



2023-24 Consolidated Budget

Approved by the Board of Governors
June 8, 2023

BRIGHTER WORLD



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1 QUICK FACTS

History

Founded in **1887** in Toronto.

Relocated from Toronto to Hamilton in **1930**.

Institutional Leadership

Chancellor: **Santee Smith**

President, Vice-Chancellor and Chair of the Senate: **Dr. David Farrar**

Provost and Vice-President Academic: **Dr. Susan Tighe**

McMaster Model

Student-centred, research-intensive, problem-based, interdisciplinary approach to learning

Degrees Granted (in 2021/22)

8,087

Student Enrolment Headcount (as of fall 2022)

Undergraduate: **32,174**

Graduate: **5,363**

Domestic: **30,984**

International: **6553**

Average Entering Grade (in fall 2022)

91.83%

Faculties

6 (DeGroote School of Business, Faculty of Engineering, Faculty of Health Sciences, Faculty of Humanities, Faculty of Science, Faculty of Social Sciences)

Full-Time Faculty (excluding Clinicians, 2021)

937

Staff (2022)

14,855

Alumni (2022)

227,028

Research Funding

\$369.4 million awarded in estimated research funding in 2021/2022 (McMaster and affiliated hospitals)

World Ranking

Shanghai Ranking (2022): **90th**

Times Higher Education (2023): **85th**

QS World Ranking (2023): **152nd**

Times Higher Education Global Impact Rankings (2022): **37th**, including:

1st in Canada for Good Health and Well-being,

2nd in Canada for Working to Reduce Inequality, Decent Work and Economic Growth

2022 – Canada's second highest in both Research Funding per Faculty and graduate student research-intensive university – Research Infosource Rankings

Campus

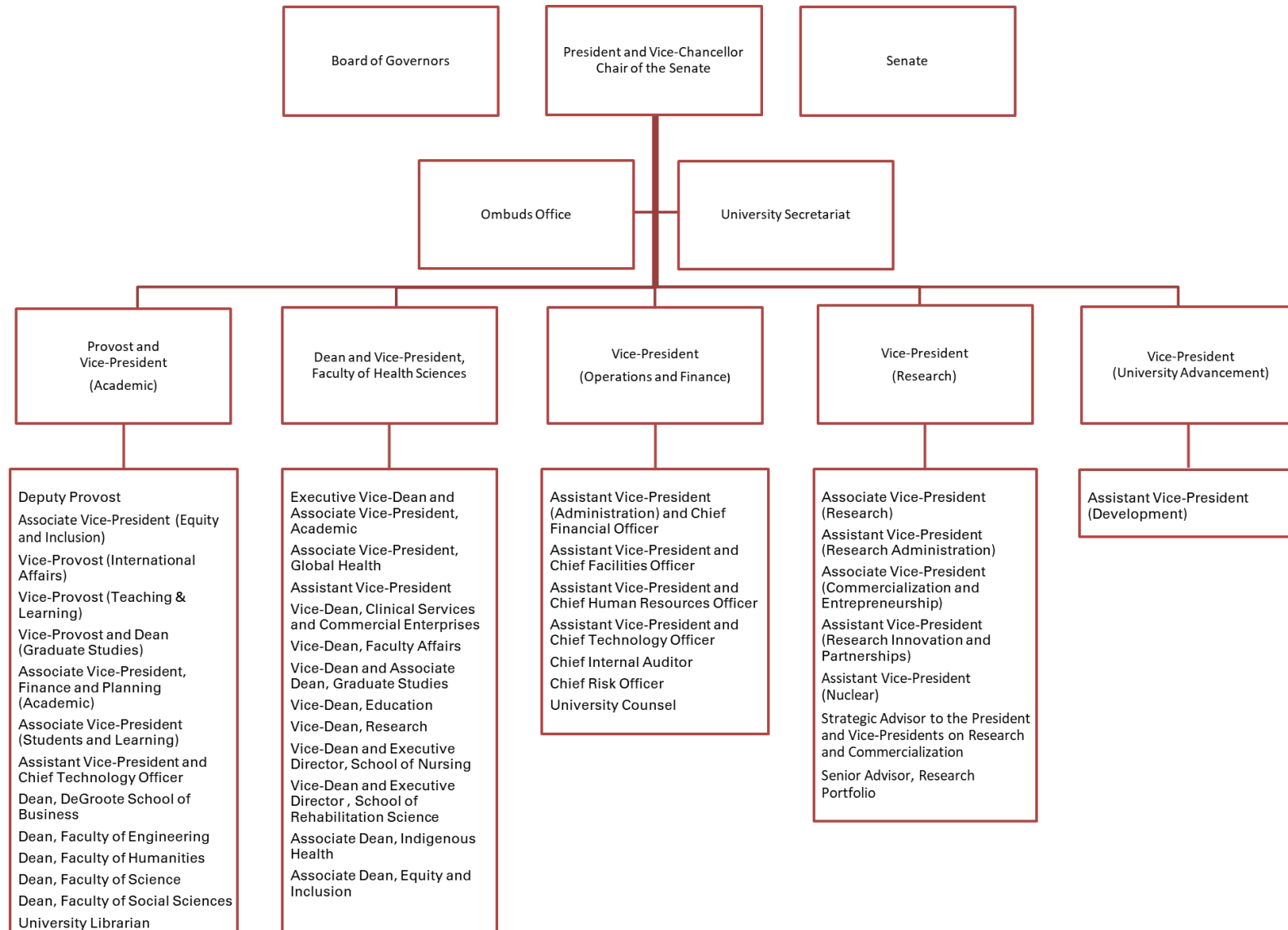
152.4 hectares of property

4 libraries, **13** residence buildings, **1** athletic complex

Nuclear Reactor, WJ McCallion Planetarium, McMaster Museum of Art

5 campuses (Main campus in West Hamilton, and 4 additional campuses in Burlington, Waterloo, Niagara, and downtown Hamilton)

2 ORGANIZATIONAL CHART



3 MESSAGE FROM THE PRESIDENT



The 2022/23 academic year marked a new chapter at McMaster with the return of in-person learning and a fully re-opened campus. It has been energizing to connect with so many of our students, faculty and staff, and it has been an important reminder that community is at the heart of our institution.

Over the past year, McMaster has also made significant progress in advancing our collective priorities outlined in the [university's strategic plan](#).

We are continuing to build on McMaster's research and teaching strength in infectious diseases through the recently established Global Nexus School for Pandemic Prevention and Response. The new Campus Plan is reimagining the future of places and spaces at our campuses. We are reducing the carbon footprint of our investments, installing green sources of energy, and are on-track to reduce our overall carbon emissions on campus by 42 per cent by the end of next year. We are continuing to develop McMaster's innovation ecosystem with the planned expansion of the McMaster Innovation Park. We are supporting teaching excellence for all students, including the introduction of the digital learning strategy and the development of the Wilson College for Leadership and Civic Engagement.

We are bold in our ambitions, while taking a prudent approach to the University's finances. McMaster's 2023/24 operating and overall consolidated budgets are, once again, structurally balanced, and include one-time investments to support strategic initiatives and expand and improve our academic and research infrastructure. We have done this while working within the confines of growing revenue constraints, including downward pressures on international student enrolment and the continued provincial freeze both on tuition rates and our operating grant – all of which impact our budget.

I am excited about McMaster's future. Despite ongoing financial pressures, this budget positions the university to move ahead on our key priorities and grow the transformational impact of our teaching and research locally and globally. As well, we are hopeful that the Government of Ontario's recently established blue-ribbon panel examining the financial health of the province's post-secondary sector, will result in improved revenue and funding opportunities to support McMaster students.

I want to thank all Faculties, departments, units for your many contributions to the 2023/24 consolidated budget process – your work is helping bring McMaster's vision of advancing human and societal health to life. I look forward to our continued progress in the year ahead.

Sincerely,

David Farrar
President and Vice-Chancellor

4 MESSAGE FROM THE PROVOST



I am pleased to present the consolidated budget for McMaster University for the 2023/24 fiscal year. This budget reflects our continued commitment to academic excellence, research innovation, and student success. It has been carefully crafted to support our mission and vision as a leading research-intensive institution, while also ensuring responsible stewardship of our financial resources.

In developing this budget, faculty, staff and students across the university were engaged to ensure the priorities and concerns of our diverse community are addressed. Student success was at the heart of the planning, as McMaster recognizes that a holistic and personalized student experience, both inside and outside the classroom, leads to graduates who go on to become engaged citizens and leaders in their communities and around the world. I am grateful for everyone's contributions and confident that this budget represents the best possible path forward.

While a rising number of applications suggest that McMaster continues to be the university of choice for high school applicants from Ontario and elsewhere, our university is not immune from the challenges affecting the post-secondary sector. This budget takes into account government policy related to domestic tuition, increasing expenses and operating costs. It also responds to a number of factors worldwide that impact international students coming to Canada and includes a comprehensive review and strategy formulation process. It is designed to help us maintain our core academic and research activities, while also addressing emerging needs and making strategic investments to encourage innovation.

The budget also promotes and supports our institution-wide commitments to equity, diversity, inclusion, accessibility and to the principles of inclusive excellence.

I invite you to review the 2023/24 budget carefully and to share your thoughts and feedback with us as we move forward. Together, we can ensure that McMaster University remains a vibrant and innovative global institution, dedicated to excellence in all that we do.

Sincerely,

Susan Tighe
Provost and Vice-President (Academic)

5 EXECUTIVE SUMMARY

McMaster's Operating Fund, inclusive of Faculty and support operations, has an ongoing projected surplus of \$17.7 million in 2022/23. However, after strategic and capital investments on a one-time basis the net loss is projected as \$2.8 million. Similarly, in 2023/24 the operating results have a structural surplus of \$8.2 million and a net loss after one-time strategic investments of \$29.8 million.

McMaster's projected consolidated results for 2022/23 are structurally balanced with net surplus across all funds of \$44.4 million after capital and accrual basis adjustments of \$47.2 million. The consolidated budget for 2023/24 is also in a surplus position on an accrual basis of \$74.2 million after capital and other adjustments totaling \$104.0 million.

The refreshed vision and strategic plan enter the third year in 2023/24. The University continues to advance McMaster's greatest strategic priority, the Global Nexus for Pandemics and Biological Threats at McMaster's Innovation Park (MIP). McMaster will also progress MIP's development initiative providing an additional 2.8 million square feet of new and renovated life sciences and biomanufacturing space. The updated Campus Plan will be introduced to guide campus and off-site development over the next decade. Major initiatives will be mindful of strategy relative to sustaining McMaster's strong financial credit rating of AA (stable).

McMaster's financial health continues to be strong despite developing headwinds. McMaster's ability to structurally balance overall and fund strategic and capital priorities demonstrates prudent financial management instilled by McMaster's transparent budget model that places fiscal accountabilities with area leaders. The conservative budget approach continues to serve the University decision-making as substantial one-time investments are made to achieve strategic priorities in an environment of limited provincial funding growth opportunities. The key financial health indicator of debt per student FTE remains slightly below \$12,000, and any prolonged deterioration in this ratio would create downward pressure on the AA (stable) credit rating.

Revenues in both the Operating Fund and consolidated results reflect upcoming challenges. Provincial operating grants and in-province domestic tuition fee framework remain frozen for 2023/24, however the province has struck a blue-ribbon panel to provide advice for maintaining financial stability in the post-secondary education sector, which is expected to influence implementation of performance-based funding in 2024/25. Enrolment demand remains strong but is projected to flatten – domestic as the over-enrolment returns to corridor levels, and international due to external global factors. Investment income is expected to be minimal in 2022/23, returning to the long-term average in 2023/24. However, new revenue opportunities from public-private partnerships will begin to be realized as the new graduate student residence opens in September 2023, and construction begins on the Lincoln Alexander Hall undergraduate residence.

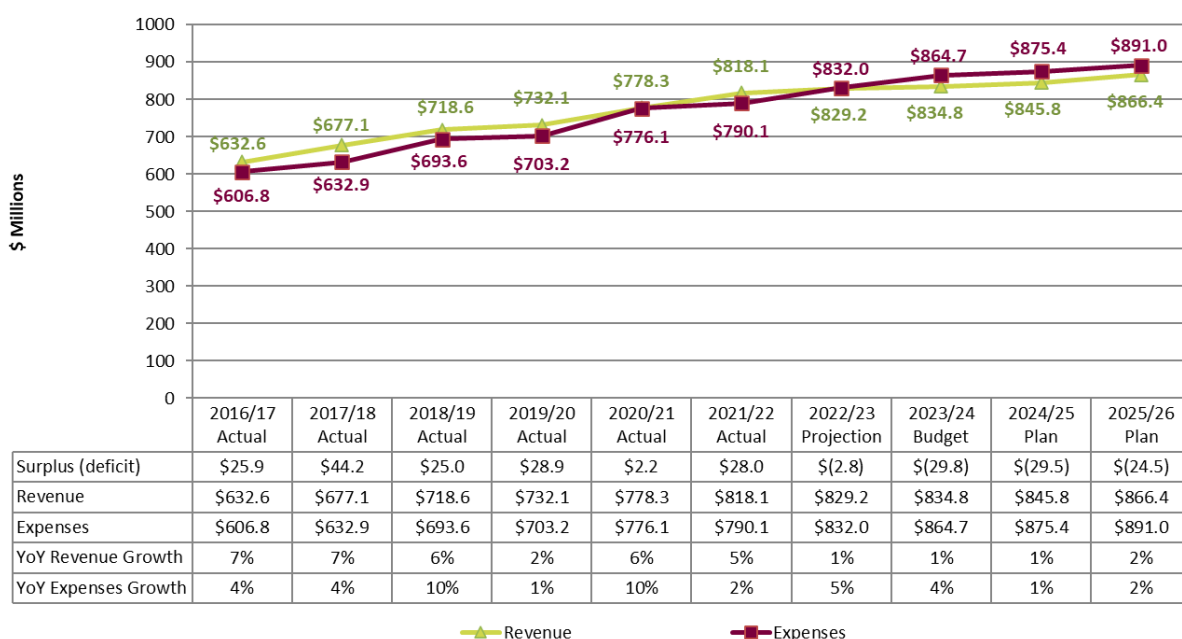
As a result of the current revenue expectations, the budget reflects a cost containment strategy. Recruitment will be targeted to growth areas and essential vacancies. Planned capital expenditures have been re-prioritized to achieve strategic goals based on available funding. The impact of increased inflation will be offset by savings realized through collaborative contract buying.

Ancillary operations, hardest hit by pandemic-related campus closures, have fully resumed. The Ancillary Fund is structurally balanced and cumulative pandemic deficits will be eliminated within the

planning period. All other funds have sound financial plans to advance McMaster's strategic priorities, including a significant focus on projects aligned to the United Nations Sustainable Development Goals.

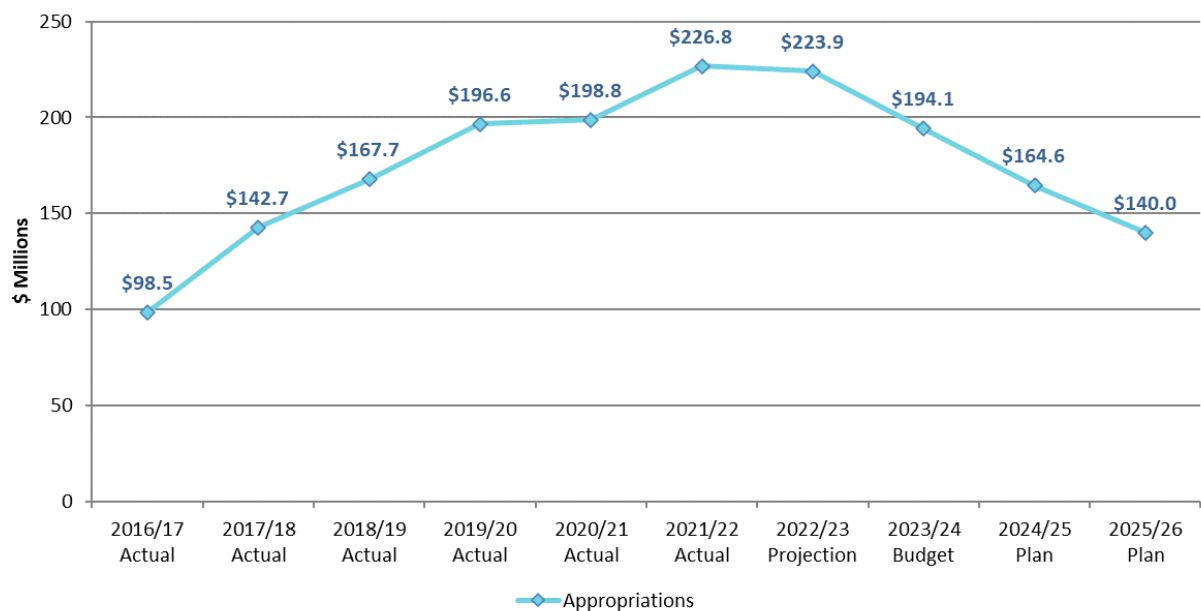
A summary of the University's Operating Fund net revenues and expenses is shown below in Figure 1. Net operating revenues have historically exceeded expense growth, due mainly to enrolment growth and international student participation increases. The projected trend reflects a decline in enrolment, with overall structurally balanced annual results and a net loss after one-time investments.

Figure 1: Operating Fund Outlook



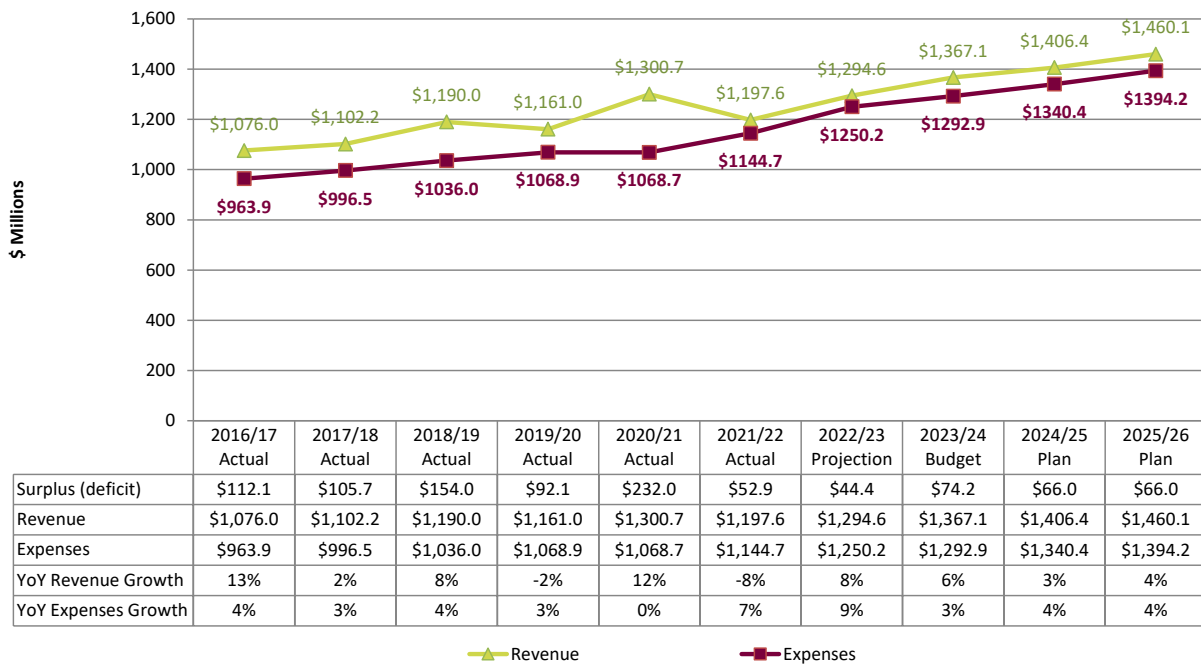
The 2023/24 budget is structurally balanced, whereas in the planning years one-time investments as well as essential expenses for continuing operations, given the current Ontario post-secondary funding environment, may need to be supported by McMaster's accumulated appropriations balances reflected in Figure 2 below.

Figure 2: Operating Fund Appropriations



On a consolidated basis net revenues are projected to remain above net expenses on an accrual basis as shown in Figure 3 below. Accrual adjustments add back annual capital expenditures and amortize assets over useful life periods, as well as adjust for pension and non-pension year-end market close values.

Figure 3: Consolidated Outlook



6 McMASTER’S KEY STRATEGIC HIGHLIGHTS

6.1 VISION STATEMENT AND STRATEGIC PLAN

McMaster’s vision and strategic plan capture collective aspirations for positive impact serving the global community to advance human and societal health and well-being. Our vision is to use our collective skills, knowledge, and understanding to improve the world, addressing broad issues, including health matters, environmental sustainability, and social justice. The 2021 refreshed vision statement and strategic plan followed a consultative community approach. Five clear institutional priorities emerged that shape strategic spending in the budget and planning in the years ahead.

McMaster University’s Strategic Priorities

- Inclusive Excellence:** aspire to embed an inclusive approach that intentionally engages and respects a diversity of peoples, perspectives, and ways of knowing.
- Teaching and Learning:** advance innovations, within and beyond the classroom, and across disciplines and Faculties, to elevate teaching as a professional discipline, and equip students with knowledge and skills to make a transformative global impact.
- Research and Scholarship:** to be the go-to place for world-class researchers and collaborators with shared values to work across disciplines, sectors, and borders to develop knowledge, tackle global issues, and advance human understanding.
- Engaging Local, National, Indigenous, and Global Communities:** develop and expand our network of longstanding respectful partnerships with communities, partners, research collaborators, and supporters for the benefit of all.
- Operational Excellence:** enable operations to support McMaster’s vision and aspirations of our community of researchers, scholars, teachers, and learners most effectively.

6.2 STRATEGIC MANDATE AGREEMENT

The Strategic Mandate Agreement (SMA) 2021-2025 aligns with McMaster’s vision and strategic plan capturing areas of strength, growth, and direction. The SMA is an agreement with the Ministry of Colleges and Universities (MCU) that includes annual performance metrics. Following a pandemic-related delay in implementation, 10% of the operating grant will be contingent on achievement of SMA metrics within acceptable ranges in 2023/24, with funding in 2024/25 to be determined. Planning years assume SMA targets will be achieved to retain current funding levels, which are materially unchanged from McMaster’s 2016/17 grant.

6.3 RESEARCH

The pandemic brought sharp focus to the importance of research innovation and interdisciplinary approaches. McMaster is world-renowned for its evidence-based transformative approach to medicine and can deliver positive wide-ranging impact in areas including physical and mental health, pandemic preparedness, Indigenous Ways of Knowing, and advanced manufacturing.

A key area of focus for McMaster relates to the United Nations’ 17 Sustainable Development Goals. McMaster’s most pressing priority aims to deliver Canada’s Global Nexus for Pandemics and Biological Threats, an interdisciplinary facility engaging all six Faculties and providing undergraduate and graduate learning opportunities to support the next generation of professionals needed to tackle the world’s greatest problems driven by population growth, drug resistance, and more. Building on decades of McMaster’s world-leading infection and immunity research, Nexus teams work directly with community members, industry leaders, and policymakers to translate research discoveries into practical solutions that benefit society.

6.4 CAMPUS PLAN

Following a community consultative approach during 2022/23, a new Campus Plan will be launched in spring 2023. The Campus Plan provides a long-term vision for the future development of the University's physical campus and locations over the next decade and a framework that will help shape infrastructure, buildings, outdoor spaces, landscapes, and natural lands. It supports McMaster's response to the climate and biodiversity emergency and delivery of its Sustainability Strategy and Net Zero Carbon Roadmap.

The consolidated budget includes capital priorities informed by academic enrolment and strategic priorities. Capital spending is integrated with budget and multi-year financial projections to assess financing strategies summarized into an annual debt strategy report, which determines whether internal and/or additional external financing is needed.

6.5 ENTERPRISE RISK MANAGEMENT (ERM)

The Enterprise Risk Management (ERM) program is a dynamic, coordinated approach to addressing the full spectrum of significant risks at McMaster University by identifying, quantifying, monitoring and mitigating risks.

In 2022/23, the ERM program underwent a significant refresh to bring the program to maturation and implement an integrated risk management function at McMaster. The ERM refresh includes: the development of an updated risk taxonomy and risk register; review and updating of the existing risk inventory; establishment of an operational Enterprise Risk Management Committee; enhancement of the monitoring and reporting framework to the Audit & Risk Committee of the Board, as well as maturing the institution's risk appetite framework.

Broad stakeholder engagement continues across all Faculties and departments to identify, assess and understand risks facing the University, and build a culture of integrated risk management. Multi-year financial projections incorporate material risk scenarios associated with pandemic, climate change and resiliency, economic and geopolitical risks for discussion with senior leaders and Board governance committees.

7 CONTEXT

7.1 COVID-19

Emergency measures taken during the COVID-19 pandemic are mostly over, however many practices adopted to cope with campus closures are continuing. The 2023/24 consolidated budget reflects a student learning experience that blends an online and in-person curriculum. Long-term operations will likely leverage some hybrid opportunities.

Ancillary operations were significantly impacted by the pandemic, with material losses to revenues and deemed essential support for housing, food, and course and lab materials supply. The 2023/24 budget has all ancillaries structurally balanced with deficits incurred during COVID-19 repaid within the planning cycle.

7.2 FINANCIAL HEALTH POSITION

Financial health strength is not equal across Ontario higher education institutions. In the wake of Laurentian University filing for creditor protection, in November 2022 the Office of the Auditor General of Ontario released its report on Financial Management in Ontario Universities with 15 recommendations to improve financial sustainability at four universities. As a result, the Ministry of Colleges and Universities committed to address concerns about monitoring the financial health of Ontario's publicly assisted universities and put in place actions to address financial health challenges. A blue-ribbon panel of experts was created in March 2023 to provide advice for keeping the post-secondary education sector financially stable and providing the best student experience possible, including recommendations on a long-term tuition policy. Universities with a reliance on inflation-linked tuition and special purpose grants, with low and/or flat international participation, low appropriations, and that are highly debt-financed have struggled far more. Regardless, McMaster is optimistic that independent credit ratings and strong financial health frameworks can be drawn upon to provide assurance to MCU and other stakeholders in their assessments across universities.

McMaster's financial health position is among the strongest in Ontario, with an AA (stable) credit rating shared with only two other university peers. Debt ratios for the planning period are within target ranges, with the debt per student FTE metric at capacity within the current rating. McMaster undertakes financial scenario planning of potentially material enterprise risks, and routinely monitors financial health metrics. McMaster routinely reconciles and reports restricted funds and even though funds are co-mingled across cash and investment holdings, restricted funds remain wholly available for intended purposes.

7.3 PROVINCIAL FUNDING ENVIRONMENT

7.3.1 PROVINCIAL OPERATING GRANT

McMaster's operating grant includes (i) domestic enrolment-based funding based on weighted grant units, (ii) performance-based SMA metric-linked funding, and (iii) special purpose grants. MCU has delayed full SMA metric-linked funding due to COVID-19 impacts. Metric performance will be linked to funding in SMA Year 4 (2023/24) at a system-wide proportion of 10%. While the planned differentiation funding as a percentage of total operating grants grows incrementally each year to approximately 60% by 2024/25, metric-linked funding activation in Year 5 (2024/25) to a system-wide

proportion of 25% will follow from outcomes of the blue-ribbon panel. McMaster continues to report on its SMA results annually. McMaster is preparing scenario-based budget calculations in the event the performance metrics are activated in 2024/25. The budget model is being reviewed for minor refinements as MCU's metric drivers are activated.

The operating grant has remained frozen without inflation since 2016/17, eroding purchasing power by almost 20% since 2015/16 based on Ontario's consumer price index.

Domestic enrolment growth is funded up to a 3% corridor ceiling. McMaster's domestic enrolment is budgeted at 28,839 equating to 82,487 Weighted Grant Units (WGUs), which is over the funded corridor by almost 7,000 WGUs resulting in ~\$22 million in unfunded domestic participation.

An international student participation tax of \$750 per international student enrolled is deducted from McMaster's operating grant. This tax was introduced in 2014/15 when McMaster's international participation was 8.6% resulting in a \$0.4 million grant reduction. The 2023/24 international participation is budgeted at 16.7% resulting in a \$3.5 million reduction to McMaster's operating grant.

Domestic student enrolment is supported by the combination of domestic tuition plus the provincial operating grants. International student enrolment is supported solely by tuition fees without provincial support.

7.3.2 PROVINCIAL TUITION FRAMEWORK

MCU has confirmed the in-province domestic tuition fee framework for 2023/24 is held frozen at 0% inflation, marking four years of 0% inflation following a 10% cut in 2019/20. MCU will allow institutions to submit proposals for increased tuition rates to programs which have a tuition differential of at least 15% below ten comparator universities, impacting less than 10% of students. Out-of-province domestic tuition fees are eligible for an up to 5% tuition fee increase in 2023/24. McMaster will continue to adopt this increased framework for undergraduates. Domestic graduate tuition fees remain flat in keeping with the ministry's 2023-24 Tuition Fee Framework. The system administration costs to implement out-of-province domestic graduate tuition increases of 5% exceed the revenue benefit and will be reassessed in future years. International students in PhD research programs pay domestic graduate fees according to McMaster's internal tuition framework.

7.4 ENROLMENT

A diverse international student presence at McMaster contributes to the quality of the educational experience for all students. As a result of provincial constraints on domestic enrolment and tuition rates, Ontario universities have turned to enrolling international students to increase revenue in order to manage inflationary pressures, balance budgets and maintain quality. McMaster's strong global reputation has contributed to strong international growth and financial stability in this constrained environment. Difficulties experienced by international students in obtaining visas in 2022/23, a decline in the number of international students studying high school in Ontario, and the resulting decline in projected international enrolment have highlighted the risk associated with reliance on international tuition revenue. Increasing domestic student enrolment over plan is a potential short-term strategy, however no operating grant revenue would be received for the full-time equivalents in excess of the provincial corridor.

7.5 FEDERAL BUDGET HIGHLIGHTS

The 2023 Federal Budget provided some support for post-secondary students. The Canada Student Grant program was adjusted to its post-pandemic level, and the Canada Student Loan portion of the Canada Student Financial Assistance Program was increased. An increase in the Student Work Placement Program has been proposed for 2024/25. No changes in funding for research agencies or graduate scholarships have been announced.

7.6 RESEARCH FUNDING

McMaster research is advancing federal and provincial efforts to strengthen Canada's life sciences and biomanufacturing capacity. Global Nexus received \$8.6 million from the Canada Foundation for Innovation's Biosciences Research Infrastructure Fund to expand the University's biocontainment facilities where experts are developing new antimicrobials, antivirals, vaccines and diagnostics to combat some of the world's most consequential pathogens, including influenza virus, West Nile virus, tuberculosis, and SARS-CoV-2. McMaster also has a leading role in a new federal initiative designed to protect Canadians against future pandemics and emerging threats. Co-led by McMaster and the University of Ottawa, the Canadian Pandemic Preparedness Hub is one of five major research hubs awarded \$10 million through Stage 1 of the Canada Biomedical Research Fund program. It brings together more than 45 strategic partners from academia, industry, non-profit and governmental agencies from across the country to ensure Canadian discoveries are turned into the medicines of tomorrow in a cost-effective and timely fashion.

McMaster is also advancing federal and provincial green transition plans that focus on net-zero, clean energy alternatives, and climate change solutions. The 2023 Ontario budget included \$6.8 million to strengthen research capacity at the McMaster Nuclear Reactor, Canada's largest nuclear research reactor and a leading supplier of medical isotopes used in cancer treatments. The investment will increase medical isotope production to support the growing global demand for radioisotope-based therapies, and advance research in clean energy and small modular reactors (SMRs). The 2023 federal budget also included support for investments in non-emitting electricity generation systems, including SMRs and equipment used to manufacture nuclear energy.

7.7 ALTERNATIVE REVENUE OPPORTUNITIES

Housing plans have not kept pace with enrolment growth and McMaster has partnered with private developers to enable two additional residence projects. In 2023/24, the Lincoln Alexander Hall undergraduate residence will commence construction offering an additional 1,366 residence beds when opened in 2024/25. The graduate residence at 10 Bay Street will open in September 2023 providing 560 residence beds downtown next to the David Braley Health Sciences Centre. McMaster will continue to assess residence needs and work proactively with neighbourhood community associations and local councilors to share plans on effective housing strategies where community neighbours, students, staff, and faculty co-reside.

7.8 OTHER KEY REVENUE AND EXPENSE CONSIDERATIONS

7.8.1 INVESTMENT RETURNS

McMaster's Investment Pool performance objective is to outperform its benchmark on a rolling four-year basis. Following a projected return of 0% in 2022/23, the budget assumes 5.6% returns based

on historical trends. For each 1% return difference to budget there is a \$7.8 million impact to the surplus/deficit. Investments align with the United Nations' Principles for Responsible Investing which promote accelerated decarbonization strategies toward net zero carbon emission investment portfolios.

McMaster achieved its inaugural decarbonization objective to reduce weighted average carbon emissions¹ by 45% by 2030 (compared to the April 30, 2018 baseline measure). The Investment Pool's carbon measure continues to be lower than the investment policy benchmark. Accelerated decarbonization plans now target to reduce weighted average carbon emissions by 65% by 2025 and 75% by 2030 and achieve net zero in the Investment Pool as soon as possible thereafter.

The objective is for companies held in the Investment Pool to align with globally accepted carbon reduction strategies and energy transition timelines supported by the United Nations. Companies offering clean technology solutions reflect ~24% of the Investment Pool and are planned to grow over the planning horizon. Clean technology solutions include energy efficiency, alternative energy, sustainable water, pollution prevention, and green buildings, with some direct and pooled fossil fuel assets.

McMaster administers salaried pension plan assets of over \$2.3 billion with performance objectives to outperform the benchmark and a decarbonization strategy to reduce weighted carbon intensity by 30% by 2030 (compared to the June 30, 2019 measure). McMaster administers the hourly pension plan assets of over \$65 million held with one investment manager which currently holds no direct fossil fuel assets.

