objectives.

TRANSFORMATION 2030 STRATEGIC PLAN

STRATEGIC PILLARS

MORE **AGILE**

Succeeding in an ever-changing world

In this digitally driven era of ceaseless change, our diligent stewardship of the wisdom of the past must not distract us from the urgency of present and future imperatives.

- Being agile and open in our program offerings.
- Encouraging a flexible, creative approach to program structures, to allow students to receive their degrees within a reasonable timeframe while maintaining rigorous academic standards.
- Being innovative and comprehensive in our approaches to teaching and learning
- Taking advantage of new opportunities: acting as a national and international leader when it comes to major scientific and social issues.

MORE **IMPACTFUL**

Working together to build a better world

At the world's best universities, students, faculty and support staff have a burning desire to do their part for a better world.

- Giving ourselves the means to make a difference: Achieving a level of philanthropic success consistent with our ambition to make our name as a top-tier research university in Canada.
- Leveraging our assets to make a difference: Developing potentially high-impact research initiatives with local, national and international impact.
- Driving change on campus: Improving the student experience academically, culturally, recreationally and socially to prepare students to go out into the world and make their mark after graduation.



MORE **SUSTAINABLE**

Ensuring our shared future

Whether we limit its definition to the environment or extend it to include consistent financial viability, sustainability is not negotiable.

- Fostering a culture of sustainable development on campus that promotes well-being, values diversity and encourages staff engagement.
- Developing a long-term financial sustainability framework.
- Ensuring responsible, sustainable infrastructure growth.
- Ensuring responsible, sustainable security and safety planning.



MORE **CONNECTED**

Becoming Leaders in Our Global Village

As academics, we are both in and of this world. Today, this world is becoming ever more intermingled, more interconnected.

- Connecting with the world: Increasing the scope and scale of our international presence and influence.
- Connecting with our identity: Creating and promoting a distinctive national and international identity that emphasizes our uniquely Francophone and bilingual nature among research-intensive universities.
- Connecting with partners to foster community engagement, as well as educational, research and industrial partnerships with both the public and private sectors.
- Connecting with Indigenous communities: Considering the recommendations contained in the Indigenous Action Plan, making our commitment to Indigenous Peoples fully visible, sustainable and real.
- Connecting with technology: Developing a holistic digital vision and roadmap that will transform our capacity to offer higher education.

KEY ASPIRATIONS

TRANSFORMATIVE LEARNING

We are fully aware of the need to prepare our students, whatever their field of study. We will favour inclusive, innovative, agile teaching, inspired by pedagogical best practices.

CONSISTENT COMMITMENT TO OUR COMMUNITY

We will demonstrate a strong commitment to our community, respecting its values and sharing the results of our work.

OUTSTANDING LEADERSHIP AND MANAGEMENT

We care about being and remaining an employer of choice and are fully aware that our success is built on the many contributions of our dedicated, talented staff.

COMMITMENT TO THE DYNAMISM OF FRANCO-ONTARIAN CULTURE

We will play a frontline role in the broader, intercultural French-speaking world, remaining relentless in our support of Francophone communities and culture globally.

CUTTING-EDGE RESEARCH

We will conduct cutting-edge research, where intellectual worth and practical application are both valued and highlighted.

GOOD GOVERNANCE

We will govern ourselves with rigour and transparency, focusing on the quality and value of administrative services from the user's point of view.

VISION, MISSION, VALUES

OUR VISION

The University of Ottawa will offer an unparalleled university experience and, through outstanding teaching and research, play a vital role in defining the world of tomorrow. We will instill in each of our graduates an ethic of service, a culture of engagement and an awareness of shared responsibility that will prepare them for global citizenship.



OUR MISSION

We are unique because of our location in the heart of the nation's capital, our bilingualism and commitment to the promotion of French culture in Ontario, and the excellence of our scholarship. As a research-intensive university, we provide our students with an outstanding education and enrich the intellectual, economic and cultural life of Canada, helping our country play an important and valued role among the nations of the world.



THE CORE VALUES THAT DEFINE AND INSPIRE US



We put students at the centre of our educational mission

All our efforts are dedicated to ensuring that our students expand their knowledge, discover their creativity and develop their capacity for critical thought. Our objective is to prepare well-rounded individuals and committed citizens who can contribute to society and become leaders.

We foster the individual and collective development of our staff

We encourage and enable the personal growth and well-being of our employees. We aim to create an environment in which they will find fulfillment and mutual respect, one that is collegial, collaborative and open.

We exist in order to create and share knowledge

We seek excellence in both learning and discovery. That is how our reputation has been built, and how it will be maintained and enhanced.

We have the responsibility of promoting bilingualism and Francophone communities

We play a pivotal role in advancing bilingualism, while offering outstanding programs and services specifically designed for Francophones. We provide leadership on language issues and for Francophone communities in Ontario, across Canada and around the world.

We value and teach an ethic of service and civic responsibility

We help forge a stronger society by combining scholarship and social purpose. We value service to others and foster community partnerships in learning and discovery. We are committed to academic freedom, equality, cultural diversity, integrity, respect for others and sustainable development.

CURRENT AND FUTURE CHALLENGES

The following section describes the factors that were considered when developing the 2021-2022 budget. We conclude the section with a discussion of future challenges.

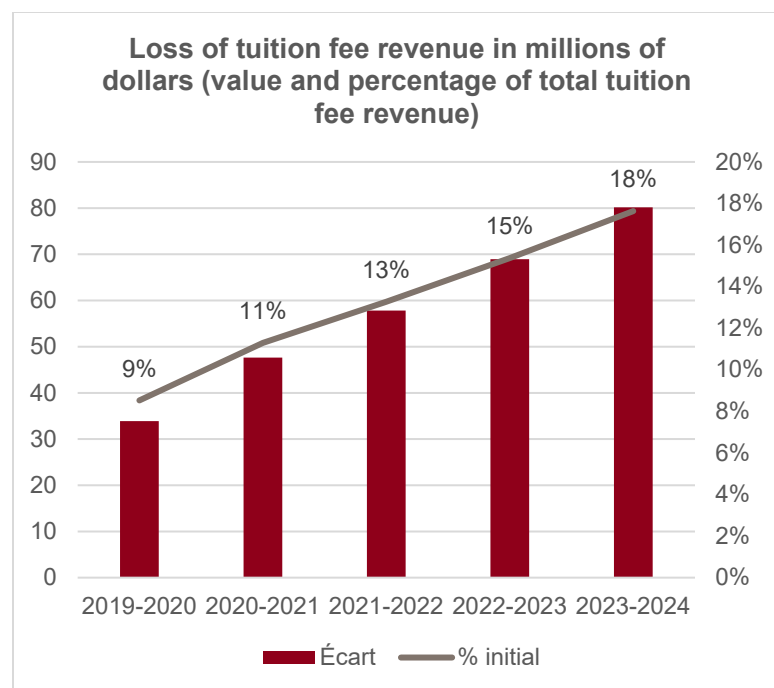
Many external factors had to be considered when preparing the 2021–2022 budget. Evidently, the most important of these was the arrival of the still-present pandemic, which has brought a larger number of challenges and uncertainties. The tuition fee framework, ancillary enterprises and SMA3 are other factors that should be highlighted as challenging.

