



University of King's College

## Management Discussion and Analysis (MD&A)

For the year ended March 31<sup>st</sup>, 2024

### **Part A - Comparison of the Financial Results for fiscal 2023/24 with fiscal 2022/23 (refer to the audited financial statements)**

#### **Statement of Operations**

The audited Statement of Operations includes the revenue and expenses for all King's funds for the year ended March 31, 2024. There are three funds included in the annual Statement of Operations:

- 1) Operating fund (unrestricted and internally restricted funds)
- 2) Externally restricted fund
- 3) Capital fund

The deficiency of revenue over expenses for all funds for the year ended March 31<sup>st</sup>, 2024, was \$1.87 million. This represents an increase of \$0.55 million from a deficiency of \$1.32 million for the prior year.

The deficiency of revenue over expenses for all funds before adjustments increased by \$1.3 million from \$0.8 million in the prior year to a deficiency of \$2.1 million in the 2023/24 year. This can be explained by the \$1.3 million deficit in the Unrestricted Operating fund compared with a breakeven position in the prior year.

This deficiency is due to a number of expense items, including the payment of \$1.4 million for legal claims settlements, which are funded outside of operations by transfers from the internally restricted funds. It is important to note that a total of \$2.1 million in expenditures (including the \$1.4 million in legal claims) in 2023/24 were financed this way, from the internally restricted funds rather than by the operating fund revenues, lowering the operating cash deficit to \$280,000. Please refer to Part B at the end of this document for a full reconciliation between the Statement of Operations in the audited financial statements and King's internal financial statements used for budget planning.

## Revenue

Total revenue has increased by \$1.6 million or 6.5% from \$24.3 million to \$25.9 million.

**Provincial government grants** - an increase of \$0.1 million or 1.0% over the prior year in accordance with the previous memorandum of understanding (MOU) with the Province of Nova Scotia.

**Student academic fees** - an increase of \$0.3 million or 4.0% over the prior year which is largely the result of tuition increases over the prior year (3% in all programs). While overall headcount declined by 12 students or 1.2% compared to the prior year, the number of full time equivalent (FTE) students only declined by three or 0.3%. The increase in revenue is also attributable to an increase in the number of Dalhousie students taking journalism courses at King's (an increase of 18% over the prior year). This more than compensated for the reduction in journalism students.

International enrolment fell short of the prior year by 10 FTEs or 22.7%. The international differential fee increased by 10% over the prior year (for students who entered King's prior to fall 2023 and for those students not impacted by the international tuition guarantee model. Dalhousie implemented the international tuition guarantee model in 2023/24 which guarantees a fixed tuition amount each year for the duration of a student's degree (up to five years). King's also implemented this model due to the offering of joint degrees with Dalhousie. It applies to all King's undergraduate students except the one-year Bachelor of Journalism. The tuition amount for 2023/24 was \$31,900 for all programs which was a substantial increase over the prior year. The increase must be front-end loaded to allow for the tuition to be fixed over a four-to-five-year period. King's only had two students in the tuition guarantee model in 2023/24 when it typically would accept between nine and 12 first year students, which explains the year-over-year reduction in international enrolment.

Enrolment	(Using October 15 statistics)	2023/24	2022/23	Difference	% Change
<b>Headcount</b>	Full time	928	926	2	0.2%
	Part time	29	43	-14	-32.6%
	<b>Total</b>	<b>957</b>	<b>969</b>	<b>-12</b>	<b>-1.2%</b>
	International included above	35	46	-11	-23.9%
<b>FTE by</b>	FYP (Foundation Year Program)	182	219	-37	-16.9%
	BA (Bachelor of Arts)/BM (Bachelor of Music)	467	450	17	3.8%
	BSC (Bachelor of Science)	122	115	7	6.1%
	BJH (Bachelor of Journalism Honours)	54	62	-8	-12.9%
	BJ (Bachelor of Journalism 1-year)	12	10	2	20.0%
	MJ (Master of Journalism)	15	17	-2	-11.8%
	MFA (Master of Fine Arts)	86	68	18	26.5%
	<b>Total FTEs</b>	<b>938</b>	<b>941</b>	<b>-3</b>	<b>-0.3%</b>
		International included above	34	44	-10

Tuition by program is shown in the table below. Differences are explained by fluctuations in enrolment as reflected in the table above as well as increases in tuition fees and course loads.

