



KPU Board of Governors - Regular Meeting

Date: May 26, 2021

Time: 4:00 pm – 5:00 pm

Via Microsoft Teams: [Click here to join the meeting](#)

Phone Dial-in

+1 604-449-3508 (Canada (Vancouver))

Conference ID: 293 651 338#



Regular Meeting Agenda

Board of Governors

Date: May 26, 2021

Time: 4:00 pm – 5:00 pm

Via Microsoft Teams: [Click here to join the meeting](#)

Phone Dial-in: +1 604-449-3508 (Vancouver)

Conference ID: 293 651 338#

Attending: Kim Baird, Rhiannon Bennett, Sandra Case, Ivy Chen, Farhad Dastur, Alan Davis, Bob Davis, Amos Kambere, Michael McAdam, Mohammed Mahabub, Kim McGill, David Pirquive, Jack Wong

Excused:

Presenters and Administrative Resources: Steve Cardwell, Laurie Clancy, Tara Clowes, Kelly Finlay, Marlyn Graziano, Ranminder Kaur, Sandy Vanderburgh, Keri van Gerven

*M = Motion to Approve
D = Discussion
I = Information
E = Education*

4:00 pm Regular Board Meeting
Closed Board Meeting to follow
In camera Debriefing Session to follow

Agenda Item	Resource	Action	Time	Page
1. Call to Order & Introductory Remarks	Sandra Case		4:00	
We respectfully acknowledge that we live, work and study at KPU on the traditional and ancestral lands of the Coast Salish peoples, including those of the Kwantlen First Nation, who graciously bestowed their name on this university.				
2. Conflict of Interest	Sandra Case			
3. Approval of Agenda	Sandra Case	M	4:00-4:01	3
MOTION: THAT the Board of Governors approve the regular meeting agenda for May 26, 2021.				
4. Presentation from the Foundation Board Chair	Kelly Finlay	E	4:01-4:16	
5. Consent Agenda	Sandra Case	M	4:16-4:17	7
5.1. Minutes of the March 31, 2021 Regular Board of Governors Meeting				8
5.2. 2020 / 21 Internally Restricted Reserve		I		15

MOTION: THAT the Board of Governors approve the following items on the Consent Agenda:

5.1. Minutes of the March 31, 2021 Regular Board of Governors Meeting.



Regular Meeting Agenda

Board of Governors

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Time: 4:00 pm – 5:00 pm

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Conference ID: 293 651 338#

AND

THAT the Board of Governors receive the following item for information:

- 5.2. That the Board of Governors approved **via an e-vote on May 5, 2021** an allocation of \$4,170,000 to an internally restricted reserve representing KPU's 2020 / 2021 draft audited financial statements surplus from operations. The internally restricted reserve will be to support:
- (a) \$3,592,000 economic downturn contingency
 - (b) \$578,000 future capital investment for innovation in classroom design and technology projects.

6. Audit Committee Report

- | | | | | |
|---|----------------|---|-----------|----|
| 6.1. Committee Chair Report | Michael McAdam | I | 4:17-4:18 | |
| 6.2. Draft Financial Statements for Year
Ending March 31, 2021 | Tara Clowes | M | 4:18-4:28 | 17 |

MOTION: THAT the Board of Governors approve the draft Financial Statements for the Year Ended March 31, 2021 as recommended by the Board Audit Committee.

7. Finance Committee Report

- | | | | | |
|---|----------------|---|-----------|----|
| 7.1. Committee Chair Report | Michael McAdam | I | 4:28-4:29 | |
| 7.2. Draft Board Response to Senate
2021-22 Budget Recommendations | Tara Clowes | M | 4:29-4:30 | 45 |

MOTION: THAT the Board of Governors approve the Draft Board Response to Senate regarding the 2021/22 Budget Recommendations as recommended by the Board Finance Committee.

- | | | | | |
|--------------------------------------|--------------|---|-----------|----|
| 8. Bylaw No. 4 Amendment | Tara Clowes | D | 4:30-4:35 | 47 |
| 9. Governance Committee Report | | | | |
| 9.1. Committee Chair Report | Amos Kambere | I | 4:35-4:36 | |
| 10. Human Resources Committee Report | | | | |
| 10.1. Committee Chair Report | Sandra Case | I | 4:36-4:37 | |



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Board of Governors

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11. President's Report				
11.1. Report to the Board	Alan Davis	I	4:37-4:40	
12. Provost's Report				
12.1. Report to the Board	Sandy Vanderburgh	I	4:40-4:43	
13. Vice President, External Affairs				
13.1. Report to the Board	Marlyn Graziano	I	4:43-4:46	
14. Vice President, Finance & Administration's Report				
14.1. Report to the Board	Tara Clowes	I	4:46-4:49	
15. Vice President, Students				
15.1. Report to the Board	Steve Cardwell	I	4:49-4:52	
16. Senate Report – meeting held on April 19, 2021	Alan Davis	I	4:52-4:53	57
17. Next Meeting Agenda Contribution	Sandra Case	D	4:53-4:54	
18. For the Good of the Order	All	D	4:54-4:55	
19. Feedback on the Meeting	All	D	4:55-4:56	
20. Closing Remarks	Sandra Case		4:56-4:57	
21. Appendix:				
21.1. Report to the Board of Governors	Alan Davis	I	4:57-4:58	
21.2. Letter of acknowledgement from the Ministry – KPU 2019/20 Institutional Accountability Plan and Report	Alan Davis	I	4:58-4:59	
21. Next Meeting	Sandra Case	I	4:59-5:00	
Regular Board Meeting				
Wednesday, June 23, 2021				
4:00 – 7:00 pm				
22. Adjournment	Sandra Case		5:00	



Board of Governors

Agenda Item:

Meeting Date:

Presenter(s):

Regular Meeting

#5

May 26, 2021

Sandra Case

Agenda Item: **Consent Agenda**

Action

Requested:

☒ Motion to Approve

☐ Discussion

☒ Information

☐ Education

**Recommended
Resolution:**

THAT the Board of Governors approve the following items on the Consent Agenda:

5.1 Minutes of the March 31, 2021 Regular Board of Governors Meeting.

AND

THAT the Board of Governors receive the following item for information:

5.2 That That the Board of Governors approved via an e-vote on May 5, 2021 an allocation of \$4,170,000 to an internally restricted reserve representing KPU's 2020 / 2021 draft audited financial statements surplus from operations. The internally restricted reserve will be to support:

(a) \$3,592,000 economic downturn contingency

(b) \$578,000 future capital investment for innovation in classroom design and technology projects.

Attachments:

1. Minutes of the March 31, 2021 Regular Board of Governors Meeting.
2. 2020/21 Internally Restricted Reserve.

Submitted by:

Ranminder Kaur, Confidential Assistant to the Board of Governors

Date submitted:

May 14, 2021

**Present: Board**

Sandra Case / Chair
Rhiannon Bennett
Ivy Chen
Farhad Dastur
Alan Davis / President & Vice Chancellor
Bob Davis
Amos Kambere
Mohammed Mahabub
Michael McAdam
Kim McGill
David Piraquive
Jack Wong

University Vice Presidents

Steve Cardwell / VP, Students
Laurie Clancy / AVP, Human Resources
Tara Clowes / VP, Finance and
Administration
Marlyn Graziano / VP, External Affairs
Sandy Vanderburgh / Provost & VP,
Academic

Presenters and University Resources

Jennifer Duprey / General Counsel
Brent Elliott / Director, Campus and
Community Planning
Jeff Ho / Interim Executive Director,
Finance
Stephanie Howes / Dean, School of
Business
Ranminder Kaur / Confidential Assistant to
the Board of Governors
Keri van Gerven / University Secretary &
Executive Assistant to the President & Vice
Chancellor

Regrets: Kim Baird / Chancellor

1. **Call to Order and Introductory Remarks** The Chair called the meeting to order at 4:00 pm.
The Chair acknowledged KPU's commitment to reconciliation and recognition that that we live, work and study at KPU on the traditional and ancestral lands of the Coast Salish peoples, including those of the Kwantlen First Nation, who graciously bestowed their name on this university.
2. **Conflict of Interest** No other conflict of Interest was declared.
3. **Approval of Agenda** **Motion #11-20/21**
MOVED, SECONDED AND CARRIED THAT the Board of Governors approve the Agenda for March 31, 2021.
4. **Consent Agenda** **Motion #12-20/21**
MOVED, SECONDED AND CARRIED THAT the Board of Governors approve the following items on the Consent Agenda:
 - 4.1. Minutes of the February 3, 2021 Regular Board of Governors Meeting.
 - 4.2. The establishment of a new academic department named Business Graduate Programs in the School of Business by May 1, 2021 as

recommended by the Board Finance Committee, and Board Governance Committee.