- **COVID-19:** As elsewhere in society, the pandemic has severely affected the higher education sector. The impact was substantive regarding many aspects of the 2020-2021 budget. The University of Ottawa had to increase spending substantially on general supplies such as masks, acrylic plexiglass, and hand sanitizer. More resources also had to be allocated to cleaning services, transportation, water testing, environmental assessments, signage, etc. On the academic side, a huge effort was put in place (training, IT equipment, teaching assistantships) to transform the mode of delivery from in class to distance and online. Our information technology sector was in great demand responding to the new needs of academic and administrative services and facilitating remote work. The University also benefitted from savings on items such as travel, utilities and taxes. But the overall impact on the budget was negative, specifically due to loss of revenue from ancillary enterprises such as student housing, food services

and parking. For 2021-2022, although uncertainty regarding the pandemic remains high, we expect the budget impact of COVID-19 to be reduced by half on both revenues and expenditures compared to 2020-2021.



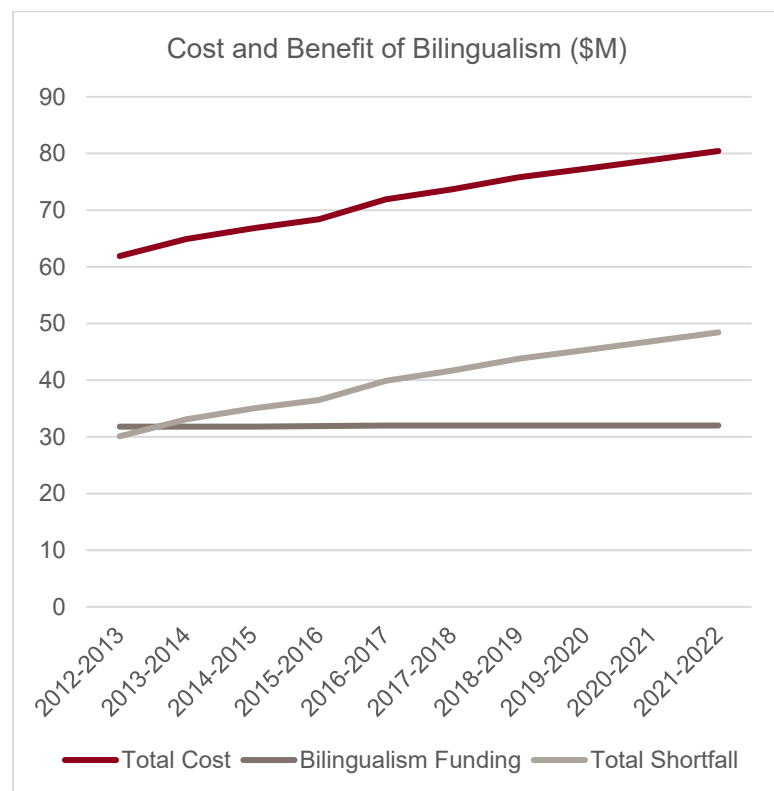
- **Restrictive tuition framework:** The Ontario Government imposed a 10% reduction of tuition fees for Canadian students for 2019-2020, followed by a freeze on tuition fees for 2020-2021. This measure applies to Canadian students and permanent residents enrolled in programs funded by the Ontario Provincial Government. At the end of April 2021, the Ontario Government announced a freeze on tuition fees for domestic residents in Ontario. In terms of the fallout of this measure, the University of Ottawa estimates that this shortfall will be \$57.0M in 2021-2022 and will increase over time, as illustrated in the graph below. Tuition fees for international students remain unregulated.



- **Ancillary enterprises:** The loss of revenue from ancillary enterprises amounted to over \$35M in 2020-2021. As most of these expenses are fixed, the total deficit expected for 2020-2021 is over \$27M. This is the fund that is subject to the largest degree of uncertainty for 2021-2022. In this fiscal year, we expect to generate 50% of the revenue usually obtained through these services (\$45M), an improvement from the 20% generated in 2020-2021. However, we recognize that this will depend heavily on the evolution of the pandemic and on the recommendations of public health. For the moment, student demand for residence spots for September 2021 is very strong.

- **Strategic Mandate Agreement (SMA):** Since 2014, all publicly funded universities in Ontario have signed successive three-year strategic mandate agreements with MTCU. In addition to clearly identifying each university's attributes, these agreements set out measurable goals and demonstrate the universities' commitment towards the government's future directions. In 2019-2020, a new Strategic Mandate Agreement (SMA3) was negotiated with the Ontario Government. The SMA3 covers five years, from 2020-2021 to 2024-2025. According to the Ontario Government, the SMAs support the government's dedication to "making Ontario's postsecondary education system more sustainable and better aligned with labour-market needs while operating transparently and efficiently." The major change in the SMA3 with respect to grant funding is a gradual increase in the percentage of funding tied to the ten performance indicators, from 25% in 2020-2021 to 60% in 2024-2025. In August 2020, the Ontario Government announced that funding would not be based on performance indicators until 2022-2023 due to the pandemic. In short, revenues from government will remain unchanged at best until 2024-2025 (the last year of the SMA3 agreement). Such government disinvestment has a significant impact on our financial health.
- **Federal government:** Funding from the federal government generally has little direct impact on the University's operating fund. However, the federal government helps finance research activities by funding Canada Research Chairs, assisting with the indirect costs of research and financially supporting graduate students. The federal government recently announced its intention to revise its official languages policy.

The University of Ottawa welcomes this initiative, as our French programs have been underfunded for many years. In the figure below, we report the financial cost and benefits of bilingualism at the University of Ottawa. As it shows, the value of grants received from the federal and provincial governments has remained constant at around \$32M since 2012-2013, whereas costs have been continuously increasing, leading to an estimated shortfall of \$49M in 2021-2022.



FUTURE CHALLENGES

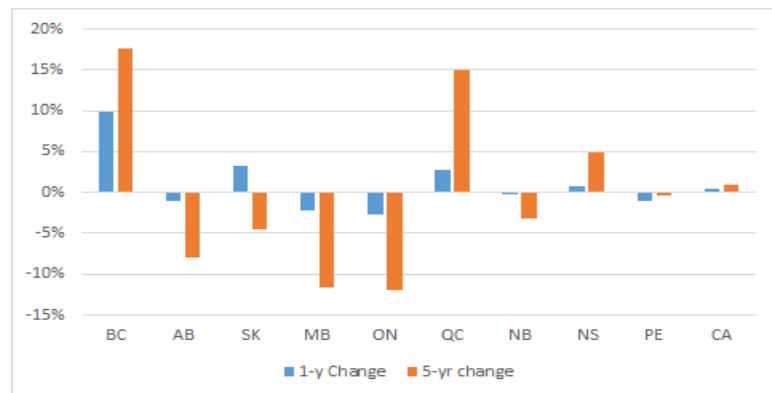


The university sector in Ontario and in Canada is undergoing a period of change. The University faces significant challenges, which pose risks for the University and its ambitious goals in the coming years. These challenges are accentuated by the following factors, among others:

- **Uncertainty regarding provincial grants:** The 2020-2025 Strategic Mandate Agreement (SMA3) establishes the measures and performance targets associated with the funding. In 2021-2022, the provincial grants will remain stable, given that the government decided to delay implementing the SMA3 metrics due to COVID-19. We are confident that the University's three-year rolling average of enrolment falls within the range set by the Ministry, plus or minus 3%. However, in future years, an increasingly greater proportion of provincial grants will be linked to performance indicators.

Despite the expected stability of nominal provincial grants for 2021-2022, grant funding to postsecondary institutions has declined (more than 10%) in real terms in the last five years and is still declining, as shown in the following graph.

