

# Update on uOttawa's financial situation

During the meeting of its Board of Governors on September 26, the University of Ottawa submitted its [2015-2016 financial statements \(PDF\)](#) for the fiscal year ended April 30, 2016.

The University finished the year with a \$2M operating fund deficit, as forecasted in the initial 2015-2016 budget. This was possible due to measures applied, in particular suspension of renovation projects and contributions from faculties and services of 10% of their accumulated surplus. Without these one-time measures, the deficit would have been approximately \$9.8 million.

It is important to remember that the budget is established on a modified cash accounting basis and with the main goal of ensuring that the University's activities are duly funded. The University's audited consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles, which differ from modified cash accounting used for project management. The University's consolidated financial statements for the year ended April 30, 2016, reflect a \$13.2M deficiency of revenue over expenses. This deficiency is due mainly to a decrease in investment income resulting from the poor performance of the financial markets. The University used its net assets to fund this shortfall. The consolidated financial statements include the operating fund, ancillary funds, research funds, the trust fund and the capital fund.

Grants, tuition fees and other fees make up 97% of the University's operating fund revenue. Operating fund grants slightly decreased in 2016, at \$383M (\$384M in 2015).

The revenues from the tuition fees of Canadian students have remained relatively stable, at 36.5% of the operating fund, while revenues from the tuition fees of international students were 10.6% of the operating fund, a slight increase of 1.4% over last year.

Our expenditures rose by 3.6%. In 2015-2016, over 55% of operating fund expenditures were directed to academic-related activities, such as salaries and benefits, library acquisitions and scholarships and financial aid.

Once it meets its various financial obligations, the University has a modest amount available for its operations of about \$34M, which will finance, for example, certain one-time investments to better serve the student population, support teaching staff and provide a source of funds for unexpected drops in revenue or increases in expenditures, thus preventing any sudden disruptions to the University's activities during the year. The sum of \$34M represents about two-and-one-half weeks of regular activity at the University; last year, we had an amount equivalent to about four weeks.

As planned, the University has recently issued debentures and will benefit from current low interest rates to finance major projects currently under way, such as the Learning Centre, or already completed, like the Henderson Residence. This also includes new projects yet to be officially announced. An investment of \$226.5M is being made in these infrastructure projects from grants and other funding sources. They will play a key role in the University's effort to enhance the student experience and support research development by creating modern spaces adapted to today's realities. The next financial planning cycle will begin shortly. The cooperation of all members of the University community will be needed in order to overcome the challenges of declining numbers of traditional students population, the volatility of financial markets and inflation pressure. It is a crucial exercise to ensuring our University can continue its development.

P. Marc Joyal, CPA, CA  
Vice-President, Resources  
University of Ottawa