7.8.2 INFLATIONARY IMPACTS

Canadian inflation hit record 30-year highs in 2022 driven by pandemic supply and demand, labour market shortages, foreign investment, and more. Most revenue sources are frozen or deflationary, affecting inflationary funding decisions. The consumer price index inflation for Ontario approximated 5.1% in fiscal 2022/23 to February close. To address inflation the Bank of Canada has raised interest rates a number of times during 2022/23 to 4.5% in March 2023.

Inflation creates pressure on compensation. Bill 124, which limited compensation increases to 1% per year over a three-year period, was declared unconstitutional in November 2022, with a potential additional salary and wage base adjustment impact for a few employee groups of approximately \$3 million over the 2023 and 2024 calendar years. Higher costs also continue to be attributed to skilled labour shortages.

Supplies and equipment cost inflation has been moderated by the MacBuy (contract buying) initiative that has delivered over \$38 million in savings to date. Utility prices are volatile with electricity rates affected by the Global Adjustment for provincial infrastructure and changes to the market. Options are being explored to mitigate projected electricity inflation. McMaster's peak shaver project will reduce net energy costs while a project to install electric boilers will reduce future campus carbon emissions and assist in reducing cogeneration fuel needs.

¹ As defined by the globally accepted Task Force Recommendations for Climate-related Financial Disclosures (TCFD) the weighted average carbon intensity is greenhouse gas emissions converted to carbon dioxide (CO₂) and reflected as CO₂ tons emitted per \$1 million invested (written as CO₂e/\$1M)

7.8.3 CURRENCY EXCHANGE RATES

McMaster's imported goods and services are mainly in US dollars (USD). The Canadian dollar has fluctuated in value, from trading at par in January 2013 to \$0.74 USD at end of March 2023. To minimize risk and financial impacts of currency exchange, Financial Affairs retains USD deposits to settle USD expenditures. Deposits to research projects or departmental accounts in USD are given the Canadian equivalent using a daily exchange rate. For some areas with high-volume USD purchases such as the library, the exchange rate is fixed at \$1.25 CDN for \$1 USD supporting cost certainty to the unit.

Among other economic factors, the direction of the Canadian dollar will be impacted by the level of interest rates in Canada relative to the US. If the US Federal Reserve raises interest rates at a faster pace than the Bank of Canada, the Canadian dollar is expected to weaken.

7.8.4 FACULTY RENEWAL

Faculty renewal aims to achieve the planned increase of 16% in faculty complement from 2021/22 to 2023/24 to address enrolment growth and additional programming. Initiatives are in process, aligned with an overall Equity, Diversity and Inclusion (EDI) strategy, with a focus on increase in tenure-track (13%), teaching-track (15%), and CAWAR appointments (32%), as well as a decrease in contractually limited appointments (-1%).

7.8.5 PENSION PLANS

McMaster University maintains salaried and hourly defined benefit (DB) plans and group Registered Retirement Savings Plan (RRSP) pension plans for full-time employees. The DB valuations measure going-concern pension assets, a provision for adverse deviation, and liabilities to determine annual funding requirements. Interest rates, demographic changes, funding rules, and valuation timing create measurement fluctuations. Budgeted benefit rates are set annually using a ten-year actuarial outlook to smooth fluctuations.

The funded status of the pension plans has been steadily improving. The employer's DB pension costs are funded through a combination of a base revenue allocation (charged to Faculties through the budget model) and a surcharge on salaries of eligible employees. In 2022/23, the base revenue allocation was reduced by \$6.0 million to partially offset the drop in tuition revenue. For 2023/24 and future years, the surcharge will be reduced from 125% to 110% of employee contributions, which is adequate based on projections. The Ontario Pension Benefits Act (PBA) requires actuarial valuations no later than every three years. The salaried plans were measured on July 1, 2021, with the next required filing date on July 1, 2024. The smaller hourly plan was measured on July 1, 2022, with the next filing date planned on July 1, 2025.

The DB plans include a solvency ratio² measurement requiring a 85% funded ratio over 85%. Based on solvency measures the plans do not require special solvency payments. Pension ratios are monitored quarterly with actions taken to maintain solvency ratios above 85% and transfer ratios above 90%.

² Solvency basis assumes that the University will cease to operate and must immediately settle pension obligations.

Table 1: Pension Plan Status

\$ millions	Plan 2000 Valuation date July 1, 2021	Hourly Plan Valuation date July 1, 2022
Going concern surplus (deficit)	\$ 128.2	\$ 10.5
Solvency surplus (deficit)	\$ (147.6)	\$ (2.3)
Solvency ratio	102%	101%

7.8.6 NON-PENSION OBLIGATIONS

McMaster offers non-pension retirement benefits (PRB) including extended health, dental and life insurance for several full-time employee groups. In 2011/12, the University worked with its actuaries to quantify the impact of plan changes on the unfunded liability³. Since that time, employee groups have agreed to changes to mitigate liability growth and management developed a funding plan consisting of a base revenue allocation, a 0.25% surcharge on salaries of eligible employees, and unitization of the reserve in the Investment Pool, as well as transfers from reserves when available.

The funding reserve approximated 1% of the funding requirements in 2011/12. In 2021/22 the reserve has 72.5% of the projected costs funded. The plan is projected to be fully funded by 2029. As a result of the favourable balance, the PRB funding base allocation reduced from \$7.9 million to \$5.0 million in 2022/23 and the surcharge will be eliminated in 2023/24.

7.8.7 ASSET MANAGEMENT AND MAINTENANCE

Many of McMaster's buildings are over 50 years old, and the deferred maintenance backlog is estimated at \$674.7 million. The 2023/24 deferred maintenance and facility renewal program budget is \$16.8 million, which includes operating funds of \$10.7 million and \$6.1 million from MCU. In addition, Facility Services receives \$0.9 million in emergency funds, and \$0.3 million for campus accessibility upgrades. Residence deferred maintenance is funded by Housing and Conference Services (HCS) with a total of \$4.9 million set aside for deferred maintenance for 2023/24, including a \$1.5 million top-up to bring spending closer to industry standards.

Based on current funding sources, the backlog of critical priorities is forecast to increase 14% over the next ten years. Within HCS, the planned renovations at Bates Residence, Brandon Hall, Whidden Hall and Woodstock Hall will require the most substantial investment over the next several years.

³ As of April 30, 2022, non-pension obligations are estimated at \$268.9 million, with reserves of \$192.0 million.

8 BUDGET CREATION

8.1 ACCOUNTABILITY

The effective management of the budget is a responsibility of the President assigned by the Board of Governors and defined in the 1976 McMaster University Act. The University's budgets are prepared on a modified cash basis and pursuant to the concepts of fund accounting. Fund accounting enhances accountability and budgetary control by assuring that restricted grants and contributions are segregated to designated funds and spent for the purposes intended.

The President delegates budget accountability to the Budget Committee, a sub-committee of the University Planning Committee, to oversee the development of budgets for both the Operating and Ancillary Funds. The Operating and Ancillary Funds together account for two thirds of McMaster's annual expenditures. The Budget Committee recommends the annual budget to the President. In addition, specifically externally funded programs, such as those funded by the Ministry of Health and Long-Term Care, are included in each envelope's submission to the Budget Committee. The funds not overseen by the Budget Committee have restricted uses and other governance and/or committee oversight.

8.2 BUDGETING PRINCIPLES

The 2023/24 budget and following two-year plans are developed using principles and priorities aligned to our refreshed vision and strategic priorities and embedded in the Strategic Mandate Agreement:

- The academic and research mission of the University is foremost in the development of budget guidelines for envelope managers. This includes student experience and support.
- Revenue must be strategically allocated in support of the University mission.
- Ongoing and one-time costs need to be identified to develop a clear picture of McMaster's overall financial position.
- Envelopes must be structurally balanced within each Vice-President's area of responsibility, with ongoing expenditures less than or equal to ongoing revenues.
- Unspent funds from prior years are retained by the envelopes and used for one-time priorities such as capital expenditures or to absorb revenue fluctuations.

Allocations of funding to priorities are decided using a process that is strategic, fair, and equitable across the University, and avoids a piecemeal approach.

8.3 BUDGET DESIGN

Separate funds are set up for activities, with each fund comprised of its own revenue and expenses. The following funds are used:

1. **Operating Fund:** Unrestricted general revenues and expenses that are directly related to the mission of the University, education and activities supporting research (i.e. not restricted by an agreement or contract). The Board of Governors has approved a policy of permitting envelopes to carry forward unexpended budgets into the subsequent fiscal year.

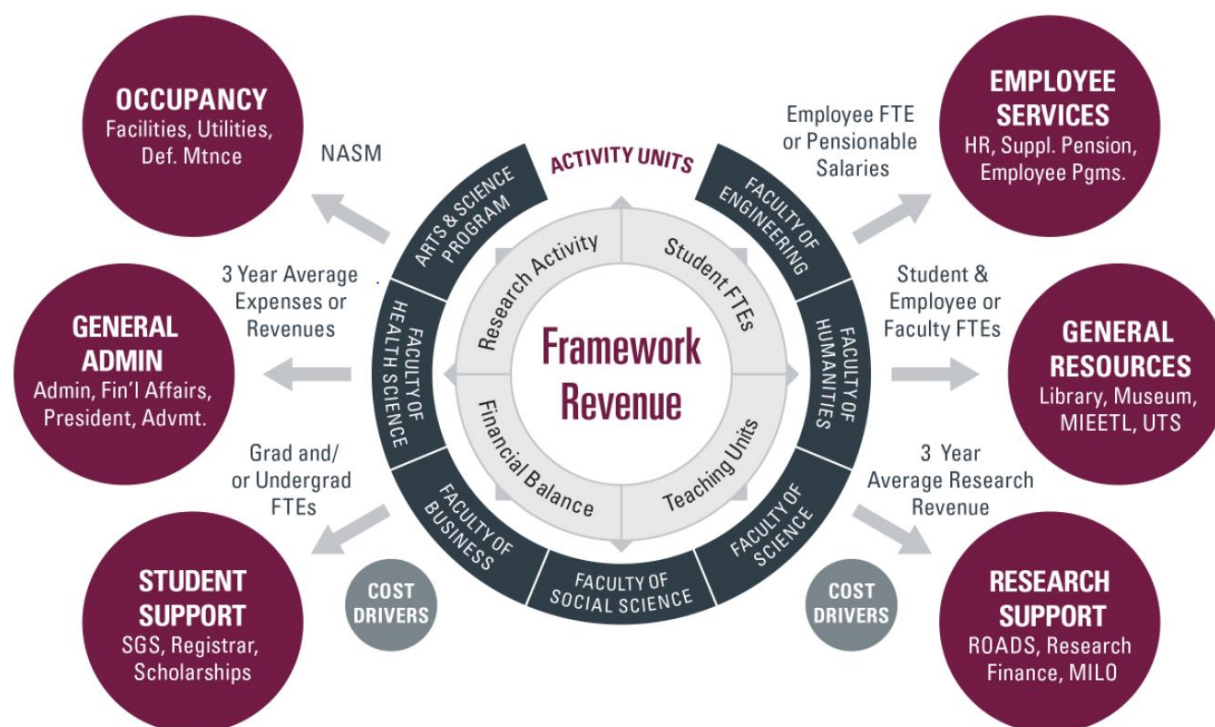
2. **Research Funds:** Research-related funds externally restricted by an agreement or contract for specific research purposes. The use of these funds is restricted by the donor or granting agency.
3. **Capital Fund:** Funding and expenditures for capital projects.
4. **External Endowments:** Donations or bequests received by the University that have a non-expendable requirement as well as other legal requirements for use as agreed upon by the donor and the University.
5. **Internal Endowments:** Unrestricted donations and bequests, and other monies which have been endowed by action of the Board of Governors.
6. **Ancillary Fund:** Sales of goods and services by departments that are defined as being supplementary to the University's primary operating activities of education and research. Such sales may be made to the University community and/or to external clients. Ancillary operations are self-sustaining and contribute a percentage of sales to the mission.
7. **Specifically Funded:** Funding provided by an external entity, restricted by an agreement outlining expenditure of the funds and a requirement to return unspent funds at the end of the term.

8.4 BUDGET MODEL

To allocate Operating Fund resources, McMaster uses a hybrid between a full activity-based model and an incremental model. Implemented in 2014/15, the model aims to strike a balance between providing transparent activity-based funding to the Faculties while maintaining financial flexibility to address strategic goals. Funding to support units is fixed where any further incremental allocations including salary inflation are annual decisions based on funding availability and unit-level requests considered a priority. Support unit funding does not increase with changes to enrolment or research.

Figure 4 below identifies sources of revenues in the center allocated to activity units (Faculties) based on enrolment, teaching, or other drivers. Further, six expense types are identified and allocated to the Faculties based on volume, space, utilization or average revenue or expense drivers.

Figure 4: Operating Fund Budget Model Revenue Streams



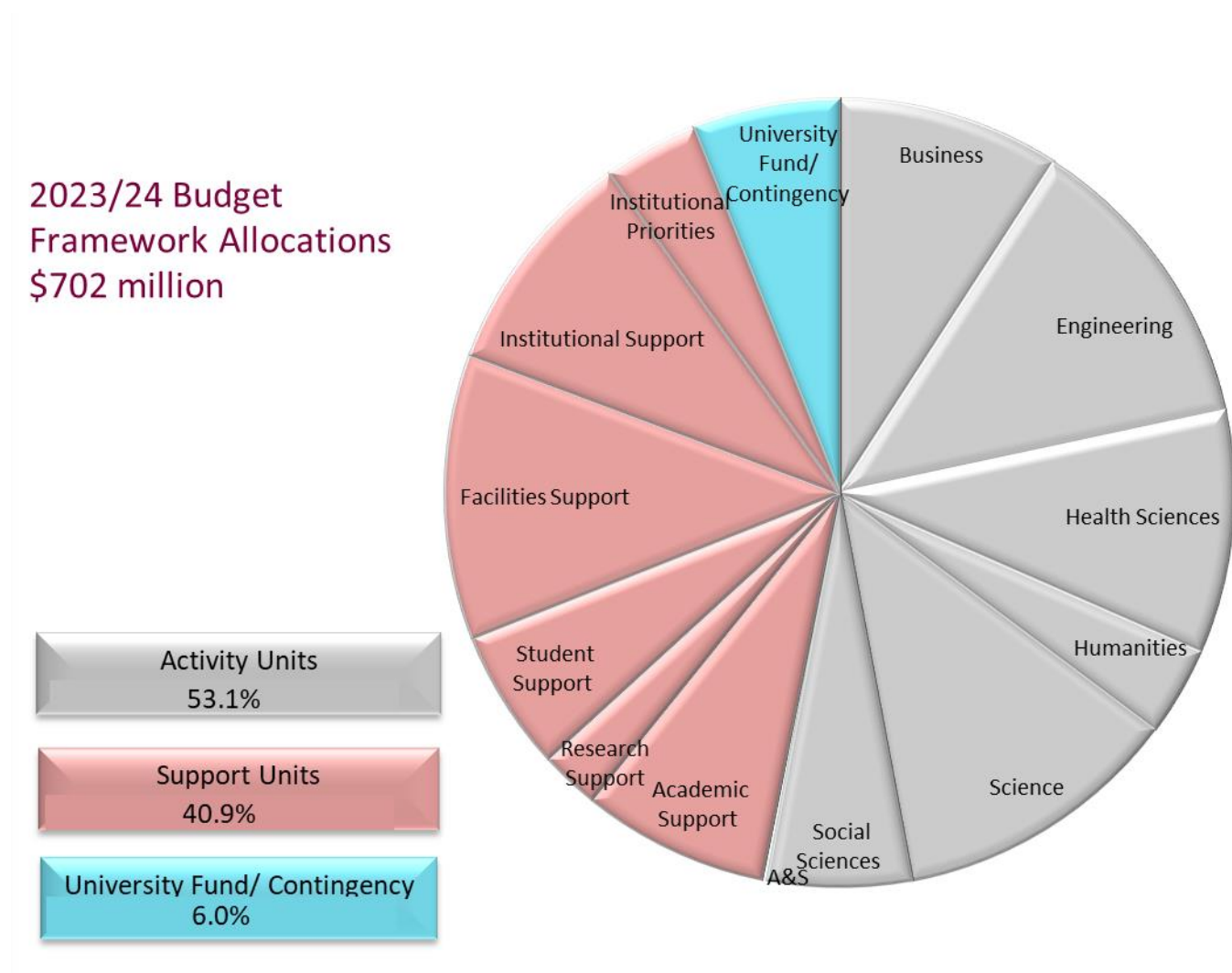
The model mostly matches provincial funding flows. However, two strategic envelopes are created as a percentage of Operating Fund revenue: i) the Research Discretionary Fund to be used by the Vice-President (Research) for strategic research initiatives, and ii) the University Fund to be allocated by the Provost to support the University's mission, vision, and strategic priorities.

Recognizing that the indirect costs of research are not fully covered by overhead revenue, the Research Infrastructure Fund and Research Excellence Fund redistribute a portion of revenues to support the most research-intensive Faculties. Additionally, occupancy costs are charged out to a research host Faculty using an overall average cost per square meter without distinction to the higher cost of research labs.

After all revenue allocations are made to the Faculties and strategic funds, allocations of central support unit costs are charged to Faculties based on cost drivers, for example Human Resources costs are charged out based on employee full-time equivalents.

All Faculty or activity unit allocations are adjusted based on actual revenues and cost driver results after year-end.

Figure 5: Operating Fund 2023/24 Budget Framework Allocations by Area

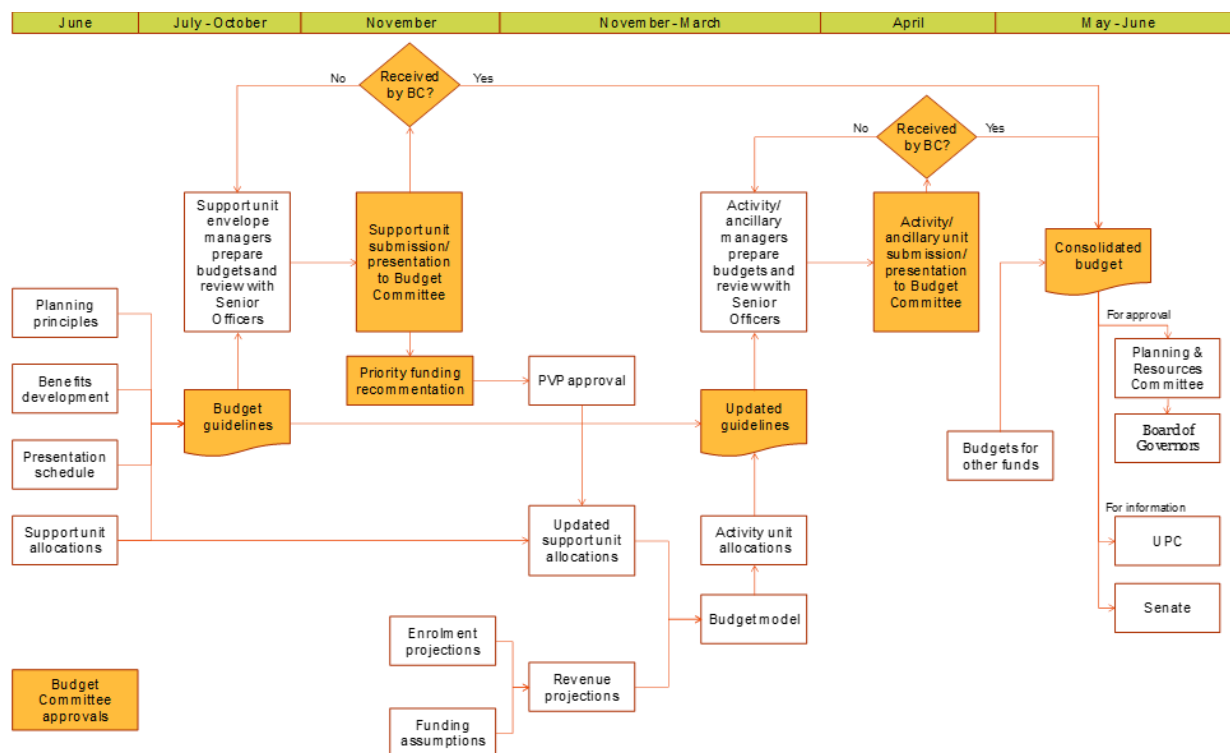


The budget approach has been continually assessed and evaluated both internally and externally, the latter involving the sharing of best practices with other Canadian and US universities, as well as participating in research undertaken by the Education Advisory Board.

Review feedback and ongoing input and analysis have resulted in some changes to the budget model to either address concerns or enhance incentives aligned to strategic priorities. The adjustments mostly alter values of the parameters and not the underlying principles. The last full budget model review occurred in 2017. The Provost has initiated a budget review, drawing on the budget principles and 2017 review. Some refinements to the budget model in future years may be introduced to ensure incentives are optimally aligned to support McMaster's academic and research mission. Additional information on the current budget model is available at <https://provost.mcmaster.ca/budget-planning/>

8.5 BUDGET CYCLE

Figure 6: Budget Cycle



June: The budget cycle for the Operating Fund and specifically funded programs begins as the Budget Committee reviews and approves the assumptions and guidelines that will apply to all units across the University. Submissions include a projection for the current year, budget for next year, and plans for the following two years. The Budget Committee requests the submissions on a standard template, identifying:

- Strategic objectives and their relationship to the vision and the Strategic Mandate Agreement
- Key metrics and benchmarks, including enrolment trends, ratio of students to faculty, staffing levels, and space requirements
- New initiatives and cost pressures, the actions taken to achieve a balanced budget, effects on the University community, and the related risks
- All one-time costs and the related funding sources
- Capital and/or renovation plans, including funding sources or internal financing capacity

Benefit rates are set to cover statutory deductions, pension costs, post-retirement benefits, and other benefit costs associated with employer plans offered to employee groups. Assumptions for salary and wage increases by employee group are reviewed, incorporating information from collective agreements.

July to October: Budget allocations to activity units follow both the total level of funding and the allocations made to support units. The budget cycle is divided into two stages, with support units preparing their budgets first from July through October, so that any funding for any recommended priorities may be incorporated into the activity unit allocations.

November: Support units present budgets during a three-day Budget Committee conference, attended by additional guests including the Vice-Presidents, Faculty Deans and Directors of Faculty Administration. This allows the Faculty or activity unit leaders to consider and comment on the budget priorities and expenditures of all support units before the Budget Committee votes to receive each budget.

While receiving budget submissions, the Budget Committee identifies unfunded priorities and potentially unacceptable cost-cutting actions. The Committee explicitly prioritizes these items for review by the President, recommending some for funding. In consultation with the Vice-Presidents, as many of these important items as possible are funded.

November to March: Activity units begin budget preparation. Reasonable estimates of future enrolment and revenues based on provincial regulations, strategic objectives, historical demand, and other commitments are prepared. The activity unit allocations are updated in the budget model using the revenue estimates and the final support unit allocations, and the Operating Fund Guidelines are released with the updated allocations.

Ancillaries are self-funded and not dependent on support unit allocations but may use enrolment assumptions in their revenue estimates. Ancillary Fund Guidelines are issued using the same salary and benefit cost assumptions as the Operating Fund, including rent charges and amounts to be contributed to the Operating Fund.

April: Activity units and ancillaries present their budgets during a two-day Budget Committee conference, attended by additional guests including the Vice-Presidents, Faculty Deans and Directors of Faculty Administration. The Budget Committee votes to receive each budget and reviews the final total.

Budgeted consolidated financial statements are prepared incorporating plans for the remaining funds. To finalize the budget, senior management reviews the financial position over the three-year planning horizon and makes adjustments, where necessary, to ensure reasonableness of the consolidated position and continued financial sustainability while promoting the academic mission.

May to June: The budget is presented to the University Planning Committee and the Senate for information and comment before presentation to the Planning and Resources Committee and Board of Governors for approval.

8.6 REVENUE ASSUMPTIONS

8.6.1 ENROLMENT

McMaster's domestic enrolment is above the funded corridor and objectives aim to bring this over-enrolment down in the budget and planning years. International enrolment has fallen short of the targets for 2022/23 and expectations for international enrolments have been tempered for future years. Enrolment will be managed to ensure that debt management policy ratio targets are achieved.

The undergraduate enrolment projection model uses the Enrolment Management Team's level 1 targets to forecast each Faculty's annual intake. For movement between levels 2 and above, within each Faculty and between Faculties, the model applies a flow-through methodology that incorporates each Faculty's historical three-year transition rate.

To project graduate enrolment, since no level 1 intake targets are set at the graduate level, the graduate enrolment projection model is a flow-through model based on the following two elements:

- Each Faculty's historical level 1 intake unless a specific target was provided by a program.
- The transition probabilities of students from levels 2 and above. Like the undergraduate projection, for movement between levels 2 and above within each Faculty, the graduate model applies a flow-through methodology that incorporates each Faculty's historical three-year transition rate, adjusted for mid-year graduation rates.

For both undergraduate and graduate enrolment projection models, actual enrolment data at the student level are used to simulate the projections. The projection data includes FTEs, headcount and WGU counts by Faculty, level, registration status, immigration status, and fee category.

Table 2: Enrolment Assumptions

		2022/23 Budget	2022/23 Projection	2023/24 Budget	2024/25 Plan	2025/26 Plan
Undergraduate FTEs	Domestic	25,835 -0.1%	25,806 -0.2%	25,535 -1.0%	25,020 -2.0%	24,658 -1.4%
	International	4,774 +1.0%	4,530 -1.8%	4,293 -5.2%	4,148 -3.4%	4,186 +0.9%
	Total	30,609 -0.7%	30,336 -0.4%	29,828 -1.7%	29,167 -2.2%	28,844 -1.1%
Graduate FTEs	Domestic	3,317 +6.0%	3,210 -0.9%	3,304 +2.9%	3,310 +0.2%	3,314 +0.1%
	International	1,358 -0.6%	1,504 +10.1%	1,494 -0.6%	1,511 +1.1%	1,523 +0.7%
	Total	4,675 +1.5%	4,713 +8.8%	4,798 +1.8%	4,821 +0.5%	4,836 +0.3%

8.6.2 TUITION RATES

The domestic in-province tuition rate increase is budgeted as flat (0%), with a budgeted 5% inflation for out-of-province domestic undergraduate students.

International tuition rates include market inflation and demand considerations. The 2023/24 rates are budgeted to increase by 10% per year for level 1 and 6% for level 2 and above, with exceptions to specific programs. Note that international PhD tuition will mirror that of the domestic PhD in accordance with McMaster's decision to harmonize the international and domestic PhD tuition starting in 2018/19 (Table 3).

Table 3: Tuition Rate Assumptions

			2022/23 Budget		2022/23 Projection		2023/24 Budget		2024/25 Plan		2025/26 Plan	
			Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +	Level 1	Level 2 +
Domestic - Ontario	Undergraduate	Arts & Science or other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Domestic - Out of Province	Undergraduate	Arts & Science or other	3%	3%	5%	5%	5%	5%	5%	5%	5%	5%
		Professional	3%	3%	5%	5%	5%	5%	5%	5%	5%	5%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	3%	3%	0%	0%	0%	0%	0%	0%	0%	0%
International	Undergraduate	Arts & Science or other	10%	6%	10%	6%	10%	6%	10%	6%	10%	6%
		Professional	10%	6%	10%	6%	10%	6%	10%	6%	10%	6%
	Graduate	Research (with thesis component)	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Professional (course work only)	10%	6%	10%	6%	10%	6%	10%	6%	10%	6%

8.6.3 OPERATING GRANTS

Operating grants are held flat with adjustments for graduate expansion achieved in 2019/20.

Table 4: Operating Grant Assumptions

		2022/23 Budget	2022/23 Projection	2023/24 Budget	2024/25 Plan	2025/26 Plan
Core Operating Grant (COG)		\$1,693/WGU based on WGU midpoint 2019/20	\$1,693/WGU based on WGU midpoint 2019/20	\$1,352/WGU based on WGU midpoint 2019/20	\$1,184/WGU based on WGU midpoint 2019/20	\$1,184/WGU based on WGU midpoint 2019/20
Differentiation Grant	Performance Based*	Up to 45% of Total Operating Grants	0% of Total Operating Grants at risk	Up to 10% of Total Operating Grants at risk	Up to 25% of Total Operating Grants at risk	Up to 25% of Total Operating Grants at risk
	Other Differentiation Envelope (DE)	Remaining funds from the result of reduced WGU value in excess of 45%	45% of Total Operating Grants from the result of reduced WGU value in COG	45% of Total Operating Grants from the result of reduced WGU value in COG	35% of Total Operating Grants from the result of reduced WGU value in COG	35% of Total Operating Grants from the result of reduced WGU value in COG
	Total	45% of Total Operating Grants	45% of Total Operating Grants	55% of Total Operating Grants	60% of Total Operating Grants	60% of Total Operating Grants
International student reduction		\$750/ International student				

Metric performance will be linked to funding in SMA Year 4 (2023/24) at a system-wide proportion of 10%. While the planned differentiation funding as a percentage of total operating grants grows incrementally each year to approximately 60% by 2024/25, the metric-linked funding activation level in Year 5 (2024/25) to a system-wide proportion of 25% will follow from outcomes of the blue-ribbon panel.

8.7 FUNDING FOR STRATEGIC PLAN PRIORITIES

McMaster's community has budgeted initiatives to support and achieve the strategic plan priorities. Investments to advance McMaster are funded from current revenues and appropriations⁴. New initiatives are either funded from appropriations or a request is made to the Budget Committee to fund priority items. The 2023/24 budget includes additional priority allocations to:

- The McMaster Okanagan Committee
- Digital technology transformation in classrooms
- Mental Health supports
- Office of Community Engagement
- Enterprise Risk department expansion
- Research administration support
- Campus Accessibility Action Plan (Phase 3)
- McMaster Innovation Park costs related to University occupants
- Increased utilities costs on campus
- IT investments in asset replacement, cyber security, network expansion, and relationship management tools

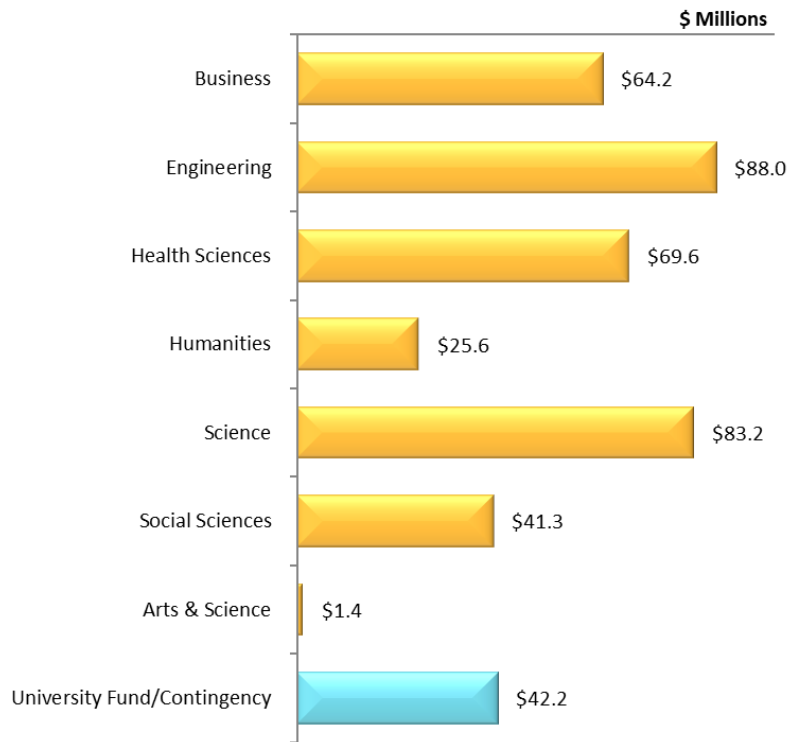
⁴ Appropriations are the accumulated surpluses or deficits from prior years, also known as reserves. In accordance with the Operating and Ancillary Budgets Policy, these balances are carried forward to future years. Surplus appropriations may be used to provide funds to offset one-time spending and investments in deficit-reducing strategies. Envelope managers must present plans to eliminate deficit appropriations with their budget submissions.

- Branding and marketing

In addition to the above, smaller base or one-time investments continue to be made in the 2023/24 budget and planning years to support the strategic plan with a series of administrative support reviews and benchmarking activities including UniForum, a global benchmarking initiative to understand academic and administrative support efficiency involving 42 participating post-secondary institutions worldwide – 16 universities in Australia and New Zealand, 17 in the United Kingdom and 9 others in Canada.

9 ENVELOPE HIGHLIGHTS

Figure 7: Operating Fund 2023/24 Budget University Fund and Activity Unit Allocations



9.1 ACTIVITY UNITS (FACULTIES)

9.1.1 FACULTY OF BUSINESS

The DeGroote School of Business (DSB) is at an exciting and pivotal time. With a new strategic plan in place, DSB plans to add new full-time faculty to its ranks. In addition, the McLean Centre for Collaborative Discovery will be completed in 2024, and students will enjoy new applied learning opportunities in a state-of-the-art facility. The operating budget remains healthy, but market forces and the inability to increase domestic tuition present a medium-term risk if the tuition framework remains frozen.

As part of the new strategic plan, DSB has developed ambitious goals across all five pillars of McMaster’s strategy. These goals and focus areas will continue to increase DeGroote’s reach and stature in education, research, and community engagement over the coming years.

9.1.2 FACULTY OF ENGINEERING

Engineering continues to focus on the student experience through the implementation of the transformed undergraduate curriculum, The Pivot. The Faculty has expanded experiential learning opportunities for students both within the curriculum as well as outside, supporting clubs and teams, undergraduate research opportunities, co-op experiences and career-focused initiatives.

A focus on the graduate student experience will be a priority in the year ahead. Research partnership growth has become a high priority and an expansion of the Associate Dean, Research operation has been launched in support of this priority. Capital plans to increase space continue to be important in support of strategic activities.