Real change in funding to institution, over 1 and 5 years, by province, 2021-2022 (Blog of Alex Usher, May 5, 2021)



- Increased competition for international students:** The pandemic has made the recruitment of international students more challenging. Although the international share of our student population is relatively more modest (19% of the total student population) and more diversified than at other U15 institutions, a decline in Chinese enrolment is likely to have a negative budget impact. The University will pursue its efforts to recruit international students, including from regions like Africa and elsewhere in Asia.
- Growth in expenditures:** The need to seek new sources of revenue results from a combination of the limits imposed on grants and tuition fees and an increase in expenditures caused by inflation in certain areas (library collections, construction costs) as well as the terms of collective agreements.
- Revitalization of academic programs:** To respond to the fiscal challenges caused by the growth in expenditures and the changing needs of students and the labour market, a series of

initiatives to revitalize academic programs is under way. A reform of graduate scholarships starting this fiscal year will increase our capacity to attract PhD students and improve the agility of faculties to make competitive funding offers to elite students. The increase in course-based master's programs is expected to accelerate the graduation of master's students and increase revenues. New international partnerships for training, such as a recent contract with the government of Egypt, are expected to generate additional revenues. Revenue growth is also anticipated from the implementation of full online programs. Such online programs are starting in the Faculty of Engineering and others are planned for the Telfer School of Management and the Faculty of Medicine. Finally, many microprograms are under development. These programs are targeting more adult and professional students. Most of the new programs will have a professional development component. Our Professional Development Institute is contributing to the content of these revenue-generating programs.



- **Pension plan:** The pension plan has faced significant challenges for several years, both in terms of the overall economic and financial environment, and new regulations, which bring a fair amount of uncertainty. Despite this, the pension plan is currently in healthy condition, with a going concern ratio of 117% and a solvency ratio of 101% as of April 1, 2021. The plan is projected to maintain this healthy position in the 2021-2022 fiscal year. An actuarial valuation filing was conducted by University actuaries in 2021, which extended the current contribution levels until 2024, providing budget stability during that period.
- **Deferred maintenance of buildings and technology:** Although the University intends to build new, modern facilities on campus, several older buildings require major renovations and maintenance. Over the next few years, the University will have to focus on maintaining and renovating its existing facilities.
- **Underfunding of some activities:** Governments do not adequately fund some of the University's activities that directly relate to its mission. The four key areas that suffer from chronic underfunding are:
 - a) Indirect costs related to research
 - b) Bilingualism
 - c) Support for students with disabilities or special needs
 - d) Maintenance and replacement of capital and IT infrastructure

Each year, the University must draw on its operating fund to finance these activities.

- Financial outlook for future fiscal years: the current environment continues to put pressure on the University and its ability to balance its budget.

CONCLUSION

Following the recommendations and endorsement by the Finance and Treasury Committee, the University's senior management is of the opinion that the budget for the 2021-2022 fiscal year meets the objectives set by the Board of Governors.



BUDGET MODEL

In 2018-2019, the University adopted a new revenue allocation model that incorporates long-term financial sustainability goals, facilitates the achievement of strategic goals, and assists in responding to the upcoming 2020-2025 Strategic Mandate Agreement.

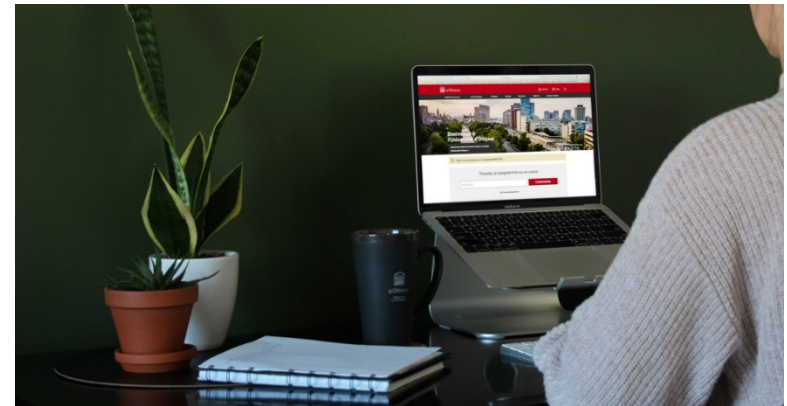
This budget model is a new way of distributing revenues and expenditures to allow the University to progress in its teaching and research mission while ensuring its short, medium and long-term financial viability. It aims to identify additional sources of revenue, further the achievement of SMA objectives, modernize and implement innovative academic programs and promote sound and efficient operations management.

This model is meant to be a tool facilitating the financial planning process while improving transparency in decision-making and increasing stakeholder accountability. It will facilitate attainment of SMA 2020-2025 objectives and performance standards.

The new model comprises three envelopes:

- 1. A basic envelope determined after reviewing the needs of each faculty and service**

The faculties and services have been assigned a base envelope for 2021-2022 that reflects actual operating costs, considering current and new commitments. This formula allows basic envelopes to be adjusted each year according to changes in the faculties and services, both in human resources (professors and support staff) and activities.



- 2. A performance-related envelope (incentives)**

The second envelope integrates specific incentives for each faculty and service in the new budget model, to encourage it to achieve priority objectives faster. Objectives include simultaneously increasing revenues, containing costs and achieving established goals. This second envelope also serves to link the current financial year to the following one. Thus, good performance in the current year puts funds into the second envelope for the following year.

- 3. An envelope for strategic priorities (strategic fund)**

The third envelope comprises the University's strategic fund, which allows it to achieve its strategic objectives faster. Ideally, the amounts allocated to this envelope should represent at least 3% of total operating fund revenues.

The University continues to budget by funds to consider restrictions of funding sources and allocation of resources to its various activities.



BUDGET PROCESS

The Strategic Plan is the backdrop to the budget process at the University of Ottawa, a participatory process bringing together unit decision makers and managers while maintaining the University's direction regarding teaching and research quality.

ROLES AND RESPONSIBILITIES

The **Board of Governors** ensures that the budget is consistent with the University's objectives and gives final approval of the budget.

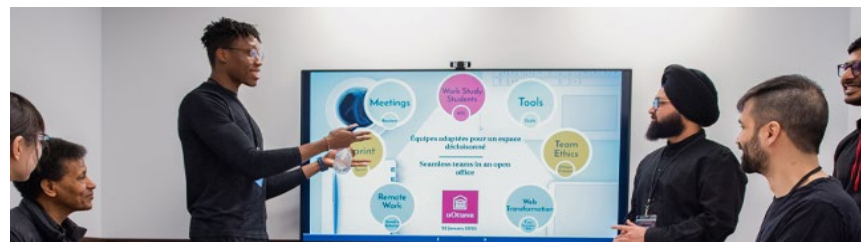
The **Finance and Treasury Committee** (finance section) of the **Board of Governors** oversees the University's budget and finances. It also recommends a University budget to the Board of Governors.

The **Administration Committee** presents a budget in line with the objectives of the University and recommends its approval to the Finance and Treasury Committee (finance section).

The **Standing Budget Committee** recommends, to senior management, principles, a philosophy and an approach to the budget, as well financial resource allocation methods to achieve a budget in line with the strategic plan.

BUDGET UPDATES

Budget updates track changes in actual revenues and expenditures against the planned budget. They are submitted to the Board of Governors twice annually, after the official student enrolment figures are updated. The first budget update uses actual data as of October 31, and the second, as of January 31. In addition to monthly budget tracking, these two updates are used to validate revenue and expenditure trends and, if need be, make necessary adjustments.



FINAL BUDGET RESULTS

Simultaneous to the preparation of the audited consolidated financial statements, the actual financial results are compiled on a budget basis to allow for an analysis of the differences between the actual results and the budget. The result of these analyses is submitted to the Board of Governor's Finance and Treasury Committee and to the Board of Governors in September of each year.

FUND DESCRIPTIONS AND LINKS BETWEEN FUNDS

The University of Ottawa uses the fund accounting method for its budgetary operations. Each fund has a primary function, which allows for the earmarking of revenues and expenditures for specific purposes that meet funders' conditions. Different budget requirements apply depending on the type of fund.