AND

THAT the Board of Governors receive the following item for information:

4.3. That the Board of Governors approved via an e-vote on March 10, 2021 the following allocation of \$10,000,000 of surplus funds from the 2020 / 2021 fiscal year:

- (a) Establish a \$2,000,000 KPU Financial Aid Fund endowment in the KPU Foundation in response to board motion #31-17/18;
- (b) Increase the existing equity, diversity and inclusion endowment in the KPU Foundation by \$4,000,000 and include in the definition that it is also to support ongoing indigenous initiatives at KPU;
- (c) Establish a \$4,000,000 endowment in the KPU Foundation to support research initiatives.

4.4. That the Board of Governors approved via an e-vote on March 17, 2021, subject to budgetary approval, the attached list of procurement opportunities greater than \$200,000 as recommended by the Board Finance Committee

Ms. Howes left the meeting.

5. Audit Committee Report

5.1 *Committee Chair Report*

Members noted that the Audit Committee met on March 9, 2021 and received an update on Business Performance & Advisory Services (BPAS) Engagement Activities, and an update on follow-up audit recommendations.

6. Finance Committee Report

6.1 *Committee Chair Report*

Members noted that the Finance Committee met on March 9, 2021 and agenda items discussed are on the agenda.

6.2 *Senate Endorsement of the Draft 2021/22 University Budget*

Dr. Davis highlighted the memo which outlined Senate's endorsement of the draft 2021/22 University Budget that will maintain, as far as possible, KPU's core teaching, learning, scholarship and service activities.

6.3 *Revisions to Bylaw No. 4, Fees*

Mr. Ho presented Bylaw No. 4, Fees and commented that Bylaw 4 is revised on an annual basis to reflect annual increases and changes to student fees.

Mr. Ho noted that the domestic tuition has been raised by 2%, the maximum allowed by the provincial government under the Tuition Limit Policy. Mr. Ho mentioned that although the Tuition Limit Policy does not

apply to International student tuition, increases will be held to 2% as well due to uncertainty in demand sensitivity as the pandemic continues in 2021.

Motion #13-20/21

MOVED, SECONDED AND CARRIED THAT the Board of Governors approve the revisions to Bylaw No. 4, Fees as recommended by the Board Finance Committee.

6.4 Draft 2021/22 University Budget

Ms. Clowes presented the draft 2021/22 University budget and commented that the main focus was on developing a budget that will maintain, as far as possible, KPU's core teaching, learning, scholarship and service activities.

Ms. Clowes mentioned that there was a lot of discussion around continued investment in key strategic areas to respond to the effects of the pandemic on post-secondary institutions and that there was sufficient contingency to respond to potentially unforeseen challenges and opportunities as the pandemic progresses and declines.

Ms. Clowes commented that a one-time only (OTO) reduction across all portfolios included:

- Meals & refreshments, parking & mileage budget reductions of 75%;
- Events budget reductions of 30%, except for strategic institutional wide events and essential operations;
- Reduced estimated benefit rate to align with historical actuals but no changes to existing benefits plan.

Ms. Clowes noted that the draft budget is for a proposed \$3.6 million deficit, which is manageable within KPU's unrestricted accumulated surplus.

Motion #14-20/21

MOVED, SECONDED AND CARRIED THAT the Board of Governors approve the Final Draft Budget for Fiscal Year 2021 – 2022 as recommended by the Board Finance Committee.

6.5 KPU2050 Official Campus Master Plan

Mr. Elliott presented the KPU2050 Official Campus Master Plan and commented that the KPU2050 Campus Master has now been prepared following over a year of working closely with the KPU community.

Mr. Elliott noted that the KPU2050 Campus Master Plan outlines a shared long-term vision for all of KPU's five campuses, along with a set of guiding principles. Mr. Elliott mentioned that the Plan also acknowledges KPU's sustainability commitments and aspirations and the Plan identifies recommendations that will deliver a pathway towards carbon neutrality and a more sustainable and resilient future.

Mr. Elliott commented that the Plan further also outlines a set of Indigenous principles and recommendations and how we think about our KPU campuses today and in the future in relation to the land, people, and activities that take place on them.

Mr. Elliott mentioned that throughout the process, a variety of in-person and online opportunities, activities, and events were offered in order to ensure that the engagement efforts were convenient and captivating for participants. Members noted that overall the Plan offers a holistic view of KPU's future, one that describes and visually illustrates the physical evolution of KPU campuses, and deepen efforts towards reconciliation.

Mr. Elliott noted that the KPU2050 Official Campus Plan is presented for approval and that it has received an endorsement from Senate.

Motion #15-20/21

MOVED, SECONDED AND CARRIED THAT the Board of Governors approve the KPU2050 Official Campus Plan as recommended by the Board Finance Committee.

Mr. Elliott left the meeting.

**7. Governance
Committee Report**

7.1 Committee Chair Report

Committee Chair, Mr. Amos, advised that the Governance Committee met on March 17, 2021 and received an update on GV9 recommendations for the Faculty of ACP (formerly ACA).

7.2 VISION 2023 Key Performance Indicators (KPIs) – Mid-year update

Dr. McElroy presented the report and commented that the report is the third update on progress on VISION 2023, based on data initially presented in KPU's 2019/20 Accountability Plan and Report. Dr. McElroy commented that the report includes new benchmark data for 2019/20, as well as an update on progress made on each goal.

Dr. McElroy noted that the benchmark data is provided for the ten metrics that all institutions are required to report and mentioned that the benchmarks data are based on institutions with a program mix similar to KPU's: Capilano University, Douglas College, University of the Fraser Valley, Langara College, Thompson Rivers University, and Vancouver Island University.

**8. Human Resources
Committee Report**

8.1 Committee Chair Report

Committee Chair, Ms. Case advised that the Human Resources Committee met on March 18, 2021 and received an update on KPU's antiracism taskforce, an equity and diversity update, and an update on the early retirement incentive program.

9. President's Report

9.1 Report to the Board

Dr. Davis advised that the President's Report was included in the Report to the Board of Governors and noted the significant number of activities around KPU featured in the report.

Dr. Davis noted that on March 12th, Premier Horgan and the Richmond MLAs joined KPU for a virtual visit to the sustainable agriculture programs at KPU Richmond as well as the Richmond Research Farm at the Garden City Lands.

Dr. Davis commented that on March 23rd, he joined his colleagues from Polytechnics Canada for a meeting with the federal Minister of Innovation, Science and Industry the Honorable Francois-Philippe Champagne and Will Amos, Parliamentary Secretary.

9.2 Fall return to Campus (including vaccination)

Dr. Davis briefed members that in early March, KPU received a letter from Dr. Bonnie Henry, Provincial Health Officer issuing a statement supporting the safe return to campus in the fall.

Dr. Davis noted that preparation for this will include working with the Provincial Health Office and the steering committee for the post-secondary COVID-19 Go-Forward Guidelines. Dr. Davis commented that PSEA will be providing the necessary guidance for a fall return to campus. Members noted that starting immediately, each member of the senior executive team is charged with engaging in the New KPU planning for the Fall with their divisions and stakeholders.

Dr. Davis commented that the focus will be on the safety and well-being of KPU's students and employees. Dr. Davis mentioned that KPU wrote to the Provincial Health Officer stated KPU instructors are deemed vital and should be considered for vaccination with the other essential workers.

Dr. Davis noted that the vast majority of students and employees expressed an interest in more flexible and blended ways of learning and working.

Dr. Davis mentioned that KPU has also avoided any incidence of infection and transmission of COVID-19 as result of our activities in the last year.

10. Provost's Report

10.1 Report to the Board

Dr. Vanderburgh advised that the Provost and VP, Academic Report was included in the Report to the Board of Governors.

Dr. Vanderburgh noted that Dr. Elizabeth Worobec, Dean, Faculty of Science and Horticulture has announced her retirement and her last day at KPU will be November 1, 2021. Dr. Vanderburgh mentioned that the search process for her successor has been initiated.

**11. Vice President,
External Affairs
Report**

11.1 *Report to the Board*

Ms. Graziano advised that the Vice President, External Affairs Report was included in the Report to the Board of Governors.

Ms. Graziano advised members that KPU has begun engaging with elected officials in an effort to virtually maintain existing relationships and build connections with newly elected officials. Priority is placed on government MLAs and provincial ministers but relationships will continue to be built with opposition MLAs as well to support KPU's non-partisan role as a public post-secondary institution.

Ms. Graziano noted that the KPU Alumni Association has been successful in achieving the goals of engaging alumni as outlined in both the Strategic Vision and the Alumni Affairs Business plan.

