2024 2025 Annual Report on Strategic Plan Implementation

OUR MISSION

To provide pathways to success, an exceptional learning experience, and a global outlook to meet student and employer needs.

FANSHAWE

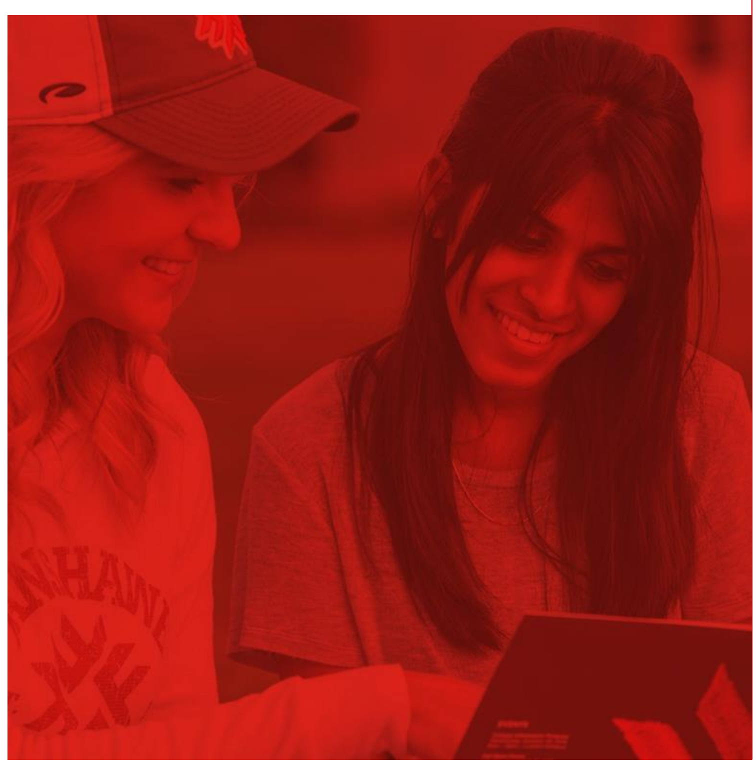
Unlocking Potential

Land Acknowledgement

We acknowledge and honour the Anishnaabe, Haudenoshaunee and Lenape people of Southwestern Ontario as the traditional owners and custodians of the lands and waterways where Fanshawe College is located. Further, we acknowledge the cultural diversity of all Indigenous peoples and pay respect to Elders past, present and future. We celebrate the continuous living cultures of the original inhabitants of Canada and acknowledge the important contributions Indigenous people have and continue to make in Canadian society. The College respects and acknowledges our Indigenous students, staff, Elders and Indigenous visitors who come from many nations.

SECTION A

Government Issues



Section A. Government Issues

The following section provides an overview of the government context within which the College will be operating as it develops operational and financial plans.

Federal Government

The federal government's strategic priorities in the upcoming year are refocusing government spending[1], boosting the economy[2], supporting students[2], investing in small businesses, advancing reconciliation[3] and fighting climate change[2].

IRCC Shifts

Canada is implementing new measures to address concerns about the number of international students, citing strains on housing and the health care system. The government is initiating a two-year cut and cap on study permits for 2024, reducing approvals by 35 percent across Canada. Ontario and British Columbia will face a 50 percent decrease in international enrolment. Provincial allocations will be based on population and distributed to Designated Learning Institutions (DLIs). Exclusions include permit renewals, higher education degrees, and K-12 schooling. Attestation letters from provinces are required for permit applications starting January 22, 2024. Changes to the Post-Graduation Work Permit Program (PGWP) include limitations on specific partnerships; new international students enrolled through Public College-Private Partnerships (PPP) will no longer be eligible for a PGWP. Spousal work permits are limited to master's and doctoral programs. Other announcements focus on enhancing program integrity and prioritizing applications for Recognized Institutions[4].

Housing Crisis

The government supports faster and cheaper housing production by funding industry and non-profit innovations through system-level solutions for faster housing production, streamlining processes, and reducing costs.

Labour Code Reforms

The federal government proposed banning replacement workers during strikes in federally regulated sectors, affecting more than a million workers.

Express Entry for Agriculture and Transport Sectors

Canada expanded its immigration program to include more occupations in the agriculture and transport sectors, aiming to attract skilled workers to these industries.

UN Commitment: Peace, Sustainable Development Goals (SDGs), and Climate Action

At the 78th UN General Assembly, it was revealed that only 15 percent of the SDGs have been achieved so far. Canada has launched a funding program for SDG projects and invested in green economy and renewable energy. However, there are still challenges and opportunities in environmental laws, emission targets, and industry innovation.

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[1] https://www.canada.ca/en/treasury-board-secretariat/topics/planned-government-spending/refocusing-government-spending.html.
[2] https://www.forbes.com/advisor/ca/personal-finance/federal-budget-what-you-need-to-know/.
[3] https://www.cpacanada.ca/-/media/site/operational/sc-strategic-communications/docs/01524-sc_cpa-canada-pre-budget-submission-budget-2024.pdf ; https://sac-isc.gc.ca/eng/1666289629121/1666289645507.
[4] https://www.canada.ca/en/immigration-refugees-citizenship/news/2024/01/canada-to-stabilize-growth-and-decrease-number-of-new-international-student-permits-issued-to-approximately-360000-for-2024.html;

Provincial Government

The provincial government continues to prioritize infrastructure investments and initiatives to address labour market needs. At the directive of IRCC, it initiated changes for the post-secondary system concerning international students.

Ontario tightens rules for international students.

The Government of Ontario has implemented measures to address concerns about international student numbers and quality. It reviewed programs at post-secondary institutions with a significant international student presence in alignment with labour market before releasing each public institution's provincial attestation letter (PAL) number for 2024. The government will also enhance oversight of career colleges and is imposing a moratorium on new public college-private partnerships.