The **Operating Fund** consists of financial resources that can be used without external restrictions to achieve the University's objectives, whether related to teaching, research or University community services.

The **Ancillary Enterprises** fund consists of financial resources intended for activities that complement the University's main research and teaching activities. It includes self-funded services such as food services, residences, University of Ottawa Press and parking.

Restricted Funds consist of financial resources that must be used according to restrictions imposed by the fund provider for non-reciprocal agreements such as research projects and research chairs. These projects are subject to the various rules and policies of the granting agencies and the University, particularly with respect to the procedures for managing eligible research expenditures. Restricted Funds also support activities such as donor-funded scholarships and bursaries. The University of Ottawa has two Restricted Funds:

- Restricted Fund — Research
- Restricted Fund — Other

The **Endowment Fund** is used to capitalize donations received by the University and to redistribute the revenues generated by this capitalization. The capital must be maintained and, in general, the proceeds from it can only be used for the purposes specified by the donor.

The **Capital Fund** comprises financial resources used for capital expenditures (such as land and building acquisition, facility construction and major renovations). It is financed through grants, donations, loans and transfers from other funds.

Each fund holds the net resources available to meet its current and future obligations.

Even though all these funds are separate, transfers between them can be made during the year, depending on funding agreements. The main authorized transfers are:

- Acquisitions of capital assets funded by the Operating Fund, Ancillary Enterprises Fund, Restricted Fund — Research and the Restricted Fund — Other. These acquisitions must be accounted for in the Capital Fund through an interfund transfer between the original fund and the Capital Fund.
- Various Operating Fund contributions to research activities at the University, including by providing start-up funds and support for research chairs. These amounts are presented as interfund transfers from the Operating Fund to the Restricted Fund — Research.



BUDGET 2021-2022

Details by fund (In Thousands of Dollars)

University of Ottawa

Budget 2021-2022

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	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142			-	524,189
Operating grants	319,545	336				319,881
Restricted grants & contracts			143,758	72,979	20,484	237,221
Investment income	41,466	2	172	11,130	7,477	60,247
Sale of goods & services	7,193	4,181	2,148	2,949	-	16,471
Student housing	-	16,116			-	16,116
Donations	514	-	2,845	9,022	-	12,381
Other	11,601	1,125	394	3,450	30,016	46,586
Total revenue	903,366	22,902	149,317	99,530	57,977	1,233,092
Expenses						
Salaries	486,159	7,479	46,380	69,530		609,548
Benefits	102,319	1,581	6,108	10,099		120,107
Scholarships and financial aid	110,569	-	26,046	10,021		146,636
Library acquisitions	17,327	-	75	62		17,464
Cost of goods and services	35,006	6,066	31,411	2,084		74,567
Repairs, maintenance, utilities and taxes	29,167	7,989			104,161	141,317
Travel	3,564	290	5,187	1,224		10,265
Contractual services and professional fees	36,901	2,973	5,366	6,598		51,838
Interest and bank fees	26,342	964	6	58		27,370
Inter-institutional agreements	953	-	31,253	2,247		34,453
Other	18,615	3,556	1,284	1,149		24,604
Total expenses	866,922	30,898	153,116	103,072	104,161	1,258,169
Budget balance before Interfund transfers	36,444	(7,996)	(3,799)	(3,542)	(46,184)	(25,077)
Interfund transfers						
Transfers - Capital projects	(29,555)		(3,759)	(142)	33,456	-
Transfers - Intern loans	(926)	(5,880)			6,806	-
Transfers - Capital reserves	(5,000)	(1,031)			6,031	-
Transfers - Other	(10,386)	611	9,750	25		-
Total interfund transfers	(45,867)	(6,300)	5,991	(117)	46,293	-
Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

BUDGET PRESENTED AS FINANCIAL STATEMENTS IN ACCORDANCE WITH ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

As in the case for most Ontario universities, the University of Ottawa's budget is compiled on a modified cash basis. This method differs from Canadian accounting standards for not-for-profit organizations (ASNPO). The two main differences are:

- The difference between capitalization and depreciation of property, plant and equipment, such as books, equipment, buildings, and computer hardware and software
- The difference between cash disbursements for the pension plan and other future employee benefits, and the actuarial measurements of expenditures used in the consolidated financial statements

To track and monitor the budget throughout the year, and to predict the required cash reserves at the end of the fiscal year, the University's budget is prepared before the application of some of these standards. This means that information presented in the financial statements is different from that in the budget. For example, counting for adjustments for future employee benefits is not included in the budget document, and the change in net assets invested in capital assets is entered as an expenditure in the budget whereas it is listed as capitalized in the University's financial statements.



For comparison purposes, the 2021-2022 budget figures of the next table are presented in the same format as the financial statements and thus meet all the accounting standards for not-for-profit organizations.

University of Ottawa
Pro Forma Consolidated Statement of Operations
Year Ending
April 30, 2022
(In thousands of dollars)

	2021-2022		2020-2021	
	Initial Budget		Projected Actual	
Revenue				
Tuition and other fees	524,189	\$	466,169	\$
Operating grants	319,881		320,775	
Research grants and contracts	236,805		226,066	
Sale of goods and services	16,471		10,003	
Student housing	16,116		5,818	
Donations	13,287		13,106	
Investment income	60,247		103,497	
Other	16,570		13,319	
	1,203,566		1,158,753	
Expenses				
Salaries and employee benefits	736,289		701,202	
Scholarships and financial aid	141,086		107,434	
Cost of goods and services	55,616		61,640	
Repairs, maintenance, utilities and taxes	26,752		35,427	
Contractual services and professional fees	51,838		34,686	
Inter-institutional research and other agreements	34,453		42,579	
Travel	10,265		4,094	
Interest and bank fees	27,370		26,227	
Amortization of capital assets	83,288		77,315	
Other	22,739		20,366	
	1,189,696		1,110,970	
Excess of revenue over expenses	13,870	\$	47,783	\$

For the fiscal year ending April 30, 2022, the University projects a surplus of revenue over expenses of \$13.8M, versus \$47.8M on April 30, 2021.

The variance between this surplus of revenues minus expenditures (book balance) and the consolidated budgetary deficit forecast for 2021-2022 can be reconciled by considering the following elements:

Reconciliation between financial statements and budget (In Thousands of Dollars)

Université d'Ottawa

Reconciliation between financial statement and budget (in thousands of dollars)

	Budget	Forecasted	
	2021-2022	Actual 2020-2021	Actual 2019-2020
Excess of revenue over expenses	13,870 \$	47,783 \$	35,662 \$
- Variation of net assets invested in capital assets *	(40,031) \$	(16,355) \$	16,788 \$
- Adjustment related to employee future benefits **	1,084 \$	(11,815) \$	(8,344) \$
Surplus (deficit) budget	<u>(25,077) \$</u>	<u>19,613 \$</u>	<u>44,106 \$</u>

* For details on the change in net assets invested in capital assets, see Note 14 in the audited statements.

** For details of the adjustments for future employee benefits, see Note 6 of the audited statements (actual) for 2019-2020. The data used for the 2020-2021 projections and the 2021-2022 initial budget were drawn from the five-year projections submitted by our actuaries in summer 2019 and summer 2020, respectively.