Ms. Graziano mentioned that KPU won Platinum in the 2021 AVA digital awards, and one Platinum and two Gold in the 2020 MarCom Awards.

**12. Vice President,
Finance and
Administration**

12.1 *Report to the Board*

Ms. Clowes advised that the Vice President, Finance and Administration Report was included in the Report to the Board of Governors.

Ms. Clowes commended the Facilities staff for their ability to mobilize an evacuation due to an unexpected power loss at KPU Tech and noted that the Facilities team conducted a condition assessment, and initiated contracted repairs quickly.

Ms. Clowes thanked Vice President, External Affairs and facilities staff for working with the Vancouver Coastal Health to identify a space for an Immunization Clinic for Support Workers at Richmond Campus.

**13. Vice President,
Students Report**

13.1 *Report to the Board*

Dr. Cardwell advised that the Student Services Report was included in the Report to the Board of Governors.

Dr. Cardwell commented that Counselling Services and Student Health Promotion have partnered to receive a \$50,000 grant from the Canadian Mental Health Association (CMHA). Members noted that KPU's grant proposal will focus on the social dimensions of wellness and will expand peer support and group counselling focused on students with disabilities, Indigenous students, LGBTQ2+ students and international students who each face issues of social isolation and barriers to connecting with help-seeking. It was noted that this initiative will begin in Summer 2021.

Dr. Cardwell mentioned that KPU International has partnered with Saint George's University (SGU) in Grenada which will present a 4+4 articulation program that will offer an excellent opportunity for qualified students at KPU in the Faculty of Science and Horticulture's Bachelor of Science, Major in Health Science to enter the first year of SGU's School of Medicine or

SGU's School of Veterinary Medicine. Members noted that the students accepted in the 4+4 Program will each receive a \$10,000 scholarship.

Dr. Cardwell noted that the fifth meeting of the KPU Indigenous Advisory Committee was held on March 15th and was well attended by 25 people from the neighbouring indigenous community and members from other school districts.

- | | |
|--|--|
| 14. Senate Reports – meeting held on February 22, 2021 and March 22, 2021 | Dr. Davis advised that the Senate Report for February 22, 2021 and March 22, 2021 was prepared by Dr. David Burns, Senate Vice-Chair and was included in the meeting package. |
| 15. Next Meeting Agenda Contribution | Board members were asked to send contributions for the next meeting agenda to Ms. van Gerven at least two weeks in advance of the meeting. |
| 16. For the Good of the Order | <p>Dr. Davis noted that nursing instructor Dr. Balbir Gurm has been nominated for a YWCA Women of Distinction award in the Community Champion category. Members also noted that the Board member, Rhiannon Bennett has been nominated for a YMCA Women of Distinction award in the Reconciliation in Action category.</p> <p>Dr. Davis mentioned that Marlyn Graziano has also been nominated for a Surrey Women in Business award in the Corporate Leadership category. Members noted that the Surrey Board of Trade will host the event on April 30th, 2021.</p> <p>Dr. Davis commented that the Vice President of Finance, Tara Clowes has been elected for the distinction of Fellow of Chartered Professional Accountants (CPA) by the Northwest Territories/Nunavut CPA provincial institute.</p> |
| 17. Feedback on the Meeting | There was no feedback on the meeting. |
| 18. Closing Remarks | The Chair thanked everyone, including Board Members for attending and contributing to the discussions. |
| 19. Appendix: | <p>19.1 <i>Report to the Board of Governors</i></p> <p>The March 2021 Report to the Board of Governors was received.</p> |
| 20. Next Meeting | The next meeting has been scheduled for Wednesday, May 26, 2021. |
| 21. Adjournment | The meeting adjourned at 5:24 pm. |

Board Chair

**Board of Governors****Agenda Item:****Meeting Date:****Presenter(s):****Regular Meeting****#5.2****May 26, 2021****Tara Clowes****Agenda Item:** 2020 / 21 Internally Restricted Reserve

Action Requested:	<input type="checkbox"/> Motion to Approve <input type="checkbox"/> Discussion <input checked="" type="checkbox"/> Information <input type="checkbox"/> Education
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Recommended Resolution:	<p>That the Board of Governors approved <u>via an e-vote on May 5, 2021</u> an allocation of \$4,170,000 to an internally restricted reserve representing KPU's 2020 / 2021 draft audited financial statements surplus from operations. The internally restricted reserve will be to support:</p> <p>(a) \$3,592,000 economic downturn contingency</p> <p>(b) \$578,000 future capital investment for innovation in classroom design and technology projects.</p>
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Board Committee Report: For University Secretariat Use Only

Context & Background: The draft KPU 2020 / 21 financial statements show an annual surplus from operations of \$4,170,000. If there are no further board motions regarding the surplus it will be combined into KPU's existing unrestricted accumulated surplus for a total of approximately \$30M. The unrestricted accumulated surplus can only be accessed in the future by operating the institution at a deficit with ministry approval or by KPU funded investment in tangible capital assets.

The KPU board has only passed one previous board motion to internally restrict reserves. For fiscal 17 / 18 board motion #31 was passed which included, among other commitments, a line to "establish a \$2,000,000 fund to support future capital initiatives". Upon analysis of the accounting guidance for public sector internally restricted reserves, this motion was deemed not sufficiently detailed regarding future capital plans to result in a true internally restricted reserve, and therefore, has never been reflected in KPU's financial statements.

This surplus from operations is after incorporating into the financial results previously approved 2020 / 21 board motions on endowments.

Key Messages:

1. Without a board motion, the \$4,170,000 surplus from operations in 2020 / 21 will be combined into the existing unrestricted accumulated surplus of KPU which is currently approximately \$25M. Having some unrestricted accumulated surplus is prudent financial management as it allows KPU a cushion to weather financial downturns such as the pandemic. However, continuing to grow unrestricted accumulated reserves is a risk factor as it relates to external perceptions on KPU's financial position and KPU's need for increased operating funding. The current annual revenue budget of KPU is

**Board of Governors****Agenda Item:****Meeting Date:****Presenter(s):****Regular Meeting****#5.2****May 26, 2021****Tara Clowes**

\$214M so an unrestricted accumulated surplus in the range of \$21M as a target, representing 10% of annual revenues, seems reasonable. Continuing to grow this unrestricted accumulated reserve above this threshold may raise questions about the intended purpose of the unrestricted accumulated reserve.

2. The recommended \$3,592,000 internally restricted reserve for economic downturn contingency is equal to the 2021 / 22 approved deficit budget.

3. It is recommended the remainder of the 2020 / 21 operating surplus be internally restricted for future capital projects in support of pandemic response on innovative classroom design and technology.

**Resource
Requirements:**

None identified.

**Implications /
Risks:**

None identified

Consultations:

*University executive
External auditors*

Attachments:

None

Submitted by:

Tara Clowes, Vice President Finance and Administration

Date submitted:

May 5, 2021

**Board of Governors****Agenda Item:****Meeting Date:****Presenter(s):****Regular Meeting****#6.2****May 26, 2021****Tara Clowes****Agenda Item:** **Draft Financial Statements for the Year Ending March 31, 2021**

Action Requested:	<input checked="" type="checkbox"/> Motion to Approve <input type="checkbox"/> Discussion <input type="checkbox"/> Information <input type="checkbox"/> Education
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Recommended Resolution:	THAT the Board of Governors approve the draft Financial Statements for the Year Ended March 31, 2021 as recommended by the Board Audit Committee.
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Board Committee Report: At its meeting held on May 18, 2021 the Board Audit Committee approved the Draft Financial Statements for the year ending March 31, 2021 for recommendation to the Board of Governors.

Context & Background: The fiscal 20 – 21 audit is now complete and the draft audited financial statements are being presented to the Audit Committee, along with the KMPG Audit Findings Report. The audited financial statements will be finalized upon Audit Committee & Board of Governors motions to approve.

A motion to appoint an auditor for the fiscal 21 – 22 year is being deferred until the scheduled procurement process for a new five-year audit contract is complete. The motion is tentatively scheduled to occur in Fall 2021.

Key Messages: 1. The fiscal 2020 – 2021 financial audit is now complete. KPU completed the year in a small surplus position, which was internally restricted.