9.1.3 FACULTY OF HEALTH SCIENCES

The Faculty of Health Sciences (FHS) continues to lead in education and research, being the primary driver behind the University's reputational rankings and contributing positive results towards the University's strategic priorities. Several priorities and partnerships will enable the FHS to maintain and grow excellence in research, education, and clinical service.

The Faculty is expanding support for clinical trials by increasing contracting and financial services to accommodate large-scale multi-centred studies, as well as supporting Global Nexus priorities. The FHS will continue enabling innovation, entrepreneurship and commercialization through the Michael G. DeGroote Initiative for Innovation in Healthcare and the Marnix E. Heersink School of Biomedical Innovation and Entrepreneurship.

9.1.1 FACULTY OF HUMANITIES

The Faculty of Humanities prioritizes the skills employers value with communication, collaboration, and critical thinking skills. The new paid internship program, award-winning Humanities Career Apprenticeship Program, and a project currently underway to highlight how students gain these core competencies confirm that a Humanities degree is a good investment. New interdisciplinary programming includes the Integrated Rehab Science and Humanities degree in partnership with the Faculty of Health Sciences.

Humanities plays a critical role in the McMaster's international strategy by providing the highly successful MELD English-language programs. Given the increasingly competitive market for international students, a new condensed program will be added in 2023/24.

Through a landmark philanthropic gift from Chancellor Emeritus, Lynton "Red" Wilson, the Faculty of Humanities in partnership with the Faculty of Social Sciences is developing the Wilson College for Leadership and Civic Engagement, which will offer innovative educational programming for students across campus and make McMaster a world leader in civic studies research and engaged practice.

9.1.1 FACULTY OF SCIENCE

The Faculty of Science continues to focus on the student experience, success of graduates, excellence in teaching and learning, research excellence and impact, innovation, economic development, and community engagement. Key activity areas include excellence in academic programming, commitments to equity, diversity, inclusion and accessibility and Indigeneity, investments in advancement, refinement of international strategy and support for innovation in all areas with a focus on impact and outcomes.

The Faculty of Science is making substantial adjustments to activities to support the 2020-25 strategic plan while mitigating the financial risk in the current environment, including a pause of non-essential hiring and capital expenditures.

9.1.2 FACULTY OF SOCIAL SCIENCES

The Faculty of Social Sciences (FSS) is investing in improving skills, job readiness, and job outcomes for students through its Careers and Experiential Education office. Enrolment growth will be focused in priority areas such as the new joint certificate with the DeGroote School of Business. Community and Economic Impact continues to be a priority for the FSS through initiatives like the community research platform and the Spark Centre for Social Research Innovation. The FSS is strengthening the ability of its faculty to attract Tri-Council funding through the creation of new research centres and enhanced research support programs both pre- and post-award.

The FSS is investing in enhanced student recruitment to ensure that enrolment targets are met even in the challenging environment, and is in the early stages of a larger consultation process for reducing expenditures to minimize impact to programming and focus resources on priority activities.

9.1.3 ARTS & SCIENCE PROGRAM

The Arts & Science program continues to prioritize interdisciplinary, inquiry-based, socially engaged learning, in line with the University's mission and teaching and learning strategy. 2023/24 will see the relaunch of the successful McMaster Discovery Program after a year's hiatus, as well as exciting curricular revisions including the implementation of new upper-level inquiry courses. Plans are underway to review and enhance recruitment and admissions processes, with a view to further diversifying the applicant pool and incoming class.

9.2 UNIVERSITY FUND

The University Fund supports excellence, innovation, and renewal across all areas of the University. By design, projects supported are allocated funding for specific short-term purposes with successful innovations intended to be permanently funded by different means. The University Fund enables greater flexibility toward advancing strategic priorities in support of McMaster's mission.

The Office of the Provost is responsible for developing appropriate mechanisms to allocate the University Fund as a strategic tool for the University. This fund also supports sometimes unforeseen priorities. Overall, the Provost actively supports strategic initiatives from the University Fund. Many existing ongoing commitments have been shifted to permanent allocations in the relevant areas as intended, and the Provost will continue to apply this lens to all future projects.

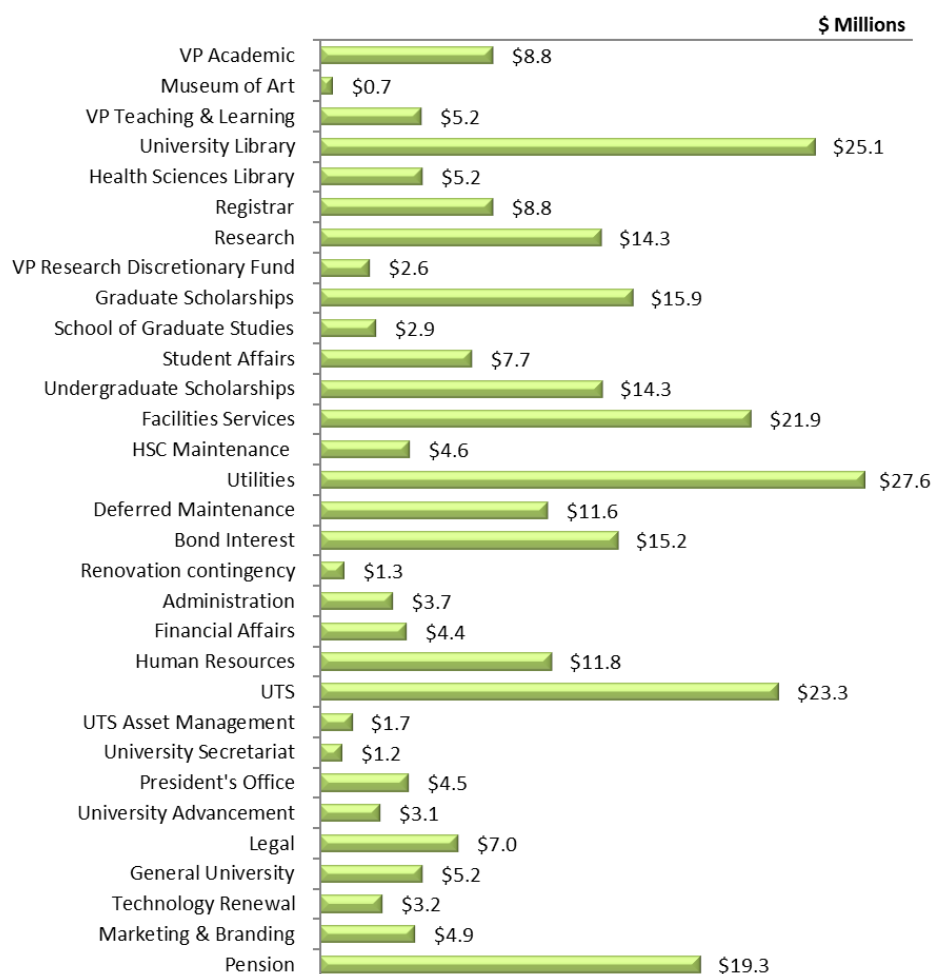
Some of the current commitments from the University Fund include:

- Supplemental operating contributions to Faculties
- Contributions to the capital reserve, capital renewal and expansion projects
- Indigenous programming support
- Black Cohort and Indigenous faculty hiring initiatives
- Strategic Excellence and Equity in Recruitment and Retention (STEER/R) Awards Program
- Students at Risk Bursary
- Strategic Alignment Fund

9.3 SUPPORT UNITS

Support units do the indirect work that furthers achievement of the academic mission. While not directly involved in teaching and research, support units provide the infrastructure that ensures efficient delivery of the services critical to achieving the mission.

Figure 8: Operating Fund 2023/24 Budget Support Unit Allocations



9.3.1 STUDENT SUPPORT

Student Affairs provides a breadth of programming and services to students in support of three main pillars: creating a sense of belonging, supporting health and well-being, and providing opportunities for personal growth and transformation. Student Affairs supports key stakeholders, including government, students, parents, and the University. The ability to respond quickly to these needs is often dependent on funding from a range of sources, including government and donors.

The **School of Graduate Studies (SGS)** assists Faculties in the development of new graduate programs, ensuring that such proposals are prepared according to the latest requirements and clearly articulate the alignment between the proposal and the University's priorities. SGS continues to work

to maintain bursary and scholarship funds at a time when living costs in the Hamilton area have dramatically increased.

9.3.2 ACADEMIC SUPPORT

The **University Library** and **Health Sciences Library** are participating in a Budget Committee Working Group charged to identify new approaches to fund McMaster's libraries. At the same time, the two organizations are exploring the viability of harmonizing or merging specific functions with an aim to reduce costs and improve service quality.

The **Registrar's Office (RO)** contributes to the University's strategic mission through the recruitment of stellar students and the support of their administrative needs from admission to convocation. The RO will focus on creating a seamless, easy to navigate stakeholder experience through the campus-wide CRM (Campus Relationship Management) rollout to students.

The units within the **Vice Provost, Teaching and Learning** portfolio (**MacPherson Institute for Leadership, Innovation, and Excellence in Teaching, Office of Community Engagement, the INSPIRE Office of Flexible Learning**) work to further advance and support innovation in teaching and learning to elevate teaching as a professional discipline and equip our students with the knowledge and skills needed to make a transformative impact on our world. Future priorities include enabling partnered and interdisciplinary learning, valuing inclusive excellence and scholarly teaching, supporting teaching and learning in active and flexible learning spaces, and partnering across campus to create a holistic and personalized student experience.

9.3.3 RESEARCH SUPPORT

The **Vice-President Research (VPR)** supports McMaster's competitive grant applications processes ensuring grant compliance, financial oversight, protection of researchers and research subjects, and maintaining institutional eligibility requirements. Additionally, the VPR supports private sector partnerships, protection of IP, licensing, patents, and start-ups, which contribute to McMaster's increased research funding from the private sector sources SMA metric. In 2023/24 the VPR plans to engage in additional activity to attract further Tri-Agency and private sector funding, increase commercialization and knowledge translation activities, and develop new collaborations both nationally and internationally.

As Canada's sole major neutron source, the **McMaster Nuclear Reactor (MNR)** is the only University in Canada capable of hosting several types of specific research facilities. New investments will further increase research outcomes at MNR. Nuclear Operations and Facilities will continue to enable nuclear research while planned expansion will facilitate greater life sciences research and development, including commercial opportunities around medical isotopes.

9.3.4 INSTITUTIONAL SUPPORT

University Technology Services (UTS) has successfully advanced the McMaster IT Strategic Vision, from data-driven decision-making tools and resources, to improved workflows and efficiencies. At the same time, the tactical importance of reducing deferred maintenance risks, enhancing IT security capabilities, developing strong partnerships and collaboration opportunities with partners across campus, evaluating and 'right sizing' IT services and support, and continuing to deliver on projects that will support the institution's mission of teaching, learning and research, will be a top priority.

Financial Affairs is focused on supporting several strategic priorities including business development initiatives at the McMaster Innovation Park, research commercialization and new entity spin-offs, public-private partnership projects for infrastructure spaces, and decarbonization of invested assets. In 2023/24, implementation of the OneCard system will allow students and employees to buy and receive services, access spaces, and manage their personal university account. A budget discovery project aims to replace the current system, reaching its end of life by 2030.

Human Resources is committed to supporting a highly engaged, welcoming, and safe work environment. Key actions in 2023/24 include a focus on employee health and wellbeing, recruitment and retention, compensation design, process optimization, and technology improvements. Human Resources will also continue to support the University through its pandemic response, providing expert health and safety guidance and planning for the future of work.

University Advancement (UA) is currently conducting two reviews – one focused on the University’s readiness for a new fundraising campaign, and another to ensure the team is optimally arranged. UA continues to achieve strong results, which are made possible through the leadership, collaboration and support of McMaster’s senior leadership and our other academic partners across campus.

The **Marketing and Branding** project and McMaster’s Brighter World brand platform have advanced the University’s digital presence. Differentiating McMaster in an increasingly competitive national and international environment underpins the current evidence-based marketing strategy. Investments focus on strengthening McMaster’s international ranking profile which contributes to diversified international recruitment. Investments focus on delivering efficient, effective, and innovative marketing strategies.

9.3.5 FACILITIES SUPPORT

Facilities Services continues to look at new ways to improve day-to-day operations. Custodial Services has completed a pilot through the Uniforum project to analyze ways to reduce costs and increase customer satisfaction. As deferred maintenance continues to grow, maintenance staff are increasingly challenged to work on tasks outside the critical items identified. In 2023/24, several plans will be updated to prioritize and progress strategic initiatives, including the Campus Plan.

10 BUDGET BY FUND

10.1 OPERATING FUND

Table 5: Operating Fund Summary

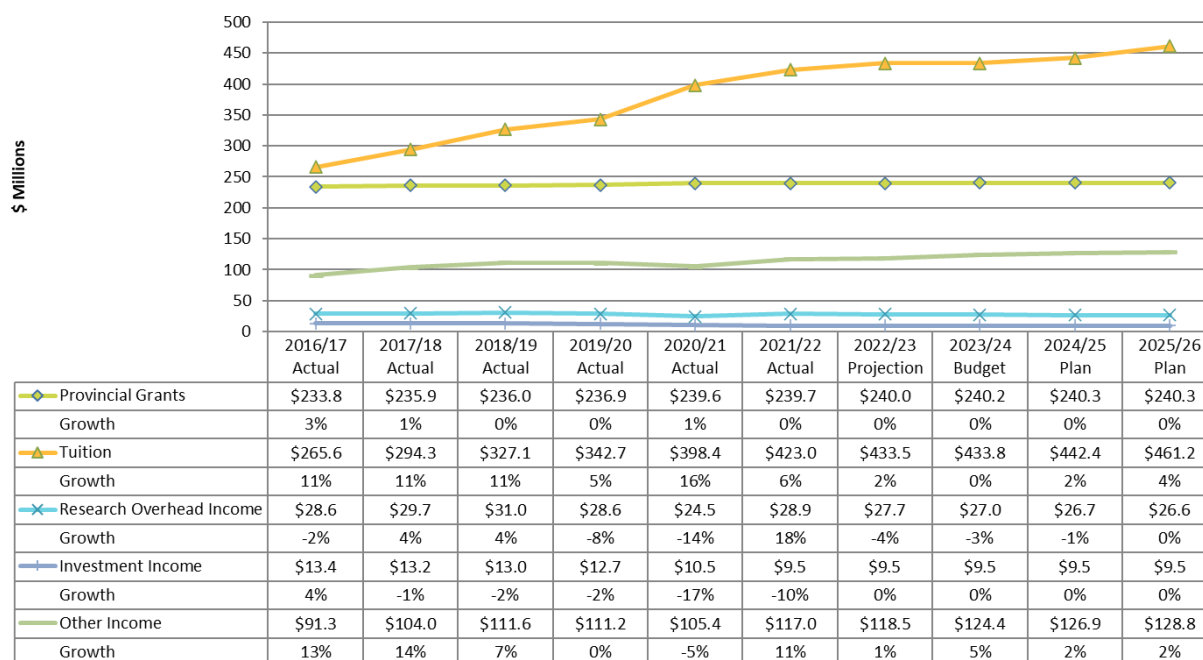
(\$ thousands)							
	2022/23 Budget	2022/23 Projection	2022/23 Variance		2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues							
Provincial grants	239,816	240,021	205	0.1%	240,222	240,339	240,313
Tuition	445,672	433,451	(12,221)	-2.7%	433,810	442,426	461,241
Research overhead income	25,562	27,733	2,171	8.5%	26,974	26,682	26,594
Investment income	9,467	9,467	-	0.0%	9,467	9,467	9,467
Other income	122,382	118,530	(3,851)	-3.1%	124,364	126,922	128,828
Total revenues	842,899	829,202	(13,696)	-1.6%	834,837	845,836	866,442
Expenses							
Salaries, wages and benefits	565,034	566,541	(1,507)	-0.3%	598,373	615,812	634,987
Utilities and maintenance	45,261	48,953	(3,692)	-8.2%	51,192	52,464	52,739
Equipment and renovations	77,081	65,039	12,042	15.6%	55,491	52,201	49,946
Scholarships, bursaries and work study	34,534	36,180	(1,646)	-4.8%	36,828	35,852	35,312
Library acquisitions	14,614	15,533	(919)	-6.3%	15,660	15,940	16,524
Debt and financing charges	26,001	26,002	(0)	0.0%	25,355	25,355	25,355
All other expenses	85,058	73,798	11,260	13.2%	81,770	77,729	76,125
Total expenses	847,584	832,046	15,538	1.8%	864,668	875,354	890,988
Excess of revenues over expenses	(4,685)	(2,843)	1,842	39.3%	(29,831)	(29,518)	(24,546)
Fund balance, beginning of year	172,311	226,772	54,460	31.6%	223,928	194,097	164,579
Fund balance, end of year	167,626	223,928	56,302	33.6%	194,097	164,579	140,034

The 2022/23 Operating Fund projected deficit is smaller than budgeted due to savings and delayed spending in equipment and renovations and other expenses which more than offset the drop in tuition related to international students.

For 2023/24, the Operating Fund budget and planning years are drawing down on appropriations. The University continues to make investments in support of McMaster's vision and strategic priorities, while the frozen tuition framework and current international student enrolment slowdown have an impact on revenue growth opportunities. Variances between the 2022/23 budget and projection are available in Appendix 2.

10.1.1 REVENUE

Figure 9: Operating Fund Budget Revenue Trend by Type



10.1.1.1 PROVINCIAL GRANTS

Provincial grants remain relatively frozen since 2016/17. Full performance-linked funding is delayed until at least 2024/25 resulting in greater funding certainty in 2023/24. The International Student Reduction (\$750 tax per international student enrolled) has increased since its introduction as international participation grows. During recent inflationary periods the fixed grant allocation's purchasing power continues to diminish (\$1 in 2015/16 approximates \$0.83 today).

10.1.1.2 TUITION

Based on the overall enrolment targets and the assumed flat domestic in-province tuition framework, 2023/24 net overall tuition income is projected to increase by only \$0.4 million (+0.1%) from the 2022/23 projection mainly due to declines in international enrolment from previous targets.

The following chart (Figure 10) reflects the enrolment and tuition trends in the framework tuition revenue, while Figure 11 reflects the mix between domestic and international enrolment, and the related funding for each. Funding for domestic students includes both provincial grants and tuition, while no grants are received for international students who are funded through tuition fees only.

Figure 10: Tuition and Enrolment Trend (excludes domestic provincial grants revenue)

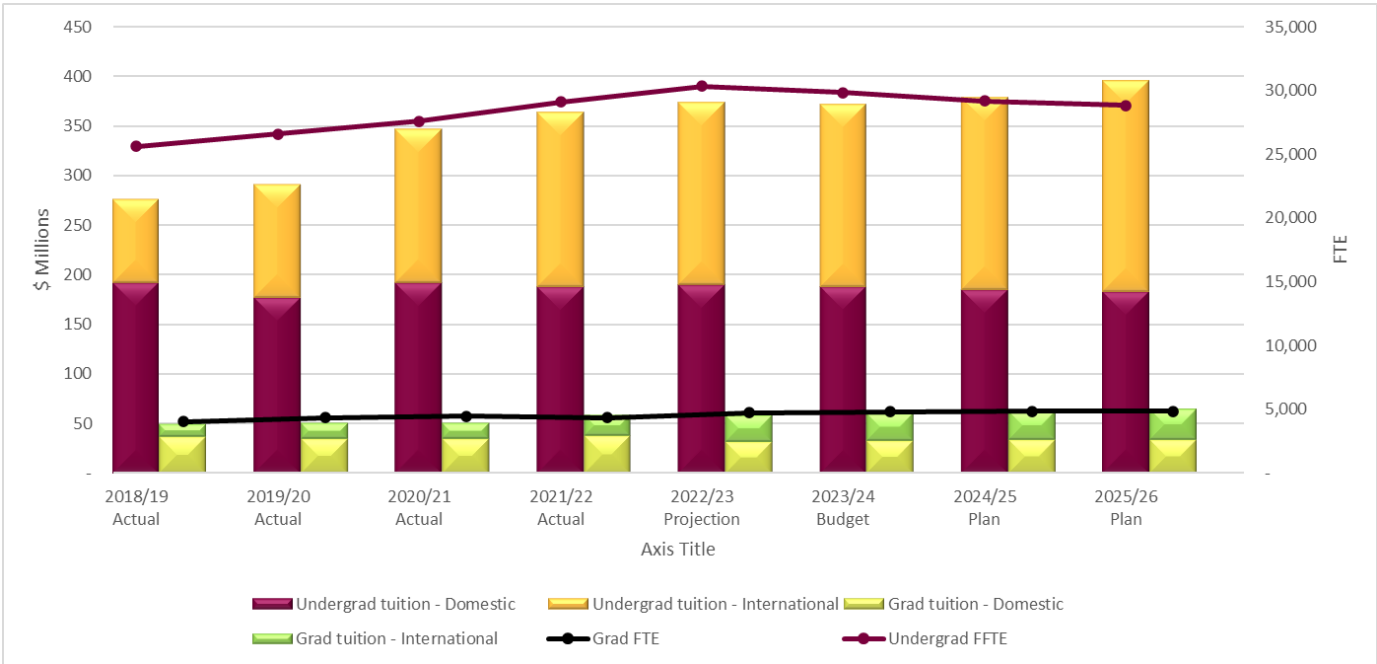
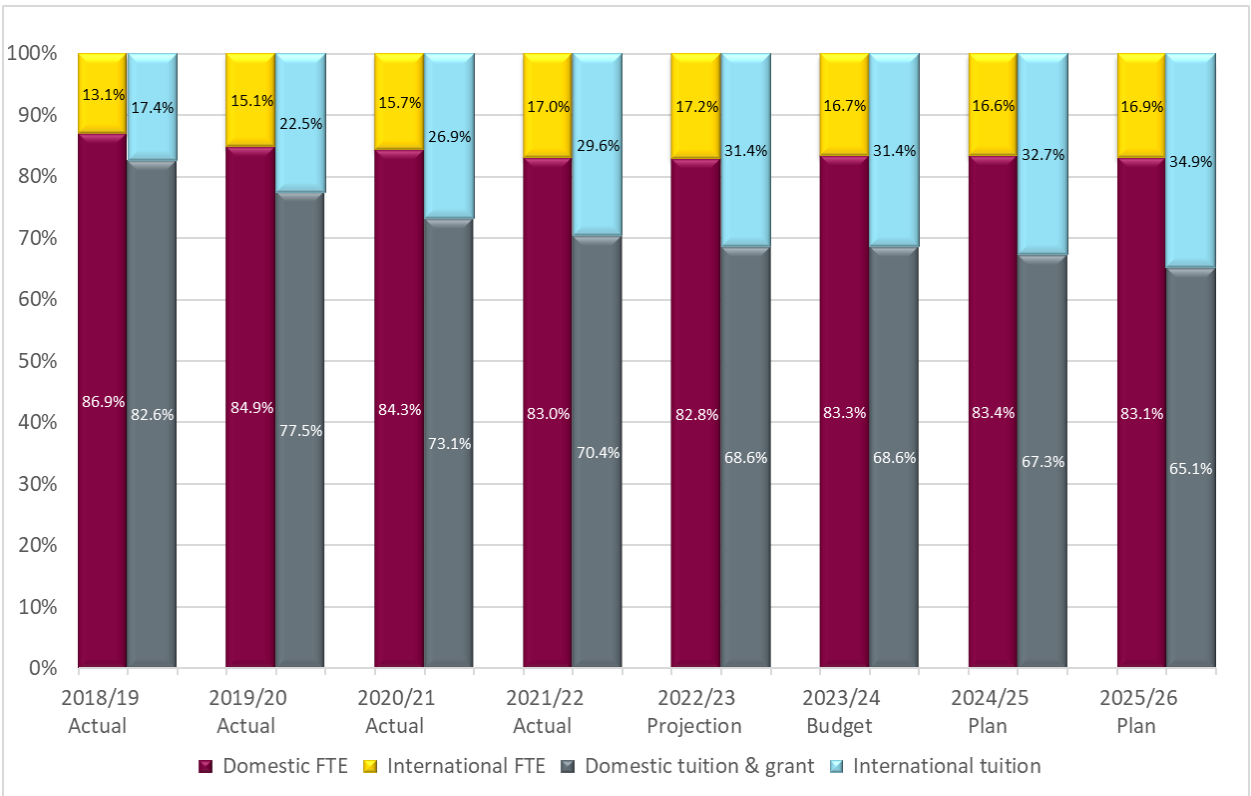
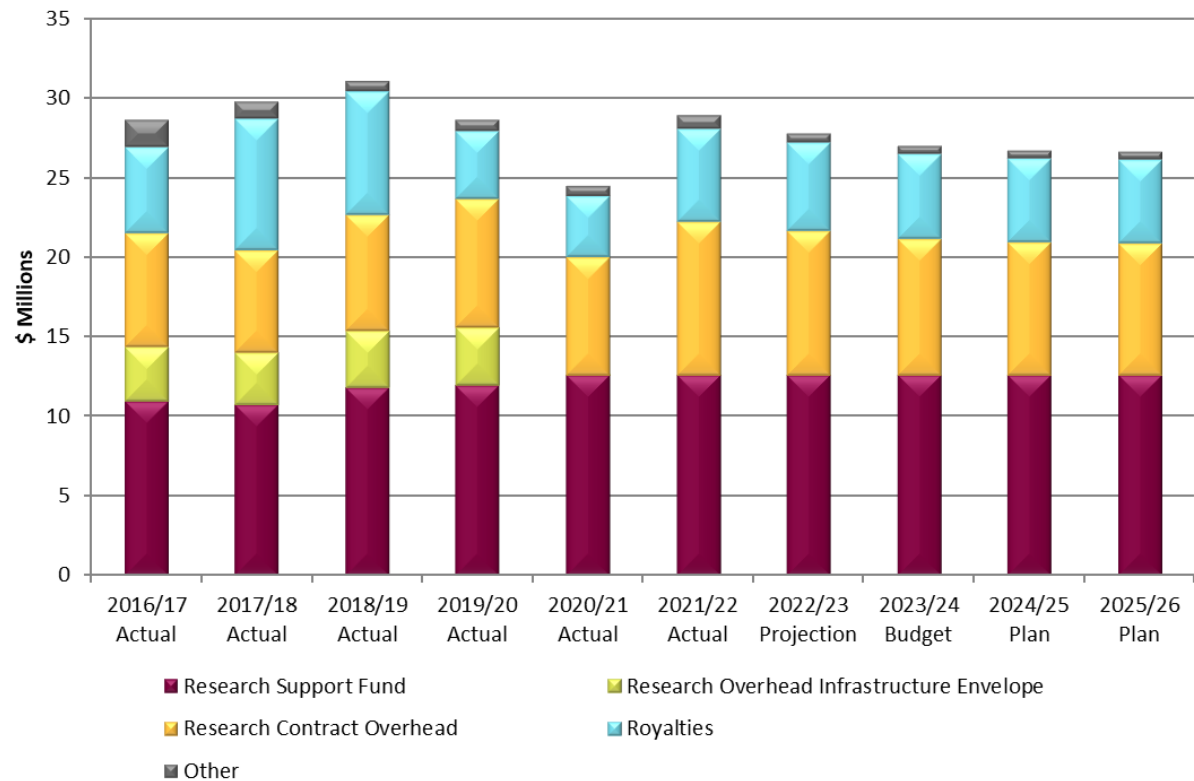


Figure 11: Operating Fund Framework Domestic Vs. International



10.1.1.3 RESEARCH OVERHEAD INCOME

Figure 12: Operating Fund Research Overhead Income Trend



Research overhead income is conservatively budgeted. Research overhead is intended to defray central and departmental support and infrastructure costs related to conducting research. The federal Research Support Fund and the Research Overhead Infrastructure Envelope (ROIE) are based on Tri-Agency research funding the University receives. In 2020/21, the ROIE was rolled into the MCU performance funding grants. For 2023/24 these grants are distributed to activity units through the budget model.

Research contract overhead is levied on research grants and contracts from the private sector and other agencies where allowed. Overheads are normally calculated as a percentage of direct research costs, with the objective of recovering the full amount of indirect support costs. Budgets are based on historical results. Overhead income is credited directly to activity units, where it may be further distributed to departments or reinvested in research.

Royalties are payments for commercial use of McMaster intellectual property associated with research discoveries. Like research contract overhead, royalties fluctuate depending on usage, and budgets are based on historical trends. This income is credited directly to activity units, with a share to inventors.

Other research overhead income may be earned on funding from Centres of Excellence, Canada Research Chairs, and Early Researcher Awards.

10.1.1.4 INVESTMENT INCOME

The Operating Fund is allocated \$9.5 million per year from Investment Pool revenue. Annual interest from internal endowments, including the H. Lyman Hooker Endowment Fund, which is a gift directed to “provide a steady annual flow of funds to support programs that will enrich the academic achievements of the University and to provide a suitable memorial to Dr. Hooker”, and the employer portion of the pension surplus payout in 2003 approximates \$6.2 million per year. The remainder is funded from the specific purpose reserve as an approach to stabilize interest revenues allocated to Faculties through the budget model framework. Unspent capital transfers are also included in the Faculty interest allocation.

10.1.1.5 OTHER INCOME

Other income includes Ministry of Health and Long-Term Care grants, post-graduate medical training, tuition from non-Ministry funded programs, nuclear reactor sales, ancillary contributions (reflecting 4.5% on sales), athletics and recreation facility expansion contributions, registration and service fees, and utility recoveries from partners.

10.1.2 EXPENSE

Figure 13: Operating Fund Expense Trend

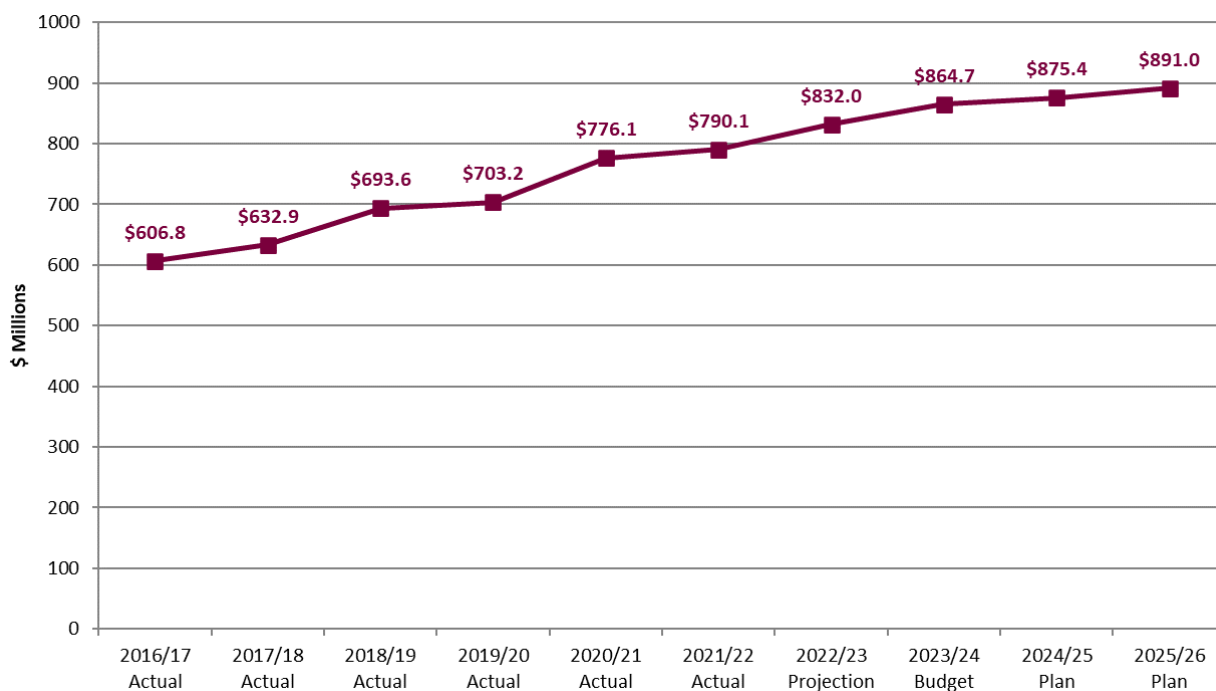


Figure 14: Operating Fund 2023/24 Budget Expense by Type

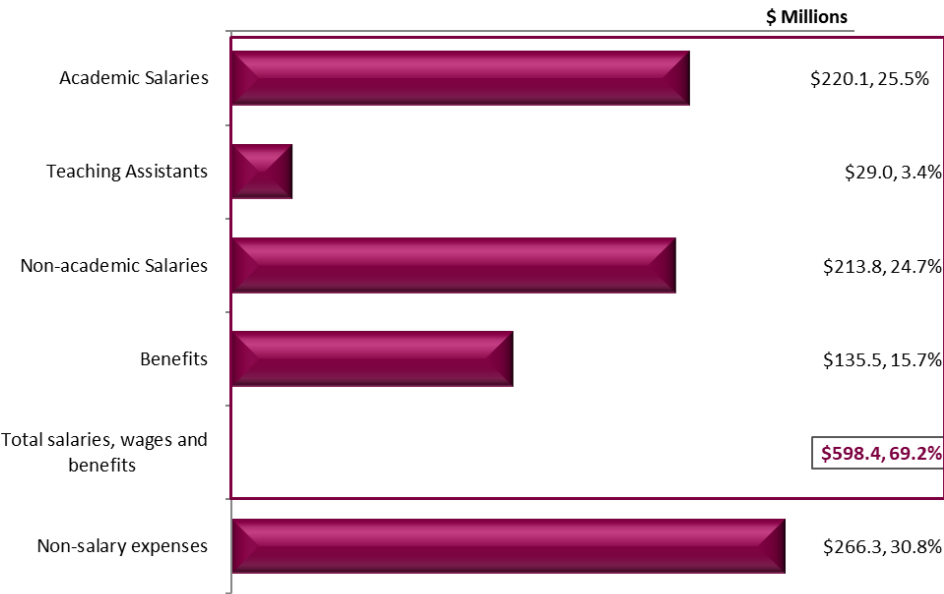
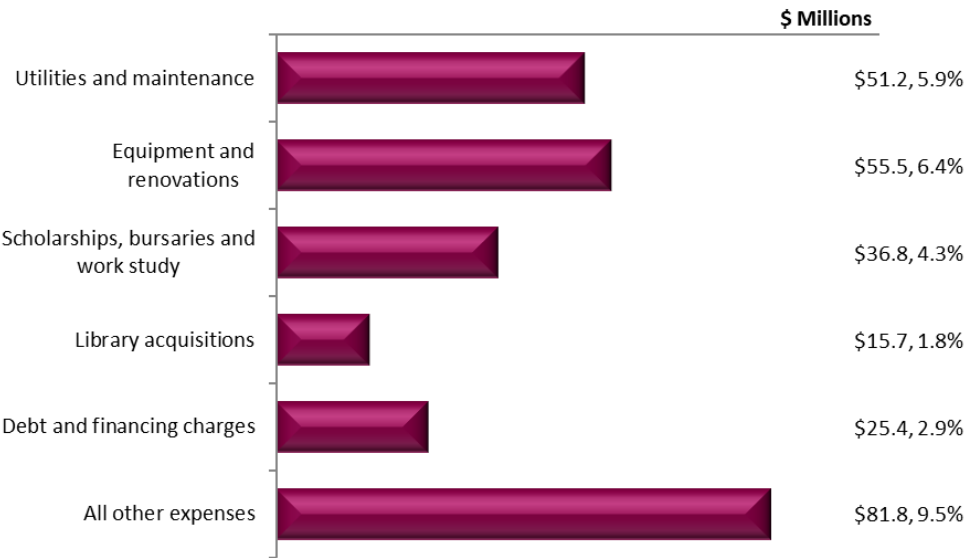


Figure 15: Operating Fund 2023/24 Budget Non-salary Expenses by Type



10.1.2.1 SALARIES, WAGES AND BENEFITS

Salaries, wages, and benefits are the largest component of the operating expense budget. The high quality of McMaster’s faculty leading the academic and research mission is a key success factor. Additional University staff to facilitate, administer and support academic programs, research, and the student experience are also important to McMaster’s community.