FINANCIAL OVERVIEW: OPERATING FUND

2021-2022 (In Thousands of Dollars)

University of Ottawa

Budget 2021-2022

('000\$)

	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142	-	-	-	524,189
Operating grants	319,545	336	-	-	-	319,881
Restricted grants & contracts	-	-	143,758	72,979	20,484	237,221
Investment income	41,466	2	172	11,130	7,477	60,247
Sale of goods & services	7,193	4,181	2,148	2,949	-	16,471
Student housing	-	16,116	-	-	-	16,116
Donations	514	-	2,845	9,022	-	12,381
Other	11,601	1,125	394	3,450	30,016	46,586
Total revenue	903,366	22,902	149,317	99,530	57,977	1,233,092
Expenses						
Salaries	486,159	7,479	46,380	69,530	-	609,548
Benefits	102,319	1,581	6,108	10,099	-	120,107
Scholarships and financial aid	110,569	-	26,046	10,021	-	146,636
Library acquisitions	17,327	-	75	62	-	17,464
Cost of goods and services	35,006	6,066	31,411	2,084	-	74,567
Repairs, maintenance, utilities and taxes	29,167	7,989	-	-	104,161	141,317
Travel	3,564	290	5,187	1,224	-	10,265
Contractual services and professional fees	36,901	2,973	5,366	6,598	-	51,838
Interest and bank fees	26,342	964	6	58	-	27,370
Inter-institutional agreements	953	-	31,253	2,247	-	34,453
Other	18,615	3,556	1,284	1,149	-	24,604
Total expenses	866,922	30,898	153,116	103,072	104,161	1,258,169
Budget balance before Interfund transfers	36,444	(7,996)	(3,799)	(3,542)	(46,184)	(25,077)
Interfund transfers						
Transfers - Capital projects	(29,555)	-	(3,759)	(142)	33,456	-
Transfers - Intern loans	(926)	(5,880)	-	-	6,806	-
Transfers - Capital reserves	(5,000)	(1,031)	-	-	6,031	-
Transfers - Other	(10,386)	611	9,750	25	-	-
Total interfund transfers	(45,867)	(6,300)	5,991	(117)	46,293	-
Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

To facilitate understanding of the choices made in 2021-2022, we have included in the table below the Operating Fund budget for 2021-2022, along with the budgets for not only 2020-2021 but also 2019-2020 (budget and actual for both). It is imperative to take into account that 2020-2021 was somewhat of an outlier from a budget perspective due to the pandemic.

**University of Ottawa
Operating Fund
('000\$)**

	Budget 2019-2020	Actual 2019-2020	Budget 2020-2021	Projected Actual 2020-2021	Budget 2021-2022
Revenue					
Tuition fees and other fees	444,707	448,468	477,423	465,058	524,447
Operating grants	319,753	323,195	320,439	320,453	319,545
Investment income	21,251	25,757	34,347	79,209	41,466
Sale of goods & services	8,995	8,991	8,181	3,672	7,193
Unrestricted donations	647	386	538	652	514
Others	12,159	16,782	11,660	8,947	11,601
Total revenue	807,512	823,579	852,588	877,991	904,766
Expenses					
Academic salaries	247,694	235,854	247,706	245,451	250,252
Support staff salaries	195,823	195,326	217,282	200,505	211,046
Student salaries	24,305	23,516	26,331	27,501	24,861
Employee benefits	99,741	90,909	109,899	100,107	102,319
Scholarships and financial aid	69,126	69,126	71,832	74,165	110,569
Library acquisitions	16,696	15,349	17,413	16,508	17,327
Cost of goods and services	34,246	33,159	36,432	40,512	35,006
Repairs, maintenance, utilities and taxes	29,447	26,051	27,229	26,311	29,167
Travel	8,482	7,727	1,797	2,198	4,964
Contractual services and professional fees	31,781	30,046	24,737	32,464	36,901
Interest and bank fees	17,105	18,970	24,940	25,183	26,342
Research and inter-institutional agreements	1,383	1,574	1,360	1,139	953
Other	20,815	17,281	15,075	17,077	18,615
Total expenses	796,644	764,887	822,033	809,121	868,322
Budget balance before Interfund transfers	10,868	58,692	30,555	68,870	36,444
Inferfund transfers	(28,307)	(31,706)	(35,536)	(38,722)	(45,867)
Budget balance	(17,439)	26,986	(4,981)	30,148	(9,423)

Revenue analysis

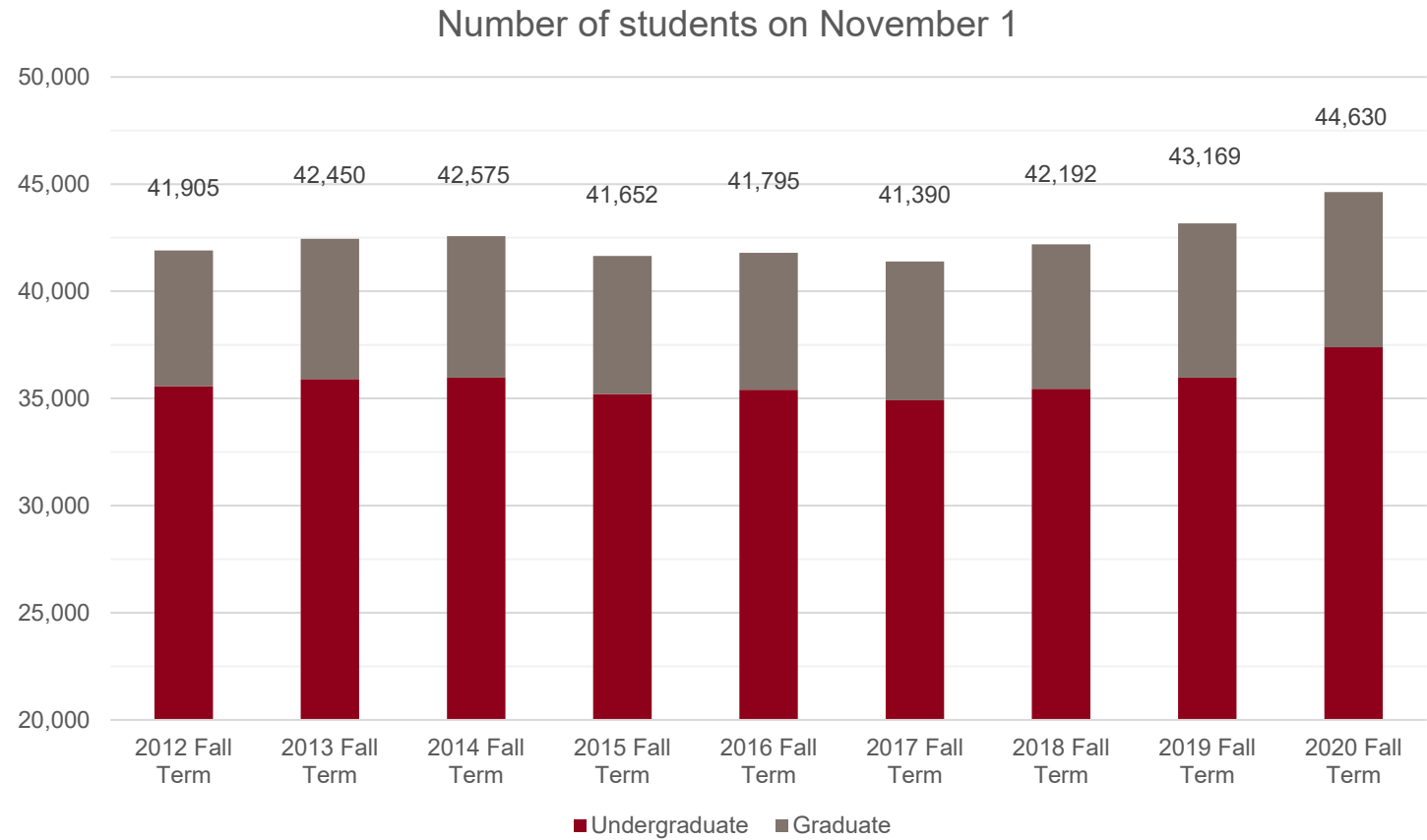
Tuition fees

Tuition fees must comply with the new regulatory framework set by the Ontario Government. This means that for students who are Canadian citizens or permanent residents, tuition fees were reduced by 10% in 2019-2020 from 2018-2019 levels. In 2020-2021, tuition fees were frozen at the same level as 2019-2020. The University of Ottawa decided that for 2019-2020 and 2020-2021, it would extend the 10% domestic tuition fee reduction and freeze to international students who qualify for the partial tuition fee waiver (those studying in French). For 2021-2022, the Ontario Government has announced that tuition fees for domestic Ontario residents will remain frozen at 2020-2021 levels but has given institutions the flexibility to increase tuition fees for domestic out-of-province students up to 3%. International tuition fees remain unregulated. After consultation and discussion, the University of Ottawa recommends for 2021-2022:

- A tuition freeze for Canadian and permanent resident students
- A tuition freeze for international students studying in English
- Harmonization of international tuition regardless of language of study
- Introduction of a scholarship for international students studying in French entering in September 2021 that will make up the difference compared to 2020 minus an amount equal to a 10% increase
- A freeze on tuition fees for students studying in French admitted before September 2021.

	2020-2021 Budget	2021-2022 Budget	Variance
Tuition and other fees	477,423	524,447	47,024
Scholarships and financial aid	71,832	110,569	38,737
Net	405,591	413,878	8,287

The table above indicates a substantial increase in tuition fees of \$47M compared to the 2020-2021 budget, but the real increase will be \$14M. The difference of \$33M is explained by a change in the treatment of the tuition fees of the 2021 cohort of international students studying in French who will henceforth be billed at the same level as those studying in English but will be offered an admission scholarship equivalent to the amount provided for under the previous partial tuition fee exemption minus an amount equal to a 10% increase. This "artificial" increase of \$33M will thus also be found on the expenditure side under the item "Scholarships and financial aid." The income from tuition fees will therefore increase by \$14M, of which \$8M results from the pursuit of studies of the larger cohorts admitted in recent years (referred to as "flow through"). This \$8M includes an anticipated drop in the number of new students from China, compensated for somewhat by the new cohort of international students studying in French. In addition to this \$8M there is another approximately \$6M resulting from the revitalization of programs (spring-summer courses, course-based masters, online courses for new programs and for new partners). The figure below shows the evolution in the number of students at the University of Ottawa. It should be noted that since Fall of 2017, this number has increased by more than 3,000.



% of students — Graduate	15%	15%	16%	15%	15%	16%	16%	17%	16%
% of students — International	8%	9%	11%	12%	13%	15%	17%	19%	19%

Grants

As announced in the latest provincial budget, operating grants from MTCU will remain stable in 2021-2022 in nominal terms. The small differences between 2019-2020 and 2021-2022 refer to special grants, which can change marginally over years. Note that these amounts do not include PARO grants, which only apply to the Faculty of Medicine. Since 2013-2014, grant revenues have dropped well below 50% of Operating Fund revenues. The SMA3, which covers five years (from 2020 to 2025), is likely to solidify the trend towards a decrease in provincial grant revenue as a proportion of Operating Fund revenues.

Investment Income

The University estimates its investment income on the rate of return provided for in its policy. The long-term return is currently estimated at 7.0% for 2021-2022, which would yield \$41.5M in investment income. This amount is larger than what was forecast in the 2019-2020 and 2020-2021 budgets, but much smaller than the projected actual for 2020-2021. This latter amount is a positive outlier, resulting from the economic recovery after the initial financial market losses at the onset of COVID-19 and the expertise of our Pension Fund and Investment Management team. Given the uncertainty surrounding financial markets, the University hedges against fluctuations in investment income using a stabilization reserve. Investment returns above targets are used to increase the stabilization reserve up to a ceiling. The University draws down on the reserve if investment returns are lower than expected. The 2021-2022 budget does not provide for any increases or usage of this reserve.

Expenditure Analysis

The University estimates that the regulatory framework on tuition fees introduced by the provincial government will represent a revenue shortfall of about \$57M in 2021-2022 for the University of Ottawa compared with a 3% increase per year since 2019, as was the case under the previous tuition fee framework. This presents a significant budgetary challenge.

Aside from efforts to recruit more students, and particularly full fee-paying international students, this \$57M shortfall can also be offset by a further tightening of expenses. For example, although the University has received well-justified requests for additional funding from its faculties and services, it has decided to allocate envelopes to faculties and services in 2021-2022 like those in 2020-2021, except for one-time reductions in expenses such as travel and printing. As shown in the comparison of expenditures that follows, the increases in 2021-2022 over the preceding year are essentially due to investments in institutional initiatives (envelope 3) and the somewhat “artificial” increase in scholarships and financial aid.

Compensation

The 2021-2022 budget provides for economic increases in addition to progress-through-the-ranks increases, in accordance with Bill 124, current collective agreements and mandates approved by the Executive Committee of the Board of Governors. The compensation numbers include an expected saving of \$11M due to the usual delays filling vacancies.

Scholarships and Financial Aid

The scholarship and financial aid budget increased by \$38M compared to the 2020-2021 budget, mainly due to the change in the transition to the scholarship model of tuition fees for internationals studying in French, as explained above. An additional amount of \$5M results from the reform of scholarships for graduate studies and increases in the number of students having access to scholarships based on merit.



Other Expenses

As the pandemic is not over, projected travel expenses (\$5M) are larger than for 2020-2021 but represent about 55% of what is usually budgeted (see 2019-2020 columns). The largest increase in other expenses is for “Contractual services and professional fees,” resulting

from investments in the Administrative Services Modernization Program and in the web platform.

INTERFUND TRANSFERS

It is well known that governments underfund research and capital expenditures. This explains why, year in and year out, funds are transferred from the Operating Fund to other funds, including the Restricted Fund — Research and the Capital Fund. Interfund transfers increased substantially, from \$35M in Budget 2020-2021 to \$46M for 2021-2022. These transfers will primarily benefit the Capital Fund and include an amount of \$5M for the sinking fund to repay the 2016 debenture, as well as a \$5M increase (from \$20M to \$25M) in the allocation granted to the PAPI (Programme d'Amélioration du Parc Immobilier).

SURPLUS (DEFICIT)

Budget forecasts for the Operating Fund remain difficult in 2021-2022 given the many uncertainties that accompany COVID-19. Given the information available, a deficit of \$9.4M is forecast for the 2021-2022 fiscal year for the entire fund, but the operating fund balance before interfund transfers will be \$36M, that is, close to \$6M more than in the 2020-2021 budget. Interfund transfers will be \$10M more than in 2020-2021.