Program	2023/24	2022/23	Difference	% Change
Arts & Science	\$6,446,000	\$6,297,000	\$149,000	2.4%
Journalism (4-year and 1-year BJ)	1,051,000	953,000	\$98,000	10.3%
Master of Journalism (MJ)	103,000	116,000	-\$13,000	-11.2%
Master of Fine Arts (MFA)	780,000	604,000	\$176,000	29.1%
International Differential Fee	582,000	680,000	-\$98,000	-14.4%
Continuing Education	26,000	0	\$26,000	100.0%
Tuition Waivers	(61,000)	(65,000)	\$4,000	-6.2%
<b>Total student academic fees</b>	<b>\$8,927,000</b>	<b>\$8,585,000</b>	<b>\$342,000</b>	<b>4.0%</b>

**Student residence fees** – an increase of \$0.1 million or 4.2% over the prior year. This includes an increase in room revenue of \$0.06 million and an increase in meal plan commission of \$0.02 million. Residence rooms fees increased by 3% (except for Cochran Bay which was held flat) and meal plan fees increased by 8.6%.

Due to the housing shortage experienced in the HRM over the last couple of years, the residence team converted several larger single rooms into temporary double rooms to allow for increased occupancy. As shown in the table on the following page, while King’s had the capacity to accommodate 269 students in residence in 2023/24, 264 beds were occupied on move-in day which is similar to 2022/3 at 263. King’s experienced slightly more withdrawals in 2023/24 than in 2022/23 bringing the total number of beds occupied from a financial perspective at the end of the year to 253.5 compared with 255 in 2022/23.

Residence Occupancy	2023/24	2022/23	Difference	% Change
Total beds (excluding deans, dons)*	264.0	263.0	1.0	0.4%
Beds converted to junior don suites	(3.0)	(3.0)	-	0.0%
Temporary beds created	8.0	3.0	5.0	166.7%
Beds available	269.0	263.0	6.0	2.3%
Beds vacant on move-in day	(5.0)	-	(5.0)	100.0%
Beds occupied on move-in day	<b>264.0</b>	<b>263.0</b>	<b>1.0</b>	<b>0.4%</b>
Withdrawals (full fall, half winter)	(10.5)	(8.0)	(2.5)	31.3%
<b>Total beds occupied (financial)</b>	<b>253.5</b>	<b>255.0</b>	<b>(1.5)</b>	<b>-0.6%</b>
<b>Total beds occupied end of academic year</b>	<b>249.0</b>	<b>254.0</b>	<b>(5.0)</b>	<b>-2.0%</b>
Occupancy rate as % of available beds (excl withdrawals)	101.1%	101.2%	1.1%	
Occupancy rate as % of total beds (incl withdrawals)	97.1%	98.1%	-2.9%	

\*Note that one bed was lost because of the Alexandra hall accessibility renovation; however, two single rooms in Middle Bay were converted permanently into two double rooms creating two additional beds in 2023/24.

Meal Plans	2023/24	2022/23	Difference	% Change
7-Day All Day Dining	152	133	19	14%
5-Day All Day Dining	2	3	-1	-33%
Meal Plan 14 (including 12 dons/jr dons)	90	113	-23	-20%
Meal Plan 10	30	24	6	25%
<b>Total</b>	<b>274</b>	<b>273</b>	<b>1</b>	<b>0%</b>

**Student ancillary fees** – an increase of \$0.2 million or 18.7% over the prior year which is largely the result of fee increases over the prior year of 3% (except the MFA mentor fee which increased by 7%). Fees were held flat for a six-year period ending in 2022/23. Fees are also impacted by enrolment changes as shown in the table on page 2. The return of the travel abroad course in Berlin in 2024 positively impacted fees by \$0.1 million.

