

Ontario College of Teachers

Financial Report

December 31, 2021

Ontario College of Teachers Financial Report Results for the period ending December 31, 2021

The 2021 College program expenditures were impacted by the COVID-19 pandemic leading to College-wide underspends. The Investigations and Hearings department was an exception to the trend because legal expenses related to legal cases continued at a consistent pace. The College budgeted to draw from reserves in 2021 and net impact of the expenditure and revenue experience will require a draw of \$1,413,670 for the 2021 fiscal period.

Revenues

The overall College revenue experience represented 97.2% of the annual budget as at December 31, 2021 year-end or \$41.2M in collections. Revenue collection trends are outlined below.

- (1) The number of College memberships processed in 2021 was 229,821. The associated revenue is based on a membership fee of \$170 per member. At year-end annual membership fees were within forecasted expectations at 1% of budgeted forecasts representing \$39M.
- (2) The College charges fees for member and applicant services, the largest of which are registration, evaluations, and reinstatement fees. The collection of other fee revenue was slightly under budgeted expectations by \$128K. A significant portion of the decrease in revenue related to less member reinstatements equivalent to \$112K complimented by a slight decrease in membership evaluations for out of province candidates at \$15K less than planned.
- (3) The College's print and web-based publications such as Professionally Speaking - a College quarterly magazine for members, generates advertising revenue. Advertising revenue collection ended the year at 69% of budget levels or \$587K in collections representing a loss in advertising partner's equivalent to \$268K.
- (4) The College invests funds not immediately required for current business operations. The investments are short-term in nature with a low risk profile as outlined in the College investment policy. The current investment trends reflect modest rates of return for 2021. Investment returns on short term instruments in most cases posted less of a rate of return than holding cash in the College's main treasury account reflecting a decline in investment revenue of \$132K more than offset by an increase in treasury account interest earnings.

Expenses

The 2021 College expenditures represented 96% of the annual budget as at December 31, 2021 year-end or \$43.2M. The following program spending patterns represent notable variances from plan.

Investigations and Hearings ended the year overspent by \$612K as anticipated, primarily attributed to overspending on legal counsel for discipline activities. The cost pressures related to processing complex files, panel costs, and a rise in the number of hearings representing a push to process discipline matters. Investigation costs were also slightly overspent by \$31K attributed to panel costs and increased use of independent legal counsel services. Conversely, Fitness to Practise year-end actuals reflected an underspend of \$181K attributed to less panel costs.

The College restructured staffing positions in 2021 which freed up full-time equivalents across the College for reassignment. The net overspend in employee compensation of \$528K is attributed to the restructuring. Overall, the restructuring saved the College from requesting net new FTE's.

Standards of Practice & Accreditation favourable year-end spending variance was equivalent to \$191K attributed mostly to underspending on preservice accreditation, AQ program spending, and teacher research activities.

Corporate and Council Services 2021 spending pattern resulted in a year-end favourable variance equivalent to \$1.3M. Notable underspends include underspending on legal counsel for Policy unit related activity underspends included external relations outreach, administrative legal advice, panel costs, appeal hearings and consulting equivalent to \$406K and general underspending by the Business Services and Communications units equivalent to \$690K related to facilities maintenance, College magazine and equipment rentals all impacted by the pandemic restrictions. Information Services also underspent related to supplies and technical consulting \$272K.

Based on the 2021 College program spending patterns the net deficit of \$1,413,670 will require draw from the College reserve for the 2021 fiscal period.

Fred Towers, MBA, CPA
Controller

Ontario College of Teachers

For the Period Ending December 31, 2021.

Statement of Operations

(in thousands of dollars)

	Actual 31-Dec-21	Actual % of Budget	Budget 2021	Actual % of 31-Dec-20	Actual 31-Dec-20	Actual 31-Dec-2020
Revenue						
Annual Membership Fees	39,064	98%	39,708	99%	39,468	39,468
Unearned Portion of AMF	0	0%	0	0%	0	0
Other Fees	1,406	92%	1,535	99%	1,419	1,419
Advertising Revenue	587	69%	855	92%	636	636
External Project Funding	0	0%	0	0%	0	0
Investment & Other Income	227	63%	360	71%	321	321
Total Revenue	41,284	97%	42,458	99%	41,844	41,844
Expense						
Employee Compensation	24,403	102%	23,875	106%	23,088	23,088
Council and Committees	570	63%	898	90%	633	633
Membership Services Department	105	159%	66	423%	25	25
Investigations & Hearings	5,403	113%	4,790	94%	5,740	5,740
Standards of Practice and Accreditation	509	73%	700	179%	284	284
Office of the Registrar & Finance	568	81%	698	110%	516	516
Corporate and Council Services	6,977	84%	8,334	112%	6,249	6,249
Occupancy Costs 101 Bloor West	1,637	76%	2,146	91%	1,792	1,792
Public Awareness Initiative	0	0%	0	0%	0	0
Council Elections	6	2%	287	100%	32	32
Amortization	3,050	95%	3,198	145%	2,097	2,097
Total Expense	43,228	96%	44,992	107%	40,456	40,456
Net Surplus/(Deficit)	(1,944)	77%	(2,534)	-140%	1,388	1,388
Extraordinary Items:						
Property Tax and GST Recoveries	0	0	0	0	0	0
Net Surplus/(Deficit) for the College	(1,944)	77%	(2,534)	-140%	1,388	1,388

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Balance Sheet

As At December 31, 2021

	31-Dec-21 (\$000)	31-Dec-20 (\$000)
ASSETS		
Current Assets		
Cash and Investments	4,202	1,618
Restricted Cash	4,822	7,743
Accounts Receivable	278	242
Prepaid Expenses	314	224
Capital Assets	6,836	6,383
Leasehold Improvements	4,769	5,813
Building	7,915	8,343
Land	7,660	7,660
Total Assets	36,796	38,025
 Liabilities and Members' Equity		
Current Liabilities		
Accounts Payable and Accrued Liabilities	4,805	4,072
Unearned Annual Membership Fees	0	0
Deferred Revenue	1,387	1,002
Deferred Salaries	525	430
Mortgage	12,834	13,333
Members' Equity	17,245	19,188
Total Liabilities and Members' Equity	36,796	38,025

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Year-end Deficit

As At December 31, 2021

The College's financial position at year-end requires a draw from the restricted cash balance reserve. On a cash basis the year-end deficit is \$1,413,670 as outlined in the following reconciliation.

Restricted Cash Draw Calculation	2021 Year-end
Net Deficit for 2021 Fiscal Period - Accrual Basis	(\$1,943,914)
Add: Amortization a noncash expense	3,049,692
* Less: Capital Expenditures - Non-IT	0
* Less: Capital Expenditures – IT	(2,020,238)
Less: Mortgage Capital	<u>(499,210)</u>
2021 Year-end Deficit	(1,413,670)
Current Restricted Cash Balance	<u>4,821,505</u>
2022 Opening Balance for Restricted Cash	\$3,407,835

* The 2021 capital budget was \$907,048 overspent attributed to preparing for the new governance structure by acquiring laptops including software and security tools for roster members, cloud storage for data migration of the NRS and NAV business systems, and IT contractor labour for the new IRIS and BC systems.