Tightened belts: Financial sustainability under review

A blue-ribbon panel recommended that the Ontario government increase operating grants and unfreeze tuition. Premier Doug Ford initially rejected the latter[5], then announced a new funding plan for post-secondary institutions[6]. The panel also recommended that post-secondary institutions need to become more efficient, which the Premier has publicly supported.

Housing Action

The provincial government added $42 million to the Canada Ontario Housing Benefit program to address housing challenges, particularly for asylum seekers and at-risk populations.

Salary Transparency Mandate

Proposed legislation may soon require employers to disclose expected salary ranges in job listings, enhancing transparency in employment practices.

Skilled Trades Investment

The Ontario government aims to add 1.5 million homes by 2031. To achieve this goal, an increase in the number of skilled workers is vital (by 100,000). The government expanded the Ontario Youth Apprenticeship Program, funding approximately 100 pre-apprenticeship training projects, among other initiatives.

Global and Canadian Economic Context

In 2023, Canadians faced high inflation and interest rates, which strained the budgets of many households. The inflation rate dropped from 5.9 percent in January to 3.4 percent in December[7], while the Bank of Canada raised its key interest rate to 5 percent in January 2024[8]. The Organization for Economic Cooperation and Development OECD forecasts an economic slowdown in 2024 (2.7 percent growth), due to economic and geopolitical challenges[9]. Slow economic growth is projected for Canada over the next year; real GDP is estimated to drop from 1.3 percent in 2023 to about 1 percent in 2024[10].

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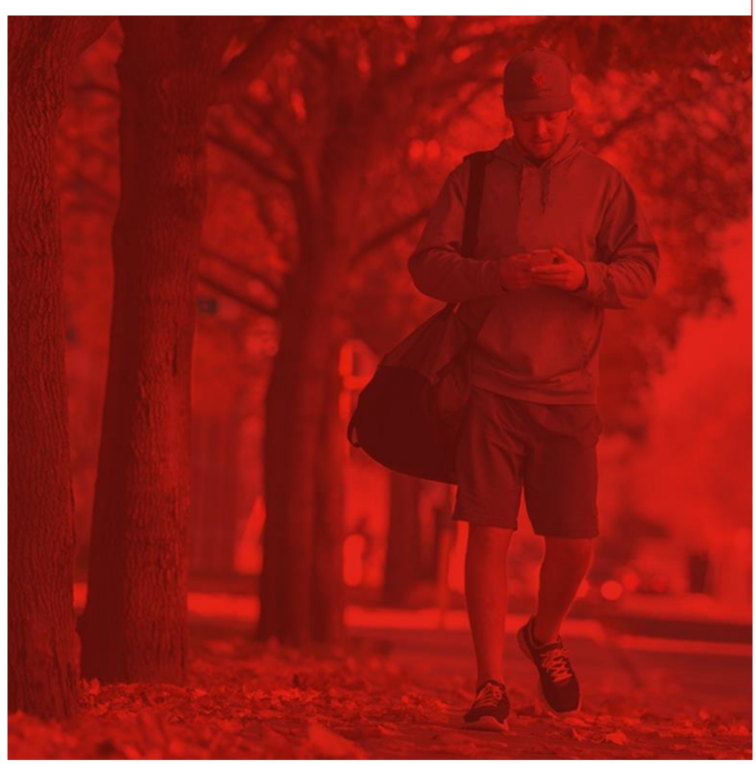
[5] https://www.theglobeandmail.com/canada/article-doug-ford-does-not-want-to-raise-post-secondary-tuition-in-ontario/
[6] https://news.ontario.ca/en/release/1004227/ontario-investing-nearly-13-billion-to-stabilize-colleges-and-universities
[7] https://inflationcalculator.ca/2023-cpi-and-inflation-rates-for-canada/.
[8] https://www.bankofcanada.ca/core-functions/monetary-policy/key-interest-rate/
[9] https://www.oecd.org/economic-outlook/november-2023/.
[10] https://www.bankofcanada.ca/2023/01/mpr-2023-01-25/.

SECTION B

Board Directions



Section B. Board Directions

The direction to the College from the Board of Governors is communicated through three separate Ends policies. Descriptions of these policies are below.

Vision and Mission (A-05)

Policy A-05 articulates the following Board approved (May 2013) Vision and Mission for the College:

Vision Statement:

> **Unlocking Potential.**

Mission Statement:

> **Provide pathways to success, an exceptional learning experience, and a global outlook to meet student and employer needs.**

Whereas the College's Vision Statement is considered aspirational, and a powerful picture of what the College can and should be, its Mission Statement is the path that directs it towards this Vision. Fanshawe's Mission Statement builds upon its former strengths with respect to providing an exceptional learning experience and emphasizes the importance of enabling student education and labour market pathways to emerge. Fanshawe's work is global, and so must be its reach and influence.

In 2018/19, the College's Board of Governors formed a Vision and Mission Task Force to determine if the College's internal and external environments had changed in ways that its current Vision and Mission statements would not capture, but ought to. It was decided that these statements are enduring, and still relevant. As a result, they remain unchanged.

In January of 2020, the Board of Governors endorsed the College's proposed strategic goals for the 2020-2025 period. The goals are to: Enhance innovative practices for exceptional student learning; Manage enrolment growth; Optimize use of resources and enhance organizational capacity; and Build sustainable, complementary sources of revenue. In order to achieve the strategic goals, College leadership developed operational commitments, which are discussed in detail in Section C of this report.

Student Success (A-35)

In April of 2015, the Board of Governors approved extensive changes to its Student Success policy. The revised policy includes full-time, part-time, and continuing education programs. Indicators of student success through which the College's performance is measured include: educational outcomes; student program progression outcomes; students' attainment of core labour market skills and global perspectives; and student and employer satisfaction outcomes. The revisions to the policy were informed by focus group discussions with students, alumni, employers, and College faculty and staff. In September 2015, the Board approved the first monitoring report under the expanded Student Success policy.