**Investment income** – an increase of \$0.1 million or 4.9% over the prior year. The amount of the draw taken from the endowments is based on the average of the market value compared with cost of the previous three years on March 31. Market values on March 31, 2020 were significantly impacted by the pandemic. That year was included in the draw calculation for 2022/23 but was removed from the draw calculation for 2023/24 which explains why the investment income available to operations through the draw calculation, was higher for 2023/24.

**Sale of goods and services** – an increase of \$0.3 million or 56.8% over the prior year. Conference Services had a very successful year with increased revenue of \$0.2 million or 62% over the prior year. Conference Services hosted athletes with the North American Indigenous Games (NAIG) as well as the Scottish Country Dance Teachers' Association (Canada) (TAC). These two events contributed \$150,000 to Conference Services' revenue. Interest earned on King's operating bank account generated almost 5% in interest income and there were more gymnasium rentals once again this year due to a number of new longer term rental contracts.

**Gifts** - an increase of \$0.2 million or 18.4% over the prior year due to a generous one-time unrestricted gift of \$0.2 million.

**Universities Studying Slavery conference (USS)** – King's co-hosted the Universities Studying Slavery (USS) conference in October 2023 with the Black Cultural Centre of Nova Scotia and Dalhousie University. The conference generated revenue of \$220,000 including a grant from both the federal and provincial governments, donations, and participant revenue. Total expenditures incurred were \$260,000. It was the first time the USS conference has been hosted outside of the United States. It was very successful and a significant accomplishment for King's as the co-host. The resulting deficit was \$40,000.

### **Expenses**

Total expenses have increased by \$2.9 million or 11.4% from \$25.1 million to \$28.0 million. Much hard work to control spending on the part of the entire university over the past seven months resulted in \$260,000 in expenditure reductions which exceeded the \$195,000 that was included in the budget.

**Salaries and benefits** – an increase of \$0.6 million or 5.3% over the prior year due to annual salary increases for faculty and staff, new positions, and increased student employment costs due to an increase in the minimum wage rate.

King's faculty are paid in accordance with the DFA (Dalhousie Faculty Association) salary scale. The negotiated DFA collective agreement included a cost-of-living increase of 2.5% effective July 1, 2023 as well as comparability adjustments. By comparison, the July 1, 2022 cost-of-living increase was 3% plus comparability adjustments. Similarly, the UKCTA (University of King's College Teachers' Association) collective agreement, representing the Faculty and Senior Fellows in the Humanities (i.e., tutors in the Foundation Year Program), included a cost-of-living increase of 2.5% effective July 1, 2023 compared with 3% in the prior year. Staff received a 2% cost-of-living increase in both years. In addition to a cost-of-living increase, all faculty and staff, who are not at the top of their respective salary scale, receive a step increase as they progress through the ranks.

In terms of recruitment, several new positions were added in 2023/24. They included two faculty diversity positions (one in Journalism and the other a joint appointment in CSP and FYP) and two senior recruitment officers (in accordance with the recruitment and enrolment implementation plan). The prior year included several new positions that were reflected for a portion of the year and have been included for the full year in 2023/24. They included the Accessibility Officer, the Human Resources Manager, the Residence Housing Coordinator and the Residence Housing Administrator (as part of the residence and student life restructuring that was implemented in 2022/23), the full-time director of the School of Writing and Publishing (with the new MFA in fiction stream that began in 2023/24), a four-year limited term appointment (LTA) to cover the remaining term of the Vice President, and a Waves of Change Coordinator (funded by a provincial grant).