Resource Requirements: N / A

Implications / Risks: N / A

Consultations: University Executive

Attachments: 1. Draft Financial Statements of KPU & Independent Auditors' Report for the year ended March 31, 2021

Submitted by: Tara Clowes, Vice President Finance & Administration

Date submitted: May 19, 2021

Financial Statements of

KWANTLEN POLYTECHNIC UNIVERSITY

And Independent Auditors' Report thereon

Year ended March 31, 2021



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Kwantlen Polytechnic University, and
To the Minister of the Ministry of Advanced Education, Skills & Training,
Province of British Columbia

Opinion

We have audited the financial statements of Kwantlen Polytechnic University (the "Entity"), which comprise:

- the statement of financial position as at March 31, 2021
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2021 of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

DRAFT

Chartered Professional Accountants

Vancouver, Canada
May 26, 2021

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Financial Position

(in thousands of dollars)

As at March 31, 2021 with comparative information for 2020

		2021	2020
Financial assets			
Cash and cash equivalents	(Note 3)	\$ 88,891	\$ 72,217
Accounts receivable	(Note 4)	1,928	2,668
Inventories for resale		447	532
Investments	(Note 5)	31,614	27,946
		122,880	103,363
Liabilities			
Accounts payable and accrued liabilities	(Note 6)	43,114	44,229
Deferred revenue		40,860	30,957
Deferred contributions	(Note 8)	5,497	3,952
Deferred capital contributions	(Note 9)	152,503	155,789
Obligations under capital lease	(Note 10)	33	92
		242,007	235,019
Net debt		(119,127)	(131,656)
Non-financial assets			
Tangible capital assets	(Note 11)	243,096	249,005
Endowment investments	(Note 5)	2,817	2,817
Prepaid expenses and deposits		2,088	2,424
		248,001	254,246
Accumulated surplus		\$ 128,874	\$ 122,590
Accumulated surplus is comprised of:			
Accumulated surplus	(Note 12)	\$ 126,706	\$ 122,536
Accumulated remeasurement gains		2,168	54
		\$ 128,874	\$ 122,590

Contractual obligations (Note 14)

Commitments and contingent liabilities (Note 15)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Sandra Case
Chair, Board of Governors

Tara Clowes
Vice President, Finance and Administration

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Operations and Accumulated Surplus

(in thousands of dollars)

Year Ended March 31, 2021 with comparative information for 2020

	Budget	2021	2020
	(Note 2(k))		
Revenue:			
Province of British Columbia grants	\$ 76,179	\$ 79,344	\$ 73,511
Revenue recognized from deferred contributions (Note 8)	5,973	6,228	8,374
Tuition and student fees	124,000	111,666	107,463
Ancillary services	6,036	1,926	5,199
Other revenue	4,258	6,123	7,110
Revenue recognized from deferred capital contributions (Note 9)	9,009	8,735	8,616
	225,455	214,022	210,273
Expenses:	(Note 18)		
Instruction, research and support	219,847	207,143	200,782
Ancillary operations	5,608	2,709	4,819
	225,455	209,852	205,601
Annual surplus	-	4,170	4,672
Accumulated surplus, beginning of year	122,536	122,536	117,864
Accumulated surplus, end of year	\$ 122,536	\$ 126,706	\$ 122,536

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Changes in Net Debt

(in thousands of dollars)

Year Ended March 31, 2021 with comparative information for 2020

	Budget	2021	2020
	(Note 2(k))		
Annual surplus	\$ -	\$ 4,170	\$ 4,672
Acquisition of tangible capital assets, net of write-offs	(10,109)	(13,237)	(12,098)
Amortization of tangible capital assets	19,700	19,146	18,474
	9,591	5,909	6,376
Net of use (acquisition) of prepaid expenses and deposits	-	336	(435)
Net remeasurement gains (losses)	-	2,114	(197)
Change in net debt	9,591	12,529	10,416
Net debt, beginning of year	(131,656)	(131,656)	(142,072)
Net debt, end of year	\$ (122,065)	\$ (119,127)	\$ (131,656)

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Cash Flows

(in thousands of dollars)

Year Ended March 31, 2021 with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 4,170	\$ 4,672
Items not involving cash:		
Amortization of tangible capital assets	19,146	18,474
Write-off of tangible capital assets	413	-
Revenue recognized from deferred capital contributions	(8,735)	(8,616)
Change in non-cash operating working capital:		
Accounts receivable	740	3,849
Prepaid expenses and deposits	336	(435)
Inventories for resale	85	68
Accounts payable and accrued liabilities	(1,115)	16,831
Deferred revenue	9,903	17,462
Deferred contributions	1,545	93
Net change from operating activities	26,488	52,398
Capital activities:		
Cash used to acquire tangible capital assets	(13,650)	(12,098)
Net change from capital activities	(13,650)	(12,098)
Financing activities:		
Contributions received for tangible capital assets	5,449	5,077
Principal payments on capital lease obligations	(59)	(155)
Net change from financing activities	5,390	4,922
Investing activities:		
(Increase) decrease in investments	(3,668)	934
Net remeasurement gains (losses)	2,114	(197)
Net change from investing activities	(1,554)	737
Net change in cash and cash equivalents	16,674	45,959
Cash and cash equivalents, beginning of year	72,217	26,258
Cash and cash equivalents, end of year	\$ 88,891	\$ 72,217

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Statement of Remeasurement Gains and Losses

(in thousands of dollars)

Year Ended March 31, 2021 with comparative information for 2020

	2021	2020
Accumulated remeasurement gains, beginning of year	\$ 54	\$ 251
Unrealized gains (losses) generated during the year from:		
Fixed income investments	1,246	(21)
Pooled investments, mortgage-backed securities and mutual funds	2,517	1
Foreign currency translation	(114)	(37)
Remeasurement (gains) losses realized and reclassified to the Statement of Operations and Accumulated Surplus from:		
Fixed income investments	(1,278)	(186)
Pooled investments, mortgage-backed securities and mutual funds	(460)	(5)
Foreign currency translation	203	51
Net remeasurement gains (losses) for the year	2,114	(197)
Accumulated remeasurement gains, end of year	\$ 2,168	\$ 54

See accompanying notes to financial statements.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements
(in thousands of dollars)

Year ended March 31, 2021

1. Authority and purpose

Kwantlen Polytechnic University ("the University") operates under the authority of the *University Act* of British Columbia. The University is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the Provincial Government of British Columbia. The University is exempt from income taxes under section 149 of the *Income Tax Act*.

The University offers career, vocational, developmental and academic programs from its Richmond, Langley and three Surrey campuses located in southwestern British Columbia. The academic governance of the University is vested in the Senate.

2. Summary of significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that are comprised of generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Government Organization Accounting Standards Regulation 257/2010 requires all taxpayer supported organizations in the schools, universities, colleges and hospitals sectors to adopt the Canadian Public Sector Accounting Standards ("PSAS") without any public sector ("PS") 4200 elections, effective their first fiscal year commencing after January 1, 2012.

Government Organization Accounting Standards Regulation 198/2011 requires that restricted contributions received or receivable for acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be deferred and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded.

Regulation 198/2011 also requires that the contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the period when the stipulation or restriction on the contributions have been met.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(a) Basis of accounting (continued)

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which requires government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410. Externally restricted contributions are recognized in revenue in the period when the resources are used for the purpose specified in accordance with PS 3100.

As a result, revenue recognized in the Statement of Operations and Accumulated Surplus and certain related deferred capital contributions would be recorded differently under PSAS.

(b) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(c) Financial instruments

Financial instruments are classified into two categories: fair value or cost.

(i) Fair value category: The University manages and reports performance for groups of financial assets on a fair-value basis. Cash and cash equivalents and investments are reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets except for those related to restricted endowments are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. Unrealized gains and losses on endowment investment assets, where earnings are restricted as to use, are recorded as deferred contributions and recognized in revenue when disposed and when the related expenses are incurred.

(ii) Cost category: Amounts receivable are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(d) Inventories for resale

Inventories for resale, including new and used textbooks, course manuals, stationery, art supplies, clothing, and crested and non-crested giftware, are recorded at the lower of cost or net realizable value.

Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated proceeds on sale less any costs to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(d) Inventories for resale (continued)

When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write-down previously recorded is reversed.

(e) Contaminated sites

A liability for contaminated sites is recognized when the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The University is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

(f) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital asset acquisitions are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land and air space parcels, are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value. Work in progress is not amortized until the asset is available for productive use.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(f) Non-financial assets (continued)

(i) Tangible capital assets (continued)

	Term
Buildings	40 years
Major site improvements	10 years
Major equipment	10 - 20 years
Library holdings	10 years
Technology infrastructure	8 years
Furniture and equipment	5 years
Computing equipment	3 years
Leased capital assets	shorter of 5 years or lease term

Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value.

(ii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as obligations under capital lease and are reflected as part of tangible capital assets in the financial statements. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(g) Employee future benefits

The University and its employees make contributions to the College and Municipal pension plans which are multi-employer joint trustee pension plans. These plans are defined benefit plans, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets and liabilities of the plans are not segregated by institution, the plans are accounted for as defined contribution plans and any contributions of the University to the plans are expensed as incurred.

The University's sick leave benefits do not vest or accumulate and related costs are expensed as incurred.