To address enrolment growth, accommodate new programs, and prepare for upcoming retirements, McMaster’s faculty renewal focus is on tenure-track or teaching-track faculty to reduce student-to-

faculty ratios and improve research-focused academic time. In parallel, operational excellence initiatives draw on benchmarking data to streamline processes and mitigate support staff growth.

Since Bill 124 was passed in 2019, collective agreements were ratified with compensation restraint requirements limiting annual increases to 1% over three years, while being mindful of market competition for employment. Although the bill has since been declared unconstitutional, compensation increases have been budgeted using rates in effect for the term of the agreements with moderate increases in future years. Taken together with impacts of changes to minimum wage, compensation legislation has created new inflationary pressures.

Budgeted benefit rates use ten-year actuarial and five-year historical costing models to set smoothed rates to collect cash requirements. A benefit reserve is used to address variable cash outflows. Benefit rate continuity schedules are reviewed annually with the Budget Committee to ensure rates are reflective of projected cash requirements. McMaster's recent valuations for both the salaried and hourly pension plans provide payment certainty until July 1, 2024, with no special payments required under the current filings.

All factors considered the total compensation growth approximates 4% per year over the budget and planning horizon.

10.1.2.2 UTILITIES AND MAINTENANCE

Utilities and maintenance represent 5.9% of annual operating expenses, including annual contributions of \$11.6 million to deferred maintenance. Utility expenses are driven by market rates and consumption subject to environmental factors. Further, unplanned maintenance failures and campus behavior contribute to variability in expense budgets. McMaster also supports the hospital's energy backup, which can lead to increased costs (fully recovered within other income) due to supply requirements during high-cost periods.

Hydro rates are budgeted at \$0.06 per kWh and natural gas rates at \$0.40 per m³ for 2023/24 and the planning years. Natural gas prices have increased significantly due to the energy crisis in Europe as well as supply/demand issues resulting from the pandemic and weather. Prices are expected to drop slightly after 2023 but will remain elevated from pre-pandemic prices due to increasing demand. The budget is net of Ontario Global Adjustment rate savings as a class A consumer and other energy reduction initiatives. The budget reduces the use of cogeneration energy to minimize carbon emissions.

Prior to the pandemic McMaster tracked the Ontario Association of Physical Plant Administrators (OAPPA) numbers for benchmarking purposes. The OAPPA G6 benchmark average for energy was \$2.47 per square foot (/SF). McMaster University Medical Centre and Michael DeGroote Centre for Learning and Discovery have a significantly higher energy cost index due to the energy-intensive nature of health research and the heating/cooling requirements of the hospital with in-patient beds and emergency and operating rooms. Excluding these two facilities, the energy cost index for the McMaster campus was \$2.15/SF. It is expected that the tracking of these rates will continue post-2022/23 as the institutions return to normal operations.

10.1.2.3 EQUIPMENT AND RENOVATIONS

Physical and technical infrastructure is essential to achieving McMaster's strategic priorities while delivering an optimal student experience. However, given the current revenue constraints and revised capital plans the contributions to capital from the Operating Fund have been scaled back from the previous budget cycle. The operating budget includes capital transfers approximating \$20 million per year for new and upgraded physical facilities, including new community spaces. Capital transfers are permanent one-time transfers to capital priorities identified in the annual Capital Plan. Capital allocations are held reserved for specific projects with spending allowed once business cases are approved based on Board by-laws. Major items over the planning period include:

- \$6.0 million to support the new Greenhouse capital project – University Fund
- \$8.0 million toward the McLean Centre for Collaborative Discovery – DeGroote School of Business and Faculty of Health Sciences
- \$4.9 million for general renovations in occupied buildings – Faculties of Health Sciences and Social Sciences
- Investments in renovations, equipment, software, and systems projects to improve the student experience, document management, and customer relationship management

10.1.2.4 SCHOLARSHIPS, BURSARIES AND WORK STUDY

Scholarships, bursaries, and other supports enhance McMaster's recruitment and admission goals, recognize student achievement, and aid in retention. Support incentives are imperative to recruit high-calibre students, with additional support available through the Student Access Guarantee (SAG). To ensure that sufficient funding is available to meet SAG obligations, the funding provided through the budget model varies with actual amounts required. The budget incorporates estimated expenses given the enrolment assumptions.

McMaster issues net estimates and net bills to students aligned with provincial transparency objectives. Net bills detail all education costs less Ontario Student Access Program and other student aid or support reductions. McMaster's entrance awards are low compared to other Ontario universities, however the report of total support from multiple sources allows for more informed decisions.

10.1.2.5 LIBRARY ACQUISITIONS

To achieve the University's mission, access to the journals with the highest profile and impact must be maintained. The cost of purchasing core titles inflates roughly \$0.5 million annually. Serial subscriptions purchased through the Canadian Research Knowledge Network (CRKN) consortium reflects a multi-year buying collaboration for large publisher journal packages. Consortiums reduce flexibility, however the approach increases purchasing power to mitigate some inflation. The CRKN subscription fees are linked to a university's research-intensity factor, meaning McMaster's research success contributes to higher fees than other peers with larger enrolments.

Several actions have been taken to contain costs, including cost per use data analysis to support subscription cancellation decisions. Results from cost containment initiatives explore additional alternatives to maintain access to the world's most high-profile and high-impact journals.

The budget reflects the combined impacts of inflation and expected exchange rates. In order to reduce pressure on the library envelopes, the US exchange rate has been internally fixed at the long-term rate, with any gain or loss covered centrally.

10.1.2.6 DEBT AND FINANCING CHARGES

McMaster uses debt financing to support strategic and capital priorities. Total debenture financing is \$390 million with a weighted average capital cost approximating 4.75%. Each debenture has a repayment reserve (or sinking fund) for the principal amounts when due. Sinking funds are held in the Investment Pool and monitored annually for repayment adequacy. Annual Board oversight and financial statement note disclosure transparently describe each debenture's annual interest rate, maturity date, and reserve balance. See Section 12 Overall Borrowing and Debt Position for additional details.

10.1.2.7 ALL OTHER EXPENSES

Other expenses approximate 9.5% of total operating costs and includes a range of supplies and other expenses not categorized elsewhere. The expense is net of recoveries including transfers from trust funds, contributions of ancillaries to occupancy costs, and internal services.

10.1.3 OPERATING FUND APPROPRIATIONS

With the budgeted deficit of \$29.8 million, Operating Fund appropriations are expected to decline to \$194.1 million by the end of 2023/24. In addition to funding strategic initiatives, including one-time projects, appropriations in some envelopes are being used in the short term to fund operations as cost containment measures are implemented in response to the current revenue constraints. McMaster's appropriation balances are budgeted and planned to decline, however a reasonable level of funding is maintained to address unforeseen events and contingencies, as well as to meet financial health targets.

10.1.4 ONE-TIME EXPENDITURES

Table 6: Operating Fund Ongoing and One-time Summary

(\$ thousands)							
	2022/23 Budget	2022/23 Projection	2022/23 Variance		2023/24 Budget	2024/25 Plan	2025/26 Plan
Ongoing:							
Allocated income	711,591	699,438	(12,153)	-1.7%	702,428	712,338	731,374
Other income	129,979	127,561	(2,419)	-1.9%	129,869	132,670	134,446
Total revenues	841,570	826,999	(14,572)	-1.7%	832,297	845,008	865,820
Expenses	801,344	809,329	(7,985)	-1.0%	824,134	845,432	862,653
Excess of revenues over expenses	40,226	17,670	(22,556)	-56.1%	8,164	(424)	3,168
% of revenue	4.8%	2.1%			1.0%	-0.1%	0.4%
One-time:							
Allocated income	-	-	-	n/a	-	-	-
Other income	1,328	2,204	875	65.9%	2,540	828	622
Total revenues	1,328	2,204	875	65.9%	2,540	828	622
Expenses	46,239	22,717	23,523	50.9%	40,535	29,922	28,335
Excess of revenues over expenses	(44,911)	(20,513)	24,398	-54.3%	(37,995)	(29,093)	(27,713)
Excess of revenues over expenses	(4,685)	(2,843)	1,842	-39.3%	(29,831)	(29,518)	(24,546)
Fund balance, beginning of year	172,311	226,772	54,460	31.6%	223,928	194,097	164,579
Fund balance, end of year	167,626	223,928	56,302	33.6%	194,097	164,579	140,034

The Operating Fund is structurally balanced over the planning period. Ongoing revenue and expenses are conservatively budgeted. Actual results are expected to be favourable as revenue-generating opportunities are implemented and cost containment efforts enable strategic priority investments captured under one-time expenses. Ongoing expense growth is aligned to recruitment and compensation plans and other inflationary pressures. One-time investments include:

- \$17.4 million for University Fund strategic investments, such as: post-COVID return to campus initiatives, systems projects, rejuvenating core research platforms, policy reforms, and other capital priorities.
- \$15.5 million for renovation and expansion of facilities
- \$4.6 million towards one-time staffing needs
- \$1.7 million for branding and marketing activities

10.1.5 OPERATING FUND BUDGET CONCLUSIONS

The Operating Fund supports McMaster's refreshed vision and strategic priorities with a focus on limiting ongoing expenditure growth to enable one-time initiatives to advance inclusive excellence, learning and teaching, research and scholarship, community engagement across local, national, Indigenous, and global communities, and projects that drive operational excellence. The 2023/24 Operating Fund is structurally balanced overall with an \$8.2 million surplus. Net one-time expenditures of \$38.0 million include strategic and capital priorities resulting in a net deficit of \$29.8 million. The net deficit position is driven by current barriers to international enrolment growth, compounded by the existing frozen tuition and grant framework, however cost containment strategies are in place along with the ability to draw on appropriations which have been built up in prior years.

10.2 RESEARCH FUND

Table 7: Research Fund Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Research grants and contracts	220,000	258,000	38,000	261,000	264,000	267,000
Total revenues	220,000	258,000	38,000	261,000	264,000	267,000
Expenses						
Salaries, wages and benefits	140,400	134,000	6,400	135,100	136,200	137,300
All other expenses	100,600	110,500	(9,900)	105,600	103,200	103,800
Transfers to (from) other funds	(18,977)	(23,539)	4,562	(17,671)	(14,404)	(14,137)
Total expenses	222,023	220,961	1,062	223,029	224,996	226,963
Excess of revenues over expenses	(2,023)	37,039	39,062	37,971	39,004	40,037
Fund balance, beginning of year	302,376	277,177	(25,199)	314,216	352,188	391,191
Fund balance, end of year	300,353	314,216	13,863	352,188	391,191	431,228

The 2022/23 Research Fund revenue projection is \$258.0 million, which is based on research revenue receipted, including revenue received for future periods, net of hospital research. The projection is \$38.0 million higher than budget as funding related to COVID-19 grants and contracts awarded in prior periods is received. Expenses are in line with prior years.

In 2023/24 receipts are anticipated to level off at the higher rate as McMaster actively pursues funding, including support for Global Nexus initiatives. Industry research revenue will depend on the recovery of the general economy.

10.3 CAPITAL FUND

Table 8: Capital Fund Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Operating grants	5,970	6,087	117	6,000	6,000	6,000
Other revenues	9,400	3,400	(6,000)	43,000	61,650	92,900
Total revenues	15,370	9,487	(5,883)	49,000	67,650	98,900
Expenses						
All other expenses, including capital	226,281	150,883	75,398	170,614	135,983	193,454
Transfers to (from) other funds	(44,775)	(35,895)	(8,879)	(24,463)	(27,716)	(28,345)
Debt and financing charges	(12,680)	(12,461)	(219)	(16,514)	(21,720)	(21,669)
Total expenses	168,826	102,527	66,300	129,637	86,547	143,440
Excess of revenues over expenses	(153,456)	(93,040)	60,417	(80,637)	(18,897)	(44,540)
Fund balance, beginning of year	103,693	289,944	186,251	196,904	116,267	97,370
Fund balance, end of year	(49,763)	196,904	246,668	116,267	97,370	52,830

The Capital Fund includes major building and renovation projects temporarily reflected as expenses (before consolidating accrual adjustments covered later), transfers from the Operating Fund mainly to support Faculty strategic capital priorities, and unit repayments of internal capital loans. The information in the table aligns with the approved Capital Plan (see also Section 6.4), as well as the prior year's budget updated with current spending.⁵

Table 9 below summarizes total expected capital funding and spending by project for fiscal 2022/23 to 2025/26. Projected capital spending of \$150.9 million is lower than budget due to slower spending and supply delays on some key projects, and postponement of planned projects. Further refinement of capital plans will be informed by the vision outlined in the Campus Plan and partnerships to ensure successful implementation and financial viability.

Table 9: Capital Spending by Project

(\$ thousands)	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Plan	2024/25 Plan	2025/26 Plan
Approved projects						
180 Bloor Street	-	2,390	(2,390)	-	-	-
ABB 5th Floor Fit Out	-	908	(908)	-	-	-
Advanced Manufacturing Centre	3,450	4,645	(1,195)	-	-	-
Athletic and Recreation - Pulse and Student Space Expansion	8,092	10,269	(2,177)	5,000	-	-
Classroom Reconfiguration Plan	-	938	(938)	-	-	-
Deferred Maintenance Projects	16,593	17,280	(687)	16,193	16,193	16,193
Greenhouse and LSB Phase One	14,713	6,413	8,300	13,059	-	-
GSR Parking Garage	6,000	6,000	-	10,000	4,093	-
Lot K Parking Structure	5,000	-	5,000	-	-	-
McLean Center For Collaborative Discovery	35,000	35,000	-	62,000	15,000	4,424
MRI Installation at IAHS	-	4,000	(4,000)	5,200	-	-
Parking and Security Relocation	1,252	2,090	(838)	-	-	-
PeakShavers and Boilers	22,600	23,798	(1,198)	2,000	-	-
Peter George Center for Living and Learning	-	1,853	(1,853)	-	-	-
Psychology Building Atrium Addition	3,630	-	3,630	-	-	-
Research Commercialization Project	23,969	14,000	9,969	7,825	-	-
Residence Renewal Program	2,000	2,000	-	2,000	2,000	2,000
Other	737	2,125	(1,388)	737	737	737
Total approved projects	143,036	133,709	9,327	124,014	38,023	23,354
Estimate of planned projects - not yet approved	83,245	17,174	66,071	46,600	97,960	170,100
Total capital spending	226,281	150,883	75,398	170,614	135,983	193,454

Table 9 identifies approved capital projects and estimated total projects net yet approved, including net zero capital infrastructure and Wilson College. Projects pending approval are in various stages of planning and business case development. Capital approvals occur in accordance with University by-laws.

Where projects proceed in advance of some internal and/or external funding receipts interim bridge loans or long-term loans are arranged through the University's central bank, which is funded by debt financing outlined in Section 12 Overall Borrowing and Debt Position.

⁵ Capital expenditures used in operations and to support ancillary departments are budgeted through the Operating and Ancillary Funds within the same envelope system, and using the same priority-setting, monitoring and control process as operating expenses. Capital expenditures budgeted within the Operating and Ancillary Funds include equipment, renovations, faculty start-up costs, and deferred maintenance. Internally led projects that require financing borrow from McMaster's central bank approach at the weighted average cost of capital plus a stabilization factor, which is currently 4.75%.

10.4 EXTERNAL ENDOWMENT

Table 10: External Endowment Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Other revenues	2,559	9,323	6,764	6,703	5,957	5,923
Investment income (loss)	32,973	-	(32,973)	29,598	30,116	30,638
Total revenues	35,532	9,323	(26,209)	36,301	36,073	36,561
Expenses						
All other expenses	4,741	-	4,741	-	1,064	2,239
Transfers to (from) other funds	21,593	29,171	(7,578)	27,055	25,687	25,223
Total expenses	26,334	29,171	(2,837)	27,055	26,751	27,462
Excess of revenues over expenses	9,198	(19,848)	(29,046)	9,246	9,322	9,099
Fund balance, beginning of year	588,808	548,379	(40,429)	528,531	537,778	547,099
Fund balance, end of year	598,006	528,531	(69,475)	537,778	547,099	556,198

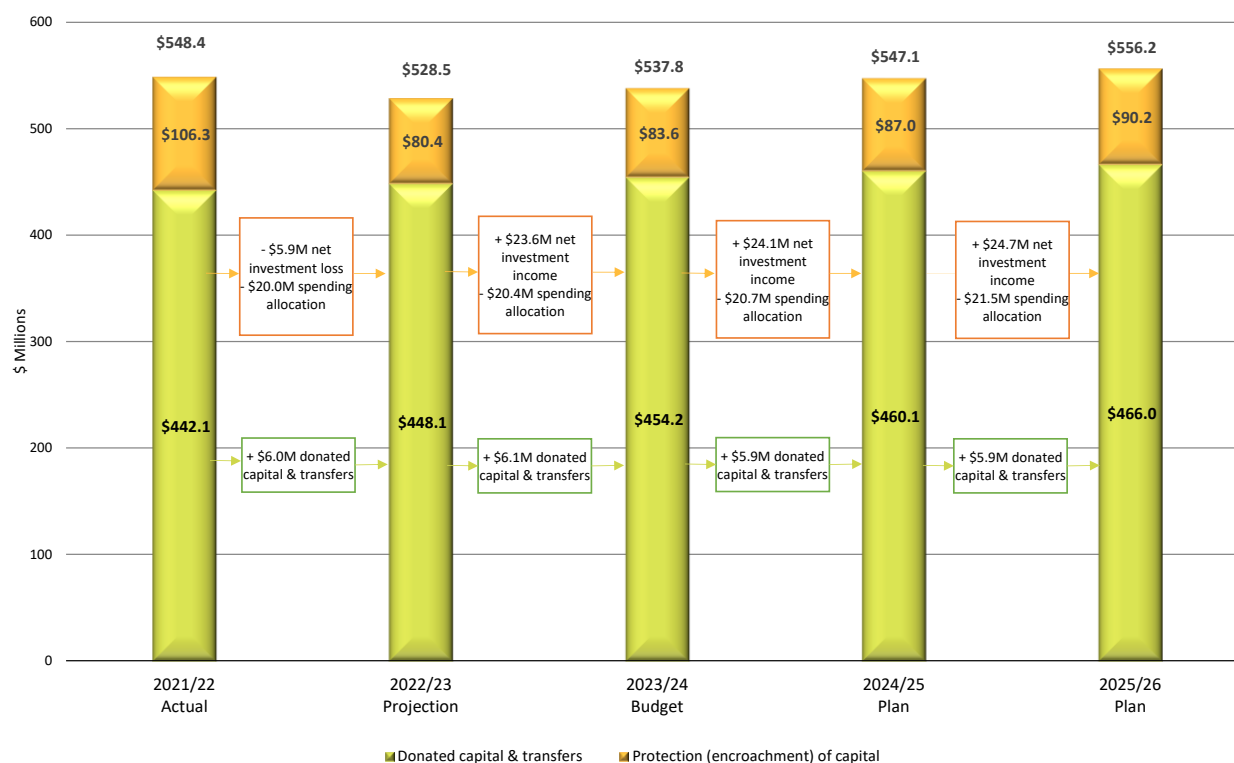
The external endowment holds donations or bequests received by the University with restricted use conditions or legal requirements agreed by the donor and the University. Endowed donations are invested in the long-term Investment Pool to preserve purchasing power in perpetuity.

The projected long-term rate of return on endowed trust funds net of investment management fees is 5.6%. In 2022/23 projected returns have been adjusted to 0% due to post-COVID and other market impacts. An investment loss in 2021/22 of -5.4% resulted in a reduced fund balance at the beginning of 2022/23 and a small increase in the number of underwater trusts, however no spending policy override is required and spending allocations will continue as normal.

Annual spending allocations are monitored to ensure endowment capital preservation. The University's spending policy limits the amount of investment income allocated for spending across each holding and administration⁶. Excess interest earnings, above spending limits, are allocated to capital preservation to safeguard endowment spending from future inflationary impacts.

⁶ The current spending limit is 5% (4% for spending and 1% for University Advancement).

Figure 16: External Endowment Fund Balance Trend



At April 30, 2022, the University's external endowment was \$548.4 million. Applying the budgeted long-term investment return projects growth in excess of spending.

10.5 INTERNAL ENDOWMENT

Table 11: Internal Endowment Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Other revenues	100	125	25	125	125	125
Investment income (loss)	9,685	-	(9,685)	8,391	8,480	8,574
Investment income transfer	(6,258)	(6,128)	130	(6,160)	(6,168)	(6,262)
Total revenues	3,527	(6,003)	(9,530)	2,356	2,437	2,437
Expenses						
All other expenses	-	-	-	-	-	-
Transfers to (from) other funds	865	783	82	749	757	766
Total expenses	865	783	82	749	757	766
Excess of revenues over expenses	2,662	(6,786)	(9,448)	1,607	1,680	1,671
Fund balance, beginning of year	172,954	156,615	(16,339)	149,829	151,436	153,116
Fund balance, end of year	175,616	149,829	(25,787)	151,436	153,116	154,787

The internal endowment includes unrestricted donations, bequests and other allocations set aside for future obligations and restricted by the Board of Governors. The funds are invested in the University's long-term Investment Pool with the same annual return profile as the external endowment. The largest internal endowment is the Dr. H. L. Hooker Endowment donated to advance the University's mission, with the remainder related to the salaried pension plan withdrawal in 2003 and the general endowment fund. Of the \$9.5 million allocated annually to the Operating Fund, \$6.2 million comes from the internal endowment, with \$2.9 million from Dr. Hooker's gift.

10.6 ANCILLARY FUND

Table 12: Ancillary Fund Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Ancillary sales and services	91,869	90,264	(1,605)	95,656	106,562	112,036
Total revenues	91,869	90,264	(1,605)	95,656	106,562	112,036
Expenses						
Salaries, wages and benefits	34,223	34,358	(135)	37,355	39,473	41,576
All other expenses	37,003	35,287	1,716	36,575	39,457	40,393
Transfers to (from) other funds*	10,496	11,326	(830)	14,205	17,113	18,411
Debt and financing charges	6,815	6,815	(0)	6,883	8,215	9,697
Total expenses	88,537	87,786	751	95,017	104,257	110,076
Excess of revenues over expenses	3,332	2,478	(854)	639	2,305	1,960
Fund balance, beginning of year	(7,757)	(3,277)	4,480	(799)	(160)	2,145
Fund balance, end of year	(4,425)	(799)	3,626	(160)	2,145	4,105

*Including transfers to capital

Ancillary operations provide essential academic and student support services across the University. Ancillaries enhance the student experience and contribute 4.5% of sales to the Operating Fund to advance student support services.

Pandemic campus closures had the most significant impact on ancillaries except for adult continuing education. With a full year of a re-opened campus, Ancillary Fund projected surpluses for 2022/23 approximate \$2.5 million for small total cumulative deficit of \$0.8 million. Extraordinary essential services and cost containment strategies minimized net losses driven by the pandemic, and although inflationary pressures and post-pandemic campus operational changes continue to have an impact, most ancillaries will be able to repay deficits within four or less years. Projections by ancillary unit are available in Appendix 5.

The **Campus Store (CS)** supports the University's mission through participation in the digital teaching and learning resources strategy and by developing McMaster's University book list, integrated with online customizable real-time inventory ordering. In addition, the CS will integrate with the McMaster OneCard strategic initiative and grow the McMaster family of brands for an increasing online market that contributes to a globally recognized identity while boosting sales, royalties and licensing revenues distributed for faculty-branded merchandise, varsity sports, and programs/events brands.

Hospitality Services (HS) delivers sustainability, health and nutrition with inclusive consultation aligned with the UN Sustainable Development Goals and McMaster's Okanagan Charter commitment. HS will draw on its Green Procurement Policy and leverage broader partnership buying to find savings through scale and eliminate single-use plastics in accordance with the Government of Canada Single-use Plastic Prohibition Regulations. The new HS strategic plan will be released in 2023/24 to focus on further enhancing the student experience, and balancing social issues and financial stability.

Housing and Conference Services (HCS) will increase residence spaces and services in 2023/24 with the new graduate residence. HCS continues to expand and diversify unique accommodations and event spaces through the Signature Suites, Signature Venues, and Alumni Memorial Hall campus offerings. The new strategic plan in 2023/24 aims to deliver a personalized student experience, advancing sustainability, and growing and partnering with the Net-Zero Community @ McMaster initiative, McMaster Campus Plan, and Wilson College Residence.

McMaster Continuing Education (MCE) provides education for adults seeking career advancement and professional development. MCE programs are delivered in a variety of online formats and integrated experiential learning. MCE is an active partner with internal and external stakeholders and a provider of select no-cost community programs. MCE continues to focus on developing greater career supports for adult learners, advancing equity and inclusion, ensuring input by learners into programs, as well as implementing a new registration and administration system.

Media Production Services (MPS) provides high standards for quality, timeliness, competitive pricing, and customer satisfaction by investing in technology, staff training, and cost-saving strategies to meet University demands. Signage and specialty printing represent a significant opportunity for MPS to broaden product offerings and contribute to the standardization of wayfinding across McMaster. Through growing partnerships advancing MacSites, a branded and accessible web solution, MPS will continue to contribute to the University's web strategy.

Parking Services (PS) continues to invest in physical space on campus and will manage an additional 265 spaces at the graduate student residence when it is completed in 2023/24, partially offsetting a temporary loss of space due to construction staging on campus. A new parking strategy will be developed in 2023/24 in line with the new Campus Plan. Parking capacity constraint issues may be addressed by densifying existing parking lots. Consideration may also be given to improving parking access for visitors and returning some parking to natural lands.

10.7 SPECIFICALLY EXTERNALLY FUNDED

Table 13: Specifically Externally Funded Summary

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Other revenues	33,610	35,511	1,901	34,103	34,046	33,963
Total revenues	33,610	35,511	1,901	34,103	34,046	33,963
Expenses						
Salaries, wages and benefits	24,349	24,432	(83)	24,137	24,107	24,274
All other expenses	8,995	10,487	(1,492)	10,218	9,505	9,316
Transfers to (from) other funds	(137)	(203)	66	(151)	(156)	(163)
Total expenses	33,207	34,716	(1,508)	34,204	33,455	33,428
Excess of revenues over expenses	403	796	393	(101)	590	535
Fund balance, beginning of year	6,263	6,367	104	7,162	7,061	7,651
Fund balance, end of year	6,666	7,162	496	7,061	7,651	8,186

Externally restricted funds other than research, trust or capital, are tracked in a separate fund. Programs managed in this fund involve external sponsors such as the Ministry of Health and Long-Term Care and the Ontario Online Initiative, and meet the following criteria:

- The funding is provided by an external entity
- There is an agreement with the sponsor to spend the funding for a specified purpose on specified items
- Unspent funding must be returned to the sponsor

Departments are responsible for administering this funding, ensuring that it is used for the intended purpose and not overdrawn. Specifically externally funded programs are included within budget submissions to Budget Committee.

10.8 INTERNAL RESERVES

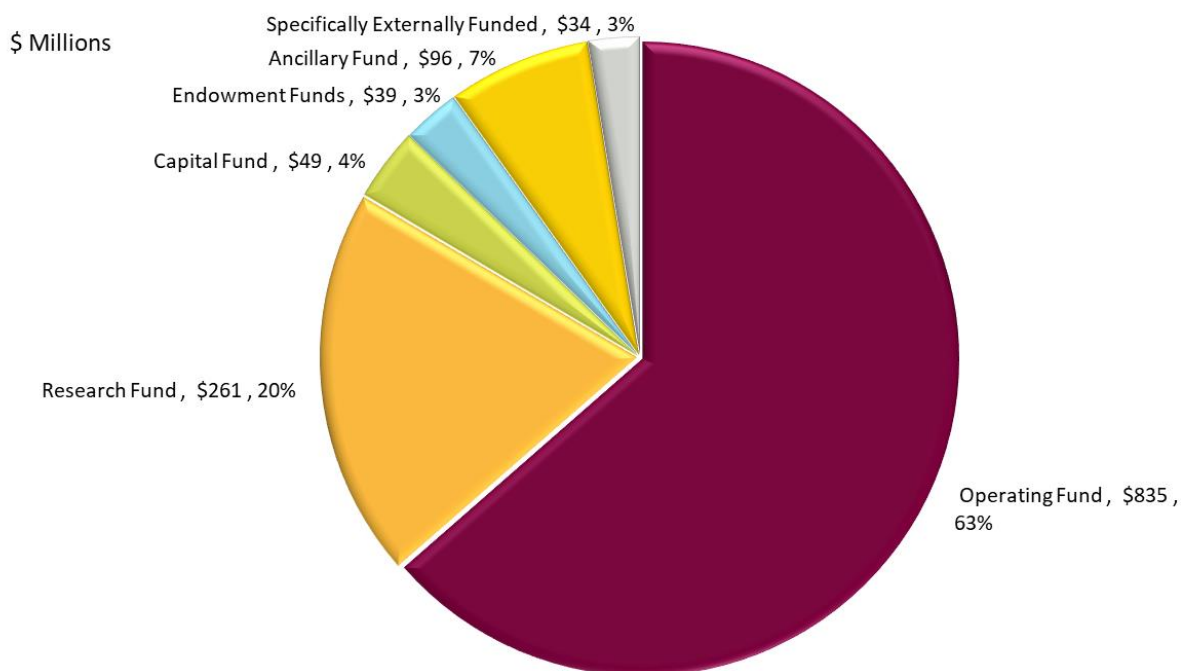
Internal reserve strategies are used to settle future obligations associated with current faculty, staff or other activities. The balance in 2022/23 is projected to be \$541.6 million, lower than the original budget of \$658.4 million due to the investment loss in 2021/22 (-5.4%). In 2023/24 internal reserves are projected to decline slightly to \$541.0 million as capital reserves are utilized as capital spending returns to post-pandemic levels, increasing in the following years as investment returns improve.

Internal reserves include two categories of funding. First, Operating and Ancillary Fund reserves are balances carried forward into future years. Faculties and departments are required to develop structurally balanced budgets each year and additionally are expected to save reserves for new capital investments or renovations or other large strategic initiatives. Combined operating and ancillary reserves are budgeted to be \$193.9 million in 2023/24 as ancillaries have returned to a structural surplus following the pandemic. Operating Fund appropriations are drawn down to \$140.0 million at the end of 2025/26 by one-time expenditures for strategic initiatives.

The second category of reserves relate to funding obligation settlement needs. The settlement-related balances appear as part of internal reserves on the University's Statement of Financial Position and could be misinterpreted as funding available for other uses. Redeploying obligation settlement reserves would pass current liabilities on to future University generations as well as impair financial health metrics and credit ratings. Each reserve balance and purpose is disclosed the Annual Financial Report note 12. All internal reserves are monitored annually for sufficiency of the reserve compared to the future liability or third-party projected obligation.

11 CONSOLIDATED RESULTS

Figure 17: Consolidated Budget Revenue by Fund



As outlined in Section 8.3 Budget Design, the budget process results in a revenue and expense budget for each fund. The Annual Financial Report includes the audited financial statements that are prepared on a full accrual basis using the deferral method of accounting for revenue (see Appendix 7 Significant Accounting Policies for more details). Under this method, all funds are consolidated into a single column for the Statement of Operations, Statement of Financial Position and the Statement of Cash Flows. In order to complete the Consolidated Budget document on the same basis as the Annual Financial Report accounting adjustments are made to each fund.

Table 14: Reconciliation of Operating Fund Budget to Accrual-Based Budget

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Excess (deficiency) of Operating Fund revenues over expenses	(4,685)	(2,843)	1,842	(29,831)	(29,518)	(24,546)
Capital expenditures net of amortization	151,585	88,666	(62,919)	53,977	7,310	43,789
Investment income (loss) on internal endowments	2,662	(6,786)	(9,448)	1,606	1,680	1,671
Pension and non-pension adjustments	3,038	11,276	8,238	12,088	9,552	10,095
Changes in other reserves	(31,313)	(45,870)	(14,557)	36,400	77,005	34,942
Total accrual adjustment	125,972	47,286	(78,686)	104,072	95,547	90,497
Excess (deficiency) of revenues over expenses	121,286	44,443	(76,844)	74,240	66,029	65,952

Table 14 shows the summary adjustments required to reconcile the Operating Fund's net income from the fund and cash accounting basis to the full accrual basis for all funds. Adjustments include:

- Capital expenditures treated as immediate cash basis expenses are added back and only the net amortization expense is deducted, reflecting the useful life of the capital asset over time.
- Investment income earned (or lost) on internal endowments, net of funds not already transferred to the Operating Fund, are added back (or subtracted).
- Actuarial adjustments (excluding re-measurements) for pension and non-pension costs are recorded.
- Reclassifications to offset internal transactions between departments affecting revenues and expenditures are recorded.