The Student Success Policy was reviewed again by a Board Task Force in early 2021. The Task Force determined that the Policy needed to better align with Fanshawe's recently approved Strategic Mandate Agreement (SMA3) as well as with the Innovation Village Teaching and Learning Framework. In February of 2021, The Board of Governors again approved associated revisions to the Student Success Policy.

Meeting Labour Market Needs (A-40)

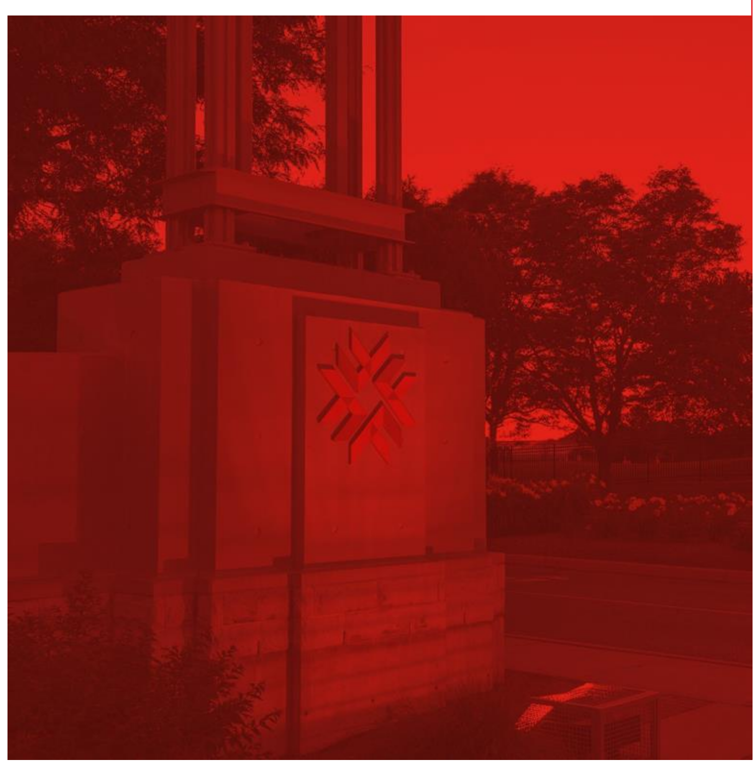
The Board's Meeting Labour Market Needs policy ensures compliance with one of the mandates defined in the Ontario Colleges of Applied Arts and Technology Act, 2002. The Act states, "the objects of the colleges are to offer a comprehensive program of career-oriented, post-secondary education and training to assist individuals in finding and keeping employment." The policy also affirms the College's commitment to provide graduates with the skills necessary to satisfy current and future labour market needs of the communities served by the College. The College accomplishes this commitment by providing career-focused post-secondary programs with curriculum informed by industry-led program advisory committees (PACs) and through delivery of corporate/contract training.

Industry partnerships continue to be crucial for the College, as they enable it to provide experiential learning opportunities for students and ensure graduate skills match employer needs. These partnerships will be essential for Innovation Village. This initiative will enable students to work on real-world problems and opportunities presented by client organizations. Fanshawe presented its Innovation Village concept, Signature Innovative Learning Experiences (SILEx), and job skills for the future to more than 500 Program Advisory Committee members, industry, and community leaders in October of 2019. The College's strong relationship with the London Economic Development Corporation (LEDC) will continue to help it build strong industry partnerships in the region.

In 2020, a Board Task Force was formed to review the Meeting Labour Market Needs policy and recommend changes to it if needed. Changes which were recommended and approved by the Board of Governors included: inclusion of current Ministry of Colleges and Universities (MCU) Essential Employability Skills; language and directional alignment to the College's Strategic Goals and Commitments; and skills that would be important for a future work force whose employment will increasingly become remote.

SECTION C

Progress Towards Achieving College Goals



Section C. Progress Towards Achieving College Goals

The purpose of Section C is to demonstrate that operating plans are in place for 2024/25 to advance the College's Strategic Goals. Section C demonstrates how compliance with the monitoring criteria 1.1 in Board Policy D-05 will be achieved:

> (1.1) Each financial plan shall not fail to describe in a narrative form how financial resource allocations are aligned with the Board's Ends.

Goal 1: Enhancing innovative practices for exceptional student learning.

Commitment 1.1. Complete an evaluation of the Signature Innovative Learning Experience (SILEx) and Job Skills for the Future (JSF) initiatives and determine next steps for these initiatives by Winter 2025.

The SILEx and JSF curriculum initiatives will be evaluated by Winter 2025. This timing will allow the College to determine the significance to student learning and graduate outcomes of the inclusion of a SILEx in every post-secondary program, including degree programs, and it will allow the College to determine the on-going currency of the JSF.

The College developed a project plan for conducting consultations with various stakeholder groups throughout Winter and Summer 2024, to collect feedback and recommendations from the College community for the evaluation and continuous improvement of the SILEx and JSF initiatives. The project plan entails a comprehensive literature review and consultation with faculty, academic administrators, Program Advisory Committees, students, and representatives from Student Services, Human Resources, and Corporate Strategy and Business Development. Following these consultations, recommendations for the continuous improvement of these curriculum initiatives will be presented to senior leaders at the College. The College will then update centralized curriculum resources that support the SILEx and JSF initiatives.

Commitment 1.2. Develop a Fanshawe Innovation and Open Assets Strategy that supports Innovation Village, supports cultural transformation toward a more innovative mindset, and connects with partners and funders outside of the institution by Fall 2022 and implement the approved plan by Winter 2025.

For 2024/25, the College is focused on implementing its Innovation and Open Assets Strategy. An action plan for Innovation Village that aligns with the strategy and operational plan will be developed. After it is validated and approved, the action plan will be implemented with contributing efforts across the College. The priorities will include the following:

- Build an innovation ecosystem with strategic partners.
- Establish Innovation Village as a regional creative hub.
- Create an Innovation Culture.
- Accelerate Applied Research and Innovation.
- Create an Open Assets Sharing Economy.