FINANCIAL OVERVIEW: ANCILLARY ENTERPRISES

2021-2022 (In Thousands of Dollars)

University of Ottawa
Budget 2021-2022
('000\$)

	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142	-	-	-	524,189
Operating grants	319,545	336	-	-	-	319,881
Restricted grants & contracts	-	-	143,758	72,979	20,484	237,221
Investment income	41,466	2	172	11,130	7,477	60,247
Sale of goods & services	7,193	4,181	2,148	2,949	-	16,471
Student housing	-	16,116	-	-	-	16,116
Donations	514	-	2,845	9,022	-	12,381
Other	11,601	1,125	394	3,450	30,016	46,586
Total revenue	903,366	22,902	149,317	99,530	57,977	1,233,092
Expenses						
Salaries	486,159	7,479	46,380	69,530	-	609,548
Benefits	102,319	1,581	6,108	10,099	-	120,107
Scholarships and financial aid	110,569	-	26,046	10,021	-	146,636
Library acquisitions	17,327	-	75	62	-	17,464
Cost of goods and services	35,006	6,066	31,411	2,084	-	74,567
Repairs, maintenance, utilities and taxes	29,167	7,989	-	-	104,161	141,317
Travel	3,564	290	5,187	1,224	-	10,265
Contractual services and professional fees	36,901	2,973	5,366	6,598	-	51,838
Interest and bank fees	26,342	964	6	58	-	27,370
Inter-institutional agreements	953	-	31,253	2,247	-	34,453
Other	18,615	3,556	1,284	1,149	-	24,604
Total expenses	866,922	30,898	153,116	103,072	104,161	1,258,169
Budget balance before Interfund transfers	36,444	(7,996)	(3,799)	(3,542)	(46,184)	(25,077)
Interfund transfers						
Transfers - Capital projects	(29,555)	-	(3,759)	(142)	33,456	-
Transfers - Intern loans	(926)	(5,880)	-	-	6,806	-
Transfers - Capital reserves	(5,000)	(1,031)	-	-	6,031	-
Transfers - Other	(10,386)	611	9,750	25	-	-
Total interfund transfers	(45,867)	(6,300)	5,991	(117)	46,293	-
Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

To facilitate the understanding of the choices made in 2021-2022, we have included in the table below the Ancillary Enterprises budget for 2021-2022, along with the budgets for not only 2020-2021 but also 2019-2020 (budget and actual for both). It is imperative to take into account that 2020-2021 was somewhat of an outlier from a budget perspective due to the pandemic.

**University of Ottawa
Ancillary Enterprises
('000\$)**

	Budget 2019-2020	Actual 2019-2020	Budget 2020-2021	Projected Actual 2020-2021	Budget 2021-2022
Revenue					
Student housing	25,337	22,529	4,151	5,818	16,116
Sale of goods & services	13,763	10,815	3,857	1,971	4,181
Tuition fees & other fees	1,107	1,144	353	1,111	1,142
Operating grants	382	382	410	322	336
Student housing	4,980	4,821	5,271	786	1,127
Total revenue	45,569	39,691	14,042	10,008	22,902
Expenses					
Salaries	8,783	7,323	7,622	7,006	7,479
Benefits	1,412	1,356	1,611	1,397	1,581
Repairs, maintenance, utilities and taxes	10,366	9,238	9,383	8,915	7,989
Cost of goods and services	7,809	7,832	7,857	6,495	6,066
Contractual services and professional fees	665	178	682	2,157	2,973
Interest and bank fees	1,404	1,456	1,289	975	964
Travel	261	1,112	119	354	290
Other	3,857	3,656	5,171	3,547	3,556
Total expenses	34,557	32,151	33,734	30,846	30,898
Budget balance before Interfund transfers	11,012	7,540	(19,692)	(20,838)	(7,996)
Inferfund transfers	(9,883)	(8,240)	(7,672)	(6,290)	(6,300)
Budget balance	1,129	(700)	(27,364)	(27,128)	(14,296)

The budget for Ancillary Enterprises finances activities and initiatives that support the University's objectives and play a vital role in the quality of life and the student experience on campus. However, these activities and initiatives must remain financially viable.



To be financially viable, Ancillary Enterprises must be self-sustaining, which means that each service must generate sufficient revenue to cover its operating expenses, as well as the cost of its capital assets and their replacement. In recent years, each enterprise has adjusted its pricing to achieve self-financing while meeting the needs of the University community and considering its market. However, these

services have been severely affected by the pandemic. In 2020-2021, the University experienced significant revenue losses on housing, food services and parking. Uncertainty remains high for 2021-2022. The good news is that demand so far for our residences in September 2021 is strong. However, we remain dependent on the evolution of the pandemic and on Ontario Public Health decisions. Since the Canadian population is expected to be vaccinated by the fall, we have assumed that we will be able to offer our ancillary services to our students under two scenarios, fully from January 2022 or at 50% capacity from September 2021. Thus, our expected revenue losses for 2021-2022 represent \$14M, 50% of the level observed in 2020-2021.



RESTRICTED FUND — RESEARCH

2021-2022 (In Thousands of Dollars)

University of Ottawa
Budget 2021-2022
('000\$)

	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142	-	-	-	524,189
Operating grants	319,545	336	-	-	-	319,881
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Benefits	102,319	1,581	6,108	10,099	-	120,107
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Interfund transfers						
Transfers - Capital projects	(29,555)	-	(3,759)	(142)	33,456	-
Transfers - Intern loans	(926)	(5,880)	-	-	6,806	-
Transfers - Capital reserves	(5,000)	(1,031)	-	-	6,031	-
Transfers - Other	(10,386)	611	9,750	25	-	-
Total interfund transfers	(45,867)	(6,300)	5,991	(117)	46,293	-
Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

Overall, total revenues are \$149.3M, including funds from granting agencies (\$143.7M) and other lesser sources as noted in the table above. In the 2021-2022 budget, research grants and contracts total \$143.7M, representing 96.3% of total revenues.

Revenue Analysis

Research Grants and Contracts

Overall, uOttawa research funds total \$378.8M, of which uOttawa represents \$143.7M. The remaining \$235.1M is accounted for by hospitals and/or affiliates (\$220.1M) and amortization of deferred revenue and contributions (\$15M).

The research grants and contracts budget are distinct from the amounts allocated and received based on the research projects.



This funding is granted by several funding organizations, including the three Canada Research Council agencies (NSERC, SSHRC and CIHR), the Canada Foundation for Innovation (CFI), the Canada Research Chairs Program, the Government of Canada and the Province of Ontario.

The following table estimates projected research grants and contracts for 2020-2021 and 2021-2022. It is important to note that research grants fluctuate from year to year depending on various factors, including announcements of significant research and infrastructure programs, government priorities, and the competitiveness of University researchers' projects.

Research Grants and Contracts Awarded and Received by Category (In Thousands of Dollars)

Funding Agency	Budget 2020-2021	Actuel projeté 2020-2021	Budget 2021-2022
CIHR	16,000	22,550	16,500
NSERC	22,000	26,000	22,000
SSHRC	10,000	10,700	10,000
CFI	3,344	3,600	24,238
CRC	11,000	10,700	10,500
Government of Canada - Other	12,000	29,000	12,000
Province of Ontario	7,743	6,300	8,520
Private Sector	4,500	5,400	6,500
Networks and Fourth Pillar Organizations	3,500	3,800	4,000
Medical Research Foundations and Associations	3,000	2,000	2,500
Other	16,990	13,560	15,500
Research support fund (gross)-Formerly indirect costs	16,159	16,200	16,800
Scholarships	9,954	10,400	9,700
Total - Research *	136,190	160,210	158,758
Hospitals and affiliated Institutes	184,747	220,105	220,105
Grand total	320,937	380,315	378,863

** Represent cash inflows during the fiscal year*

The budget plans are included and demonstrate continued strong support from:

- The Tri-Council (CIHR, NSERC, SSHRC) \$48.5M (\$16.5 + \$22M + \$10M)
- Strong recruitment efforts for Canada Research Chairs (\$10.5M)
- The Federal Government (\$12.0M)

We remain cautious regarding the recovery in medical research foundations and associations, as this sector has been greatly affected during the COVID-19 pandemic. Therefore, we have budgeted \$2.5M instead of the previous year's \$3.0M. On the other hand, a strong presence in Kanata North resulted in moderate anticipated increases in private sector support.