(h) Revenue recognition

Tuition and student fees, and sales of goods and services are reported as revenue at the time the services are provided or the products are delivered, and collection is reasonably assured.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(h) Revenue recognition (continued)

Unrestricted donations and grants are recorded as revenue if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the University or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment donations and as deferred contributions for any unspent restricted investment income earned thereon.

Investment income is reported as part of Other Revenue on the Statement of Operations and Accumulated Surplus and includes interest recorded on an accrual basis, dividends recorded as declared, and realized gains and losses on the sale of investments.

(i) Use of estimates

In accordance with PSAS, the preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures, and the disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Areas where management has made estimates and assumptions include those related to the determination of useful lives of tangible capital assets for amortization and the amortization of related deferred capital contributions, accrued liabilities, valuation of accounts receivable, and provisions for contingencies. Where actual results differ from these estimates and assumptions, the impact will be recorded in future periods when the difference becomes known.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

2. Summary of significant accounting policies (continued)

(j) Foreign currency translation

The University's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which are designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Statement of Financial Position date.

Any gains or losses resulting from a change in rates between the transaction date and the settlement date or Statement of Financial Position date is recognized in the Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Statement of Remeasurement Gains and Losses and the exchange gains or losses in relation to the exchange rate at the date of the item's initial recognition is recognized in the Statement of Operations and Accumulated Surplus.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the 2020-2021 University Budget approved by the Board of Governors on February 5, 2020. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

3. Cash and cash equivalents

	2021	2020
Cash	\$ 85,861	\$ 70,085
Cash equivalents	3,030	2,132
	\$ 88,891	\$ 72,217

4. Accounts receivable

	2021	2020
Accounts receivable	\$ 3,669	\$ 5,467
Allowance for doubtful accounts	(1,741)	(2,799)
	\$ 1,928	\$ 2,668

5. Investments and endowment investments

Investments and endowment investments recorded at fair value are comprised of the following:

	2021	2020
Designated to the fair value category (Level 1)		
Fixed income investments	\$ 19,164	\$ 25,491
Canadian equities pooled investments	6,971	3,730
International equities pooled investments	7,914	-
Mortgage-backed securities	-	1,542
Total Level 1 Category Investments	34,049	30,763
Designated to the fair value category (Level 3)		
Infrastructure pooled investments	198	-
Real estate pooled investments	184	-
Total Level 3 Category Investments	382	-
Total Investments	34,431	30,763
Endowment investments	2,817	2,817
Investments	\$ 31,614	\$ 27,946

All fixed income investments held at March 31, 2021 mature at various dates to October 2083 (2020 – September 2077) and bear interest at rates varying from 0.18% to 11.75% (2020 – 1.30% to 6.63%).

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

5. Investments and endowment investments (continued)

PSAS defines the fair value of a financial instrument as the amount of the consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. The University uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which the carrying amounts are included in the Statement of Financial Position under the following captions:

- Cash and cash equivalents, accounts receivable, and accounts payables and accrued liabilities – the carrying amounts approximate fair value because of the short maturity of these instruments.
- Investments – the carrying amounts are shown at fair value based on quoted prices (unadjusted) in active markets.

The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table reconciles the changes in the fair value of investments classified as Level 3 during the year.

	2021	2020
Balance, beginning of year	\$ -	\$ -
Purchases	687	-
Dispositions	(305)	-
Balance, end of year	\$ 382	\$ -

6. Accounts payable and accrued liabilities

	2021	2020
Accounts payable and accrued liabilities	\$ 21,544	\$ 26,291
Salaries and wages payable	9,496	7,043
Accrued vacation payable	12,074	10,895
	\$ 43,114	\$ 44,229

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

7. Employee future benefits

(a) Pension benefits

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2019, the College Pension Plan has about 15,000 active members, and approximately 9,000 retired members. As at December 31, 2019, the Municipal Pension Plan has about 213,000 active members, including approximately 6,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2018, indicated a \$303,000 surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2018, indicated a \$2,866,000 funding surplus for basic pension benefits on a going concern basis. The University paid \$10,562 for employer contributions to the plans in the fiscal year 2021 (2020 - \$10,416).

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022. The next valuation for the Municipal Pension Plan will be December 31, 2021, with results available in 2022.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

(b) Maternity or parental leave

The University provides supplemental employee benefits for faculty, staff and administration on maternity or parental leave. For the duration of the leave, employees on maternity or parental leave receive a supplemental payment added to employment insurance benefits. Employer-paid benefits also continue to be paid on the employees' behalf. The University has expensed \$1,005 in the current year (2020 - \$691). As at March 31, 2021, the University has an obligation of \$393 (2020 - \$783) which has been included in salaries and wages payable.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

8. Deferred contributions

Deferred contributions represent the unspent externally restricted grants and contributions that will be used in future periods for academic programming and student awards, as specified by the contributor.

	2020	Amounts received	Recognized as revenue	2021
Provincial	\$ 2,650	\$ 5,098	\$ (4,454)	\$ 3,294
Federal	548	1,158	(771)	935
Other sources	754	1,517	(1,003)	1,268
	\$ 3,952	\$ 7,773	\$ (6,228)	\$ 5,497

9. Deferred capital contributions

Changes in deferred capital contributions balance are as follows:

	2020	Amounts received	Recognized as revenue	2021
Provincial	\$ 131,929	\$ 5,271	\$ (7,310)	\$ 129,890
Federal	9,592	42	(742)	8,892
Other sources	14,268	136	(683)	13,721
	\$ 155,789	\$ 5,449	\$ (8,735)	\$ 152,503

10. Obligations under capital lease

The University has entered into capital leases to finance computers and equipment at an estimated cost of borrowing of 3.95% (2020 – 3.38%) per annum. The principal and interest payments are as follows:

	2021	2020
2021	\$ -	\$ 61
2022	24	24
2023	10	10
Total minimum capital lease payments	34	95
Less amounts representing interest	(1)	(3)
Present value of net minimum capital lease payments	\$ 33	\$ 92

Total interest payment on capital leases for the year was \$2 (2020 – \$5).

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)

(in thousands of dollars)

Year ended March 31, 2021

11. Tangible capital assets

	Land	Buildings	Major site improvements	Major equipment	Library holdings	Technology infrastructure	Furniture & equipment	Computing equipment	Leased capital assets	Work in progress (WIP)	Total
2021 Cost											
Opening balance	\$ 21,485	\$ 266,610	\$ 44,664	\$ 7,637	\$ 9,196	\$ 3,866	\$ 72,597	\$ 9,448	\$ 370	\$ 4,539	\$ 440,412
Additions	-	102	444	624	204	-	4,267	1,994	-	6,015	13,650
Dispositions/write-offs	-	-	-	-	-	-	-	-	(279)	(413)	(692)
Transfer to/(from) WIP	-	-	1,514	3,801	-	-	761	-	-	(6,076)	-
Closing balance	21,485	266,712	46,622	12,062	9,400	3,866	77,625	11,442	91	4,065	453,370
2021 Accumulated amortization											
Opening balance	-	(95,823)	(17,291)	(1,379)	(7,133)	(1,649)	(60,426)	(7,427)	(279)	-	(191,407)
Amortization	-	(6,667)	(4,414)	(725)	(442)	(483)	(4,946)	(1,411)	(58)	-	(19,146)
Dispositions	-	-	-	-	-	-	-	-	279	-	279
Closing balance	-	(102,490)	(21,705)	(2,104)	(7,575)	(2,132)	(65,372)	(8,838)	(58)	-	(210,274)
2021 Net book value	\$ 21,485	\$ 164,222	\$ 24,917	\$ 9,958	\$ 1,825	\$ 1,734	\$ 12,253	\$ 2,604	\$ 33	\$ 4,065	\$ 243,096
2020 Net book value	\$ 21,485	\$ 170,787	\$ 27,373	\$ 6,258	\$ 2,063	\$ 2,217	\$ 12,171	\$ 2,021	\$ 91	\$ 4,539	\$ 249,005

As at March 31, 2021, work in progress with a value of \$4,065 (2020 - \$4,539) has not been amortized. Amortization of these assets will commence when the assets are put into productive use.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

12. Accumulated Surplus

The accumulated surplus is comprised of the following:

	2021	2020
Investment in tangible capital assets	\$ 90,593	\$ 93,216
Endowments (note 5)	2,817	2,817
Internally restricted	6,170	2,000
Unrestricted	27,126	24,503
Accumulated remeasurement gains	2,168	54
	\$ 128,874	\$ 122,590

13. Financial risk management

The University has exposure to certain risks from its financial instruments.

The Board of Governors ensures that the University has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the University consisting of cash and cash equivalents, investments and accounts receivable.

