



SUBJECT	COVID-19 Financial Update
SUBMITTED TO	Finance Committee
MEETING DATE	September 9, 2020
SESSION	Recommended session criteria from Board Meetings Policy: OPEN
REQUEST	For information only - No action requested
LEAD EXECUTIVE	Peter Smailes, Vice-President Finance & Operations
SUPPORTED BY	Andrew Szeri, Provost and Vice-President Academic, UBC Vancouver Ananya Mukherjee Reed, Provost and Vice-President Academic, UBC Okanagan Karamjeet Heer, Comptroller Yale Loh, Treasurer Rob Einarson, AVP Finance & Operations, UBC Okanagan Pam Ratner, Vice-Provost and AVP Enrolment & Academic Facilities David Shorthouse, Executive Director, Academic Initiatives Steve Bow, Assistant to the Comptroller Lucy Li, Associate Director, Strategic Implementation

EXECUTIVE SUMMARY

As UBC continues to navigate the financial impact of COVID-19, it has established several mechanisms to help track the most variable components that impact the financial position. To this end, the University is producing the following updates:

- **COVID-19 Impact Update**
- **Monthly liquidity Report**
- **Multi-year COVID-19 Impact Assessment**

APPENDICES

1. COVID-19 Financial Update

COVID-19 FINANCIAL UPDATE

Board: Finance Committee
September 9, 2020





AGENDA

- COVID-19 Impact Update
- Liquidity Position
- Multi-Year Modelling

MONTHLY ANALYSIS





COVID-19 IMPACT UPDATE

- The financial position of the UBCV faculties has improved relative to the 2020/21 Budget. This is the result of stronger than anticipated enrolment, as at August. With the exception of the ancillary operations within the VP Students portfolio, the administrative units are tracking close to budget.
- Typically, enrollment decreases over the summer months (known as summer melt) but this year, enrolment may decrease later up until the full refund date of September 28, 2020
- The ancillary units noted above are now projecting slightly increased losses as a result of lower than expected housing occupancy and less campus activities, which affect Food Services, Parking, etc.
- UBCO has slightly improved its financial position mainly through favourable tuition revenue.
- The University will continue to monitor and update forecasts pertaining to the COVID-19 plan as new information becomes available.

LIQUIDITY OVERVIEW





LIQUIDITY OVERVIEW

- Liquidity represents the number of days UBC could sustain operations in absence of revenue or external funding
- Current level of liquidity (\$701m as of June 30) is healthy
- If future capital projects are put on hold, liquidity declines in 2021 given the COVID-19 impact on cashflow before rising through August 2024
- Under Pre-COVID-19 scenario where liquidity funds capital projects, both Short-Term and Intermediate Term Liquidity decline through the next five years and fall short of target metrics
- Decline in University liquidity could be managed by reducing capital spend or by increasing sources of funding or liquidity such as the Province removing the restriction on new debt financing

MULTI-YEAR MODEL





MULTI-YEAR MODELLING: PURPOSE

The University has built a high-level model to assess the potential **multi-year financial impact** of COVID-19. The model covers three fiscal years and uses a top-down approach that adjusts two major variables:

1. The severity of the financial impact of COVID-19; and
2. The longevity of the financial impact of COVID-19 (flow-through effect)

The initial model is intended to be **directional in nature** and will help to understand the outcome of a range of potential scenarios to facilitate longer-term planning.

The model leverages forecasted changes in key revenue and expense drivers such as tuition, sales and services, and salaries and benefits and will **continue to be refined** as more pertinent information becomes available in the coming months.

Broad assumptions have been made for **non-operating funds** to produce a consolidated view, including likely decreases in surpluses created within the research fund and a gradual increase in capital investments back towards historical norms.



CONCLUSION

- Enrolment is holding steady and therefore the financial projections for the University are improving.
- Ancillary revenues projections are more negative than initially projected
- Combined COVID-19 financial results to July 31, 2020 are \$21m better than projected
- There is still significant uncertainty with respect to tuition revenues
- There will be more certainty by the end of September and even more in the middle of January, after the start of Winter Term 2
- Liquidity is robust but may be constrained going forward
- The University is able to manage the projected COVID-19 financial impact over the next several years.