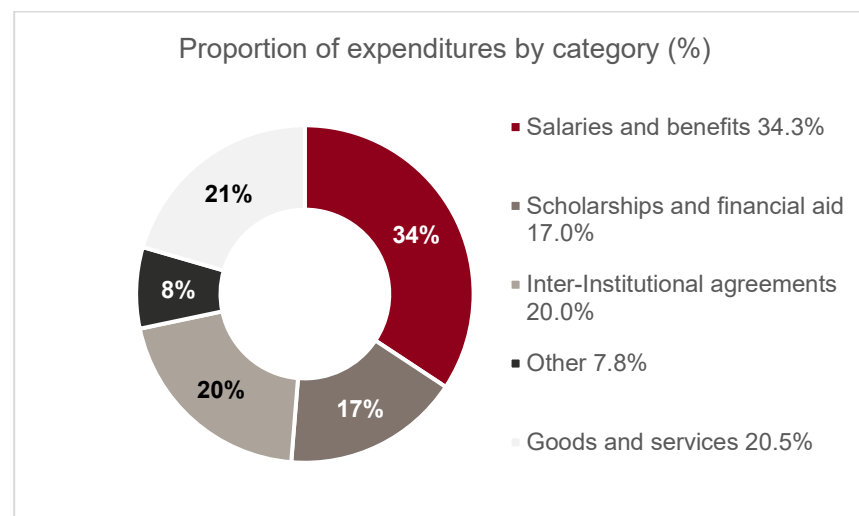
Of the total of \$24.2M from the Canada Foundation for Innovation, the University of Ottawa's CFI-JELF (John R. Evans Leaders Fund) envelope was renewed for 2020-2023 with an allocation of \$10.9M. With most CFI applications, the province matches funding; the University thus expects to receive an equivalent amount of \$10.9M for the same period. A total of \$4.4M is expected from the province in fiscal year 2021-2022.

The 2021-22 fiscal year will be a very active year for research infrastructure projects. In the recent CFI 2020 Innovation Fund competition, five out of eight project applications were successful, obtaining approximately \$20M in funding.

Expenditure Analysis

In the 2021-2022 budget, estimated expenditures for most projects are calculated using the average of the last three years' expenditures. For projects funded by the CFI, expenditures have been estimated on a project-by-project basis, based on approved agreements and their estimated cost.

Research project expenditures consist primarily of salaries, student scholarships, financial aid, and research equipment.



RESTRICTED FUND — OTHER

2021-2022 (In Thousands of Dollars)

University of Ottawa
Budget 2021-2022
('000\$)

	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142	-	-	-	524,189
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Benefits	102,319	1,581	6,108	10,099	-	120,107
Scholarships and financial aid	110,569	-	26,046	10,021	-	146,636
Library acquisitions	17,327	-	75	62	-	17,464
Cost of goods and services	35,006	6,066	31,411	2,084	-	74,567
Repairs, maintenance, utilities and taxes	29,167	7,989	-	-	104,161	141,317
Travel	3,564	290	5,187	1,224	-	10,265
Contractual services and professional fees	36,901	2,973	5,366	6,598	-	51,838
Interest and bank fees	26,342	964	6	58	-	27,370
Inter-institutional agreements	953	-	31,253	2,247	-	34,453
Other	18,615	3,556	1,284	1,149	-	24,604
Total expenses	866,922	30,898	153,116	103,072	104,161	1,258,169
Budget balance before Interfund transfers	36,444	(7,996)	(3,799)	(3,542)	(46,184)	(25,077)
Interfund transfers						
Transfers - Capital projects	(29,555)	-	(3,759)	(142)	33,456	-
Transfers - Intern loans	(926)	(5,880)	-	-	6,806	-
Transfers - Capital reserves	(5,000)	(1,031)	-	-	6,031	-
Transfers - Other	(10,386)	611	9,750	25	-	-
Total interfund transfers	(45,867)	(6,300)	5,991	(117)	46,293	-
Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

Revenue Analysis

The 2021-2022 budget anticipates grant and contract revenues to be \$73M, which represents 73% of the total revenues of the Restricted Fund — Other. Of that amount, \$68M has been provided by the Ministry of Health and Long-Term Care for PARO (Professional Association of Residents of Ontario).



Most investment income arises from an allowable transfer of 3.5% of return on investments in endowments. The University protects the endowment fund through Policy 111, including designating a portion of the annual earned return on investments. The University policy fixes the amount of income available for spending at 3.5% of the 12-quarter moving average market value. The purpose of this policy is to allow the University to distribute a consistent amount of income from endowments on an annual basis regardless of the investment income earned in the fiscal year.

Expenditure Analysis

The expenditures of the Restricted Fund — Other include salaries, scholarships and payments for inter-institutional agreements. The expenses incurred under the Restricted Fund — Other, aside from PARO salaries and benefits, are directly related to activities funded by the donor and internal funds, and do not include indirect costs.



CAPITAL FUND

2021-2022 (In Thousands of Dollars)

University of Ottawa

Budget 2021-2022

('000\$)

	Operating Fund	Ancillary Enterprises	Restricted Fund Research	Restricted Fund Other	Capital Fund	Total
Revenue						
Tuition fees & other fees	523,047	1,142	-	-	-	524,189
Operating grants	319,545	336	-	-	-	319,881
Restricted grants & contracts	-	-	143,758	72,979	20,484	237,221
Investment income	41,466	2	172	11,130	7,477	60,247
Sale of goods & services	7,193	4,181	2,148	2,949	-	16,471
Student housing	-	16,116	-	-	-	16,116
Donations	514	-	2,845	9,022	-	12,381
Other	11,601	1,125	394	3,450	30,016	46,586
Total revenue	903,366	22,902	149,317	99,530	57,977	1,233,092
Expenses						
Salaries	486,159	7,479	46,380	69,530	-	609,548
Benefits	102,319	1,581	6,108	10,099	-	120,107
Scholarships and financial aid	110,569	-	26,046	10,021	-	146,636
Library acquisitions	17,327	-	75	62	-	17,464
Cost of goods and services	35,006	6,066	31,411	2,084	-	74,567
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Budget balance	(9,423)	(14,296)	2,192	(3,659)	109	(25,077)
Change in net assets invested in capital assets						40,031
Employee future benefits adjustment						(1,084)
Excess of revenue over expenses as per financial statements						13,870

Revenue and Expenditure Analysis

For budget purposes, capital assets are expensed and included in the expenditure section of the budget. At year's end, capital identified as capital under GAAP is reallocated to the balance sheet as a long-term asset and amortized accordingly.

The Capital Fund budget is on a cash basis for 2021-2022; it shows a balanced budget. It reflects the official start of two key capital projects: 200 Lees and Roger Guindon. These projects, representing a total of \$225M, with planned starts in 2020-21, have faced delays due to the pandemic. They are funded using the debentures issued in 2020 of \$300M (\$30M in 2021-22). Deferred capital grants will also be used to fund these projects (\$15M in 2021-22).



Another project, the Animal Care and Veterinary Service (ACVS) refurbishing project, has been budgeted at a total of \$15M. Construction and renovation of research spaces will cost \$44M, for the immediate needs of the University's real property assets. Funding for these projects comes from the Operating Fund (\$30M), the Facilities Renewal Program (\$5M), the Canada Foundation for Innovation (\$4M) and various capital reserves, including funds set aside in prior years for delayed projects like the ACVS.

The Capital Fund reserves will also recover previously authorized internal loans during the year (\$7M) and minimal income generated from the investment of the reserve funds. The Capital Fund budget also includes the University sinking funds established to repay the debentures' principal on maturity. In Budget 2021-22, investment income on these funds has been projected to increase by \$7M. An additional contribution from the operating fund of \$5M is planned in 2021-22, consistent with the expected repayment plan of the \$150M debenture due in 2043.