Commitment 1.3. Strengthen the Fanshawe student experience through a cross-College vision, framework, and action plan, developed by Fall 2022.

In 2024/25, the Student Experience Committee (SEC) will develop and implement a plan for how to socialize the four pillars of the student experience across programs and departments of the College. In the Spring of 2024, it will hear ideas from the current Emerging Leaders cohort, who worked on this task as a capstone project. Beginning in 2024/25, the College will begin to collect data on outcomes for the four pillars of the student experience through the Ontario College Student Experience Survey (OCSES). Notably, however, data will not be available until Spring of 2025.

In the upcoming year, the College will focus on actively tackling systemic issues affecting students, such as housing, food insecurity, and childcare. Initiatives include a Food Insecurity Fee launched by the Fanshawe Student Union (FSU), which the College will match beginning in the 2024/25 academic year. Also, the College will work toward forming partnerships within academic program areas to provide summer day camps for students with school-age children and establishing a matching program for child-minding services. With regard to housing, findings from a student housing survey will be available in 2024/25 and inform planning and decision-making.

Commitment 1.4. Improve the sense of belonging among students and employees at Fanshawe, with an emphasis placed on improving experiences of equity-deserving students and employees. Develop measurement baselines and targets by Winter 2023 and evaluate performance by Winter 2025.

In 2024/25, the College will work toward improving the sense of belonging among equity-deserving students and employees through the priorities described in the following two sub-Commitments. Notably, the College will collect data in 2024/25 in order to measure whether any changes occurred from the 2020 baselines and whether the desired targets were met. Beginning in 2025, Fanshawe student data will be available through the OCSES on student's experiences of social inclusivity and belonging with peers and with faculty and staff, as well as their comfort with reporting equity, discrimination, or harassment issues. The College's Centre for Equity, Diversity, and Inclusion (EDI) will collaborate with Human Resources to conduct an employee survey in order to measure employees' social inclusivity and sense of belonging at the College. The results will provide a snapshot of work-in-progress. As EDI efforts receive more attention, it is common for belonging indices to degrade in the early stages of strategic implementation. The reason is that students and employees may be introduced to equity- and human rights-related vocabulary to describe their experiences.

Commitment 1.4.1. Develop an Equity, Diversity, and Inclusion (EDI) strategic framework by Winter 2023 and begin implementing an action plan by Fall 2023.

The College launched "A College Where We Belong: Fanshawe's Equity, Diversity, and Inclusion Framework" in the Summer of 2023. The associated Task Force working groups, consisting of existing members and experts from across the College, have or will soon be launched. During 2024/25, these groups will take inventory of existing efforts responsive to the framework's goals and themes and identify new efforts required in the short, medium, and long term. The specific projects vary depending on the working group; some will be ready for immediate implementation, and some will be actioned by the College's Centre for EDI. The contract Accessibility for Ontarians with Disabilities Act (AODA) administrator will lead the implementation of accessibility initiatives under the multi-year AODA Action Plan.

Commitment 1.4.2. Implement a framework to enable Fanshawe employees to examine core policies, processes, and activities with an EDI and anti-oppression lens and to determine what changes are necessary in order to embrace inclusivity, by Winter 2025.

The College's Centre for EDI will pilot a framework through the examination of the College's human rights policies to align them with best practices and with the efforts of a growing EDI initiative. The two efforts – human rights work and EDI work – are intertwined initiatives, and the framework will be used to assess how to better integrate these efforts and respond to human rights disclosures. The Centre for EDI will present the findings of the pilot to the broader College community to aid them in using the tool to examine core policies throughout the College activity streams.

Commitment 1.5. Develop a College Research Strategy that balances support to community partners to advance economic development with student and employee capacity building, by Winter 2023 and implement by Winter 2025.

This Commitment is complete.

Goal 2: Manage enrolment growth.

Commitment 2.1. Develop and begin to implement a long-term (5-10 year) Strategic Enrolment Management (SEM) plan focused on striking the appropriate balance of domestic and international enrolment.

The College will implement the first full year of activities scheduled within the SEM Action Plan. Six separate working groups as well as designated leads within academic and service departments are tasked with advancing the actions. Key areas of focus include the following: continuing to improve domestic leads, applications and level one conversions; efforts to fully convert provincial attestation letter (PAL) allocations from the provincial government; full operationalization of recommendations from the College's geo-political and student well-being audits; effective operationalization of the Recognized Partner Framework through Immigration, Refugees, and Citizenship Canada (IRCC) and Ontario Public College's Standards of Practice; introduction of a range of cultural competency training offerings to staff; harmonization of student services between and amongst domestic and international areas of the College; implementation of a renewed College enrolment planning process; further alignment of the program and credential mix to labour market need; advancement of the Student Experience Committee pillars; and increased retention amongst level one students.

Commitment 2.2. Maintain the enrolment of domestic students by staying within the corridor midpoint (equating to 17,200 weighted funding units) as defined in the Strategic Mandate Agreement (SMA) 2020-25.

The College expects to remain within the corridor for the duration of the current SMAwith the Ministry of Colleges and Universities. There are many initiatives at the College which will contribute toward this outcome, including but not limited to the following: increasing part-time post-secondary enrolment, increasing domestic market share through diversified recruitment strategies identified in the SEM plan, implementing the Digital and eLearning Strategy, and increasing retention rates by implementing a retention strategy and the Student Experience Committee (SEC) action plan. Details of these initiatives are found in this report as they are either Commitments or a part of Commitments in the College's strategic plan.

Commitment 2.2.1. Increase part-time post-secondary enrolment in each Faculty by 30 percent over 2021/22 baseline, by Winter 2025.