**Academic** – an increase of \$0.5 million. In addition to the salary increases noted above, the new MFA in Fiction stream generated \$0.15 million in operating expenditures and the study abroad course in Berlin generated \$0.1 million. A large portion of the MFA costs are related to mentor fees which are covered by mentor fee revenue. Similarly, the study abroad course costs are more than covered by tuition and ancillary fees. The course typically generates a profit of \$0.1 million.

**Advancement** – an increase of \$0.2 million or 20.2% over the prior year. The increases in expenditures is due to a full return to in-person fundraising efforts resulting in national and international travel as well as increased spending on events, cultivation and stewardship. In addition, the Advancement Office hired a contract Writing and Digital Publishing Coordinator late in 2022/23 to assist with improving the digital content on King's website. This position was funded by a donation.

**Athletics** - an increase of \$0.2 million or 23.1% over the prior year. King's athletics teams had the most successful year in the history of King's in 2023/24 with five teams going to Nationals including the men's and women's soccer teams, the women's volleyball team, the women's basketball team

and the badminton team. Their success meant that the teams were required to travel more in 2023/24 throughout the Atlantic region as well as nationally.

**Facility operations including conference services** – an increase of \$0.2 million or 6.3% over the prior year. As noted previously under sale of goods and services, Conference Services had a very successful year. The increased costs are largely related to the increase in student employment to accommodate the large conferences and summer rental demand. In the prior year, Alexandra Hall was closed due to the accessibility renovation which impacted Conference Services. In August of 2023 King's entered into a commercial leasing agreement for office space on Brunswick Street to house the Advancement Office. Advancement's former space in the Link was renovated to accommodate the community support staff (Equity Officer, Sexual Health and Safety Officer, Accessibility Officer, and Student Support Advisor).

**Registrar's office and recruitment** - an increase of \$0.2 million or 12.9% over the prior year. As a result of the significant decline in first year enrolment in 2023/24, the Board of Governors directed the President to undertake a complete review of King's recruitment and enrolment planning and operations. A consultant was commissioned in the summer of 2023 to assist the President in carrying out this review and a report was presented to the Board of Governors in September. The intended effect of this comprehensive review is not only to significantly increase enrolment but also to create conditions that will lead to a higher level of success in fundraising. The Board approved the recruitment and enrolment implementation plan in December.

Implementation plan costs incurred in 2023/24 were \$0.2 million with \$0.1 million in professional fees and the other \$0.1 million in the Registrar's Office. These costs included the hiring of two senior recruitment officers accompanied by increased recruitment travel costs. Executive search fees were incurred in the search for the new Chief Enrolment and Recruitment Officer who will begin in July and will lead the new Office of Enrolment and Student Life which brings together the Registrar's Office and the Dean of Students' Office.

**Residence and other student services** – an increase of \$0.1 million or 14.6% over the prior year. This is largely due to the provincially funded Waves of Change Bystander Intervention Program (a peer-facilitated, violence prevention program offered in partnership with the Province of Nova Scotia and universities and colleges) which began in mid-2022/23. The Waves of Change Coordinator was housed at King's with salary, benefits, and expenditures paid for by the provincial government. The restructuring noted above under salaries and benefits also increased expenditures in 2023/24.

**Vice President's office** – a reduction of \$0.1 million or 33.2% from the prior year. The prior year included expenditures under the provincial Innovation fund which was discontinued in early 2023/24. A portion of the Vice President's salary was reallocated to academic salaries in 2023/24 as she taught the study abroad course in Berlin.

**Scholarships, awards, and bursaries** – a decrease of \$0.1 million or 5.6% from the prior year. This is primarily due to a reduction in entrance scholarships awarded due to the smaller FYP class (182 versus

219) as well as fewer international scholarships and bursaries awarded due to a reduction in international enrolment (35 versus 46).