The unfavourable variance in in 2022/23 reflects the lower projected spending on planned capital projects as well as the lower projected surplus.

11.1 STATEMENT OF OPERATIONS

Table 15: Consolidated Statement of Operations (Accrual Basis)

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Revenues						
Operating grants	274,106	284,816	10,710	284,795	284,779	284,779
Research grants and contracts	180,123	191,998	11,874	196,798	201,718	206,761
Tuition fees	465,728	445,056	(20,672)	448,529	457,437	476,890
Ancillary sales and services	93,845	90,264	(3,581)	95,656	106,562	112,036
Other revenues	189,240	201,862	12,622	209,336	219,877	237,068
Investment income (net)	83,666	37,522	(46,144)	90,619	92,673	95,643
Amortization of deferred capital contributions	40,389	43,115	2,726	41,377	43,394	46,964
Total revenues	1,327,096	1,294,633	(32,463)	1,367,110	1,406,441	1,460,141
Expenses						
Salaries and wages	621,530	611,842	9,687	636,316	661,769	688,239
Employee benefits	148,578	141,671	6,908	144,504	147,394	150,342
Supplies and services	321,347	385,433	(64,086)	392,776	403,093	420,079
Interest on long-term debt	18,129	18,122	7	18,068	18,010	17,948
Amortization of capital assets	96,226	93,123	3,103	101,205	110,146	117,581
Total expenses	1,205,810	1,250,190	(44,381)	1,292,869	1,340,412	1,394,189
Excess of revenues over expenses	121,286	44,443	(76,844)	74,240	66,029	65,952

McMaster's objective is to achieve a 10% excess of revenues over expenses to generate sufficient internal reserves to cover future obligations, however the projection is approximately 5% due to the current enrolment outlook, flat grants and tuition, and expected inflationary costs. The debt management policy target of >1% is projected to be maintained. Assumptions included in consolidated results are as follows:

- Operating grants are expected to be held flat without performance funding reductions.
- Research revenues are recognized as expenses are incurred with plans based on historical trends.

- Both domestic and international student enrolment will decline, while tuition revenue increases slightly due to rate increases for out-of-province domestic students and international students. In-province tuition rates remain frozen.
- Total enrolment will not decline below the level of \$12,000 of debt per student FTE.
- Alternative revenue streams from student residence public-private partnerships, research commercialization investments, increased nuclear reactor operations, expanding summer use of campus, and new academic initiatives will begin to grow in 2023/24.
- Investment income has been conservatively projected for 2022/23, returning to the long-term average of 5.6% in 2023/24 and future years. McMaster continues to plan for reasonable returns while implementing net zero carbon emission strategies aimed at decarbonizing investment holdings aligned with the United Nations supported framework of Principles for Responsible Investment and increasing clean technology investments to accelerate clean energy transition.
- Salaries and wages increase with negotiated settlements and step increases while pausing new hires except for targeted FTE growth to support strategic initiatives.
- Employee benefits are based on known statutory expenses and additional estimates of pension and non-pension benefits.
- Supplies and services reflect costs of new revenue generation strategies and cost inflation impacts.

11.2 STATEMENT OF FINANCIAL POSITION

Table 16: Consolidated Statement of Financial Position

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Assets						
Cash	18,294	22,705	4,411	23,418	24,174	25,088
Short-term investments	209,039	310,374	101,335	321,389	333,167	346,556
Investments	1,819,613	1,658,540	(161,073)	1,737,839	1,837,969	1,929,223
Capital assets	1,471,896	1,368,823	(103,074)	1,473,231	1,534,068	1,644,941
Other assets	227,609	287,101	59,492	281,422	314,711	330,566
Total assets	3,746,452	3,647,542	(98,909)	3,837,300	4,044,090	4,276,374
Liabilities and deferred contributions						
Current liabilities	204,259	227,499	23,240	243,421	260,456	278,684
Deferred contributions for future expenses	899,024	970,318	71,294	1,037,664	1,122,529	1,235,977
Long-term debt	416,769	420,422	3,654	420,440	420,443	420,430
Employee future benefits and pension	176,793	287,621	110,828	300,123	318,671	337,886
Total liabilities and deferred contributions	1,696,844	1,905,860	209,016	2,001,648	2,122,100	2,272,977
Net assets						
Internally restricted reserves	658,424	541,553	(116,871)	541,027	592,868	617,592
Equity in capital assets	617,561	521,768	(95,793)	605,411	628,908	674,819
Endowments			-			
Internal	175,616	149,829	(25,787)	151,436	153,116	154,787
External	598,006	528,531	(69,475)	537,778	547,099	556,198
Total net assets	2,049,608	1,741,682	(307,926)	1,835,652	1,921,990	2,003,396
Total liabilities and net assets	3,746,452	3,647,542	(98,909)	3,837,300	4,044,090	4,276,374

The Statement of Financial Position is the University's consolidated balance sheet. Variances in the 2022/23 projection include impacts of the 2021/22 investment loss and delays in planned capital projects.

Cash and short-term investments reflect funds held for current spending. The investments line includes medium-term funds in longer durations approximating 36 to 48 months, as well as long-term investments placed in the unitized Investment Pool. Long-term investments hold both external and internal endowment funds, as well as a component of funds not needed in the short or medium term.

Capital assets reflect infrastructure additions that meet the capitalization accounting policy (described further in Appendix 7). Other assets include grants and other accounts receivable, prepaid expenses, inventories and investments in McMaster Innovation Park, Halton McMaster Family Health Centre, and public-private partnership investments.

Deferred contributions for future expenses reflect unexpended funding received for specific purposes, primarily research and capital. This funding is reduced when the related expense occurs, resulting in offsetting revenue or neutral impact to the Statement of Operations. The long-term debt obligation relates primarily to bonds raised in 2002, 2015 and 2021 for capital investments (see Section 12 Overall Borrowing and Debt Position). All bond obligations have an internally restricted sinking fund reserve to settle the future \$390 million in balloon payments. Long-term debt includes the liability for decommissioning the nuclear reactor as determined by the Canadian Nuclear Safety Commission. An offsetting internally restricted reserve has been created to fund this obligation when it becomes due. The liability for employee future benefits and pension is determined by the University's third-party actuary for each plan the University has with its faculty and staff. For costs associated with the variable pension expenses and future post-retirement benefits, internally restricted reserves are used.

Finally, net assets are made up of internally restricted reserves, equity in capital assets, and internal and external endowments. Details of internally restricted reserves and the two endowments are provided in sections 10.8, 10.4 and 10.5 respectively. Equity in capital assets reflects accrual-basis adjustments that increase with new University-funded capital investments, and decrease with amortization over the assets' useful life.

11.3 STATEMENT OF CASH FLOWS

Table 17: Consolidated Statement of Cash Flows

(\$ thousands)						
	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Excess of revenues over expenses	121,286	44,443	(76,844)	74,240	66,029	65,952
Adjustments for non-cash items:						
Amortization of deferred capital contributions	(40,389)	(43,115)	(2,726)	(41,377)	(43,394)	(46,964)
Amortization of capital assets	96,226	93,123	(3,103)	101,205	110,146	117,581
Employee future benefits	10,324	10,324	-	10,358	10,863	6,231
Change in decommissioning obligation	758	890	132	933	978	1,026
Net change in deferred contributions	36,347	59,309	22,961	142,769	130,494	181,936
Financing and investing activities:						
Purchase of capital assets	(261,281)	(185,883)	75,397	(205,614)	(170,983)	(228,454)
Net change in investments	28,765	40,656	11,891	(90,315)	(111,907)	(104,643)
Net change in external endowments	9,298	(19,723)	(29,021)	9,371	9,446	9,224
Issuance of long-term debt	-	-	-	-	-	-
Principal repayments on long-term obligations	(703)	(805)	(102)	(858)	(915)	(975)
Increase/(decrease) in cash	634	(782)	(1,416)	713	757	913
Cash, beginning of year	17,660	23,486	5,826	22,705	23,418	24,174
Cash, end of year	18,294	22,705	4,411	23,418	24,174	25,088

11.4 DEBT MANAGEMENT RATIOS

Table 18: Debt Management Ratios

	2022/23 Budget	2022/23 Projection	2022/23 Variance	2023/24 Budget	2024/25 Plan	2025/26 Plan
Debt Management Policy Ratios						
Expendable Net Assets to Debt (Target > 1.0x)	2.0	1.9	(0.1)	1.9	2.0	2.0
Interest Burden (Target < 4.0%)	1.6%	1.5%	0.1%	1.5%	1.4%	1.4%
Debt per FTE (Target < \$12,000)	\$11,982	\$11,467	\$515	\$11,585	\$11,776	\$11,855
Debt Management Monitoring Ratios						
Net Income/(Loss) Ratio (McMaster Target > 1.0%)	9.0%	3.4%	-5.6%	5.4%	4.6%	4.5%
Net Operating Revenues (McMaster Target > 2.0%) ¹	14.0%	10.0%	-4.0%	15.5%	12.8%	14.0%
Primary Reserves Ratio (McMaster Target > 91 days) ²	252	232	(20)	221	225	220
Viability Ratio (McMaster Target > 1.0) ³	2.0	1.9	(0.1)	1.9	2.0	2.0

¹ Measures cash flow from operating activities as a proportion of revenues² Measures the number of days University reserves can cover operating expenses³ Measures the proportion of long-term debt that could be settled using unrestricted assets

Since capital projects require a combination of financing sources, debt is considered a perpetual component of the University's capital structure. The University has established guidelines regarding the optimal amount of outstanding debt using the above ratios, which measure balance sheet resources and annual cash flow. These ratios are consistent with those monitored by the University's credit rating agencies and are subject to review periodically. In January 2023, DBRS confirmed McMaster's credit rating at AA (stable), however their report cites any prolonged period where debt per student exceeds \$12,000 would result in downward pressure to the assigned rating. All ratios over the planning horizon are within acceptable ranges and closely monitored by management.

11.5 RISKS TO THE 2023/24 BUDGET

Although financial metrics are projected to remain healthy, there are indications in the post-secondary sector that the continuing provincial funding constraints are unsustainable. When funding is linked to SMA metrics in 2024/25 there is risk that McMaster's grant might decline. If domestic tuition rates continue to be held frozen the University will not have sufficient inflationary funding related to education delivery.

With domestic tuition and grant revenue frozen, the resulting reliance on international students to balance has created new risks. Maintaining McMaster's status as a global education leader and destination of choice for international students in an increasingly competitive global environment, as well as achieving diversified international enrolment targets remain important goals. Diversity of international enrolment will be important to minimize geopolitical risk. Enrolment growth will eventually be limited by capacity, forcing a greater focus on the delivery of new revenues and expense containment strategies.

The enrolment outlook has a material impact on incremental revenues used in part to support capital and post-construction operating costs. The University continues to pursue strategic and capital expansion projects to advance the mission, including the Global Nexus initiative and climate change investments aligned with the UN Sustainable Development Goals. The current outstanding debt is just under the debt ceiling of \$12,000 per student FTE and no additional debt is contemplated. Timing of some strategic and capital projects that are ranked high will need to be revisited to remain within the University's financial capacity.

The University has partnered with the private sector to minimize the debt held directly by the University while still delivering on key capital projects of strategic importance to the University's mission. Risk of bankruptcy of public-private partners involves mitigation strategies including extensive due diligence initiatives, strategic negotiations allowing remedy within a defined period and the University's right to buy out the partnership or replace the partner failing reasonable remedy.

Risk of a prolonged recession, market volatility and capital losses could continue to impact annual commitments to operations. This risk is managed by diversification and experienced oversight, as well as maintenance of an internally restricted specific purpose reserve established more formally following the 2008 financial crisis. In addition to market losses, a decline in interest rates would affect pension plan liabilities and increase the amount of required payments. Projections and scenario modeling are used to monitor this risk and develop funding strategies using internally restricted benefit reserves to potentially supplement payment schedules.

12 OVERALL BORROWING AND DEBT POSITION

Strategic initiatives and capital projects for both infrastructure and technology require a combination of financing solutions, including internal loans from the central bank, commitments against future revenue streams, gifts, external and off-book financing.

External financing is used to fund the central bank and is considered a perpetual component of the University's capital structure. The University examines optimal debt positions for strategic and capital needs against established debt management guidelines and financial health metrics annually, results of which are outlined in a debt strategy report along with multi-year financial projections. McMaster uses debt retirement funds (or sinking funds) for the outstanding bonds.

Additional debt of \$150 million was approved by the Board of Governors for issuance in 2021/22, locking in historically low interest rates for a long period and supporting the objective of achieving a lower weighted average cost of capital (WACC). Following the debt issuance, McMaster has the following outstanding debentures:

- June 2021 - \$25 million green bond at 3.255% due June 2051
- October 2002 - \$120 million at 6.15% due October 2052
- November 2015 - \$120 million at 4.105% due November 2065
- June 2021 - \$125 million at 3.405% due June 2071

The 2021/22 debt replenished the McMaster capital reserve by \$135 million (net of a \$15 million sinking fund), expanding financial capacity for large high-priority projects supporting the President's strategic plan. The lower interest rate achieved on the new bonds has lowered the University's WACC from 5.75% to 4.75%.

The debt has been structured to create staggering maturities and allow current strategic initiatives to proceed, while maintaining strong financial health metrics and our AA (stable) credit rating with DBRS and S&P. According to the credit rating agencies, the key capacity determinant for McMaster is debt of no more than \$12,000 per student FTE. The amount of the new debt was chosen to maximize financing flexibility while minimizing financing cost, resulting from the strong credit rating.

The Debt Management Policy identifies that financing should preferably go toward projects with internal loan repayment streams as a principle, and business cases should show an ability to repay the capital investment with interest at WACC over a reasonable repayment period. Internal loans associated with completed projects average a 30-year repayment schedule.

13 CONCLUSIONS ON THE 2023/24 BUDGET

McMaster's projected consolidated results for 2022/23 are structurally balanced with net surplus across all funds of \$44.4 million after capital and other accrual basis adjustments. The consolidated budget for 2023/24 is also in a surplus position on an accrual basis of \$74.2 million after capital and other adjustments.

The 2022/23 Operating Fund has an ongoing projected surplus \$17.7 million, after strategic and capital one-time priority investments the net loss is projected as \$2.8 million. For 2023/24 the operating results have a structural surplus of \$8.2 million and a net loss after one-time strategic investments of \$29.8 million.

The consolidated and Operating Fund results are consistent with McMaster's prudent financial management approach instilled by the budget model driving fiscal accountabilities to budget envelope managers, requiring each area to be structurally balanced while also funding local strategic and capital priorities to advance the University's mission. The transparent budget model has served the University well as provincial funding limitations continue. With recent international student growth contraction, the operating revenues will come under further pressure without a change in the tuition framework or provincial grant funding.

Over the budget and planning years all areas across the University will continue to work collaboratively to advance McMaster's strategic priorities. Major initiatives will be mindful of strategic progress in relation to the sustainability of McMaster's strong financial credit rating of AA (stable).

Ancillary funds within the consolidated results are projected to have a \$2.5 million surplus in 2022/23 reducing the cumulative deficit to \$0.8 million, with all ancillary units returning normal pre-COVID activities. In 2023/24 ancillary units have a net budget surplus of \$0.6 million, reducing the net deficit to \$0.2 million. Ancillaries, taken together, over the planning years 2024/25 and will fully address the remainder of the cumulative deficit.

All other funds have sound financial plans to advance McMaster's strategic priorities, including a strong focus on the United Nations Sustainable Development Goals.

APPENDIX 1– STRATEGIC PLAN INITIATIVES

INCLUSIVE EXCELLENCE

Key initiatives affecting the diversity of peoples, perspectives, knowledges, and ways of knowing, in the budget year are:

Equity Diversity and Inclusion:

- Equity Diversity and Inclusion (EDI) Advisory Committees continue to be embedded across departments.
- Launch of additional roles of Director of Inclusion and Anti-Racism, and EDI Strategist.
- Development of enhanced training and educational programs by Faculty of Health Sciences new Associate Dean, Equity & Inclusion.
- Launch of the new Student Census within the Enterprise Resource Planning system.
- Deliver a new second year Science course: Foundations of Science: Equity, Justice and Anti-racism in Science.
- Development of EDI training sessions for new faculty members and new Chair & Directors.
- Develop Oracle BI dashboards to include student, faculty, and staff EDI reports to reveal actionable insights for stakeholders.

Black Lives Matter:

- New Black Student Recruitment & Career Advisor in Faculty of Engineering, an important role in developing a comprehensive program, with personalized supports for Black current and prospective students with STEM career aspirations.
- Targeted search for a Black philosophy CLA in partnership between Faculty of Humanities and Arts & Science program.
- Athletics and Recreation Black students and staff inclusion initiatives.
- Expand Black health collections and educational offerings in the Health Sciences Library.

Indigenous Reconciliation:

- McMaster Indigenous Research Institute (MIRI) working with the Provost and council representatives to implement Tier I of its prison education project with a Walls to Bridges program.
- Design and implementation of Indigenous knowledge stewardship strategy in partnership with Indigenous health leaders on campus and the community.
- Planning underway for renovations to create an Indigenous Research hub in LR Wilson Hall.
- Support the National Indigenous Knowledge & Language Alliance initiative to correct disrespectful terminology in Canadian library catalogues and databases.

Other underrepresented peoples:

- Employ Afghani scholar-at-risk in Faculty of Humanities to serve as model for a campus-wide initiative.
- Introduction of a Faculty of Engineering Counsellor to pilot “Let’s Talk Program”.

- Faculty of Engineering International Undergraduate Experience Coordinator role will build community with international undergraduates by establishing initiatives such as a mentorship program and international student advisory board.
- BIPOC (Black, Indigenous, and People of Colour) Cultural Administrators Mentorship Program at McMaster Museum of Art, first of its kind in the Canadian cultural sector, continues with cultivating the next generation of museum professionals.
- Pilot entrance bursary program to improve access for level 1 students with high financial need.
- Advancing AODA website compliance roadmap.

TEACHING AND LEARNING

Innovation in teaching and learning excellence will help McMaster to maintain high student demand for programs. Key initiatives include:

Expanded or Revised Programs:

- School of Nursing expansion of accelerated stream students to support the Ministry of Health (MOH) capacity mandate.
- Commerce curriculum redesign to emphasize cross-disciplinary, project-based learning, to be in place by 2024/25 when the McLean Centre is ready for occupancy.

Introduction of new programs:

- Submit B. Arts and Tech IQAP and seek ministerial approval for launch of interdisciplinary program from Faculties of Humanities and Engineering.
- Humanities and Rehabilitation Interdisciplinary undergraduate degree.
- Launch of the minor in Leadership and Civic Studies as part of the establishment of the Wilson College of Leadership and Civic Engagement.
- Masters in Science Communication Program with associated business development model for fiscal sustainability.
- New Summer Transition through English Prep (STEP) abbreviated summer program for English-language learners from the Faculty of Humanities.
- Indigenous Studies graduate program development.

Other support initiatives:

- Experiential Education unit established in School of Business to support the applied learning activities.
- Launch The Working Mind training for faculty and staff.
- McMaster Institute for Research in Aging (MIRA) is developing an intergenerational space within the new Main Street residence, a platform for initiatives involving the community and older adults.
- Expand on the Gaᑭdaᑭihwahni:ya:s Summer Transition Program to include increased student engagement and STEM and health science-based workshops.
- Streamline the acquisition of data for the Institutional Quality Assurance Process (IQAP) through Oracle BI Dashboards.
- Curricular development and delivery of McMaster Intersession courses, particularly those with a focus on leadership development and experiential learning.

RESEARCH AND SCHOLARSHIP

McMaster's commitment to world-class research and interdisciplinary collaboration is one of the key differentiating factors contributing to its global reputation. Key initiatives to advance the Brighter World Research Initiatives include:

Global Nexus for Pandemics and Biological Threats and Life Sciences Ecosystem Development:

- University and McMaster Innovation Park (MIP) academic and research program planning and capital development initiative.
- Central Animal Facility renovation plan.
- Research commercialization of McMaster research spin-off companies' campus relocations into expanded, renovated, and new facilities at MIP.

Other research and support initiatives:

- Contributing digitized content from McMaster's collections to the HathiTrust repository for use by scholars around the world.
- New Greenhouse and Life Sciences Building renovations (Phase 1) to be completed.
- Development of a research commons platform.
- New Canadian Nuclear Laboratories (CNL) Undergraduate Summer Experience Award launched as a partnership between Faculty of Engineering and the Faculty of Science; first cohort in Summer 2023. Continuing to grow the Faculty's Undergraduate Research Portfolio, currently the first and largest program of its kind in Canada.
- Posting for Wilson College endowed chair.
- Initiate Wilson Commentaries lecture series.
- Support from the Museum of Art in restitution of Indigenous cultural artifacts where appropriate.
- Health Physics' Clean Energy Materials Sorting and Recycling Centre (CEMSR) project with Laurentis Energy Partners (LEP) provides an opportunity to support research in nuclear waste management and provide students with experience and training not available at any other Canadian educational institution.
- MIRI will continue its annual Indigenous Research Day and include a separate day for IndigiNerds students.
- Hiring of Manager of External Research Partnerships as part of a joint project between Faculties of Science and Engineering related to Industry Sponsored Research.
- Design, deliver, assess and refine a bibliometrics service provisioned jointly by University Library and Health Sciences Library.
- Upgrade the discovery platform for McMaster's renowned Bertrand Russell correspondence.
- Supporting the professional development of teaching across all faculty members with an additional focus on the evaluation of teaching and supports for teaching stream faculty to engage in diverse forms of academic scholarship.

ENGAGING LOCAL, PROVINCIAL, NATIONAL, INDIGENOUS, AND GLOBAL COMMUNITIES

McMaster is a major contributor across all communities. Key initiatives include:

Indigenous:

- Design and build of outdoor classroom/Indigenous circle.
- Family Medicine set aside \$1M for endowment to be used to provide salary support for Indigenous faculty focused on establishing a sustainable model for the Indigenous primary care physician role.
- Technology lending program for youth in Indigenous communities in partnership with Six Nations.
- Produce an Indigenous community curation project.
- MIRI is engaged in online learning digital storytelling collaborations with local Indigenous communities and is developing a governance structure, advisory board and conference for Walls to Bridges national program.
- Complete the first Indigenous Art Installation in Faculty of Science.
- Engage and inform Indigenous students on concepts of Indigenous self-identification and ancestry verification, and how they are applied and intersect with student experience.
- Student Wellness Centre partnered with McMaster Museum of Art to create a National Day for Truth and Reconciliation event titled 'Indigenous Art & Connection to Land'.

Local and Provincial:

- Expand executive development programs provided by Faculty of Business for organizations and individuals as an integral part of a commitment to active lifelong learning.
- Leverage DeGroote School of Business partnerships with key stakeholders to proactively contribute to building sustainable communities.
- Expansion of Engineering Is for Everyone initiatives, including a take-home STEM kit program through several library partners, two in Indigenous communities, designed to support children and families where they live.
- Develop library programming in support of health innovation to be delivered in partnership with the Clinic@McMaster.
- Establish a new Associate Vice-President Research position to promote a culture of community-based research and support activities that impact local, national and international communities in response to societal and civic needs.
- Continue to engage City Staff and local elected officials in representing McMaster as a City Builder and to strengthen relationship with City Hall.
- Engaging City and Metrolinx staff on the Hamilton Light Rail Transit (LRT) alignment to McMaster's priorities, with the transit hub on campus with parking and commercial space.
- Appointment of External Advisory Council for Wilson College with a diverse set of voices.

Global:

- Development of an institution-wide international strategy identifying key institutions, countries, and regions to engage with to pursue shared goals and for mutual benefit.

- Leverage University Library Caribbean collection to support the University's expanded African & African Diaspora Studies program.

OPERATIONAL EXCELLENCE

Effective and efficient operations to McMaster's mission are essential. Key initiatives include:

Campus Operations:

- Launch new teaching plan in DeGroote School of Business
- Hybrid work model enhancements.
- Sustainability plan and report which will engage community in learning about and setting goals linked to sustainability and include measurable goals for waste reduction on campus.
- Trash to Treasure, furniture reuse initiative.
- Revising plan on Net Zero Carbon Roadmap to achieve earlier targets and develop a financial model for the entire plan.
- Expansion continued of the Finance 2 Go project, increasing efficiency in financial transaction processing in the Faculty of Health Sciences.
- Consolidate Health Sciences Library IT services (staff computing, innovation, and development projects) with University Library to achieve efficiency and improve service quality.
- University Advancement review focused on readiness for a new fundraising campaign.
- Expand HR Partnership model.
- Decolonial revision of institutional Policies & Procedures Manual by the Museum of Art with external consultant (Cultural Pluralism in the Arts Movement Ontario).
- Integrated Communications initiative to advance Avaya soft phone and MS Teams calling while reducing administrative overhead.

Systems:

- Adoption and implementation of a pan-University course outline portal.
- Extension of VidCruiter pilot (recruitment software tool).
- Creation of Power BI application for the presentation of academic department metrics, human resource management and graduate student funding and enrolment management.
- Collaboration project between Student Affairs, Office of International Affairs, Faculty stakeholders, Human Resources Services, and University Technology Services to advance the selection and implementation of global mobility software.
- Broaden access to KPIs in Oracle BI through new dashboard pages to lessen the need for duplicated efforts in Faculties and Support Units
- Implementation of new student administration and registration system for McMaster Continuing Education.
- Development of Customer Relationship Management system, document management system initiative, and budgeting system replacement project.
- Simplifying finance system approval workflows

- Rolling out the OneCard software project implementation by stakeholder agreed priority area/ plan with phased ancillary capabilities to connect third-party support systems onto one backbone system so that student and staff transactional information is connected to one card (virtual and/or physical).

APPENDIX 2 – OPERATING FUND PROJECTION VS. BUDGET

Table 19: Operating Fund 2022/23 Projection vs. Budget

(\$ thousands)	Operating Fund		2022/23 Variance	
	2022/23 Budget	2022/23 Projection	Favourable/ (Unfavourable)	
Sources of Funding:				
Provincial Grants	239,816	240,021	205	0.1%
Tuition	445,672	433,451	(12,221)	-2.7%
Research Overhead Income	25,562	27,733	2,171	8.5%
Investment Income	9,467	9,467	-	0.0%
Other income	122,382	118,530	(3,851)	-3.1%
Total sources of funding	842,899	829,202	(13,696)	-1.6%
Expenditure:				
Salaries, wages and benefits	565,034	566,541	(1,507)	-0.3%
Utilities and maintenance	45,261	48,953	(3,692)	-8.2%
Equipment and renovations	77,081	65,039	12,042	15.6%
Scholarships, bursaries and work study	34,534	36,180	(1,646)	-4.8%
Library acquisitions	14,614	15,533	(919)	-6.3%
Debt and financing charges	26,001	26,002	(0)	0.0%
All other expenses	85,058	73,798	11,260	13.2%
Total expenditures	847,584	832,046	15,538	1.8%
Total surplus (deficit)	(4,685)	(2,843)	1,842	39.3%
Fund balances, beginning of year	172,311	226,772	54,460	31.6%
Fund balances, end of year	167,626	223,928	56,302	33.6%

The Operating Fund is projected to end 2022/23 in a more favourable position than the original budget due to favourable fund balances carried forward from 2021/22.

Provincial grants are in line with budget.

Tuition is unfavourable by \$12.2 million (-2.7%) predominantly due to international undergraduate enrolment budgeted targets for Business, Engineering, Science, and Social Sciences not being achieved. International enrolment was impacted nationally due to the inability of enrolled students to obtain entry visas for the fall term. The net decline in tuition revenue is partially offset by increases in graduate enrolment. Domestic tuition rates for Ontario students remain frozen following the 10% reduction in 2019/20, with a 5% rate increase allowed for out-of-province students.

Research overhead income is favourable by \$2.2 million (8.5%) as a result of an increase in royalties and an increase in research contract overhead in Faculty of Health Sciences.

Other income is \$3.9 million (-3.1%) lower than budget due to:

- MELD program's decreased international enrolment,
- no in-person international summer 2022 program from Office of International Affairs,

- delays in filling commercialization space at McMaster Innovation Park as a result of construction delays.

Salaries, wages and benefits are projected to be in line with budget.

Utilities and maintenance are unfavourable by \$3.7 million (-8.2%) due to a significant rise in commodity rates, especially gas prices.

Equipment and renovations are favourable by \$12.0 million (15.6%), due to reduced transfers to capital from the Faculty of Business and Faculty of Science in light of the projected tuition decline from original targets, partially offset by increased investment in capital fund transfers from the Faculty of Health Sciences.

Scholarships, bursaries and work-study expenditures are unfavourable by \$1.6 million (-4.8%) due to entrance award overages with an increased percentage of undergraduates presenting higher final admission averages and the spending of prior year appropriations on additional in-year aid.

Library acquisitions are unfavourable by \$0.9 million (-6.3%) related to the exchange rate movement. Additionally in the Health Sciences Library, there were new titles and upgrades to the electronic journals and E-book reserve collections, E-book maintenance fee increases, and a new citation management software added.

All other expenses are favourable by \$11.3 million (13.2%) primarily due to lower than expected contingency spending on priorities, especially University Fund spending crystalizing in other spending categories, and favourable net transfers from other non-capital funds, partially offset by higher meeting expenses, legal fees and research support expenses.

Debt and financing charges are in line with budget.

The resulting \$1.8 million favourable in-year deficit variance adds to the \$54.5 million favourable opening appropriations variance, resulting in a projected closing balance in the Operating Fund of \$56.3 million (33.6%) greater than the original budget. These appropriations will be carried forward for expenditure in 2023/24 and future years and will help to mitigate the continuing challenges associated the current domestic grant and tuition framework, international enrolment, the recovery from the pandemic, and planned strategic investments in capital.