The University manages credit risk with established investment guidelines for its investment management companies to follow in managing its investment portfolios. The guidelines limit investments to those with BBB- or greater credit rating. The University does not invest in any derivatives.

(b) Market risk

Market risk is the risk that changes in the market prices, such as interest rates, will affect the University's income. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing the return on risk.

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the market interest rates.

It is management's opinion that the University is not exposed to significant market or interest rate risk arising from its financial instruments.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

13. Financial risk management (continued)

(c) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University manages liquidity risk by continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

(d) Foreign exchange risk

Foreign exchange risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in foreign exchange rates. The University is exposed to foreign exchange risk on investments that are dominated in foreign currencies.

The functional currency of the University is the Canadian dollar. The University conducts some transactions in foreign currencies, particularly the U.S. dollar. The University maintains a U.S. dollar denominated bank account to minimize foreign exchange risk on these transactions.

(e) COVID-19 Pandemic

The COVID-19 outbreak has caused disruption in operations for institutions of higher education. The University temporarily closed campuses to employees and students with a transition to remote working and virtual courses, and has not reopened its campuses as of the date these financial statements were approved. The continued imposition of travel restrictions, for example, is anticipated to impact future international student enrolment trends. The ongoing effects of the pandemic, both in terms of impact and duration, are still uncertain at this time and these factors present uncertainty over future cash flows, may cause significant changes to the carrying values of assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

In accordance with the Ministry of Advanced Education's announcement on March 8, 2021 regarding in person classes, the University is striving to have increased students and employees on the campuses in Fall 2021, barring the imposition of any further lockdown measures.

14. Contractual obligations

The nature of the University's activities can result in multi-year contracts and obligations whereby the University will be committed to make future payments. Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2022	2023	2024	2025	2026
Contractual obligations	\$17,987	\$ 6,494	\$ 3,000	\$ 555	\$ -

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

15. Commitments and contingent liabilities

- (a) The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of operations.

There are several lawsuits pending in which the University is involved. It is considered that the potential claims against the University resulting from such litigation would not materially affect the financial statements of the University.

- (b) The University committed to the building of the Chip and Shannon Wilson School of Design at the Richmond campus for the Faculty of Design. The project which has a total budget of \$36,000 was substantially complete by December 2017. As at March 31, 2021, the University has incurred costs of \$35,634 (2020 – \$35,285) for this project, with the anticipated remaining costs of \$366 to be incurred in fiscal 2022.

- (c) The University has the ability to draw on a line of credit with a commercial bank for \$7,500 (2020 – \$7,500). As at March 31, 2021, the University has not utilized the available line of credit.

- (d) As at March 31, 2021, the University has issued letters of credits to the City of Surrey totalling \$294 (2020 – \$294) which expire on January 25, 2022. There is an automatic renewal that occurs each year thereafter and will terminate once the City of Surrey advises the University that the guarantee is no longer required.

16. Related party transactions

The University has entered into certain transactions and agreements in the normal course of business with certain of its related parties. These transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Significant related party transactions with the provincial government entities are as follows:

Revenue and expenses:

Included in revenue	2021	2020
Ministry of Advanced Education, Skills and Training grants	\$ 79,344	\$ 73,511
Other provincial government entity – grants and revenue recognized from deferred contributions	4,554	6,319
Other provincial government entity – grants and revenue recognized from deferred capital contributions	7,310	7,206
	\$ 91,208	\$ 87,036

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

16. Related party transactions (continued)

Included in expenses	2021	2020
Ministry of Advanced Education, Skills and Training	\$ 249	\$ 239
Other provincial government entities	1,395	1,238
Other provincial universities	376	351
	\$ 2,020	\$ 1,828

Receivables and payables:

Included in accounts receivable	2021	2020
Ministry of Advanced Education, Skills and Training	\$ 565	\$ 1,070

There are \$nil (2020 - \$nil) included in accounts payable for related party transactions with the provincial government entities.

Related party transactions with key management personnel:

During the year ended March 31, 2021, the key management personnel, comprised of the Senate, the Board and the University's Executives, have \$nil (2020 - \$nil) related party transactions with the University with respect to the delivery of goods and services, and payment of fees that were transacted at non-arms' length. As at March 31, 2021, the University had a net receivable of \$nil (2020 - \$nil) and a net payable of \$nil (2020 - \$nil) with respect to these transactions.

17. Contractual rights

The University may, from time to time, enter into contracts or agreements in its normal course of operations that will result in the realization of assets and revenues in future fiscal years. The University is a recipient of research grants from various federal, provincial and municipal funding agencies.

The University enters into various multi-year research funding agreements whereby the University has the opportunity to earn revenue in future years by incurring qualified expenditures. These research funding agreements do not abnormally impact the University's financial position and do not guarantee the University the right to future funding.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

18. Expense by object

The following is a summary of expenses by object:

	Instruction, research, and support	Ancillary operations	2021
Salaries and benefits	\$ 146,302	\$ 924	\$ 147,226
Travel and professional development	1,458	2	1,460
Supplies	3,160	6	3,166
Student awards, bursaries and donations	11,393	-	11,393
Fees and services	14,594	246	14,840
Facilities	10,365	99	10,464
Cost of sales	-	1,408	1,408
Leases, property taxes, insurance	725	24	749
Amortization of tangible capital assets	19,146	-	19,146
	\$ 207,143	\$ 2,709	\$ 209,852

	Instruction, research, and support	Ancillary operations	2020
Salaries and benefits	\$ 143,700	\$ 1,168	\$ 144,868
Travel and professional development	3,426	6	3,432
Supplies	4,299	16	4,315
Student awards, bursaries and donations	4,459	-	4,459
Fees and services	15,888	440	16,328
Facilities	9,428	373	9,801
Cost of sales	-	2,784	2,784
Leases, property taxes, insurance	1,108	32	1,140
Amortization of tangible capital assets	18,474	-	18,474
	\$ 200,782	\$ 4,819	\$ 205,601

19. Kwantlen Polytechnic University Foundation

The Kwantlen Polytechnic University Foundation (the "Foundation") was established on July 14, 2000 and is registered under the *Societies Act* of British Columbia. The Foundation is a registered charity under the *Income Tax Act* of Canada. The purpose of the Foundation, is the solicitation and management of donations and endowments for the purpose of providing awards and grants to students of the University and to advance the University's engagement with and within communities it serves. The Foundation is governed by an independent board of directors, the voting members of which can include employees and officers of the University. The University does not exercise control over the Foundation.

KWANTLEN POLYTECHNIC UNIVERSITY

Notes to Financial Statements (Continued)
(in thousands of dollars)

Year ended March 31, 2021

19. Kwantlen Polytechnic University Foundation (continued)

During the year, as part of its ordinary course of business, the University transferred certain funds to the Foundation.

	2021	2020
KPU Equity, Diversity, Inclusion and Indigenous Affairs Endowment	\$ 4,000	\$ 3,000
The Covid-19 Emergency Funds for Student Endowment	-	100
KPU Financial Aid Endowment	2,000	-
KPU Research Initiatives Endowment	4,000	-
	\$ 10,000	\$ 3,100

The University also provides administrative, management and staff resources to the Foundation at no charge.

20. Comparative figures

Certain comparative figures have been reclassified to conform to the current year financial statement presentation.

**Board of Governors****Agenda Item:****Meeting Date:****Presenter(s):****Regular Meeting****#7.2****May 26, 2021****Tara Clowes****Agenda Item:** Draft Board Response to Senate 2021/22 Budget Recommendations

Action Requested:	<input checked="" type="checkbox"/> Motion to Approve <input type="checkbox"/> Discussion <input type="checkbox"/> Information <input type="checkbox"/> Education
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Recommended Resolution:	THAT the Board of Governors approve the Draft Board Response to Senate regarding the 2021/22 Budget Recommendations as recommended by the Board Finance Committee.
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Board Committee Report: At its meeting held on May 18, 2021 the Board Finance Committee approved the Draft Board Response to Senate regarding the 2021/22 Budget Recommendations for recommendation to the Board of Governors.

Context & Background: As part of the Budget Development Process, the Senate Standing Committee on University Budget (SSCUB) provides to Senate an evaluation of the alignment of the proposed budget to academic and strategic priorities of KPU and, if in agreement, a recommendation to Senate to endorse the proposed budget.

Senate then provides, based on SSCUB's feedback, recommendations to the Board of Governors (BOG) for the continued improvement and enhancement of the budget process. The Board of Governors then provides a board-approved response to Senate's recommendations.

The 2021 / 22 budget development process was unique given the ongoing impacts of the COVID 19 pandemic and the institution presenting a deficit budget. For the 2021 / 22 budget development process SSCUB and Senate reviewed and endorsed the budget on two separate occasions as the underlying budget assumptions continued to adjust.