Part-time post-secondary programming will continue to be a priority for the College in 2024/25. For the 2024/25 academic cycle outlook, total student registrations are forecasted to surpass 1,600, and annual course enrolments for the next year are estimated to be 10,000+. Academic service consultants in each Faculty will continue to work with program coordinators and academic leaders to organize and operationalize part-time post-secondary courses and programs, continuing education, and micro-credentials.

In addition, the new Rapid Design Studio is expected to contribute to the achievement of this Commitment as the studio will help faculty and staff in developing online content. Part-time learners prefer online learning options for courses. Increasing capacity among faculty and staff to develop online, part-time courses will help the College achieve this end.

Commitment 2.2.2. Implement the Digital and eLearning Strategy to support enrolment growth, foster a culture of digital innovation that serves students/employees/partners, and advances digital teaching and learning excellence, by Winter 2025.

The Digital and eLearning Strategy is near completion, with 70 percent of the 43 initiatives completed. In 2024/25, particular emphasis will be placed on online enrolment growth targeting enhanced quality assurance processes for Fanshawe Online course development and delivery. In addition, a collaborative project plan framework will be created for developing a new five-year College Digital and eLearning Strategy.

Commitment 2.3. Increase Indigenous student enrolment to represent 6 percent of Fanshawe's annual domestic student population by Fall 2025, supported by goals set in the Indigenous Action Plan (from 3.7 percent or 280 enrolments in Fall 2020 among Level 1).

Through its Institute of Indigenous Learning, the College will continue to engage in targeted relationship-based recruitment whereby an Indigenous Applicant tool identifies at-risk Indigenous applicants and staff of the Institute intervene early in the process to assist prospective students from application to confirmation and beyond. Additional developments that have impact will continue in 2024/25 and include the Indigenous Academic framework and hiring of Indigenous faculty. An Indigenous First Year Scholarship Initiative will be explored as an effort to enhance accessibility to post-secondary education and contributing to the reconciliation process.

Commitment 2.4. Increase international term enrolments at Fanshawe by 50 percent (from baseline of 17,342 which includes Summer 2019, Fall 2019, and Winter 2020) over five years.

This Commitment is complete.

Commitment 2.4.1. Implement the Global Engagement Framework including diversification of source recruitment countries, enhanced international student services and support, the launch of globally relevant programs, enhanced opportunities for student mobility, and professional development and resources to faculty and staff, by Winter 2025.

In 2024/25, the College will continue implementing its Global Engagement Framework and strive to achieve targets easily met in years prior, within a political environment that is restricting the number of international students and the programs in which they study. One area of focus will be on how to diversify international students within the context of the number of provincial attestation letters (PALs) the College can send out and the differing conversion rates among countries. The College will continue to offer program idea offerings with strong international and labour market demand. In light of the provincial government's restriction of offering certain business programs to international students, the College will look for opportunities in existing programs to increase intake of international students.

Professional development and resources will continue to be available to enable faculty and staff to support the academic success of international students. The International Office and Organizational Development and Learning departments will work together to see what additional offers can be offered for this upcoming year and how to increase engagement among faculty and staff.

Commitment 2.5. Increase the first-semester retention rate by 5 percent over three years (baseline 2021/22).

Student retention will continue to be top of mind among leaders at the College in the upcoming year. The retention pilot, initiated in the fall of 2023, will be implemented throughout 2024/25. This pilot involves five programs from each of the five Faculties at the College that are carrying-out retention-specific actions. Thematically speaking, these actions involve greater faculty involvement in at-risk student outreach, professional development for not-full-time (NFT) faculty, a review of level one teaching assignments, and enhanced tutoring/learning supports. The retention rates of these programs will continue to be tracked, assessed, and compared to programs of the same credential overall at the College. Leaders will also decide whether and how to expand the pilot to other programs at the College.

Other College initiatives that aim to positively impact student retention will continue in the following year, including Academic Advisor initiatives, pre-level one options/bootcamps, student mentoring, and actions implemented through the Student Experience Committee.

Goal 3: Optimize use of resources and enhance organizational capacity.

Commitment 3.1. Implement the ERP/integrated technological solutions project with a focus on a new Financial System, Human Resources Management System (HRMS), and Student Information System (SIS) by 2024/25 for Finance and HRMS and 2026/27 for SIS.

The College continues to track toward an October 2024 go-live for Phase 1 of the ERP system, which includes core Finance and Human Resources functionality. The end-to-end testing is currently occurring and will continue during the Spring of 2024. This phase will thoroughly test and address any deficiencies in business processes, data reliability, and security. Afterward, a payroll parallel test is to occur prior to the go-live data of October 2024. Future phase planning will commence in the Spring timeframe for Phase 2, which will add talent management, advanced compensation to HR, and budgeting to Finance.

Commitment 3.2. Complete the Data Strategy related to enrolment optimization, capital planning, full enterprise customer relationship management system integration, data literacy training, and knowledge mobilization, by Winter 2025.

For 2024/25, the College will implement its data literacy and knowledge mobilization action plan, which includes increasing access to data through delivering a series of hands-on training sessions to key user groups across the College, integrating data and research reports for different departments, and improving the organization and access of the Business Intelligence Library (BIL). Another key milestone of the Data Strategy will be IT initiating a search for a new Salesforce partner to assist in driving forward the adoption of the Education Cloud in Phase 3.

Commitment 3.3. Complete a Campus Master Plan for Fanshawe, including each regional campus, which guides the long-term development and improvement of campus lands and buildings to achieve the strategic goals, academic plans, and operational objectives of the College – and to optimize stakeholder experience, by Winter 2023.

This Commitment is complete.

Commitment 3.4. Address the recommendations and affirmations of the College Quality Assurance Audit Process (CQAAP) audit report by Winter 2025.

The remaining milestone for this Commitment is to complete an interim report to the Ministry that addresses the recommendations and affirmations of the CQAAP audit report by Winter 2025. While the timeline is a year from now, the action plan for how the recommendations and affirmations will be addressed has been created. In the following year, the College will use this action plan in its interim report back to the Ministry before the deadline.