APPENDIX 3 – BUDGET MODEL CALCULATIONS

McMaster University - New Budget Model - Faculties			University Fund		Prof. Faculties		Other Faculties		VP Research Discretionary Fund					10.00%	
Projected Budget Allocation			Research Infrastructure Fund		8.00%		8.00%								
2022-23					3.00%		1.00%								
Revenue	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Undergraduate Tuition			69,707	114,890	35,888	20,060	85,227	2,287	47,086	1,862	-			377,007	
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				-	
Total UG SAG Obligation			(1,276)	(3,492)	(25)	(1)	(3)		(4)	-	4,801			-	
Total Entrance Award Overage			-	(657)	-	-	(127)		(19)	-	804			-	
Graduate Tuition			22,248	14,176	12,565	2,415	4,733		2,845	-	-			58,982	
Operating Grant			18,455	44,175	86,598	13,111	47,663	2,244	21,540	1,677	-	974	-	236,437	
Other Income			1,341	2,657	4,122	879	2,298		1,194	76	-	832	-	13,399	
Gross Revenue			110,362	171,105	139,324	36,582	140,080	4,531	72,807	3,621	5,605	1,806	-	685,824	
Undergraduate Cross Faculty Teaching Adjustment			(7,139)	(8,521)	(1,377)	9,755	5,279		2,306	(302)	-			0	
Revenue for Contributions			103,222	162,584	137,947	46,337	145,359	4,531	75,113	3,319	5,605	1,806	-	685,824	
Internal International Tax			(1,558)	(1,841)	(75)	(339)	(1,588)	-	(973)	-		6,375	-	-	
University Fund Contribution			(8,258)	(13,007)	(11,036)	(3,707)	(11,629)	-	(6,009)	(266)		53,911	-	-	
Research Infrastructure Fund Contribution			(3,097)	(4,878)	(1,379)	(463)	(1,454)	-	(751)	(100)		-	12,121	-	
Indirect Cost of Research (excluding Royalties)			355	5,902	14,432	572	3,583		854	-	33	-		25,731	
VP Research Discretionary (10 % of ICR above)			(36)	(590)	(1,443)	(57)	(358)		(85)	-	2,570	-		-	
Adjustments for ICR received by Journal (Contract & ERA)			(7)	(1,675)	(7,322)	(288)	(256)		(33)	-	-	-		(9,581)	
Adjustments for Current Practices			-	-	(4,538)	-	200	(200,201)	-	-	-	-		(4,538)	
Research Infrastructure Fund Distribution			168	2,784	6,807	270	1,690		403	-	-	-	(12,121)	-	
Research Excellence Fund (from UF)			58	483	1,182	94	293		140	-		(2,250)	-	-	
Revenue Prior to Shared Support Unit Allocations			90,848	149,762	134,576	42,418	135,842	4,331	68,657	2,954	8,208	59,841	-	697,437	
Shared Support Unit Allocations - via double stepdown															
Occupancy Cost	46,938	(15,306)	(901)	(8,259)	(9,146)	(2,323)	(9,196)	-	(1,729)	(79)	-	-	-	(31,632)	
Deferred Maintenance	11,593	(4,416)	(204)	(1,874)	(2,075)	(527)	(2,086)	-	(382)	(18)	-	-	-	(7,177)	
Insurance	1,788	(776)	(29)	(269)	(280)	(76)	(300)	-	(56)	(3)	-	-	-	(1,012)	
MIP Occupancy 1	3,279	(530)	-	(1,775)	(642)	(19)	-	-	(314)	-	-	-	-	(2,749)	
MIP Occupancy 2	215	-	-	(215)	-	-	-	-	-	-	-	-	-	(215)	
HR	9,454	(1,511)	(482)	(1,267)	(4,125)	(479)	(1,007)	-	(568)	(15)	-	-	-	(7,942)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	7,483	(2,254)	(793)	(1,064)	(1,541)	(435)	(918)	-	(456)	(22)	-	-	-	(5,229)	
Supplementary Pension	4,738	(494)	(401)	(724)	(1,490)	(400)	(790)	-	(434)	(4)	-	-	-	(4,244)	
Pension Special	8,554	(2,224)	(444)	(972)	(2,182)	(681)	(1,401)	-	(645)	(4)	-	-	-	(6,330)	
Presidential/Univ Sec	5,571	(2,140)	(520)	(698)	(1,011)	(286)	(602)	-	(299)	(15)	-	-	-	(3,431)	
General University Expense	9,092	(3,519)	(845)	(1,134)	(1,643)	(464)	(978)	-	(485)	(24)	-	-	-	(5,573)	
Bond Interest	15,159	(5,856)	(265)	(2,429)	(2,690)	(683)	(2,704)	-	(508)	(23)	-	-	-	(9,303)	
UTS/ Technology Fund	23,671	2,184	(3,345)	(5,398)	(5,548)	(1,749)	(6,404)	-	(3,202)	(209)	-	-	-	(25,855)	
UTS- ERP	4,517	(173)	(562)	(907)	(932)	(294)	(1,076)	-	(538)	(35)	-	-	-	(4,344)	
UA	3,578	1,430	(741)	(1,207)	(1,076)	(335)	(1,079)	-	(547)	(23)	-	-	-	(5,008)	
Office of the Provost	8,245	(2,899)	(811)	(1,088)	(1,576)	(445)	(938)	-	(466)	(23)	-	-	-	(5,347)	
Research Support	15,200	6,601	(253)	(4,262)	(13,293)	(416)	(2,351)	-	(1,226)	-	-	-	-	(21,801)	
Student Affairs	7,554	7,475	(2,115)	(3,294)	(2,408)	(1,051)	(4,028)	-	(1,998)	(136)	-	-	-	(15,029)	
MIETL	4,346	749	(703)	(1,095)	(898)	(349)	(1,339)	-	(664)	(45)	-	-	-	(5,095)	
Libraries	22,977	9,129	(4,240)	(6,642)	(6,673)	(2,177)	(8,063)	-	(4,042)	(268)	-	-	-	(32,106)	
HS Library	5,000	2,012	(926)	(1,451)	(1,458)	(475)	(1,761)	-	(883)	(59)	-	-	-	(7,012)	
Registrar	8,697	10,492	(2,543)	(4,028)	(2,978)	(1,343)	(5,429)	-	(2,668)	(199)	-	-	-	(19,189)	
SGS	2,576	440	(516)	(740)	(915)	(181)	(428)	-	(236)	-	-	-	-	(3,016)	
Museum of Art	672	538	(152)	(245)	(289)	(79)	(291)	-	(145)	(9)	-	-	-	(1,210)	
UG Scholarship	5,668	682	(880)	(1,507)	(566)	(465)	(1,940)	-	(923)	(69)	-	-	-	(6,350)	
UG Bursaries	3,984	(0)	(540)	(925)	(435)	(285)	(1,191)	-	(566)	(42)	-	-	-	(3,984)	
Grad Scholarship	15,888	658	(2,845)	(4,067)	(4,977)	(996)	(2,360)	-	(1,302)	-	-	-	-	(16,546)	
Branding and Marketing	3,039	241	(485)	(790)	(706)	(220)	(706)	-	(358)	(15)	-	-	-	(3,280)	
Adjustments for Current Practices - Support Units			-	-	4,974	-	-	-	-	-	(4,974)	-	-	-	
Total Shared Support Unit Allocations	261,531	0	(26,648)	(58,559)	(67,102)	(17,397)	(59,702)	-	(25,808)	(1,341)	(4,974)	-	-	(261,531)	
Net Revenue			64,200	91,204	67,474	25,021	76,139	4,331	42,850	1,613	3,235	59,841	-	435,907	
UF Supplement			-	-	5,000	2,000	-	-	-	-	-	(7,000)	-	-	
UF Supplement 2 - Grants to p up			-	-	1,053	-	-	-	-	-	-	(1,053)	-	-	
Base Net Projected Budget 2022-23			64,200	91,204	73,527	27,021	76,139	4,331	42,850	1,613	3,235	51,788	-	435,907	

McMaster University - New Budget Model - Faculties			Prof. Faculties		Other Faculties		VP Research Discretionary Fund								
Projected Budget Allocation			University Fund		8.00%		8.00%		10.00%						
2023-24			Research Infrastructure Fund		3.00%		1.00%								
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue															
Undergraduate Tuition			70,254	112,973	36,448	20,508	83,960	2,175	46,446	1,855	-			374,619	
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				-	
Total UG SAG Obligation			(1,261)	(3,378)	(25)	(1)	(3)	-	(4)	-	4,672			-	
Total Entrance Award Overage			-	-	-	-	-	-	-	-	-			-	
Graduate Tuition			23,429	14,623	13,003	2,277	4,793		2,681		-			60,806	
Operating Grant			18,856	44,701	87,521	12,933	48,102	2,295	20,565	1,678		(13)	-	236,638	
Other Income			1,341	2,657	4,122	879	2,298	-	1,194	76		3,262	-	15,829	
Gross Revenue			112,504	170,933	141,245	36,714	139,441	4,470	71,047	3,617	4,672	3,249	-	687,891	
Undergraduate Cross Faculty Teaching Adjustment			(7,132)	(7,854)	(1,585)	9,495	5,165	-	2,276	(365)	-			0	
Revenue for Contributions			105,372	163,079	139,660	46,208	144,606	4,470	73,323	3,252	4,672	3,249	-	687,891	
Internal International Tax			(1,588)	(1,845)	(87)	(359)	(1,584)	-	(976)			6,439		-	
University Fund Contribution			(8,430)	(13,046)	(11,173)	(3,697)	(11,568)	-	(5,866)	(260)		54,040		-	
Research Infrastructure Fund Contribution			(3,161)	(4,892)	(1,397)	(462)	(1,446)	-	(733)	(98)			12,189	-	
Indirect Cost of Research (excluding Royalties & CRC)			355	5,902	14,432	572	3,583	-	854	-	33	-		25,731	
VP Research Discretionary (10 % of ICR above)			(36)	(590)	(1,443)	(57)	(358)	-	(85)	-	2,570			-	
Adjustments for ICR received by Journal (Contract & ERA)			(7)	(1,675)	(7,322)	(288)	(256)	-	(33)	-	-			(9,581)	
Adjustments for Current Practices			-	-	(4,448)	-	198	(198)	-	-	-			(4,448)	
Research Infrastructure Fund Distribution			168	2,800	6,845	271	1,700	-	405	-	-		(12,189)	-	
Research Excellence Fund (from UF)			58	483	1,182	94	293	-	140			(2,250)		-	
Revenue Prior to Shared Support Unit Allocations			92,733	150,214	136,250	42,282	135,168	4,272	67,028	2,894	7,275	61,478	-	699,594	
Shared Support Unit Allocations - via double stepdown															
Occupancy Cost	50,864	(16,603)	(975)	(8,945)	(9,905)	(2,517)	(9,960)	-	(1,873)	(86)	-	-	-	(34,260)	
Deferred Maintenance	11,593	(4,394)	(205)	(1,880)	(2,081)	(529)	(2,093)	-	(393)	(18)	-	-	-	(7,199)	
Insurance	1,788	(776)	(29)	(269)	(280)	(76)	(300)	-	(56)	(3)	-	-	-	(1,012)	
MIP Occupancy 1	3,964	(1,026)	-	(1,897)	(686)	(20)	-	-	(336)	-	-	-	-	(2,938)	
MIP Occupancy 2	215	460	-	(675)	-	-	-	-	-	-	-	-	-	(675)	
HR	10,605	(1,711)	(540)	(1,419)	(4,618)	(536)	(1,128)	-	(636)	(17)	-	-	-	(8,893)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	8,316	(2,490)	(884)	(1,186)	(1,716)	(485)	(1,023)	-	(508)	(25)	-	-	-	(5,826)	
Supplementary Pension	4,738	(436)	(406)	(734)	(1,510)	(406)	(801)	-	(440)	(4)	-	-	-	(4,302)	
Pension Special	14,554	(3,784)	(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,098)	(7)	-	-	-	(10,770)	
Presidential/Univ Sec	5,718	(2,184)	(536)	(719)	(1,041)	(294)	(620)	-	(308)	(15)	-	-	-	(3,534)	
General University Expense	9,589	(3,704)	(893)	(1,198)	(1,733)	(490)	(1,033)	-	(513)	(25)	-	-	-	(5,885)	
Bond Interest	15,159	(5,832)	(266)	(2,435)	(2,697)	(685)	(2,711)	-	(510)	(23)	-	-	-	(9,327)	
UTS/ Technology Fund	24,524	2,490	(3,555)	(5,603)	(5,910)	(1,838)	(6,602)	-	(3,275)	(230)	-	-	-	(27,013)	
UTS- ERP	3,215	(125)	(407)	(641)	(676)	(210)	(755)	-	(375)	(26)	-	-	-	(3,090)	
UA	3,734	1,614	(804)	(1,304)	(1,154)	(354)	(1,133)	-	(576)	(25)	-	-	-	(5,348)	
Office of the Provost	9,015	(3,174)	(886)	(1,188)	(1,720)	(487)	(1,025)	-	(509)	(25)	-	-	-	(5,840)	
Research Support	16,473	7,300	(275)	(4,647)	(14,496)	(454)	(2,564)	-	(1,337)	-	-	-	-	(23,773)	
Student Affairs	7,732	8,102	(2,271)	(3,447)	(2,603)	(1,114)	(4,188)	-	(2,060)	(151)	-	-	-	(15,834)	
MIETL	5,203	828	(849)	(1,288)	(1,087)	(416)	(1,565)	-	(770)	(57)	-	-	-	(6,031)	
Libraries	23,788	9,819	(4,519)	(6,904)	(7,126)	(2,292)	(8,327)	-	(4,142)	(296)	-	-	-	(33,607)	
HS Library	5,221	2,168	(994)	(1,518)	(1,567)	(504)	(1,831)	-	(911)	(65)	-	-	-	(7,389)	
Registrar	8,996	11,195	(2,701)	(4,221)	(3,192)	(1,435)	(5,660)	-	(2,760)	(222)	-	-	-	(20,191)	
SGS	2,652	497	(570)	(754)	(968)	(180)	(439)	-	(237)	-	-	-	-	(3,149)	
Museum of Art	703	585	(164)	(259)	(313)	(85)	(305)	-	(151)	(11)	-	-	-	(1,288)	
UG Scholarship	5,668	735	(896)	(1,516)	(584)	(476)	(1,941)	-	(916)	(74)	-	-	-	(6,403)	
UG Bursaries	3,984	-	(545)	(921)	(447)	(289)	(1,180)	-	(557)	(45)	-	-	-	(3,984)	
Grad Scholarship	15,888	722	(3,019)	(3,986)	(5,063)	(956)	(2,329)	-	(1,257)	-	-	-	-	(16,610)	
Branding and Marketing	3,064	260	(499)	(809)	(718)	(220)	(703)	-	(358)	(15)	-	-	-	(3,324)	
Adjustments for Current Practices - Support Units			-	-	5,147	-	-	-	-	-	(5,147)	-	-	(0)	
Total Shared Support Unit Allocations	279,016	0	(28,549)	(62,251)	(72,978)	(18,671)	(62,937)	-	(27,016)	(1,467)	(5,147)	-	-	(279,016)	
Net Revenue			64,184	87,963	63,272	23,611	72,231	4,272	40,012	1,427	2,128	61,478	-	420,578	
UF Supplement			-	-	5,000	2,000	6,711	-	1,289	-	-	(15,000)	-	-	
UF Supplement 2 - Grants top up					1,295							(1,295)		-	
Base Net Projected Budget 2023-24			64,184	87,963	69,567	25,611	78,942	4,272	41,301	1,427	2,128	45,182	-	420,578	

McMaster University - New Budget Model - Faculties													
Projected Budget Allocation				University Fund		Prof. Faculties		Other Faculties		VP Research Discretionary Fund			
2024-25				Research Infrastructure Fund		8.00%	8.00%	3.00%	1.00%	10.00%			
	Budgets prior to double stepdown allocation	Net double stepdown allocation		Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	Total (after double stepdown to support unit allocations)
Revenue													
Undergraduate Tuition				70,783	114,926	36,285	21,204	83,926	2,235	46,702	1,760	-	377,820
UG Tuition Adjustment for tuition fee framework				(114)	(643)	176	118	290		166	7	-	-
Total UG SAG Obligation				(1,232)	(3,249)	(24)	(1)	(3)	-	(4)	-	4,513	-
Total Entrance Award Overage				-	-	-	-	-	-	-	-	-	-
Graduate Tuition				24,474	15,652	13,171	2,274	4,811		2,629		-	63,011
Operating Grant				18,837	45,140	87,390	12,995	48,256	2,326	20,138	1,679	(7)	236,755
Other Income				1,341	2,657	4,122	879	2,298		1,194	76	-	17,006
Gross Revenue				114,090	174,483	141,121	37,469	139,577	4,560	70,824	3,522	4,513	694,592
Undergraduate Cross Faculty Teaching Adjustment				(6,950)	(7,833)	(1,646)	9,072	5,518	-	2,193	(354)	-	0
Revenue for Contributions				107,140	166,650	139,476	46,541	145,095	4,560	73,017	3,167	4,513	694,592
Internal International Tax				(1,626)	(1,994)	(92)	(387)	(1,653)	-	(994)	-	-	-
University Fund Contribution				(8,571)	(13,332)	(11,158)	(3,723)	(11,608)	-	(5,841)	(253)	6,747	-
Research Infrastructure Fund Contribution				(3,214)	(5,000)	(1,395)	(465)	(1,451)	-	(730)	(95)	-	12,350
Indirect Cost of Research (excluding Royalties & CRC)				355	5,902	14,432	572	3,583	-	854	-	33	25,731
VP Research Discretionary (10 % of ICR above)				(36)	(590)	(1,443)	(57)	(358)	-	(85)	-	2,570	-
Adjustments for ICR received by Journal (Contract & ERA)				(7)	(1,675)	(7,322)	(288)	(256)	-	(33)	-	-	(9,581)
Adjustments for Current Practices				(754)	(1,652)	(6,462)	(496)	(1,442)	(200)	(709)	(38)	-	(11,753)
Research Infrastructure Fund Distribution				171	2,837	6,936	275	1,722	-	410	-	-	(12,350)
Research Excellence Fund (from UF)				58	483	1,182	94	293	-	140	-	(2,250)	-
Revenue Prior to Shared Support Unit Allocations				93,515	151,629	134,154	42,064	133,927	4,360	66,027	2,781	7,116	698,990
Shared Support Unit Allocations - via double stepdown													
Occupancy Cost	50,950	(16,649)		(977)	(8,955)	(9,917)	(2,520)	(9,972)	-	(1,875)	(86)	-	(34,301)
Deferred Maintenance	11,593	(4,394)		(205)	(1,880)	(2,081)	(529)	(2,093)	-	(393)	(18)	-	(7,199)
Insurance	1,788	(776)		(29)	(269)	(280)	(76)	(300)	-	(56)	(3)	-	(1,012)
MIP Occupancy 1	3,964	(1,026)		-	(1,897)	(686)	(20)	-	-	(336)	-	-	(2,938)
MIP Occupancy 2	215	460		-	(675)	-	-	-	-	-	-	-	(675)
HR	10,605	(1,716)		(539)	(1,418)	(4,616)	(536)	(1,127)	-	(636)	(17)	-	(8,889)
HR Employee Programs	2,055	(534)		(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	(1,521)
Financial Affairs/Admin/ Inst Support	8,316	(2,493)		(883)	(1,185)	(1,715)	(485)	(1,022)	-	(507)	(25)	-	(5,822)
Supplementary Pension	4,738	(437)		(406)	(734)	(1,510)	(406)	(801)	-	(440)	(4)	-	(4,301)
Pension Special	14,554	(3,784)		(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,098)	(7)	-	(10,770)
Presidential/Univ Sec	5,718	(2,185)		(536)	(719)	(1,040)	(294)	(620)	-	(308)	(15)	-	(3,533)
General University Expense	9,589	(3,704)		(893)	(1,198)	(1,733)	(490)	(1,033)	-	(513)	(25)	-	(5,885)
Bond Interest	15,159	(5,832)		(266)	(2,435)	(2,697)	(685)	(2,711)	-	(510)	(23)	-	(9,327)
UTS/ Technology Fund	24,524	2,458		(3,562)	(5,628)	(5,994)	(1,858)	(6,451)	-	(3,265)	(225)	-	(26,982)
UTS- ERP	-	-		-	-	-	-	-	-	-	-	-	-
UA	3,734	1,609		(808)	(1,316)	(1,158)	(354)	(1,120)	-	(563)	(24)	-	(5,342)
Office of the Provost	9,015	(3,176)		(886)	(1,188)	(1,719)	(486)	(1,025)	-	(509)	(25)	-	(5,838)
Research Support	16,473	7,289		(275)	(4,645)	(14,489)	(453)	(2,563)	-	(1,336)	-	-	(23,761)
Student Affairs	7,777	8,090		(2,288)	(3,479)	(2,648)	(1,133)	(4,107)	-	(2,063)	(149)	-	(15,867)
MIETL	5,203	825		(852)	(1,296)	(1,103)	(422)	(1,530)	-	(769)	(55)	-	(6,028)
Libraries	23,788	9,818		(4,538)	(6,946)	(7,226)	(2,323)	(8,145)	-	(4,137)	(291)	-	(33,606)
HS Library	5,221	2,168		(998)	(1,527)	(1,589)	(511)	(1,791)	-	(910)	(64)	-	(7,389)
Registrar	8,996	11,195		(2,706)	(4,243)	(3,242)	(1,462)	(5,543)	-	(2,778)	(219)	-	(20,192)
SGS	2,652	496		(575)	(763)	(968)	(178)	(438)	-	(226)	-	-	(3,148)
Museum of Art	703	584		(165)	(260)	(317)	(86)	(298)	-	(151)	(10)	-	(1,287)
UG Scholarship	5,668	735		(900)	(1,522)	(586)	(486)	(1,911)	-	(924)	(73)	-	(6,403)
UG Bursaries	3,984	0		(547)	(925)	(452)	(295)	(1,160)	-	(561)	(44)	-	(3,984)
Grad Scholarship	15,888	722		(3,047)	(4,033)	(5,066)	(946)	(2,321)	-	(1,197)	-	-	(16,610)
Branding and Marketing	3,064	259		(502)	(818)	(721)	(220)	(696)	-	(350)	(15)	-	(3,323)
Adjustments for Current Practices - Support Units				-	-	5,147	-	-	-	-	-	2,222	7,369
Total Shared Support Unit Allocations	275,932	0		(28,243)	(61,842)	(72,639)	(18,577)	(61,499)	-	(26,564)	(1,420)	2,222	(268,563)
Net Revenue				65,272	89,787	61,514	23,487	72,428	4,360	39,463	1,361	9,338	430,427
UF Supplement				-	-	-	-	-	-	-	-	-	-
UF Supplement 2 - Grants top up				-	-	1,058	-	-	-	-	-	(1,058)	-
Base Net Projected Budget 2024-25				65,272	89,787	62,572	23,487	72,428	4,360	39,463	1,361	9,338	430,427

McMaster University - New Budget Model - Faculties			Prof. Faculties		Other Faculties										
Projected Budget Allocation			University Fund		8.00%		8.00%		VP Research Discretionary Fund				10.00%		
2025-26			Research Infrastructure Fund		3.00%		1.00%								
	Budgets prior to double stepdown allocation	Net double stepdown allocation	Business	Engineering	Health Sciences	Humanities	Science	Med Rad - Mohawk	Social Sciences	Arts & Science	Other (reconciling items)	University Fund	Research Infrastructure Fund	Total (after double stepdown to support unit allocations)	
Revenue															
Undergraduate Tuition			73,013	120,443	35,919	22,030	88,675	2,339	48,274	1,761	-			392,454	
UG Tuition Adjustment for tuition fee framework			(114)	(643)	176	118	290		166	7				-	
Total UG SAG Obligation			(1,213)	(3,136)	(24)	(1)	(3)	-	(4)		4,381			-	
Total Entrance Award Overage			-	-	-	-	-	-	-	-	-			-	
Graduate Tuition			25,158	16,640	13,320	2,341	4,865		2,591		-			64,915	
Operating Grant			18,841	45,095	87,408	13,000	48,200	2,355	20,156	1,679		(4)	-	236,729	
Other Income			1,341	2,657	4,122	879	2,298	-	1,194	76	-	4,687	-	17,254	
Gross Revenue			117,026	181,056	140,921	38,367	144,325	4,694	72,376	3,523	4,381	4,682	-	711,352	
Undergraduate Cross Faculty Teaching Adjustment			(6,896)	(7,921)	(1,622)	8,878	5,750	-	2,174	(363)	-			0	
Revenue for Contributions			110,130	173,135	139,299	47,245	150,075	4,694	74,551	3,160	4,381	4,682	-	711,352	
Internal International Tax			(1,718)	(2,258)	(96)	(417)	(1,853)	-	(1,053)	-		7,393		-	
University Fund Contribution			(8,810)	(13,851)	(11,144)	(3,780)	(12,006)	-	(5,964)	(253)		55,808		-	
Research Infrastructure Fund Contribution			(3,304)	(5,194)	(1,393)	(472)	(1,501)	-	(746)	(95)			12,704	-	
Indirect Cost of Research (excluding Royalties & CRC)			355	5,902	14,432	572	3,583	-	854	-	33	-		25,731	
VP Research Discretionary (10 % of ICR above)			(36)	(590)	(1,443)	(57)	(358)	-	(85)	-	2,570	-		-	
Adjustments for ICR received by Journal (Contract & ERA)			(7)	(1,675)	(7,322)	(288)	(256)	-	(33)	-	-			(9,581)	
Adjustments for Current Practices			(1,514)	(3,316)	(8,474)	(1,003)	(3,089)	(202)	(1,423)	(77)	-	-		(19,099)	
Research Infrastructure Fund Distribution			176	2,918	7,135	283	1,772	-	422	-	-		(12,704)	-	
Research Excellence Fund (from UF)			58	483	1,182	94	293	-	140			(2,250)		-	
Revenue Prior to Shared Support Unit Allocations			95,330	155,555	132,175	42,177	136,660	4,492	66,662	2,735	6,984	65,633	-	708,404	
Shared Support Unit Allocations - via double stepdown															
Occupancy Cost	51,028	(16,677)	(978)	(8,968)	(9,931)	(2,523)	(9,986)	-	(1,877)	(86)	-	-	-	(34,350)	
Deferred Maintenance	11,593	(4,394)	(205)	(1,880)	(2,081)	(529)	(2,093)	-	(393)	(18)	-	-	-	(7,199)	
Insurance	1,788	(776)	(29)	(269)	(280)	(76)	(300)	-	(56)	(3)	-	-	-	(1,012)	
MIP Occupancy 1	3,964	(1,026)	-	(1,897)	(686)	(20)	-	-	(336)	-	-	-	-	(2,938)	
MIP Occupancy 2	215	460	-	(675)	-	-	-	-	-	-	-	-	-	(675)	
HR	10,605	(1,715)	(539)	(1,418)	(4,616)	(536)	(1,127)	-	(636)	(17)	-	-	-	(8,889)	
HR Employee Programs	2,055	(534)	(107)	(234)	(524)	(164)	(337)	-	(155)	(1)	-	-	-	(1,521)	
Financial Affairs/Admin/ Inst Support	8,316	(2,492)	(883)	(1,185)	(1,715)	(485)	(1,022)	-	(508)	(25)	-	-	-	(5,823)	
Supplementary Pension	4,738	(436)	(406)	(734)	(1,510)	(406)	(801)	-	(440)	(4)	-	-	-	(4,302)	
Pension Special	14,554	(3,784)	(755)	(1,654)	(3,712)	(1,159)	(2,384)	-	(1,098)	(7)	-	-	-	(10,770)	
Presidential/Univ Sec	5,718	(2,185)	(536)	(719)	(1,041)	(294)	(620)	-	(308)	(15)	-	-	-	(3,533)	
General University Expense	9,589	(3,704)	(893)	(1,198)	(1,733)	(490)	(1,033)	-	(513)	(25)	-	-	-	(5,885)	
Bond Interest	15,159	(5,832)	(266)	(2,435)	(2,697)	(685)	(2,711)	-	(510)	(23)	-	-	-	(9,327)	
UTS/ Technology Fund	24,524	2,448	(3,564)	(5,619)	(5,997)	(1,879)	(6,420)	-	(3,265)	(229)	-	-	-	(26,971)	
UTS- ERP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
UA	3,734	1,610	(817)	(1,326)	(1,149)	(352)	(1,120)	-	(556)	(24)	-	-	-	(5,344)	
Office of the Provost	9,015	(3,176)	(886)	(1,188)	(1,719)	(486)	(1,025)	-	(509)	(25)	-	-	-	(5,839)	
Research Support	16,473	7,294	(275)	(4,646)	(14,492)	(454)	(2,563)	-	(1,337)	-	-	-	-	(23,767)	
Student Affairs	7,777	8,097	(2,294)	(3,478)	(2,642)	(1,148)	(4,094)	-	(2,067)	(151)	-	-	-	(15,874)	
MIETL	5,203	826	(854)	(1,295)	(1,101)	(428)	(1,525)	-	(770)	(56)	-	-	-	(6,029)	
Libraries	23,788	9,826	(4,546)	(6,940)	(7,224)	(2,352)	(8,115)	-	(4,141)	(295)	-	-	-	(33,614)	
HS Library	5,221	2,170	(999)	(1,526)	(1,588)	(517)	(1,784)	-	(911)	(65)	-	-	-	(7,391)	
Registrar	8,996	11,206	(2,718)	(4,230)	(3,229)	(1,481)	(5,528)	-	(2,793)	(224)	-	-	-	(20,202)	
SGS	2,652	496	(568)	(770)	(967)	(182)	(441)	-	(220)	-	-	-	-	(3,148)	
Museum of Art	703	584	(165)	(260)	(318)	(87)	(297)	-	(151)	(11)	-	-	-	(1,287)	
UG Scholarship	5,668	735	(904)	(1,519)	(575)	(493)	(1,907)	-	(929)	(74)	-	-	-	(6,403)	
UG Bursaries	3,984	-	(549)	(922)	(447)	(299)	(1,158)	-	(564)	(45)	-	-	-	(3,984)	
Grad Scholarship	15,888	722	(3,012)	(4,069)	(5,057)	(966)	(2,337)	-	(1,169)	-	-	-	-	(16,610)	
Branding and Marketing	3,064	259	(508)	(824)	(716)	(219)	(696)	-	(345)	(15)	-	-	-	(3,323)	
Adjustments for Current Practices - Support Units			-	-	5,147	-	-	-	-	-	9,644	-	-	14,791	
Total Shared Support Unit Allocations	276,010	0	(28,256)	(61,879)	(72,600)	(18,709)	(61,424)	-	(26,555)	(1,439)	9,644	-	-	(261,219)	
Net Revenue			67,074	93,676	59,575	23,467	75,236	4,492	40,107	1,296	16,628	65,633	-	447,185	
UF Supplement			-	-	-	-	-	-	-	-	-	-	-	-	
UF Supplement 2 - Grants top up					676							(676)			
Base Net Projected Budget 2025-26			67,074	93,676	60,251	23,467	75,236	4,492	40,107	1,296	16,628	64,957	-	447,185	

APPENDIX 4 – OPERATING FUND UNIT LEVEL TABLES

Table 20: Operating Fund 2022/23 Projection by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
1. Faculties														
Business	63,743	-	8	5,725	69,477	34,654	7,690	42,344	1,774	-	14,240	16,013	58,357	11,119
Engineering	90,200	2,814	1,491	2,878	97,383	62,703	14,604	77,307	2,394	-	21,275	23,668	100,975	(3,593)
Health Sciences	73,176	834	8,230	42,985	125,225	95,297	23,331	118,628	1,482	5	3,873	5,360	123,988	1,237
Humanities	27,028	1,481	234	8,210	36,953	28,605	6,809	35,414	262	10	2,502	2,775	38,189	(1,236)
Science	74,257	876	729	2,675	78,538	59,697	14,426	74,123	220	-	10,543	10,764	84,887	(6,349)
Medical Radiation - Mohawk share	4,331	-	-	-	4,331	-	-	-	-	-	4,331	4,331	4,331	-
Social Sciences	41,683	690	50	624	43,047	33,450	8,586	42,036	523	-	2,706	3,229	45,265	(2,217)
Arts & Science	1,643	-	-	(7)	1,636	1,701	111	1,812	1	-	160	161	1,973	(337)
Sub-total	376,061	6,695	10,743	63,090	456,589	316,107	75,557	391,664	6,655	15	59,630	66,301	457,965	(1,375)
2. Academic Priorities														
University Fund	41,159	(7,098)	-	-	34,061	3,149	-	3,149	-	-	16,764	16,764	19,913	14,148
Revenue Projection Contingency	7,125	-	-	-	7,125	-	-	-	-	-	-	-	-	7,125
Ongoing Priorities Contingency	-	-	-	-	-	2,051	-	2,051	-	-	(2,033)	(2,033)	18	(18)
One-time Priorities Contingency	(4,147)	-	-	-	(4,147)	-	-	-	-	-	-	-	-	(4,147)
Sub-total	44,137	(7,098)	-	-	37,039	5,200	-	5,200	-	-	14,731	14,731	19,931	17,108
TOTAL ACADEMIC	420,198	(403)	10,743	63,090	493,629	321,307	75,557	396,864	6,655	15	74,361	81,031	477,896	15,733
3. Academic Support														
VP Academic	8,980	-	-	(846)	8,134	6,185	1,335	7,520	-	-	2,792	2,792	10,312	(2,178)
Museum of Art	672	-	-	179	851	778	224	1,002	-	-	20	20	1,022	(171)
VP Teaching & Learning	4,346	-	-	136	4,482	4,181	1,142	5,324	-	-	1,174	1,174	6,498	(2,016)
University Library	23,888	-	-	62	23,950	7,474	2,249	9,723	13	11,924	2,452	14,389	24,112	(162)
Health Sciences Library	5,000	153	25	33	5,211	1,877	519	2,396	-	3,594	(637)	2,957	5,354	(143)
Registrar	8,510	-	-	3,496	12,006	7,515	2,024	9,539	-	-	2,953	2,953	12,492	(486)
Sub-total	51,396	153	25	3,060	54,634	28,010	7,494	35,504	13	15,518	8,755	24,286	59,789	(5,155)
4. Research Support														
Research	13,136	250	4,398	10,766	28,550	16,915	4,881	21,796	52	-	9,982	10,034	31,830	(3,280)
VP Research Discretionary Fund	2,785	-	-	-	2,785	15	0	15	-	-	6,454	6,454	6,469	(3,684)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	15,921	250	4,398	10,766	31,335	16,930	4,881	21,811	52	-	16,398	16,450	38,260	(6,926)
5. Student Support														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,826	-	-	58	2,884	1,859	506	2,365	55	-	647	702	3,066	(182)
Student Affairs	8,394	-	-	27,173	35,567	19,080	4,742	23,822	536	-	13,530	14,066	37,888	(2,321)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	1,242	1,242	1,242	(1,242)
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	15,370	-	-	284	15,654	2,181	-	2,181	13,749	-	271	14,020	16,200	(546)
Sub-total	42,478	-	-	27,515	69,993	23,720	5,248	28,968	29,460	-	15,219	44,679	73,647	(3,654)
6. Facilities Support														
Facilities Services	20,575	-	-	1,625	22,200	15,364	3,597	18,962	-	-	3,614	3,614	22,576	(376)
HSC Maintenance	4,337	-	-	40	4,377	-	-	-	-	-	4,363	4,363	4,363	14
Utilities	26,534	-	-	3,522	30,056	1,702	502	2,203	-	-	28,811	28,811	31,014	(958)
Deferred Maintenance	11,930	-	-	-	11,930	-	-	-	-	-	11,930	11,930	11,930	(0)
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	(0)
Renovation contingency	974	-	-	-	974	-	-	-	-	-	974	974	974	0
Sub-total	79,509	-	-	5,187	84,696	17,066	4,099	21,165	-	-	64,851	64,851	86,016	(1,320)
7. Institutional Support														
VP Operations & Finance	3,722	-	-	-	3,722	2,186	496	2,683	-	-	1,401	1,401	4,083	(361)
Financial Affairs	4,230	-	-	2,404	6,634	5,958	1,704	7,662	-	-	(653)	(653)	7,009	(375)
Human Resources	10,649	-	-	61	10,711	7,776	2,047	9,823	-	-	1,182	1,182	11,005	(295)
UTS	22,524	-	-	101	22,625	10,896	3,016	13,912	-	-	10,092	10,092	24,004	(1,379)
UTS Asset Management	1,500	-	-	-	1,500	-	-	-	-	-	3,082	3,082	3,082	(1,582)
University Secretariat	1,168	-	-	77	1,245	900	256	1,156	-	-	251	251	1,407	(162)
President's Office	4,403	-	-	-	4,403	2,955	766	3,721	-	-	146	146	3,867	536
University Advancement	2,979	-	-	62	3,041	5,459	1,369	6,828	-	-	(3,257)	(3,257)	3,572	(531)
Legal	8,047	-	-	-	8,047	854	203	1,058	-	-	6,122	6,122	7,180	867
General University	5,214	-	-	2,253	7,467	824	35	859	-	-	8,577	8,577	9,436	(1,970)
Sub-total	64,436	-	-	4,958	69,394	37,809	9,893	47,702	-	-	26,943	26,943	74,646	(5,252)
8. Institutional Priority allocations														
Technology Renewal	4,517	-	-	-	4,517	-	-	-	-	-	-	-	-	4,517
Marketing & Branding	5,039	-	-	-	5,039	959	276	1,235	-	-	4,058	4,058	5,293	(254)
Pension	13,292	-	-	-	13,292	-	13,292	13,292	-	-	-	-	13,292	-
President's Strategic Support Fund	2,652	-	-	-	2,652	-	-	-	-	-	3,185	3,185	3,185	(533)
Sub-total	25,500	-	-	-	25,500	959	13,568	14,527	-	-	7,243	7,243	21,770	3,730
Surplus/(Deficit)	699,438	0	15,166	114,577	829,181	445,801	120,740	566,541	36,180	15,533	213,770	265,484	832,024	(2,843)
<i>Under/(over)allocated</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>22</i>	<i>22</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>22</i>	<i>22</i>	<i>22</i>	<i>-</i>
Total Surplus/(Deficit)	699,438	0	15,166	114,598	829,202	445,801	120,740	566,541	36,180	15,533	213,792	265,505	832,046	(2,843)