**USS conference** – refer to USS conference under the revenue section for an explanation.

**Legal claims** – King’s paid \$1.4 million in legal claims related to the actions of Dr. Wayne Hankey from incidents dating back to the 1970s. These payments were financed by the internally restricted funds. While expenditures that are financed with the internally restricted funds are not included in King’s internal financial statements, they appear as an expenditure in King’s audited financial statements. King’s has an operating cash deficit of less than \$0.3 million on ‘normal’ operations in a year when it settled \$1.4 million in claims from years ago that were long overdue in being addressed. The true cost of the settlements is \$1.1 million after considering \$0.3 million in total contributions that are forthcoming from Dalhousie and the Diocese of Nova Scotia and Prince Edward Island. King’s is appreciative of Dalhousie and the Diocese for these contributions.

**Spending from internally restricted funds** – increased to \$2.1 million compared to \$0.4 million in the prior year, an increase of \$1.7 million. In addition to the legal claims paid of \$1.4 million, \$0.3 million was applied from the Bicentennial Fund against the cost of scholarships and bursaries as contemplated in the 2023/24 operating budget. While these expenditures are funded outside the operating budget, they are reflected in the actual expenditures of the unrestricted operating fund.

### **Statements of Financial Position and Cash Flows**

**Cash flow** – a decrease of \$0.5 million or 33.0% from \$1.6 million to \$1.1 million. The Statement of Cash Flows provides a detailed reconciliation of the net decrease in cash of \$0.5 million. It is attributable to a variety of factors including the excess of expenses over revenue, the fair market value of investments, changes in working capital, investing activities, and financing activities.

**Working capital deficit** – an increase of \$0.1 million or 3.4% from \$3.5 million to \$3.6 million. With respect to current assets, cash and accounts receivable each decreased by \$0.5 million. Current liabilities decreased by \$0.9 million thanks to decrease of \$1.1 million in accounts payable, offset by an increase in deferred revenue of \$0.2 million.

The majority of the \$0.5 million reduction in accounts receivable relates to the net amount owing to King’s from Dalhousie. While King’s owes Dalhousie for the cost of academic services (including teaching costs) provided to King’s students, this amount is reduced by King’s students’ tuition and fees payments accepted by Dalhousie on behalf of King’s. King’s students can pay their tuition and fees at either institution. While the cost of teaching King’s students was \$0.1 million lower in 2023/24 than in 2022/23, this was offset by \$0.6 million in tuition and fees collected by Dalhousie on King’s behalf resulting in \$0.5 million owing to King’s from Dalhousie for 2023/24.

The reduction in accounts payable of \$1.1 million for 2023/24 can be attributed to \$350,000 for the Link renovation that was relocated to capital contributions as well as lower payroll remittances owing (due to timing).

**Investment assets** (including investment assets belonging to the University of King's College Alumni Association) – an increase of \$1.2 million or 2.6% from \$45.3 million to \$46.5 million. In 2023/24 King's and the King's Alumni Association signed an investment management agreement whereby the endowment assets of the Alumni Association would be transferred to King's investment manager for management by King's manager and oversight by King's Investment Committee. These assets represent \$0.7 million of the investment value on the Statement of Financial Position. These assets continue to be owned by the Alumni Association. There is an offsetting amount due to the Alumni Association in the liability section of the Statement of Financial Position.

This remaining increase is due to higher unrealized investment gains (i.e., market value) of \$2.1 million, investment income of \$2.3 million, donations of \$0.2 million, and higher cash \$0.3 million, offset by \$4.4 million in draws (including \$2.1 million for the annual draw, \$1.4 million for legal claims, \$0.4 million for expenditures under the Framework for Strategic Investments and Mi'kmaw Cohort in Journalism, \$0.3 million from the Bicentennial Fund to offset scholarships and bursaries in accordance with the 2023/24 budget, and \$0.2 million to cover the 2022/23 deficit).

**Capital assets** – a decrease of \$0.4 million or 1.5% from \$26.0 million to \$25.6 million. This relates to capital asset additions of \$0.9 million offset by amortization of \$1.3 million. Capital work on campus was limited in the summer of 2023 due to large conferences on campus including the NAIG. The former Advancement Office space in the Link was transformed into offices for community support workers, the former Dean's suite was transformed into an Indigenous Student Centre, flooring was replaced in Cochran Bay and on Alexandra Hall fourth floor, and work continued on the Alexandra Hall dormers. In the prior year, \$4.3 million was expended on the Alexandra Hall accessibility project.