Commitment 3.5. Strengthening Human Resource foundational policies and processes to build rigor and consistency in practices.

This Commitment is complete.

Commitment 3.6. Improve environmental and social sustainability at Fanshawe through cross-college efforts aligned with the UN Sustainable Development Goals (SDGs) by developing a 2023-2030 action plan with baseline measures by Summer 2023.

The College will focus on the short-term goals of its Sustainability Action Plan in 2024/25. These goals include the following: complete the SDG Report, submit internal data to the Sustainability Tracking Assessment and Rating System (STARS) and disseminate results across the College, embed the SDGs into the SILEx and seven job skills for the future quick reference guides, and identify top strategic partners' alignment with SDGs. The College assigned a lead for the SDG Report and it will be completed by its deadline at the end of June; note this report is a requirement of signing the SDG Accord. With regard to STARS, the College will review an external audit of its preliminary STARS from 2023 which was not formally submitted. The College will address the auditor's concerns and then submit by the end of Summer 2024.

Commitment 3.7. Complete a cybersecurity plan based on a recognized cybersecurity framework and achieve the 2022-2024-year targets identified in the plan.

In the upcoming year, the College will complete Phase 1 and initiate Phase 2 of its multi-year cybersecurity plan. The creation and implementation of an Incident Response Plan (IRP) will be the focus. Additional milestones for 2024/25 include the following: review, document, and implement an access management model; conduct an asset inventory of systems, devices, and data; and define and conduct data classification across the College.

Goal 4: Build sustainable, complementary sources of revenue.

Commitment 4.1. Increase annual revenues and net income proceeds from new and reoccurring labour market focused client services.

Commitment 4.1.1. Meet or exceed annual eligible revenue targets documented in SMA3.

The College will continue to advance projects and services that attract revenue from private sector and not-for-profit sources. These services include the School College Work Initiative (SCWI), corporate training, global educational services, the public-private partnership with the International Language Academy of Canada (ILAC), and cash donations. The allowable target for 2024/25 stands at $3,373,819.

Commitment 4.1.2. Achieve a minimum annual 5 percent net profit margin (consolidated) for fee-for-service activities offered by Corporate Training Solutions and subsidiary business operations.

The College's subsidiaries and Corporate Training Solutions (CTS) department continue to grow and exceed annual revenue targets while maintaining a positive net contribution to the College.

Fanshawe Global's cash position continues to increase and as a result, the Board, Executive Director, and Finance team will work towards creating a dividend policy to provide funds back to the College on an annual basis in the upcoming year. Other areas of focus for the business development units next year include aligning the strategic partnerships approach with Innovation Village, advancing products and services in existing and new markets locally, nationally, and globally, as well as completing the website enhancements to the partnership page to increase brand awareness and drive sales.

Commitment 4.2. Operationalize a public-private partnership with the International Language Academy of Canada consistent with the terms of the Ministry and Board approved contract and business case.

As part of the federal government's international student capping policy, Ontario has determined that at least over the course of the next couple of years, it will not allocate any PALs to public-private partnerships. This being the case, ILAC will begin in Fall 2024 to teach-out the nearly 3,000 Fanshawe students currently enrolled there. ILAC will continue during this time to focus on quality delivery and student retention – which currently sits at 98 percent.

Commitment 4.3. Increase annualized cash donations to $5M in 2024/25.

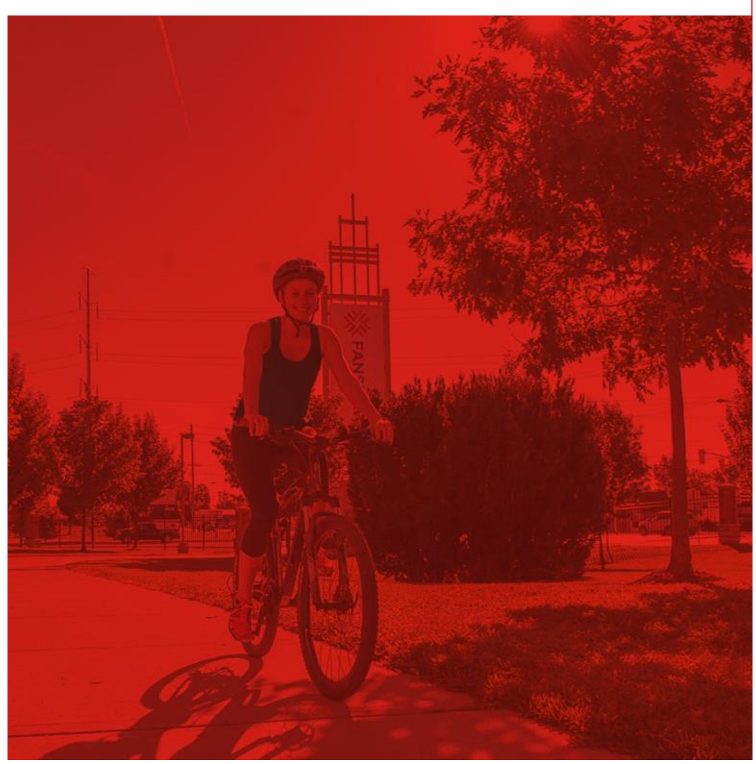
The College is already off to a great start in terms of new pledge revenue for 2024/25 ($3M). Going forward several large donor cultivation and conversion strategies ($2-$20M) will be implemented focusing upon: trades technology upgrades, centres of excellence in Extended Reality (XR) and Artificial Intelligence (AI) for health sciences and public safety, and construction space and equipment upgrades. In additional to these large donor activities, the College will seek opportunities to increase its already strong student scholarships and bursaries programs through its signature Golf Classic, crowdsource funding platform, corporate cultivations, donor matching programs, and alumni outreach strategies.