Table 21: Operating Fund 2023/24 Budget by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
1. Faculties														
Business	64,184	-	-	5,992	70,176	39,182	9,023	48,205	2,868	-	12,954	15,822	64,027	6,149
Engineering	87,963	3,391	1,586	4,261	97,202	68,367	16,018	84,384	2,589	-	15,721	18,309	102,694	(5,492)
Health Sciences	69,567	1,435	8,258	43,271	122,532	100,033	26,042	126,075	1,479	-	1,054	2,533	128,607	(6,076)
Humanities	25,611	2,034	226	6,229	34,100	30,396	7,214	37,610	416	10	2,917	3,344	40,954	(6,854)
Science	78,942	521	239	2,954	82,656	62,457	15,089	77,545	358	-	6,822	7,181	84,726	(2,070)
Medical Radiation - Mohawk share	4,272	-	-	-	4,272	-	-	-	-	-	4,272	4,272	-	-
Social Sciences	41,301	976	50	635	42,962	35,725	9,258	44,983	459	-	4,375	4,834	49,817	(6,855)
Arts & Science	1,427	57	-	-	1,484	1,474	102	1,576	1	-	360	361	1,936	(452)
Sub-total	373,267	8,414	10,360	63,342	455,383	337,632	82,745	420,378	8,169	10	48,475	56,654	477,032	(21,649)
2. Academic Priorities														
University Fund	35,183	(8,709)	-	-	26,474	2,949	-	2,949	-	-	40,507	40,507	43,456	(16,981)
Revenue Projection Contingency	2,834	-	-	-	2,834	-	-	-	-	-	-	-	-	2,834
Ongoing Priorities Contingency	33	-	-	-	33	(13,131)	-	(13,131)	-	-	(11,870)	(11,870)	(25,001)	25,034
One-time Priorities Contingency	4,119	-	-	-	4,119	-	-	-	-	-	-	-	-	4,119
Sub-total	42,169	(8,709)	-	-	33,460	(10,182)	-	(10,182)	-	-	28,637	28,637	18,455	15,006
TOTAL ACADEMIC	415,436	(294)	10,360	63,342	488,844	327,450	82,745	410,196	8,169	10	77,112	85,291	495,487	(6,643)
3. Academic Support														
VP Academic	8,788	-	-	617	9,405	6,494	1,397	7,890	30	-	2,862	2,892	10,783	(1,378)
Museum of Art	703	-	-	250	953	817	231	1,048	-	-	(92)	(92)	956	(4)
VP Teaching & Learning	5,203	-	-	135	5,338	4,723	1,147	5,870	-	-	(52)	(52)	5,818	(480)
University Library	25,105	-	-	60	25,165	9,059	2,512	11,571	18	12,060	2,785	14,863	26,434	(1,268)
Health Sciences Library	5,221	44	25	65	5,355	1,967	569	2,535	-	3,590	(627)	2,963	5,498	(143)
Registrar	8,802	-	-	3,442	12,244	8,406	2,158	10,564	-	-	3,316	3,316	13,880	(1,635)
Sub-total	53,822	44	25	4,569	58,460	31,464	8,014	39,478	48	15,650	8,193	23,890	63,369	(4,909)
4. Research Support														
Research	14,300	250	4,023	11,271	29,843	19,185	5,192	24,376	3	-	10,378	10,381	34,757	(4,914)
VP Research Discretionary Fund	2,570	-	-	-	2,570	0	(0)	(0)	-	-	3,155	3,155	3,155	(585)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	16,870	250	4,023	11,271	32,413	19,185	5,192	24,376	3	-	13,494	13,497	37,874	(5,460)
5. Student Support														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,902	-	-	58	2,960	1,946	512	2,458	55	-	611	666	3,125	(165)
Student Affairs	7,732	-	-	29,367	37,099	20,083	4,920	25,003	581	-	14,960	15,541	40,544	(3,445)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	(652)	(652)	652	-
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	14,324	-	-	277	14,601	2,125	-	2,125	12,852	-	271	13,122	15,247	(646)
Sub-total	40,846	-	-	29,702	70,548	24,754	5,432	30,187	28,608	-	14,719	43,327	73,514	(2,966)
6. Facilities Support														
Facilities Services	21,889	-	-	3,195	25,084	16,004	3,634	19,638	-	-	5,121	5,121	24,759	325
HSC Maintenance	4,574	-	-	40	4,614	-	-	-	-	-	4,600	4,600	4,600	14
Utilities	27,598	-	-	3,166	30,764	1,709	494	2,203	-	-	30,749	30,749	32,951	(2,188)
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Maintenance	11,593	-	-	-	11,593	-	-	-	-	-	11,593	11,593	11,593	-
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-
Renovation contingency	1,274	-	-	-	1,274	-	-	-	-	-	1,274	1,274	1,274	0
Sub-total	82,087	-	-	6,401	88,488	17,713	4,128	21,841	-	-	68,496	68,496	90,337	(1,848)
7. Institutional Support														
VP Operations & Finance	3,741	-	-	-	3,741	2,776	595	3,371	-	-	791	791	4,162	(421)
Financial Affairs	4,439	-	-	2,591	7,030	6,360	1,734	8,094	-	-	(1,077)	(1,077)	7,017	13
Human Resources	11,772	-	-	62	11,834	7,960	2,149	10,109	-	-	2,173	2,173	12,283	(449)
UTS	23,273	-	-	101	23,374	11,813	2,987	14,800	-	-	9,777	9,777	24,576	(1,202)
UTS Asset Management	1,688	-	-	-	1,688	-	-	-	-	-	1,698	1,698	1,698	(10)
University Secretariat	1,194	-	-	78	1,272	924	251	1,175	-	-	126	126	1,301	(29)
President's Office	4,524	-	-	-	4,524	3,001	774	3,775	-	-	1,048	1,048	4,824	(300)
University Advancement	3,122	-	-	40	3,162	6,228	1,573	7,801	-	-	(2,814)	(2,814)	4,987	(1,825)
Legal	7,028	-	-	-	7,028	1,260	274	1,534	-	-	5,719	5,719	7,253	(225)
General University	5,215	-	-	2,253	7,468	858	38	896	-	-	7,959	7,959	8,855	(1,387)
Sub-total	65,996	-	-	5,125	71,121	41,179	10,375	51,555	-	-	25,401	25,401	76,956	(5,834)
8. Institutional Priority allocations														
Technology Renewal	3,215	-	-	-	3,215	-	-	-	-	-	-	-	-	3,215
Marketing & Branding	4,864	-	-	-	4,864	1,144	304	1,448	-	-	3,616	3,616	5,064	(200)
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	0
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	5,185	5,185	5,185	(5,185)
Sub-total	27,371	-	-	-	27,371	1,144	19,596	20,740	-	-	8,801	8,801	29,541	(2,170)
Surplus/(Deficit)	702,428	0	14,407	120,410	837,245	462,890	135,483	598,373	36,828	15,660	216,216	268,704	867,076	(29,831)
<i>Under/(over)allocated</i>	<i>0</i>	<i>0</i>	<i>-</i>	<i>(2,408)</i>	<i>(2,408)</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(2,408)</i>	<i>(2,408)</i>	<i>(2,408)</i>	<i>0</i>
Total Surplus/(Deficit)	702,428	0	14,407	118,002	834,837	462,890	135,483	598,373	36,828	15,660	213,808	266,296	864,668	(29,831)

Table 22: Operating Fund 2024/25 Plan by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)	
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total			
1. Faculties															
Business	65,272	-	-	6,011	71,283	41,666	9,719	51,385	2,667	-	13,377	16,045	67,429	3,854	
Engineering	89,787	375	1,422	3,030	94,614	70,400	17,140	87,541	2,558	-	9,852	12,410	99,951	(5,337)	
Health Sciences	62,572	850	8,144	42,793	114,360	102,566	26,569	129,134	1,437	-	662	2,100	131,234	(16,874)	
Humanities	23,487	2,016	226	9,154	34,882	31,778	7,601	39,379	482	10	2,895	3,386	42,766	(7,883)	
Science	72,428	521	225	3,002	76,177	63,854	15,527	79,381	326	-	6,292	6,618	85,998	(9,822)	
Medical Radiation - Mohawk share	4,360	-	-	-	4,360	-	-	-	-	-	4,360	4,360	4,360	-	
Social Sciences	39,463	679	50	544	40,737	35,610	9,373	44,983	279	-	2,674	2,953	47,936	(7,199)	
Arts & Science	1,361	57	-	-	1,418	1,530	100	1,630	1	-	290	290	1,920	(502)	
Sub-total	358,730	4,498	10,067	64,535	437,831	347,404	86,029	433,432	7,751	10	40,401	48,162	481,594	(43,764)	
2. Academic Priorities															
University Fund	52,359	(4,748)	-	-	47,611	2,949	-	2,949	-	-	39,635	39,635	42,584	5,027	
Revenue Projection Contingency	5,979	-	-	-	5,979	-	-	-	-	-	-	-	-	5,979	
Ongoing Priorities Contingency	7,402	-	-	-	7,402	(10,131)	-	(10,131)	-	-	(1,870)	(1,870)	(12,001)	19,403	
One-time Priorities Contingency	8,068	-	-	-	8,068	-	-	-	-	-	-	-	-	8,068	
Sub-total	73,808	(4,748)	-	-	69,060	(7,182)	-	(7,182)	-	-	37,765	37,765	30,583	38,477	
TOTAL ACADEMIC	432,538	(250)	10,067	64,535	506,890	340,221	86,029	426,250	7,751	10	78,166	85,927	512,177	(5,287)	
3. Academic Support															
VP Academic	8,788	-	-	880	9,668	6,569	1,419	7,989	30	-	2,994	3,024	11,012	(1,344)	
Museum of Art	703	-	-	254	957	848	243	1,091	-	-	(130)	(130)	961	(4)	
VP Teaching & Learning	5,203	-	-	135	5,338	4,397	1,108	5,506	-	-	669	669	6,174	(836)	
University Library	25,220	-	-	51	25,271	9,613	2,571	12,184	18	12,195	3,012	15,225	27,409	(2,138)	
Health Sciences Library	5,221	-	25	65	5,311	2,169	609	2,778	-	3,735	(560)	3,174	5,953	(642)	
Registrar	8,802	-	-	3,783	12,585	8,597	2,220	10,816	-	-	3,334	3,334	14,150	(1,566)	
Sub-total	53,937	-	25	5,168	59,130	32,193	8,170	40,364	48	15,930	9,318	25,296	65,660	(6,530)	
4. Research Support															
Research	14,300	250	4,023	12,097	30,670	19,666	5,320	24,986	3	-	10,726	10,729	35,715	(5,046)	
VP Research Discretionary Fund	2,570	-	-	-	2,570	0	(0)	0	-	-	2,864	2,864	2,864	(294)	
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39	
Sub-total	16,870	250	4,023	12,097	33,240	19,666	5,320	24,986	3	-	13,552	13,555	38,541	(5,301)	
5. Student Support															
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118	
School of Graduate Studies	2,652	-	-	58	2,710	1,769	460	2,229	55	-	469	524	2,753	(43)	
Student Affairs	7,777	-	-	29,220	36,997	20,602	5,071	25,673	626	-	14,235	14,861	40,534	(3,537)	
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	(855)	(855)	(855)	855	
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520	
Undergraduate Scholarships	14,165	-	-	267	14,432	2,125	-	2,125	12,250	-	271	12,520	14,645	(213)	
Sub-total	40,482	-	-	29,546	70,028	25,097	5,531	30,627	28,051	-	13,650	41,701	72,328	(2,301)	
6. Facilities Support															
Facilities Services	21,889	-	-	3,243	25,132	16,416	3,729	20,145	-	-	5,135	5,135	25,280	(148)	
HSC Maintenance	4,660	-	-	40	4,700	-	-	-	-	-	4,686	4,686	4,686	14	
Utilities	27,598	-	-	3,157	30,755	1,748	517	2,265	-	-	31,733	31,733	33,998	(3,243)	
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Deferred Maintenance	11,593	-	-	-	11,593	-	-	-	-	-	11,593	11,593	11,593	-	
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-	
Renovation contingency	1,274	-	-	-	1,274	-	-	-	-	-	1,274	1,274	1,274	0	
Sub-total	82,173	-	-	6,441	88,614	18,164	4,246	22,410	-	-	69,580	69,580	91,990	(3,376)	
7. Institutional Support															
VP Operations & Finance	3,741	-	-	-	3,741	2,679	594	3,273	-	-	648	648	3,922	(181)	
Financial Affairs	4,439	-	-	2,647	7,086	6,468	1,768	8,236	-	-	(1,146)	(1,146)	7,091	(4)	
Human Resources	11,587	-	-	62	11,649	8,090	2,160	10,250	-	-	2,161	2,161	12,410	(762)	
UTS	22,310	-	-	102	22,412	11,086	2,913	13,999	-	-	9,863	9,863	23,863	(1,451)	
UTS Asset Management	1,688	-	-	-	1,688	-	-	-	-	-	1,953	1,953	1,953	(265)	
University Secretariat	1,194	-	-	80	1,274	945	258	1,203	-	-	126	126	1,329	(55)	
President's Office	4,524	-	-	-	4,524	2,912	748	3,660	-	-	1,075	1,075	4,735	(211)	
University Advancement	3,122	-	-	40	3,162	6,148	1,551	7,699	-	-	(2,962)	(2,962)	4,737	(1,575)	
Legal	6,398	-	-	-	6,398	1,288	284	1,573	-	-	5,419	5,419	6,992	(594)	
General University	4,979	-	-	2,253	7,232	897	39	936	-	-	7,920	7,920	8,856	(1,624)	
Sub-total	63,982	-	-	5,183	69,165	40,513	10,315	50,829	-	-	25,059	25,059	75,888	(6,722)	
8. Institutional Priority allocations															
Technology Renewal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Marketing & Branding	3,064	-	-	-	3,064	835	218	1,053	-	-	2,011	2,011	3,064	0	
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	-	
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sub-total	22,356	-	-	-	22,356	835	19,510	20,345	-	-	2,011	2,011	22,356	0	
Surplus/(Deficit)	712,338	0	14,115	122,969	849,422	476,689	139,122	615,812	35,852	15,940	211,336	263,128	878,940	(29,518)	
Under/(over)allocated	-	-	-	(3,586)	(3,586)	-	-	-	-	-	(3,586)	(3,586)	(3,586)	-	-
Total Surplus/(Deficit)	712,338	0	14,115	119,383	845,836	476,689	139,122	615,812	35,852	15,940	207,750	259,542	875,354	(29,518)	

Table 23: Operating Fund 2025/26 Plan by Unit

(\$ thousands)	Sources of Funding					Salaries & Benefits			Non-salary Expenses				Total Expenses	Annual Surplus (Deficit)
	Framework Allocation	University Fund Allocation	Research Overhead Income	Other Income	Total Income	Salaries & Wages	Benefits & PDA	Total	Scholarships	Library Acquisitions	All Other Expenses	Total		
1. Faculties														
Business	67,074	-	-	6,022	73,096	44,661	10,518	55,178	2,667	-	13,438	16,105	71,283	1,813
Engineering	93,676	375	1,422	3,180	98,653	72,627	17,817	90,444	2,323	-	9,949	12,272	102,716	(4,063)
Health Sciences	60,251	264	8,071	40,704	109,290	106,191	27,583	133,774	1,437	-	(633)	804	134,578	(25,288)
Humanities	23,467	1,519	226	11,163	36,376	32,774	7,904	40,678	532	10	2,255	2,796	43,474	(7,098)
Science	75,236	426	225	3,058	78,946	65,828	16,147	81,975	326	-	6,575	6,901	88,877	(9,931)
Medical Radiation - Mohawk share	4,492	-	-	-	4,492	-	-	-	-	-	4,492	4,492	4,492	-
Social Sciences	40,107	700	50	589	41,446	36,092	9,504	45,597	279	-	2,666	2,945	48,542	(7,095)
Arts & Science	1,296	57	-	-	1,353	1,484	86	1,569	1	-	290	290	1,860	(507)
Sub-total	365,599	3,342	9,994	64,717	443,653	359,657	89,558	449,215	7,565	10	39,031	46,606	495,821	(52,169)
2. Academic Priorities														
University Fund	54,957	(3,592)	-	-	51,365	2,949	-	2,949	-	-	35,654	35,654	38,603	12,762
Revenue Projection Contingency	8,180	-	-	-	8,180	-	-	-	-	-	-	-	8,180	-
Ongoing Priorities Contingency	14,824	-	-	-	14,824	(10,131)	-	(10,131)	-	-	(1,870)	(1,870)	(12,001)	26,825
One-time Priorities Contingency	9,500	-	-	-	9,500	-	-	-	-	-	2,618	2,618	2,618	6,882
Sub-total	87,461	(3,592)	-	-	83,869	(7,182)	-	(7,182)	-	-	36,402	36,402	29,220	54,649
TOTAL ACADEMIC	453,060	(250)	9,994	64,717	527,521	352,475	89,558	442,033	7,565	10	75,434	83,009	525,042	2,480
3. Academic Support														
VP Academic	8,788	-	-	880	9,668	6,733	1,459	8,191	30	-	2,988	3,018	11,210	(1,542)
Museum of Art	703	-	-	300	1,003	877	253	1,130	-	-	(124)	(124)	1,006	(4)
VP Teaching & Learning	5,203	-	-	135	5,338	4,497	1,137	5,634	-	-	634	634	6,268	(930)
University Library	23,788	-	-	51	23,839	9,562	2,577	12,139	8	12,585	2,061	14,654	26,793	(2,954)
Health Sciences Library	5,221	-	10	65	5,296	2,246	632	2,878	-	3,930	(558)	3,372	6,250	(954)
Registrar	8,802	-	-	3,933	12,735	8,903	2,316	11,219	-	-	3,732	3,732	14,951	(2,215)
Sub-total	52,505	-	10	5,363	57,878	32,817	8,373	41,191	38	16,514	8,734	25,287	66,477	(8,599)
4. Research Support														
Research	14,300	250	4,023	12,861	31,433	20,131	5,467	25,597	3	-	10,762	10,765	36,362	(4,929)
VP Research Discretionary Fund	2,570	-	-	-	2,570	(0)	0	(0)	-	-	2,874	2,874	2,874	(304)
Research Loans	-	-	-	-	-	-	-	-	-	-	(39)	(39)	(39)	39
Sub-total	16,870	250	4,023	12,861	34,003	20,131	5,467	25,597	3	-	13,597	13,600	39,197	(5,194)
5. Student Support														
Graduate Scholarships	15,888	-	-	-	15,888	600	-	600	15,120	-	50	15,170	15,770	118
School of Graduate Studies	2,652	-	-	58	2,710	1,825	479	2,305	55	-	475	530	2,834	(124)
Student Affairs	7,777	-	-	29,799	37,576	21,267	5,267	26,534	626	-	14,937	15,563	42,096	(4,521)
DBAC Building Financing	-	-	-	-	-	-	-	-	-	-	(1,063)	(1,063)	(1,063)	1,063
DBAC Deferred Maintenance	-	-	-	-	-	-	-	-	-	-	(520)	(520)	(520)	520
Undergraduate Scholarships	14,033	-	-	267	14,300	2,125	-	2,125	11,905	-	271	12,175	14,300	-
Sub-total	40,350	-	-	30,124	70,474	25,817	5,746	31,563	27,706	-	14,149	41,854	73,418	(2,944)
6. Facilities Support														
Facilities Services	21,889	-	-	3,363	25,252	16,743	3,849	20,592	-	-	5,256	5,256	25,848	(596)
HSC Maintenance	4,738	-	-	40	4,778	-	-	-	-	-	4,764	4,764	4,764	14
Utilities	27,598	-	-	3,157	30,755	1,795	545	2,340	-	-	31,921	31,921	34,261	(3,506)
Security	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Maintenance	11,593	-	-	-	11,593	-	-	-	-	-	11,593	11,593	11,593	-
Bond Interest	15,159	-	-	-	15,159	-	-	-	-	-	15,159	15,159	15,159	-
Renovation contingency	1,274	-	-	-	1,274	-	-	-	-	-	1,274	1,274	1,274	0
Sub-total	82,251	-	-	6,561	88,812	18,538	4,394	22,932	-	-	69,967	69,967	92,899	(4,088)
7. Institutional Support														
VP Operations & Finance	3,741	-	-	-	3,741	2,511	563	3,074	-	-	648	648	3,722	19
Financial Affairs	4,439	-	-	2,711	7,150	6,637	1,818	8,455	-	-	(1,202)	(1,202)	7,253	(103)
Human Resources	11,587	-	-	62	11,649	8,180	2,232	10,413	-	-	2,228	2,228	12,641	(992)
UTS	22,310	-	-	102	22,412	11,345	2,992	14,338	-	-	9,858	9,858	24,196	(1,784)
UTS Asset Management	1,688	-	-	-	1,688	-	-	-	-	-	1,944	1,944	1,944	(256)
University Secretariat	1,194	-	-	83	1,277	972	266	1,238	-	-	126	126	1,364	(87)
President's Office	4,524	-	-	-	4,524	2,886	748	3,634	-	-	1,034	1,034	4,668	(144)
University Advancement	3,122	-	-	40	3,162	6,319	1,605	7,924	-	-	(4,086)	(4,086)	3,838	(676)
Legal	6,398	-	-	-	6,398	1,325	296	1,621	-	-	5,219	5,219	6,841	(443)
General University	4,979	-	-	2,253	7,232	937	41	978	-	-	7,988	7,988	8,966	(1,734)
Sub-total	63,982	-	-	5,250	69,232	41,111	10,562	51,673	-	-	23,759	23,759	75,432	(6,201)
8. Institutional Priority allocations														
Technology Renewal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Marketing & Branding	3,064	-	-	-	3,064	559	147	706	-	-	2,358	2,358	3,064	0
Pension	19,292	-	-	-	19,292	-	19,292	19,292	-	-	-	-	19,292	-
President's Strategic Support Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sub-total	22,356	-	-	-	22,356	559	19,439	19,998	-	-	2,358	2,358	22,356	0
Surplus/(Deficit)	731,374	-	14,027	124,875	870,276	491,448	143,539	634,987	35,312	16,524	207,999	259,835	894,822	(24,546)
<i>Under/(over)allocated</i>	-	-	-	(3,833)	(3,833)	-	-	-	-	-	(3,833)	(3,833)	(3,833)	-
Total Surplus/(Deficit)	731,374	-	14,027	121,042	866,442	491,448	143,539	634,987	35,312	16,524	204,165	256,001	890,988	(24,546)

Table 24: Operating Fund Annual Net Change by Unit

(\$ thousands)	2022/23		2023/24	2024/25	2025/26
	Budget	Projection	Budget	Plan	Plan
1. Faculties					
Business	(842)	11,119	6,149	3,854	1,813
Engineering	3,097	(3,593)	(5,492)	(5,337)	(4,063)
Health Sciences	(7,035)	1,237	(6,076)	(16,874)	(25,288)
Humanities	(2,496)	(1,236)	(6,854)	(7,883)	(7,098)
Science	(3,430)	(6,349)	(2,070)	(9,822)	(9,931)
Medical Radiation - Mohawk share	(0)	0	-	-	-
Social Sciences	(389)	(2,217)	(6,855)	(7,199)	(7,095)
Arts & Science	(840)	(337)	(452)	(502)	(507)
Sub-total	(11,936)	(1,375)	(21,649)	(43,764)	(52,169)
2. Academic Priorities					
University Fund	(3,000)	14,148	(16,981)	5,027	12,762
Revenue Projection Contingency	6,287	7,125	2,834	5,979	8,180
Ongoing Priorities Contingency	10,033	(18)	25,034	19,403	26,825
One-time Priorities Contingency	3,592	(4,147)	4,119	8,068	6,882
Sub-total	16,912	17,108	15,006	38,477	54,649
TOTAL ACADEMIC	4,976	15,733	(6,643)	(5,287)	2,480
3. Academic Support					
VP Academic	(2,436)	(2,178)	(1,378)	(1,344)	(1,542)
Museum of Art	(52)	(171)	(4)	(4)	(4)
VP Teaching & Learning	(1,237)	(2,016)	(480)	(836)	(930)
University Library	(757)	(162)	(1,268)	(2,138)	(2,954)
Health Sciences Library	(96)	(143)	(143)	(642)	(954)
Registrar	(220)	(486)	(1,635)	(1,566)	(2,215)
Sub-total	(4,797)	(5,155)	(4,909)	(6,530)	(8,599)
4. Research Support					
Research	(1,158)	(3,280)	(4,914)	(5,046)	(4,929)
VP Research Discretionary Fund	(1,306)	(3,684)	(585)	(294)	(304)
Research Loans	39	39	39	39	39
Sub-total	(2,426)	(6,926)	(5,460)	(5,301)	(5,194)
5. Student Support					
Graduate Scholarships	118	118	118	118	118
School of Graduate Studies	(32)	(182)	(165)	(43)	(124)
Student Affairs	(2,635)	(2,321)	(3,445)	(3,537)	(4,521)
DBAC Building Financing	(706)	(1,242)	652	855	1,063
DBAC Deferred Maintenance	520	520	520	520	520
Undergraduate Scholarships	(0)	(546)	(646)	(213)	-
Sub-total	(2,736)	(3,654)	(2,966)	(2,301)	(2,944)
6. Facilities Support					
Facilities Services	(68)	(376)	325	(148)	(596)
HSC Maintenance	13	14	14	14	14
Utilities	(60)	(958)	(2,188)	(3,243)	(3,506)
Security	-	-	-	-	-
Deferred Maintenance	(0)	(0)	-	(0)	(0)
Bond Interest	0	(0)	-	-	-
Renovation contingency	0	0	0	0	0
Sub-total	(115)	(1,320)	(1,848)	(3,376)	(4,088)
7. Institutional Support					
Administration	510	(361)	(421)	(181)	19
Financial Affairs	139	(375)	13	(4)	(103)
Human Resources	(115)	(295)	(449)	(762)	(992)
UTS	(1,938)	(1,379)	(1,202)	(1,451)	(1,784)
UTS Asset Management	(159)	(1,582)	(10)	(265)	(256)
University Secretariat	(129)	(162)	(29)	(55)	(87)
Presidential Budget	8	536	(300)	(211)	(144)
University Advancement	(1,427)	(531)	(1,825)	(1,575)	(676)
Legal	84	867	(225)	(594)	(443)
General University	(1,078)	(1,970)	(1,387)	(1,624)	(1,734)
Sub-total	(4,105)	(5,252)	(5,834)	(6,722)	(6,201)
8. Institutional Priority allocations					
Technology Renewal	4,517	4,517	3,215	-	-
Marketing & Branding	0	(254)	(200)	0	0
Pension	0	0	0	0	0
President's Strategic Support Fund	-	(533)	(5,185)	-	-
Sub-total	4,517	3,730	(2,170)	0	0
Surplus/(Deficit)	(4,685)	(2,843)	(29,831)	(29,518)	(24,546)
Under/(over)allocated	0	(0)	0	-	-
Total Surplus/(Deficit)	(4,685)	(2,843)	(29,831)	(29,518)	(24,546)

Table 25: Operating Fund 2022/23 Financial Position and Variance by Unit

(\$ thousands)	2022/23 Budget					2022/23 Projection					Favourable (Unfavourable) Variance				
	Appropriations	On-going	One-time	Total	Appropriations	Appropriations	On-going	One-time	Total	Appropriations	Appropriations	On-going	One-time	Total	Appropriations
	April 30, 2022					April 30, 2022					April 30, 2022				
1. Faculties															
Business	3,431	14,158	(15,000)	(842)	2,589	4,903	16,576	(5,457)	11,119	16,022	1,471	2,419	9,543	11,962	13,433
Engineering	24,105	7,422	(4,324)	3,097	27,203	27,455	3,549	(7,142)	(3,593)	23,862	3,349	(3,872)	(2,818)	(6,690)	(3,341)
Health Sciences	47,432	(5,401)	(1,634)	(7,035)	40,398	49,273	3,245	(2,008)	1,237	50,511	1,841	8,646	(374)	8,272	10,113
Humanities	11,454	(3,758)	1,262	(2,496)	8,958	12,311	(3,198)	1,963	(1,236)	11,076	858	560	700	1,260	2,118
Science	15,068	316	(3,746)	(3,430)	11,638	29,448	(2,390)	(3,959)	(6,349)	23,099	14,379	(2,706)	(213)	(2,919)	11,460
Medical Radiation - Mohawk share	(0)	(0)	-	(0)	(0)	(0)	0	-	0	(0)	(0)	0	-	0	(0)
Social Sciences	19,874	231	(620)	(389)	19,485	21,851	(1,125)	(1,092)	(2,217)	19,633	1,976	(1,356)	(472)	(1,828)	149
Arts & Science	1,552	(840)	-	(840)	711	1,564	(367)	30	(337)	1,228	13	474	30	504	516
Sub-total	122,917	12,126	(24,062)	(11,936)	110,982	146,805	16,291	(17,666)	(1,375)	145,430	23,888	4,164	6,396	10,560	34,448
2. Academic Priorities															
University Fund	38,431	11,874	(14,874)	(3,000)	35,431	38,438	22,258	(8,109)	14,148	52,587	7	10,384	6,764	17,148	17,156
Revenue Projection Contingency	(4,914)	6,287	-	6,287	1,373	(5,125)	2,000	5,125	7,125	2,000	(211)	(4,287)	5,125	838	627
Ongoing Priorities Contingency	43	10,033	-	10,033	10,076	60	15	(33)	(18)	42	17	(10,018)	(33)	(10,051)	(10,034)
One-time Priorities Contingency	(20,322)	10,000	(6,408)	3,592	(16,730)	(14,922)	10,000	(14,147)	(4,147)	(19,069)	5,400	(0)	(7,739)	(7,739)	(2,339)
Sub-total	13,238	38,194	(21,282)	16,912	30,150	18,451	34,273	(17,164)	17,108	35,559	5,213	(3,921)	4,117	196	5,409
TOTAL ACADEMIC	136,155	50,320	(45,344)	4,976	141,132	165,256	50,563	(34,830)	15,733	180,989	29,101	243	10,513	10,757	39,857
3. Academic Support															
VP Academic	6,766	(2,247)	(189)	(2,436)	4,330	8,496	(3,042)	865	(2,178)	6,319	1,730	(796)	1,054	258	1,988
Museum of Art	99	(52)	-	(52)	47	193	(171)	-	(171)	23	95	(119)	-	(119)	(24)
VP Teaching & Learning	2,536	(1,254)	17	(1,237)	1,299	3,555	(1,596)	(419)	(2,016)	1,539	1,018	(342)	(436)	(778)	240
University Library	757	(1,547)	790	(757)	(1)	1,485	(962)	800	(162)	1,323	728	585	10	595	1,323
Health Sciences Library	137	(96)	-	(96)	42	154	(296)	153	(143)	11	17	(200)	153	(47)	(30)
Registrar	1,795	(220)	-	(220)	1,575	3,745	(335)	(151)	(486)	3,259	1,950	(115)	(151)	(266)	1,683
Sub-total	12,090	(5,415)	618	(4,797)	7,293	17,628	(6,402)	1,247	(5,155)	12,473	5,538	(987)	629	(358)	5,181
4. Research Support															
Research	7,409	(948)	(210)	(1,158)	6,251	10,254	(3,291)	11	(3,280)	6,974	2,845	(2,343)	221	(2,122)	723
VP Research Discretionary Fund	2,425	(1,306)	-	(1,306)	1,119	4,868	(3,899)	215	(3,684)	1,184	2,443	(2,593)	215	(2,378)	65
Research Loans	(388)	39	-	39	(349)	(388)	39	-	39	(349)	0	0	-	0	0
Sub-total	9,446	(2,216)	(210)	(2,426)	7,020	14,734	(7,152)	226	(6,926)	7,808	5,288	(4,936)	436	(4,500)	788
5. Student Support															
Graduate Scholarships	104	118	-	118	222	(183)	118	-	118	(65)	(288)	0	-	0	(288)
School of Graduate Studies	287	(33)	1	(32)	254	688	(192)	10	(182)	506	401	(159)	9	(150)	251
Student Affairs	6,815	(2,334)	(301)	(2,635)	4,180	12,371	(3,718)	1,397	(2,321)	10,050	5,556	(1,384)	1,698	314	5,870
DBAC Building Financing	-	(706)	-	(706)	(706)	-	(1,242)	-	(1,242)	(1,242)	-	(535)	-	(535)	(535)
DBAC Deferred Maintenance	3,321	520	-	520	3,841	3,421	520	-	520	3,941	100	(0)	-	(0)	100
Undergraduate Scholarships	1,351	(0)	-	(0)	1,351	1,399	(659)	113	(546)	853	49	(659)	113	(546)	(498)
Sub-total	11,878	(2,435)	(300)	(2,736)	9,142	17,697	(5,173)	1,520	(3,654)	14,043	5,819	(2,738)	1,820	(918)	4,901
6. Facilities Support															
Facilities Services	128	(323)	255	(68)	60	503	(856)	480	(376)	127	375	(533)	225	(308)	68
HSC Maintenance	(0)	13	-	13	13	62	(196)	210	14	76	62	(209)	210	1	63
Utilities	607	(60)	-	(60)	546	893	(3,458)	2,500	(958)	(65)	286	(3,398)	2,500	(898)	(612)
Deferred Maintenance	(0)	(0)	-	(0)	(0)	-	(0)	-	(0)	(0)	0	0	-	0	0
Bond Interest	0	0	-	0	0	(0)	(0)	-	(0)	(0)	(0)	(0)	-	(0)	(0)
Renovation contingency	(0)	0	-	0	(0)	(0)	0	-	0	(0)	0	(0)	-	(0)	0
Sub-total	735	(370)	255	(115)	619	1,458	(4,510)	3,190	(1,320)	138	723	(4,140)	2,935	(1,205)	(481)
7. Institutional Support															
VP Operations & Finance	3,175	(90)	600	510	3,685	3,265	(361)	-	(361)	2,903	89	(271)	(600)	(871)	(782)
Financial Affairs	86	489	(350)	139	225	590	388	(763)	(375)	215	503	(101)	(413)	(514)	(10)
Human Resources	(331)	(145)	30	(115)	(446)	(64)	(1,077)	782	(295)	(359)	266	(932)	752	(179)	87
UTS/Technology Fund	2,523	(1,340)	(597)	(1,938)	585	3,790	(1,687)	309	(1,379)	2,411	1,267	(347)	906	559	1,827
UTS Asset Management	192	(159)	-	(159)	33	1,491	(1,582)	-	(1,582)	(91)	1,300	(1,423)	-	(1,423)	(124)
University Secretariat	177	(129)	-	(129)	48	338	(32)	(131)	(162)	176	162	97	(131)	(34)	128
Presidential Budget	402	8	-	8	410	618	536	-	536	1,154	217	527	-	527	744
University Advancement	2,637	(1,427)	-	(1,427)	1,209	4,952	(531)	-	(531)	4,422	2,316	897	-	897	3,212
Legal	65	84	-	84	149	(1,054)	(1,278)	2,145	867	(187)	(1,118)	(1,362)	2,145	783	(336)
General University	815	(1,078)	-	(1,078)	(263)	1,003	(1,970)	-	(1,970)	(967)	188	(892)	-	(892)	(704)
Sub-total	9,740	(3,787)	(318)	(4,105)	5,635	14,929	(7,594)	2,342	(5,252)	9,677	5,189	(3,807)	2,660	(1,147)	4,042
8. Institutional Priority allocations															
Technology Renewal	(7,732)	-	4,517	4,517	(3,215)	(7,732)	(0)	4,517	4,517	(3,215)	0	(0)	-	(0)	0
Marketing & Branding	0	(388)	388	0	0	454	(580)	325	(254)	200	454	(192)	(62)	(254)	200
Pension	0	0	-	0	0	(0)	0	-	0	(0)	(0)	(0)	-	(0)	(0)
President's Strategic Support Fund	(0)	-	-	-	(0)	2,348	0	(533)	(533)	1,815	2,348	0	(533)	(533)	1,815
Sub-total	(7,732)	(388)	4,905	4,517	(3,215)	(4,930)	(580)	4,309	3,730	(1,200)	2,802	(192)	(595)	(787)	2,015
Surplus/(Deficit)	172,311	35,709	(40,394)	(4,685)	167,626	226,772	19,153	(21,996)	(2,843)	223,928	54,460	(16,556)	18,398	1,842	56,302
<i>Under/(over)allocated</i>	(0)	4,517	(4,517)	0	(0)	(0)	(1,483)	1,483	(0)	(0)	0	(6,000)	6,000	(0)	0
Total Surplus/(Deficit)	172,311	40,226	(44,911)	(4,685)	167,626	226,772	17,670	(20,513)	(2,843)	223,928	54,460	(22,556)	24,398	1,842	56,302