Key Messages: 1. Senate endorses the 2021/22 budget, and is in agreement that budgetary key themes are in alignment with KPU's budget tenets and priorities.

Attachments: 1. Draft Board Response to Senate Budget Recommendations

Submitted by: Tara Clowes, Vice President Finance and Administration

Date submitted: May 19, 2021



MEMORANDUM

TO: SENATE
CC: Senate Standing Committee on University Budget (SSCUB)
FROM: Michael McAdam, Chair, Board Finance Committee
DATE: May 18, 2021
SUBJECT: SSCUB's Recommendations to Senate for Transmittal to the Board of Governors

Dear Senate Members:

KPU's Board of Governors wishes to express its sincere thanks and appreciation to Senate and the Senate Standing Committee on University Budget (SSCUB) for their time and efforts spent in reviewing the University's draft 2021/22 budget, as well as for the advice they provided to the President. The diligent work and insightful feedback provided by Senate and SSCUB are very valuable and appreciated.

The 2021/22 budget development was unique given the ongoing impacts of the COVID 19 pandemic. For the first time Kwantlen Polytechnic University's administration presented a deficit budget for approval, which involved multiple rounds of informative presentations and budget development. The Board of Governors recognizes the increased diligence of Senate and the supporting role SSCUB played in two separate instances of endorsing the annual budget. The Board has asked administration to continue to work to return KPU to a balanced budgeted financial position.



Board of Governors
Agenda Item:
Meeting Date:
Presenter(s):

Regular Meeting
#8
May 26, 2021
Tara Clowes

Agenda Item: Bylaw No. 4 Amendment

Action Requested:	<input type="checkbox"/> Motion to Approve <input checked="" type="checkbox"/> Discussion <input type="checkbox"/> Information <input type="checkbox"/> Education
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Recommended Resolution:	N/A
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Board Committee Report: At its meeting on March 31, 2021 the Board of Governors approved the Bylaw 4. A further amendment is presented for Board's consideration.

Context & Background: Demand from international students for English upgrading courses at KPU has been declining. There are other options that international students can pursue to upgrade their English which have lower tuition costs. English upgrading is an important access route for recruiting international students from countries where English is not the language of instruction which overall will help diversify the international student body. Once English upgrading is complete, these students can go on to take undergraduate courses at the full International tuition rate.

International students who need English upgrading are admitted on the *Pathway to Undergraduate Studies*. This allows them to take a limited number of undergraduate courses while they complete their upgrading courses. Lowering the cost of upgrading English is expected to increase the number of students admitted on the Pathway, most of whom go on to regular undergraduate studies when they complete their upgrading. An analysis of rates charged by competitor institutions showed that KPU's tuition rate for the English language upgrading is significantly higher than the going market rate.

Key Messages:

- 1. This proposal is to amend Bylaw No. 4 to set the international tuition rate for ENGQ and ELST courses to \$378.85, equivalent to fee category 2.a.9, rather than the existing rate of \$684.61, effective for Fall 2021. International students would still be charged the full international tuition rate of \$684.61, for the undergraduate courses both while on the Pathway and once they become full undergraduate students.**
- 2. Scenario modelling on the proposed financial impact of the change in international tuition rate shows that without a reduction based on the 2019 – 20 demand levels that each section of those two courses will operate at a loss. With the proposed reduction in the international tuition rate for those two courses, and the expected corresponding increase in enrollment, that each section will operate at a small profit.**

**Board of Governors****Agenda Item:****Meeting Date:****Presenter(s):****Regular Meeting****#8****May 26, 2021****Tara Clowes**

3. This proposal for an amendment to Bylaw No. 4 is for discussion at the Board meeting on May 26, 2021. As Bylaw No. 2 requires a two week notice period for any changes to By-laws, a vote on the proposed amendment will occur after the appropriate notice period, via evote.

**Resource
Requirements:**

N/A

**Implications /
Risks:**

None identified.

Consultations:

University Executive and Administration

Attachments:

1. Amended Bylaw No. 4 (changes highlighted in yellow)
2. Impact of Reducing International Tuition for English Upgrading Courses

Submitted by:

Tara Clowes, Vice President Finance and Administration

Date submitted:

May 19, 2021

Bylaw History
Bylaw No. 4
Approving Jurisdiction: Board of Governors
Original Effective Date: November 16, 1982
Revised Date: May 19, 2021

Bylaw No. 4

Fees

- Pursuant to the *University Act*, program or course fees and charges to be paid to the University by students shall be determined and/or revised by the Board of Governors.
- The tuition fee structure for domestic students includes base tuition (Category 1) as well as differential tuition (Categories 2-9). Rates effective September 1, 2021 shall be:

a. Credit Based Programs:

Category	\$ / credit	
1	\$150.45	<ul style="list-style-type: none"> Existing courses¹ as at September 1, 2011 will remain in Category 1.
2	\$181.79	<ul style="list-style-type: none"> Courses in the Education Assistant Program. New courses developed for degrees/programs in Faculties such as Business and Arts.
3	\$203.06	<ul style="list-style-type: none"> Courses in Bachelor of Design, Product Design. New courses developed for degrees/programs that incorporate smaller classes, labs, and/or studios, e.g. Design, Science, Horticulture and Health.
4	\$232.39	<ul style="list-style-type: none"> Courses in the Health Unit Coordinator program. New online courses developed for degrees/programs and other specialized programs.
5	\$287.17	<ul style="list-style-type: none"> Courses in Brewing and Brewery Operations and Health. Courses in Mechatronics and Advanced Manufacturing Technology Diploma.

¹ With the exception of the Health Unit Coordinator and Education Assistant Programs.

6	\$602.48	<ul style="list-style-type: none"> ▪ Post-Baccalaureate in Technical Apparel Design. ▪ Graduate Certificate in Sustainable Food Systems and Security.
7	\$243.55	<ul style="list-style-type: none"> ▪ Post-Baccalaureate Diploma in Accounting.
8	\$331.21	<ul style="list-style-type: none"> ▪ Diploma in Traditional Chinese Medicine – Acupuncture. ▪ Certificate in Farrier Science.
9	\$378.85	<ul style="list-style-type: none"> ▪ Post-Baccalaureate Diploma in Operations and Supply Chain Management. ▪ Post-Baccalaureate Diploma in Technical Management and Services. ▪ Post-Baccalaureate Diploma in Human Resource Management ▪ Graduate Diploma in Business Administration-Green Business. ▪ Graduate Diploma in Business Administration-Global Business.

b. Fixed Term Programs*:

<u>Category</u>	<u>\$ / week</u>	
1	\$131.07	<ul style="list-style-type: none"> ▪ Existing courses as at September 1, 2011.
2	\$268.81	<ul style="list-style-type: none"> ▪ New courses developed for degrees/programs in Trades and Technology field of study, e.g. Arborist program.

**Fees for part-time are pro-rated.*

Courses eligible as “new” for the purposes of differential fee assessment under this Bylaw (including courses designated as online) are courses assigned newly designated subject codes accompanying Ministry-approved programs not previously offered by KPU. New courses approved by Senate that bear a pre-existing subject code are not considered “new” for the purposes of differential fee assessment (unless they are being newly classified at a different academic level).

- | | |
|-----------------------------|--------------------------|
| c. Adult Upgrading | No charge/credit |
| d. English Language Studies | No charge/credit |
| e. Adult Special Education | \$32.76/week program fee |

3. Other fees and charges for domestic students effective September 1, 2021 are as follows:

a. Student fees for libraries, technologies and student life.	7% of tuition
b. Application fee	\$40.00
c. Transcript fee	\$10.00 per transcript
d. Appeals	\$15.00
e. Confirmation deposit	<p>Domestic applicants are required to remit a non-refundable \$250.00 confirmation deposit to signify acceptance of an offer of admission to open intakes and a \$500.00 confirmation deposit to signify acceptance of an offer of admission to a limited intake program.</p> <p>If the student registers this fee will be applied towards the full tuition fees assessment.</p> <p>Students registered in a tuition free course do not pay the confirmation deposit, but will be assessed other fees and charges listed above.</p>
f. Graduation fee	No charge

4. Prior Learning Assessment and Recognition (PLAR):

- a. Students receiving PLAR credit awarded for individual course(s) will be charged the domestic rate of tuition based on the fee category for the assigned course.
- b. Students receiving PLAR credit(s) as a result of a competency-based assessment will be charged an assessment fee of \$750 or the cost associated with the resulting credit at the domestic rate of tuition based on the fee category for the assigned course(s), or whichever is the lesser of the two.
- c. Students receiving PLAR credit for coursework previously completed at KPU in a different academic level may be exempt from PLAR fees, with approval of a PLAR advisor/assessor and the relevant Dean. Where a previous assessment is on file as precedent, a flat fee of up to \$750 may be assessed at the discretion of the Dean with approval of the Vice President, Finance and Administration.