Commitment 4.4. Create readiness to optimize revenue generation opportunities across all of the College's out-facing, fee-for-service units, by fully implementing the Advanced Business and Industry Solutions (ABIS) plan by Fall 2024.

The multi-year ABIS Plan is on track with expected full implementation by Winter 2025 – subject to in-year budget approvals. Key milestones for the upcoming year include the following: full Customer Relationship Management (CRM) operationalization between and amongst the internal ABIS cluster business units, full operationalization of the Strategic Partnerships Framework, web optimization, lead capture and actioning from the associated marketing campaign, and full implementation of consistent customer service standards across the ABIS business units.

SECTION D

Financial Planning/Financial Condition



D. Financial Planning/Financial Condition (Policy D-05, D-10)

D.1 Introduction

The financial projection (Schedule A on the following page) reflects a surplus position of $43.7M for 2024/25 and a projected surplus of $23.3 million and $7.0 million for 2025/26 and 2026/27 respectively, as measured with the accounting principles used in reporting the College's financial statements and consistent with the Board's financial planning policy (Board Policy D-05). These projections include the anticipated operating results of the College's three subsidiary organizations.

The budget development process over the three-year planning horizon focuses on the allocation of enrolments as a result of the Federal government's decision on capping international study permit applications over the next two years, alignment of resources to allow new capital investment and business initiatives to support the College's Strategic Goals. Continued emphasis on financial stability, enhancing innovation, developing sustainable operating efficiencies and domestic enrolment growth through new program development and implementation that will carry forward into future years.

The Ministry's tuition fee policy mandated a 10% reduction in domestic tuition rates in January 2019 for the 2019/20 academic year. In addition, the colleges have been directed to keep domestic tuition rates frozen since the mandated reduction, including 2024/25, and in the absence of any further Ministry communication, Fanshawe has assumed the rates will continue to be frozen for the two academic years following. Fanshawe leadership and the board approved an international tuition rate increase of 2% for 2024/25 and this rate increase is assumed for the following two academic years.

Domestic enrolments are projected to increase by 2.8% in 2024/25 compared to the prior year. Growth beyond 2024/25 is projected to be minimal. The college has implemented a strategic enrolment management committee to develop plans to ensure the college is well prepared to achieve all the performance indicators set out in the Strategic Mandate Agreement with the Ministry, including remaining within the required corridor, and therefore we are not anticipating a reduction in operating grant.

International enrolments are projected to increase 4.5% in 2024/25 compared to the prior year. The effective period for our first-year enrolment allotment from the Ministry begins with the fall 2024 term to summer 2025 term. The College is projecting a decrease of 9.1% in 2025/26 and enrolments will remain the same in 2026/27. International enrolments include enrolments at the Private Public Partnership in Toronto. In response to the federal government's cap on the number of international student study permit applications over the next two years, Ontario is prioritizing public postsecondary programs. This decision implies our private partner will not have any new intakes beyond the summer 2024 term, until further notice, and subsequently resulted in the projected enrolment reduction in 2025/26. Students enrolled currently will continue to complete their studies with our private partner.

D. Financial Planning/Financial Condition (Policy D-05, D-10)

The allocation of resources aimed at achieving the Board's ENDS policies regarding student success and meeting labour market needs are presented in two schedules in Appendix F. As indicated in these schedules, 77.4% of total operating expenditures excluding ancillary expenditures support student success while approximately 63.9% of total operating expenditures excluding ancillary expenditures, are directly related to meeting labour market needs. In addition, the budget distribution by organization capturing the revenue and expenses for each subsidiary corporation is included in a separate schedule.

D. Financial Planning/Financial Condition (Policy D-05, D-10)

Schedule A

ref	in $000's	2023	2024	Annual Budget 2025		Annual Forecast 2026		2027	
		(Note 1)	(Note 4)	(Note 4)		(Note 4)		(Note 4)	
a)	**Available Net Assets [Note 2] (opening balance)**	**57,177**	**71,615**	**111,735**		**117,454**		**101,999**	
	Revenue								
b)	Government Grants	96,632	97,497	90,440	(7.2%)	91,691	1.4%	91,508	(0.2%)
c)	Enrolment Revenue	263,755	372,321	396,840	6.6%	381,784	(3.8%)	393,219	3.0%
d)	Restricted Contributions (Revenue)	1,884	2,012	2,450	21.8%	2,450	0.0%	2,450	0.0%
e)	Investment Income	6,013	15,019	12,457	(17.1%)	9,343	(25.0%)	7,007	(25.0%)
f)	Amortization of Deferred Capital Contributions	11,413	11,742	13,900	18.4%	16,541	19.0%	17,699	7.0%
g)	Other Revenue	11,703	14,786	11,684	(21.0%)	12,306	5.3%	12,975	5.4%
h)	Ancillary Revenue	21,060	24,218	24,028	(0.8%)	24,384	1.5%	24,747	1.5%
		412,460	**537,595**	**551,799**	2.6%	**538,499**	(2.4%)	**549,605**	2.1%
	Expenditure								
i)	Instructional Service	186,490	239,962	265,994	10.8%	257,882	(3.0%)	272,410	5.6%
j)	Instructional Support Service	30,738	34,439	47,671	38.4%	51,978	9.0%	55,447	6.7%
k)	Student Service	49,540	64,231	66,675	3.8%	68,190	2.3%	71,141	4.3%
l)	College Service	57,871	68,819	76,516	11.2%	82,767	8.2%	86,517	4.5%
m)	Facility Service	25,552	32,026	34,245	6.9%	36,791	7.4%	39,051	6.1%
n)	Ancillary Service	18,421	17,612	16,961	(3.7%)	17,576	3.6%	18,069	2.8%
		368,612	**457,089**	**508,062**	11.2%	**515,184**	1.4%	**542,635**	5.3%
o)	**Operating Surplus**	**43,848**	**80,506**	**43,737**		**23,315**		**6,970**	
p)	Change in net assets invested in capital assets	(29,424)	(40,419)	(38,018)		(38,770)		(9,238)	
q)	Internally Restricted transfer	14	34	-					
r)	**Available Net Assets [Note 2] (closing balance)**	**71,615**	**111,735**	**117,454**	-	**101,999**	-	**99,731**	
s)	Investment in Capital Assets	210,024	250,443	288,462		327,231		336,469	
t)	**Accumulated Net Assets [Note 3]**	**281,639**	**362,178**	**405,916**	-	**429,230**	-	**436,200**	
	**certain comparative figures have been reclassified to conform to the current year's presentation*								