Table 26: Operating Fund Budget and Plan Financial Position by Unit

(\$ thousands)	2023/24 Budget					2024/25 Plan				2025/26 Plan			
	Appropriations April 30, 2023	On-going	One-time	Total	Appropriations April 30, 2024	On-going	One-time	Total	Appropriations April 30, 2025	On-going	One-time	Total	Appropriations April 30, 2026
1. Faculties													
Business	16,022	6,149	-	6,149	22,172	3,854	-	3,854	26,025	1,813	-	1,813	27,838
Engineering	23,862	(5,492)	-	(5,492)	18,370	(5,337)	-	(5,337)	13,033	(4,063)	-	(4,063)	8,971
Health Sciences	50,511	(8,914)	2,839	(6,076)	44,435	(19,281)	2,407	(16,874)	27,561	(27,476)	2,189	(25,288)	2,273
Humanities	11,076	(9,037)	2,184	(6,854)	4,222	(9,399)	1,516	(7,883)	(3,661)	(8,618)	1,519	(7,098)	(10,760)
Science	23,099	(2,220)	150	(2,070)	21,029	(9,822)	-	(9,822)	11,207	(9,931)	-	(9,931)	1,276
Medical Radiation - Mohawk share	(0)	-	-	-	(0)	-	-	-	(0)	-	-	-	(0)
Social Sciences	19,633	(5,355)	(1,500)	(6,855)	12,778	(7,199)	-	(7,199)	5,579	(7,095)	-	(7,095)	(1,516)
Arts & Science	1,228	(452)	-	(452)	775	(502)	-	(502)	273	(507)	-	(507)	(233)
Sub-total	145,430	(25,321)	3,672	(21,649)	123,781	(47,686)	3,922	(43,764)	80,017	(55,877)	3,708	(52,169)	27,848
2. Academic Priorities													
University Fund	52,587	15,378	(32,359)	(16,981)	35,606	36,710	(31,683)	5,027	40,632	40,833	(28,071)	12,762	53,394
Revenue Projection Contingency	2,000	2,834	-	2,834	4,834	5,979	-	5,979	10,813	8,180	-	8,180	18,993
Ongoing Priorities Contingency	42	25,034	-	25,034	25,075	19,403	-	19,403	44,478	26,825	-	26,825	71,303
One-time Priorities Contingency	(19,069)	10,000	(5,881)	4,119	(14,950)	10,000	(1,932)	8,068	(6,882)	10,000	(3,118)	6,882	(0)
Sub-total	35,559	53,246	(38,240)	15,006	50,565	72,092	(33,615)	38,477	89,042	85,837	(31,189)	54,649	143,690
TOTAL ACADEMIC	180,989	27,925	(34,568)	(6,643)	174,346	24,406	(29,693)	(5,287)	169,059	29,961	(27,481)	2,480	171,539
3. Academic Support													
VP Academic	6,319	(1,278)	(100)	(1,378)	4,941	(1,244)	(100)	(1,344)	3,596	(1,493)	(49)	(1,542)	2,055
Museum of Art	23	(4)	-	(4)	19	(4)	-	(4)	16	(4)	-	(4)	12
VP Teaching & Learning	1,539	(713)	233	(480)	1,059	(818)	(18)	(836)	223	(930)	-	(930)	(708)
University Library	1,323	(1,268)	0	(1,268)	54	(2,138)	-	(2,138)	(2,084)	(2,954)	-	(2,954)	(5,038)
Health Sciences Library	11	(188)	44	(143)	(132)	(642)	-	(642)	(774)	(954)	-	(954)	(1,728)
Registrar	3,259	(1,367)	(268)	(1,635)	1,623	(1,444)	(121)	(1,566)	58	(1,715)	(500)	(2,215)	(2,158)
Sub-total	12,473	(4,817)	(91)	(4,909)	7,565	(6,291)	(239)	(6,530)	1,034	(8,050)	(549)	(8,599)	(7,565)
4. Research Support													
Research	6,974	(4,910)	(4)	(4,914)	2,060	(5,046)	-	(5,046)	(2,986)	(4,929)	-	(4,929)	(7,915)
VP Research Discretionary Fund	1,184	(585)	-	(585)	599	(294)	-	(294)	304	(304)	-	(304)	(0)
Research Loans	(349)	39	-	39	(310)	39	-	39	(272)	39	-	39	(233)
Sub-total	7,808	(5,456)	(4)	(5,460)	2,348	(5,301)	-	(5,301)	(2,954)	(5,194)	-	(5,194)	(8,148)
5. Student Support													
Graduate Scholarships	(65)	118	-	118	53	118	-	118	171	118	-	118	289
School of Graduate Studies	506	(212)	47	(165)	341	(43)	-	(43)	298	(124)	-	(124)	174
Student Affairs	10,050	(4,464)	1,019	(3,445)	6,605	(4,522)	985	(3,537)	3,068	(4,937)	417	(4,521)	(1,453)
DBAC Building Financing	(1,242)	652	-	652	(590)	855	-	855	264	1,063	-	1,063	1,328
DBAC Deferred Maintenance	3,941	520	-	520	4,461	520	-	520	4,981	520	-	520	5,501
Undergraduate Scholarships	853	(646)	-	(646)	207	(213)	-	(213)	(6)	-	-	-	(6)
Sub-total	14,043	(4,032)	1,066	(2,966)	11,077	(3,285)	985	(2,301)	8,776	(3,361)	417	(2,944)	5,833
6. Facilities Support													
Facilities Services	127	125	200	325	453	(348)	200	(148)	305	(796)	200	(596)	(291)
HSC Maintenance	76	14	-	14	90	14	-	14	104	14	-	14	118
Utilities	(65)	(2,188)	-	(2,188)	(2,253)	(3,243)	-	(3,243)	(5,496)	(3,506)	-	(3,506)	(9,002)
Deferred Maintenance	(0)	-	-	-	(0)	(0)	-	(0)	(0)	(0)	-	(0)	(0)
Bond Interest	(0)	-	-	-	(0)	-	-	-	(0)	-	-	-	(0)
Renovation contingency	(0)	0	-	0	(0)	0	-	0	(0)	0	-	0	0
Sub-total	138	(2,048)	200	(1,848)	(1,711)	(3,576)	200	(3,376)	(5,087)	(4,288)	200	(4,088)	(9,174)
7. Institutional Support													
VP Operations & Finance	2,903	(421)	-	(421)	2,482	(181)	-	(181)	2,302	19	-	19	2,321
Financial Affairs	215	465	(452)	13	228	342	(346)	(4)	223	197	(300)	(103)	120
Human Resources	(359)	(449)	(0)	(449)	(808)	(762)	-	(762)	(1,570)	(992)	-	(992)	(2,562)
UTS/Technology Fund	2,411	(1,465)	263	(1,202)	1,209	(1,451)	-	(1,451)	(242)	(1,784)	-	(1,784)	(2,026)
UTS Asset Management	(91)	(10)	-	(10)	(101)	(265)	-	(265)	(367)	(256)	-	(256)	(623)
University Secretariat	176	(29)	-	(29)	147	(55)	-	(55)	92	(87)	-	(87)	5
Presidential Budget	1,154	(300)	-	(300)	855	(211)	-	(211)	643	(144)	-	(144)	499
University Advancement	4,422	(1,825)	-	(1,825)	2,597	(1,575)	-	(1,575)	1,022	(676)	-	(676)	346
Legal	(187)	(855)	630	(225)	(412)	(594)	-	(594)	(1,006)	(443)	-	(443)	(1,449)
General University	(967)	(1,387)	-	(1,387)	(2,354)	(1,624)	-	(1,624)	(3,977)	(1,734)	-	(1,734)	(5,711)
Sub-total	9,677	(6,276)	442	(5,834)	3,843	(6,376)	(346)	(6,722)	(2,880)	(5,901)	(300)	(6,201)	(9,080)
8. Institutional Priority allocations													
Technology Renewal	(3,215)	-	3,215	3,215	(0)	-	-	-	(0)	-	-	-	(0)
Marketing & Branding	200	(346)	146	(200)	(0)	0	-	0	0	0	-	0	0
Pension	(0)	0	-	0	(0)	0	-	0	(0)	0	-	0	(0)
President's Strategic Support Fund	1,815	-	(5,185)	(5,185)	(3,370)	-	-	-	(3,370)	-	-	-	(3,370)
Sub-total	(1,200)	(346)	(1,824)	(2,170)	(3,370)	0	-	0	(3,370)	0	-	0	(3,370)
Surplus/(Deficit)	223,928	4,949	(34,780)	(29,831)	194,097	(424)	(29,093)	(29,518)	164,579	3,168	(27,713)	(24,546)	140,034
Under/(over)allocated	(0)	3,215	(3,215)	0	(0)	-	-	-	(0)	-	-	-	(0)
Total Surplus/(Deficit)	223,928	8,164	(37,995)	(29,831)	194,097	(424)	(29,093)	(29,518)	164,579	3,168	(27,713)	(24,546)	140,034

APPENDIX 5 – ANCILLARY FUND UNIT LEVEL TABLES

Table 27: Ancillary Fund Budget by Unit

(\$ thousands)	McMaster Continuing Education		Campus Store		Media Production Services		Parking Services		Hospitality Services		Housing & Conference Services		Total	
	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget	2022/23 Projection	2023/24 Budget
Sources of funding														
Sales	7,536	7,316	12,111	12,212	255	267	5,138	5,702	29,963	32,363	35,260	37,796	90,264	95,656
Internal revenue	572	664	259	(77)	3,160	3,296	68	68	2,325	2,372	(50)	231	6,334	6,553
Total sources of funding	8,108	7,979	12,371	12,134	3,415	3,563	5,207	5,770	32,288	34,735	35,209	38,028	96,598	102,210
Expenditure														
Salaries, wages and benefits	5,947	6,023	2,277	2,413	1,621	1,760	1,129	1,535	13,636	14,713	9,747	10,912	34,358	37,355
Cost of sales	-	-	8,649	8,487	1,037	813	-	-	11,479	12,864	(0)	-	21,165	22,164
Internal rent	479	504	461	420	122	126	34	36	1,152	1,213	3,871	4,350	6,119	6,649
Utilities and maintenance	14	14	17	16	23	24	187	145	885	906	3,991	4,241	5,118	5,346
Debt and financing charges	-	-	44	80	-	34	782	782	135	135	5,853	5,851	6,815	6,883
Equipment and renovations	418	308	184	137	377	416	906	991	1,161	802	4,126	4,802	7,173	7,456
All other expenses	2,587	1,736	275	273	15	58	1,525	1,525	2,547	2,810	6,007	6,470	12,955	12,872
Total expenditures	9,445	8,585	11,907	11,826	3,196	3,230	4,564	5,014	30,995	33,443	33,595	36,625	93,703	98,724
Surplus (deficit) from operations	(1,337)	(606)	463	309	220	332	643	757	1,293	1,292	1,614	1,402	2,895	3,486
Contribution to Operating Fund	(417)	(375)	-	(182)	-	(80)	-	(140)	-	(784)	-	(1,287)	(417)	(2,847)
Surplus (deficit)	(1,755)	(981)	463	127	220	252	643	617	1,293	508	1,614	116	2,478	639
Reserve														
Beginning Balance	5,045	3,290	(1,373)	(909)	(1,365)	(1,145)	(1,931)	(1,288)	(3,941)	(2,648)	288	1,902	(3,277)	(799)
Reserve Adjustment	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus (deficit)	(1,755)	(981)	463	127	220	252	643	617	1,293	508	1,614	116	2,478	639
Closing Balance	3,290	2,309	(909)	(782)	(1,145)	(893)	(1,288)	(671)	(2,648)	(2,140)	1,902	2,018	(799)	(160)

APPENDIX 6 – SUMMARY BY FUND

Table 28: Consolidated 2022/23 Projection by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
Revenues										
Operating grants	240,021	-	6,087	-	-	-	-	246,108	38,708	284,816
Research grants and contracts	-	258,000	-	-	-	-	-	258,000	(66,002)	191,998
Tuition fees	433,451	-	-	-	-	-	-	433,451	11,605	445,056
Ancillary sales and services	-	-	-	-	-	90,264	-	90,264	-	90,264
Other revenues	146,263	-	3,400	9,323	125	-	35,511	194,623	7,239	201,862
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	43,115	43,115
Investment income (loss)	3,339	-	-	-	-	-	-	3,339	34,183	37,522
Investment income transfer	6,128	-	-	-	(6,128)	-	-	-	-	-
Total revenues	829,202	258,000	9,487	9,323	(6,003)	90,264	35,511	1,225,785	68,848	1,294,633
Expenses										
Salaries, wages and benefits	566,541	134,000	-	-	-	34,358	24,432	759,330	(5,818)	753,512
All other expenses	221,146	110,500	150,883	-	-	35,287	10,487	528,303	(142,870)	385,433
Amortization expense	-	-	-	-	-	-	-	-	93,123	93,123
Transfers to (from) other funds	18,358	(23,539)	(35,895)	29,171	783	11,326	(203)	-	-	-
Debt and financing charges	26,002	-	(12,461)	-	-	6,815	-	20,356	(2,234)	18,122
Total expenses	832,046	220,961	102,527	29,171	783	87,786	34,716	1,307,989	(57,799)	1,250,190
Excess of revenues over expenses	(2,843)	37,039	(93,040)	(19,848)	(6,786)	2,478	796	(82,204)	126,647	44,443

Table 29: Consolidated 2023/24 Budget by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
Revenues										
Operating grants	240,222	-	6,000	-	-	-	-	246,222	38,573	284,795
Research grants and contracts	-	261,000	-	-	-	-	-	261,000	(64,202)	196,798
Tuition fees	433,810	-	-	-	-	-	-	433,810	14,719	448,529
Ancillary sales and services	-	-	-	-	-	95,656	-	95,656	-	95,656
Other revenues	151,338	-	43,000	6,703	125	-	34,103	235,269	(25,933)	209,336
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	41,377	41,377
Investment income (loss)	3,307	-	-	29,598	8,391	-	-	41,296	49,323	90,619
Investment income transfer	6,160	-	-	-	(6,160)	-	-	-	-	-
Total revenues	834,837	261,000	49,000	36,301	2,356	95,656	34,103	1,313,253	53,857	1,367,110
Expenses										
Salaries, wages and benefits	598,373	135,100	-	-	-	37,355	24,137	794,964	(14,143)	780,821
All other expenses	240,664	105,600	170,614	-	-	36,575	10,218	563,671	(170,895)	392,776
Amortization expense	-	-	-	-	-	-	-	-	101,205	101,205
Transfers to (from) other funds	277	(17,671)	(24,463)	27,055	749	14,205	(151)	-	-	-
Debt and financing charges	25,355	-	(16,514)	-	-	6,883	-	15,724	2,344	18,068
Total expenses	864,668	223,029	129,637	27,055	749	95,017	34,204	1,374,359	(81,489)	1,292,870
Excess of revenues over expenses	(29,831)	37,971	(80,637)	9,246	1,607	639	(101)	(61,106)	135,346	74,240

Table 30: Consolidated 2024/25 Plan by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
Revenues										
Operating grants	240,339	-	6,000	-	-	-	-	246,339	38,440	284,779
Research grants and contracts	-	264,000	-	-	-	-	-	264,000	(62,282)	201,718
Tuition fees	442,426	-	-	-	-	-	-	442,426	15,011	457,437
Ancillary sales and services	-	-	-	-	-	106,562	-	106,562	-	106,562
Other revenues	153,604	-	61,650	5,957	125	-	34,046	255,382	(35,504)	219,878
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	43,394	43,394
Investment income (loss)	3,299	-	-	30,116	8,480	-	-	41,895	50,778	92,673
Investment income transfer	6,168	-	-	-	(6,168)	-	-	-	-	-
Total revenues	845,836	264,000	67,650	36,073	2,437	106,562	34,046	1,356,604	49,837	1,406,441
Expenses										
Salaries, wages and benefits	615,812	136,200	-	-	-	39,473	24,107	815,591	(6,428)	809,163
All other expenses	235,469	103,200	135,983	1,064	-	39,457	9,505	524,677	(121,584)	403,093
Amortization expense	-	-	-	-	-	-	-	-	110,146	110,146
Transfers to (from) other funds	(1,282)	(14,404)	(27,716)	25,687	757	17,113	(156)	-	-	-
Debt and financing charges	25,355	-	(21,720)	-	-	8,215	-	11,850	6,160	18,010
Total expenses	875,354	224,996	86,547	26,751	757	104,257	33,455	1,352,118	(11,706)	1,340,412
Excess of revenues over expenses	(29,518)	39,004	(18,897)	9,322	1,680	2,305	590	4,486	61,544	66,029

Table 31: Consolidated 2025/26 Plan by Fund

(\$ thousands)

	Operating Fund	Research Fund	Capital Fund	External Endowment	Internal Endowment	Ancillary Fund	Externally Funded	Total	GAAP Adjustment	Full Accrual Basis
Revenues										
Operating grants	240,313	-	6,000	-	-	-	-	246,313	38,466	284,779
Research grants and contracts	-	267,000	-	-	-	-	-	267,000	(60,239)	206,761
Tuition fees	461,241	-	-	-	-	-	-	461,241	15,649	476,890
Ancillary sales and services	-	-	-	-	-	112,036	-	112,036	-	112,036
Other revenues	155,421	-	92,900	5,923	125	-	33,963	288,332	(51,264)	237,068
Amortization of deferred capital contributions	-	-	-	-	-	-	-	-	46,964	46,964
Investment income (loss)	3,205	-	-	30,638	8,574	-	-	42,417	53,226	95,643
Investment income transfer	6,262	-	-	-	(6,262)	-	-	-	-	-
Total revenues	866,442	267,000	98,900	36,561	2,437	112,036	33,963	1,417,340	42,802	1,460,141
Expenses										
Salaries, wages and benefits	634,987	137,300	-	-	-	41,576	24,274	838,137	444	838,581
All other expenses	232,401	103,800	193,454	2,239	-	40,393	9,316	581,603	(161,524)	420,079
Amortization expense	-	-	-	-	-	-	-	-	117,581	117,581
Transfers to (from) other funds	(1,755)	(14,137)	(28,345)	25,223	766	18,411	(163)	-	-	-
Debt and financing charges	25,355	-	(21,669)	-	-	9,697	-	13,384	4,564	17,948
Total expenses	890,988	226,963	143,440	27,462	766	110,076	33,428	1,433,124	(38,935)	1,394,189
Excess of revenues over expenses	(24,546)	40,037	(44,540)	9,099	1,671	1,960	535	(15,784)	81,736	65,952

APPENDIX 7 – SIGNIFICANT ACCOUNTING POLICIES

The University's audited financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountant (CPA) Canada Handbook. A summary of the significant accounting policies follows:

1) Revenue recognition: The University follows the deferral method of accounting for contributions which include donations and government grants. The principles under this method are summarized as follows:

- Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- Contributions externally restricted for purposes such as research grants and non-endowed donations are deferred and recognized as revenue in the year in which the related expenses are recognized.
- Contributions externally restricted for capital asset purchases are deferred and amortized to operations on the same basis as the related capital asset.
- External endowment contributions, investment income preserved and activity under the endowment capital protection policy are recognized as a direct change to endowment net assets. Income realized from the investment, to the extent it is allocated, is recorded as deferred contributions and recorded as revenue in the periods in which the related expenses are incurred.

2) Capital assets and amortization: Capital assets are recorded at cost, or if donated, at fair value on the date of receipt. Amortization is recorded on the straight-line basis over the expected life of the asset.

3) Collections and works of art: The McMaster Museum of Art has significant collections of works of art and coins. The value of collections is excluded from the Statement of Financial Position except for a nominal value of \$1. Donations of works of art are recorded in operations as revenue at values based on appraisals and are expensed in the year received. Purchased collections are expensed in the year of acquisition.

4) Pensions and other employee future benefits: The University maintains defined benefit registered and non-registered pension plans, a retirement incentive program and group registered retirement savings plans. Non-pension post-retirement and post-employment benefits plans are also provided. These costs are recorded over the employees' periods of service. The current service cost and finance cost for the year are charged to excess of revenues over expenses. The actuarial method of determining the accrued benefit obligations for the defined benefit plans uses the funding valuation method, which reflects the long-term nature of the plans and uses management's estimates of investment yields, salary inflation, benefit cost trends and other factors. Remeasurement and other items are recognized as a direct change to net assets and are not reclassified to the statement of operations in subsequent periods. The employer's share of group RRSP contributions is charged to operations in the year made.

5) Investments: Short-term investments are recorded at cost plus accrued income which together approximates fair value. Long-term investments are carried at fair values. Changes in fair value are included in investment income. Investments in publicly traded research entities not subject to significant influence are carried in investments at fair values. Changes in fair values are included in other income. Investments in privately held entities are carried in other assets at cost, net of any impairment.

6) Net assets: Net assets are classified as follows:

- Internally restricted: Employee future benefits represent the unfunded portion of pension and other non-pension retirement and post-employment benefits, net of funds set aside to meet estimated future obligations. Other internal reserves, as approved by the Board, include unexpended departmental carry forward amounts for future expenditures or amounts set aside to settle future-oriented obligations.
- Equity in capital assets: Funds invested in capital assets, exclusive of capital assets financed through long-term obligations or deferred capital contributions.
- Internal endowments: Unrestricted contributions including unspent investment income which have been restricted by action of the Board.
- External endowments: External contributions, the principal of which is non-expendable pursuant to the restrictions by the donor, and income retained under the endowment capital protection policy.

7) Endowment capital protection policy: In order to protect the capital value of endowment investments, an endowment capital protection policy limits the amount of investment income allocated for spending to 4%, plus 1% administration spending, and requires the reinvestment of excess income earned (interest, dividends, realized and unrealized capital gains, net of investment expenses). Should endowment spending commitments exceed allocated income, amounts will be drawn from accumulated net investment income balances to fund deficiencies. For endowments without sufficient accumulated investment income, temporary encroachment on capital is permitted where the terms allow. The encroached amounts will be recovered from future investment returns.

APPENDIX 8 – OPERATING FUND ENVELOPE GROUPINGS

Major areas and depts included in envelopes:

Activity Units

DeGroote School of Business

Accounting and Financial Management
Executive Education
Finance and Business Economics
Health Policy and Management
Human Resources and Management
Information Systems
Marketing
Operations Management
Strategic Management
Research Centres
McMaster eBusiness Research Centre
Gould Trading Floor
Health Leadership Academy
Investment Decision Centre
Management of Innovation and Technology

Faculty of Engineering

Chemical Engineering
Civil Engineering
Computing and Software
Electrical and Computer Engineering
Engineering Physics
Materials Science and Engineering
Mechanical Engineering
Integrated Biomedical Engineering and Health Sciences
School of Biomedical Engineering
W. Booth School of Engineering Practice and Technology
Research Centres
ArcelorMittal Dofasco Centre for Engineering and Public Policy
Canadian Centre for Electron Microscopy
Centre for Effective Design of Structures
Centre for Emerging Device Technologies
Centre for Excellence in Protective Equipment and Materials
Centre for Research in Micro- and Nano-systems
Centre of Excellence in Protective Equipment and Materials
McMaster's Computing Infrastructure Research Centre
McMaster Automotive Resource Centre
McMaster Centre for Software Certification
McMaster Institute for Energy Studies
McMaster Manufacturing Research Institute
McMaster Steel Research Centre

Faculty of Health Sciences

Michael G. DeGroote School of Medicine
Anaesthesia
Biochemistry & Biomedical Sciences
Health Research Methods, Evidence, and Impact
Family Medicine
Medicine
Midwifery
Obstetrics and Gynecology
Oncology
Pathology and Molecular Medicine
Pediatrics
Psychiatry and Behavioural Neurosciences
Radiology
Surgery
School of Nursing
School of Rehabilitation Science

Faculty of Humanities

Communication Studies and Multimedia
English and Cultural Studies
French
Gender & Social Justice
Greek Studies and Roman Studies (formerly Classics)
History
Linguistics and Languages
Global Peace & Social Justice
Philosophy
School of the Arts
Research Centres
The Bertrand Russell Research Centre
Advanced Research in Experimental & Applied Linguistics Research Centre
Institute for Ethics & Policy for Innovation
Centre for Human Rights and Restorative Justice
Lewis & Ruth Sherman Centre of Digital Scholarship
LR Wilson Institute for Canadian History

Faculty of Science

Biology
Chemistry and Chemical Biology
Earth, Environment & Society
Interdisciplinary Science
Kinesiology
Mathematics and Statistics
Physics and Astronomy
Psychology, Neuroscience and Behaviour
Research Centres
Biointerfaces Institute
McMaster Centre for Climate Change
McMaster Institute for Music and the Mind
Origins Institute
Physical Activity Centre of Excellence

Faculty of Social Sciences

Anthropology
Economics
Environment & Society
Globalization
Health, Aging & Society
Indigenous Studies
Labour Studies
Political Science
Psychology, Neuroscience & Behaviour
Public Policy in Digital Society
Religious Studies
Social Psychology
Social Work
Sociology
Research Centres
Gibrea Centre for Studies in Aging
Institute on Globalization and the Human Condition
Spark: A Centre for Social Research Innovation
Advanced Research on Mental Health and Society

Arts & Science Program

Support Units

Academic Support

Provost and Vice-President (Academic) Office
 Equity and Inclusion Office
 Health Sciences Library
 Institutional Research and Analysis
 International Affairs
 Museum of Art
 Vice-Provost Teaching & Learning
 Paul R. MacPherson Institute for Leadership, Innovation and
 Excellence in Teaching
 Registrar's Office
 University Library

Research Support

Research
 Vice-President (Research) Office
 Biosafety Committee
 Health Physics
 McMaster Industry Liaison Office
 Nuclear Operations and Facilities
 Research Ethics
 Research Finance
 Research High Performance Computing
 Research Office for Administration, Development and Support
 Research Centres
 Includes:
 Biomedical engineering and Advanced Manufacturing Research Centre
 Brockhouse Institute for Material Research
 Canadian Centre for Electron Microscopy
 MacData Institute
 McMaster Data Centre for Scholarship in Public Interest
 McMaster Indigenous Research Institute
 McMaster Institute for Health Equity
 McMaster Institute for Research on Aging (MIRA)
 includes Larbidge Centre for Mobility in Aging and MIRA-Dixon Hall
 McMaster Institute for Transportation and Logistics
 Research Data Centre
 Vice-President (Research) Discretionary Fund

Facilities Support

Facility Services
 Security
 Utilities

Institutional Support

Operations & Finance
 Vice-President (Operations & Finance) Office
 Financial Affairs
 Human Resources
 Internal Audit and Enterprise Risk Services
 Advancement
 Advancement Services
 Alumni Advancement
 Development
 Stewardship and Donor Relations
 Vice-President (Advancement) Office
 General University
 Legal
 Office of the President
 President's Office
 Communications and Public Affairs
 University Secretariat
 University Technology Services

Institutional Priorities

Marketing and Branding
 Pension
 President's Strategic Support Fund
 Technology Renewal

Student Support

School of Graduate Studies
 Student Affairs
 Athletics and Recreation
 Black Student Success Centre
 Career Planning and Employment
 Indigenous Student Services
 International Student Services
 Student Accessibility Services
 Student Success Centre
 Student Transition and Development
 Student Wellness Centre
 Graduate Scholarships
 Undergraduate Scholarships

APPENDIX 9 – ACRONYMS

AODA	Accessibility for Ontarians with Disabilities Act	MBA	Master of Business Administration
BI	Business Information	MCE	McMaster Continuing Education
BIMR	Brockhouse Institute for Materials Research	MCU	Ministry of Colleges and Universities
BIPOC	Black, Indigenous and People of Colour	MD	Medical Doctorate
BWRI	Brighter World Research Initiative	MELD	McMaster English Language Development
CAAP	Campus Accessibility Plan	MILO	McMaster Industry Liaison Office
CAUBO	Canadian Association of University Business Officers	MIRI	McMaster Indigenous Research Institute
CEMSR	Clean Energy Materials Sorting and Recycling Research Initiative	MIP	McMaster Innovation Park
CEPEM	Centre of Excellence in Protective Equipment and Materials	MNR	McMaster Nuclear Reactor
CERC	Canada Excellence Research Chairs	MOH	Ministry of Health
CFI	Canada Foundation for Innovation	MPS	Media Production Services
CFREF	Canada First Research Excellence Fund	MREB	McMaster Research Ethics Board
CCEM	Canadian Centre for Electron Microscopy	MUMC	McMaster University Medical Centre
CCRM	Centre for Commercialization of Regenerative Medicine	NFRF	New Frontiers in Research Fund
CLA	Contractually Limited Appointment	NOF	Nuclear Operations and Facilities
CNL	Canadian Nuclear Laboratories	OAPPA	Ontario Association of Physical Plant Administrators
COG	Core Operating Grant	OER	Ontario Electricity Rebate
COU	Council for Ontario Universities	OREC	Ontario Rebate for Electricity Consumers
CPA	Chartered Professional Accountant	OSAP	Ontario Student Access Program
CRC	Canada Research Chair	PBA	Pensions Benefit Act
CRKN	Canadian Research Knowledge Network	PfAD	Provision for adverse deviation
CRM	Client Relationship Management	PGCLL	Peter George Centre for Living and Learning
CS	Campus Store	PRB	Post-retirement benefit
CV	Curriculum Vitae	PVP	Presidents and Vice-Presidents
DB	Defined Benefit	RDM	Research Data Management
DSB	DeGroote School of Business	RO	Office of the Registrar
EDI	Equity, Diversity, and Inclusion	ROIE	Research Overhead Infrastructure Envelope
ERM	Enterprise Risk Management	RHPCS	Research and High Performance Computing Services
FHS	Faculty of Health Sciences	ROADS	Research Office for Administration, Development and Support
FSS	Faculty of Social Sciences	RRSP	Registered Retirement Savings Plan
FTE	Full-Time Equivalent	RSF	Research Support Fund
GSR	Graduate Student Residence	SAG	Student Access Guarantee
GAAP	Generally accepted accounting principle	SGS	School of Graduate Studies
HCS	Housing and Conference Services	SMA	Strategic Mandate Agreement
HR	Human Resources	STEER/R	Strategic Excellence and Equity in Recruitment and Retention
HS	Hospitality Services	STEM	Science, Technology, Engineering and Math
HSL	Health Sciences Library	STEP	The Summer Transition through English Prep program
IP	Intellectual Property	UA	University Advancement
IPG	Incremental Projects Grant	UN	United Nations
IQAP	Institutional Quality Assurance Process	UTS	University Technology Services
ISS	Indigenous Student Services	VPR	Vice-President Research
IT	Information Technology	WACC	Weighted Average Cost of Capital
LEP	Laurentis Energy Partners	WGU	Weighted Grant Units
MA	Master of Arts	WW	Welcome Week
MARC	McMaster Automotive Resource Centre		