5. Continuing and Professional Studies:

Fees and charges will be assessed by the appropriate Vice President.

6. Service charges:

All discretionary fees will be determined by the appropriate Vice President (e.g. duplicate tuition receipt charge, NSF cheque/stop payment charge, calendar charge, rush documents, graduation late fee, document evaluation fee, external invigilation charge, supplementation exam fee, library card replacement fee, cheque replacement fee, etc.).

7. Co-operative Education Work Term:

<u>Canadian Citizens or Permanent Residents</u>	<u>Tuition</u>	<u>Student Fees (LTSD)</u>
Full-time work terms	\$677.02 per work term	7% of tuition

<u>International</u>	<u>Tuition</u>	<u>Student Fees (LTSD)</u>
Full-time work terms	\$748.37 per work term	7% of tuition

8. For Information Only

International student tuition fees are as follows effective September 1, 2021:

a. International student tuition fees	\$684.61 / credit
b. International student tuition ENGQ and ELST	\$378.85 / credit

Other fees and charges for International students are as follows:

b. Student fees for libraries, technologies and student life	7% of tuition
c. Application fee	\$120.00
d. Transcript fee	\$10.00 per transcript
e. Appeals	\$15.00
f. Confirmation deposit	International applicants are required to remit a non-refundable \$2,200* confirmation deposit to signify acceptance of an offer of admission. If the student registers, this fee will be applied towards the full tuition fees assessment.

**The common confirmation deposit for international students will take effect Summer 2022 as admission offers for Fall 2021 and Spring 2021 are currently in progress.*

g. International tuition deposit	<p>Continuing international students are required to remit a non-refundable \$2,200 international tuition deposit to signify their intent to register in classes for the upcoming term.</p> <p>Once an international student registers for courses, the international tuition deposit is applied toward the account balance, thereby reducing the total fees owing for the term.</p>
e. Graduation fee	No charge

To: Sandy Vanderburgh, VP Academic; Steve Cardwell, VP Students

From: Lori McElroy, AVP, Planning & Accountability

Date: May 18, 2021

Re: Impact of Reducing International Tuition for English Upgrading Courses – Confidential

Demand from International students for English upgrading courses at KPU has been declining. There are other options that international students can pursue to upgrade their English which have lower tuition costs. English upgrading is an important access route for recruiting International students from countries where English is not the language of instruction. This helps diversify the International student body. Once English upgrading is completed, these students can go on to take undergraduate courses at the full International tuition rate.

The analysis reported here explores the possible financial impact of having a lower International tuition for English Upgrading courses. There are two subjects relevant to English upgrading: ENGQ and ELST. Although there is a mix of both Domestic and International students in both, the higher concentration of International students is found in ELST courses.

The proposal is to set the international tuition rate for ENGQ and ELST courses to \$385.85,¹ rather than the existing rate of \$684.61, effective for Fall 2021.

The impact of this tuition reduction was modelled based on demand for ELST courses. The following information was used for this analysis:

- The course is 3 credits and represents 1/8 of the workload for a full-time faculty member
- Calculations are based on faculty salaries for FY21/22 at top of scale, and including benefits
- Student tuition rates in effect for AY21/22 were used for comparison purposes
- Maximum class size is 17 seats
- The fill rate was 85% in AY18/19 and 75% in AY19/20
- The percentage of seats filled by International students was 56% for AY18/19 and 22% in AY19/20

The financial information used in the analysis is provided in Table 1.

Table 1: Instructional Costs and Tuition Rates

Faculty salary at top of scale + benefits	\$128,216.66
Instructional cost for one 3-credit class	\$16,027.08
Domestic tuition per credit	\$150.35
International tuition per credit	\$684.61
Proposed international tuition rate for English upgrading courses	\$378.85

¹ Fee category 2.a.9.

The net revenue calculations for the following three scenarios are shown in table 2:

- Scenario 1: Current International Tuition Rate, using the same demand profile as for 18/19, 85% average fill rate, and 56% of filled seats are international.
- Scenario 2: Current International Tuition Rate, using the same demand profile as for 19/20, 75% average fill rate, and 22% of filled seats are international. This reflects the impact of the decline in international student demand.
- Scenario 3: Proposed English Upgrading Tuition Rate, assuming the same overall fill rate as for 18/19, but all seats are filled by International students to illustrate how many international students would be needed in a class to cover the cost of instruction.

The results in Table 2 show the average results across all classes, which is why partials seats are reported. Scenario 1 demonstrates that in AY18/19, tuition revenue exceeded the cost of instruction by \$3,460 per class, on average. However, with declining demand from 19/20 (Scenario 2), the revenue was below instructional costs by \$5,780 per class, on average.

Scenario 3 shows how many international students would be needed to cover instructional costs with the proposed reduced tuition, assuming overall fill rates comparable to those in 2018/19. If 14.5 seats, on average, are filled with international students the proposed new tuition would just cover instructional costs.

Table 2: Net Revenue Calculations for Each Scenario

	Scenario 1: Current Rate 18/19 Demand	Scenario 2: Current Rate 19/20 Demand	Scenario 3: Proposed Rate All International
Instructional Cost	\$16,027	\$16,027	\$16,027
# of Seats Filled	14.5	12.8	14.5
International students	8.1	2.8	14.5
Domestic students*	6.4	9.9	0
Tuition	\$19,487	\$10,247	\$16,423
Net Revenue (Tuition-Cost-)	\$3,460	-\$5,780	\$396

*Domestic students aren't charged fees, but the Ministry provides revenue to offset the foregone tuition.

International students who need English upgrading are admitted on the *Pathway to Undergraduate Studies*. This allows them to take a limited number of undergraduate courses while they complete their upgrading courses. Lowering the cost of upgrading their English is expected to increase the number of students admitted on the Pathway, most of whom go on to regular ungraduated studies when they complete their upgrading. International students would still be charged the full international tuition rate, of \$684.61, for the undergraduate courses, both while on the Pathway and once they become full undergraduate students.

The financial assessment does not consider the financial impact of increasing enrolment in undergraduate courses. Another expected benefit is a more diverse international student body, thereby reducing reliance on students admitted from one country.



Board of Governors
Agenda Item:
Meeting Date:
Presenter(s):

Regular Meeting
#16
May 26, 2021
Dr. Alan Davis

Agenda Item: Senate Meeting Report

Action Requested:	<input type="checkbox"/> Motion to Approve
	<input type="checkbox"/> Discussion
	<input checked="" type="checkbox"/> Information
	<input type="checkbox"/> Education

Recommended Resolution: N/A

Board Committee Report: N/A

Key Messages: The Vice Chair of Senate provides meeting notes for the Board of Governors detailing the items approved by Senate at each of its meeting for information.

Attachments 1. Notes from the Senate Meeting held April 19, 2021.

Submitted by: Dr. Alan Davis, President & Vice Chancellor

Date submitted: May 14, 2021

Notes from the Senate meeting of April 19, 2021

The Senate meeting of April 19th, 2021, after opening with the usual reports from the President and Provost, moved into the busiest month of the year for curricular change.

With the Writing Intensive designation (a component of AC14, KPU's credential framework) not yet ready, short term fixes to the Bachelor of Arts Framework and B.A. Major in General Studies were passed to remove reference to WI status.

A change was made to the Associate of Arts Framework to update the list of courses in the program, and minor changes were made to the B.A. Major in History and the Minor in History to add additional prerequisite requirements. Course number changes to the Psychology Honours courses required program revisions to the Honours programs in the B.Sc., B.A.A. and B.A. Major in Psychology.

The Senate had a brief discussion of the way in which meetings of Senate should be held in the fall and ultimately voted to continue meeting online for the time being. It is hoped that public health conditions in January will be more predictable, thereby making it more practical to begin a return to in-person or hybrid meeting patterns.

The Senate made its regular nominations to standing committees, as well as nominations to the upcoming Search Advisory Committee for the Dean of the Faculty of Science and Horticulture.

The Registrar notified Senate of the results of the Senate and Board elections, and notice was provided for the election, in May, of the new Vice Chair of Senate.

David P. Burns, Vice-Chair, Senate

The most curious utterances overheard at this month's Senate committee meetings:

"I love a good fractal"

"Marshal is the worst Paw Patroller"

"You look very different today, David, did you comb your hair? You look... less... wild."

"do the committee make do with my eyes or do they need the full glory of my face?"

"Sorry David – had to take my glasses off – they are for small print and your head is so big!"