**Long-term debt** (including current portion) – a decrease of \$0.7 million or 5.4% from \$12.3 million to \$11.6 million. The decrease relates to the scheduled principal repayments on existing long-term debt.

**Deferred capital contributions** – an increase of \$0.3 million or 2.7% from \$9.3 million to \$9.6 million. Capital contributions received this year totaled \$0.7 million. These contributions were offset by the amortization of deferred capital contributions of \$0.4 million. The \$0.7 million in capital donations received were for renovations to the Link and an installment towards architectural concept drawings for the Southeast Corner (SEC) project. The southeast corner project envisions the redevelopment of the southeast corner of campus where the gym is currently located into a state-of-the-art multi-use facility that will include a new gymnasium, a new home for the School of Journalism, Writing & Publishing as well as student support spaces, and student residences.



**Investing activities** in the Statement of Cash Flows reflect the purchase and disposal of investments by King's investment manager as well as the purchase of capital assets (described earlier).

**Financing activities** in the Statement of Cash Flows reflect donations received for the endowment fund, contributions related to capital assets, income earned on the investment portfolio (net of the 4.75% draw and management fees), and proceeds from new borrowings, offset by principal repayments on long-term debt. In the current year King's received capital contributions of \$0.7 million and made \$0.7 million in debt repayments, both which are noted above. King's received \$0.2 million less in endowment donations and the investment portfolio generated \$1.1 million lower income in 2023/24 than in the prior year.

## Part B - Comparison of Financial Results for Fiscal 2023/24 With Budget 2023/24

2023/24

<b>Approved budget operating cash surplus/(deficit)*</b>	<b>\$ -</b>
--	-------------

Revenue variances:

Lower student tuition & fees**	(620,000)
Higher gifts	194,000
Higher sales of goods and services (interest income, gym rental income)	140,000

Expense variances:

Facilities management overage on capital improvement projects	(196,000)
Recruitment and enrolment implementation plan costs incurred	(189,000)
Athletics overage related to Nationals travel	(149,000)
Academic salaries savings (one fewer faculty fellow, 50% LTA not required, unpaid leave)	184,000
Fewer international scholarships and bursaries (lower enrolment)	168,000
Lower utilities (lower cost of natural gas re: steam heat)	118,000
Additional spending reductions made (\$260,000 versus \$195,000 in the budget)	65,000

Net all other variances (revenue and expense) (all < \$100,000) 5,000

<b>Actual operating cash deficit</b>	<b>\$ (280,000)</b>
--------------------------------------	---------------------

Add/deduct:

Principal repayments on long-term debt	668,000
Capital assets purchased through operations	435,000
Use of internally restricted funds***	(2,093,000)
Unrestricted operating fund excess of revenue over expenses per statement of operations	<b>(1,270,000)</b>

Restricted funds:

Capital fund	(812,000)
Internally restricted operating fund	217,000
Externally restricted fund	(6,000)

<b>(Deficiency) of revenue over expenses per statement of operations</b>	<b>\$ (1,871,000)</b>
--	-----------------------

\* The annual King's operating budget is prepared on a cash basis while the audited financial statements are prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) for not-for-profit organizations. Because some items are treated differently in these two formats, this shows where those differences are recorded and reconciles the two.

\*\* 957 headcount versus 994, including 18 fewer FYP students, 12 fewer graduate students, and 13 fewer international students.

\*\*\*Consisting of \$1,405,000 legal claims, \$300,000 allocation from Bicentennial Fund for scholarships/bursaries, \$212,000 for Framework for Strategic Investments, \$149,000 Mi'kmaw Cohort in Journalism, and \$27,000 for Enhanced Voluntary Retirement Program (EVRP).