Notes

1 *as per audited consolidated financial statements*

2 *includes Unrestricted Net Assets and Internally Restricted Net Assets*

3 *includes Unrestricted Net Assets, Internally Restricted Net Assets, and Investment in Capital Assets*

4 *projected Consolidated Statement of Operations*

D. Financial Planning/Financial Condition (Policy D-05, D-10)

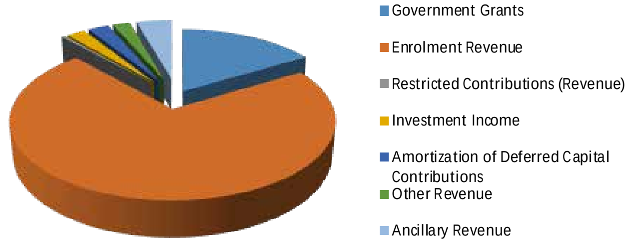
D.2 Financial Projections

NOTES: *(using reference in Schedule A on the preceding page)*

a) ***Available net assets (opening balance)***
Available net assets is defined as the unrestricted net assets plus the internally restricted net assets as projected to be presented on the consolidated financial statements in each fiscal year.

Operating Revenue

b) Government Grants	90,440	16.4%
c) Enrolment Revenue	396,840	71.9%
d) Restricted Contributions (Revenue)	2,450	0.4%
e) Investment Income	12,457	2.3%
f) Amortization of Deferred Capital Contribution	13,900	2.5%
g) Other Revenue	11,684	2.1%
h) Ancillary Revenue	24,028	4.4%
Total revenue	551,799	



b) ***Government Grants -*** Includes all grants received from the Provincial, Municipal and Federal Governments, such as base operating grants, apprentice revenue based on training agreements with the Provincial Government, government sponsored programs such as Literacy and Basic Skills (LBS), and Employment Services (ES), Accessibility Funding, etc. For some special purpose grants in 2024/25, the best estimates are used due to a lack of adequate details during the development of the budget. The decrease in Government Grants from 2023/24 of 7.2% is due to higher International Student Recovery as a result of growth in international enrolments, one-time grant programs awarded in 2023/24 and overlap of nursing funding agreements between the previous and new programs in 2023/24.

c) ***Enrolment Revenue -*** Includes all fees collected from students, such as tuition and related ancillary fees. The tuition rates for domestic students was directed to continue to be frozen for academic year 2024/25. Total domestic tuition revenue is projected to increase by 3.4%, due to planned full time and part time enrolment growth. International tuition rates were increased by 2.0% for the 2024/25 academic year in response to a market analysis. Total International tuition revenue is projected to increase by 6.4%.

Total post-secondary enrolment projections anticipate an overall increase of 3.8% over 2023/24 actual enrolment.

d) ***Restricted Contributions –*** Includes donations paid out as bursaries or awards to students in the year. All revenue in this category has a direct student expenditure offset and does not contribute to operations of the College.

D. Financial Planning/Financial Condition (Policy D-05, D-10)

e) ***Investment Income* -** Includes interest earnings on bank accounts and long-term investments as well as gains/losses on the sale or transfer of Investments. We are projecting a decrease in investment income of 17.6%.

The College anticipates lower returns on our bank balance due to planned capital expenditures being higher in 2024/25 compared to 2023/24. In addition, the College continues to adopt a conservative approach to projecting our investment income due to uncertainty surrounding interest rates and the market value of our investments over the year.

f) ***Amortization of Deferred Capital Contributions* -** The College recognizes revenues from grants and donations received for capital projects over the same timeframe that it amortizes the costs of those projects. The projected values are based on the existing grants and donations that have already been received by the College or commitments from granting bodies with respect to specific capital projects.

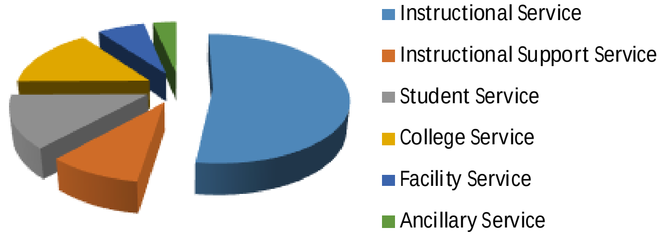
g) ***Other Revenue* -** The College earns other revenues from various sources such as domestic and international contract training activities, rental revenue, donations and sales of course products. We are projecting a decrease in other revenue in 2024/25 of 21.0%, due to a one-time above average write off on international student receipts in 2023/24, resulting from the inability to refund after multiple attempts. Donations receipts are unforeseeable and therefore we only budget for known donations in the year resulting in higher revenue at the end of the year. This increase in donations is fully offset by incremental disbursements. Revenues have been planned to rise largely on an inflationary basis over the future two-year period, except for contract services which are forecasted to increase by 10% over the next two years in order to meet the College's Strategic Goals.

h) ***Ancillary Revenue* –** The College has a variety of ancillary activities. The key operations include the College Retail Services, Parking and Student Residences. The revenue decrease of 0.8% is due to lower activity anticipated in Retail operations as students are increasingly purchasing their textbooks and supplies from other available sources. The decrease in Retail is offset by increased fees in Residence for the academic year 2024/25.

D. Financial Planning/Financial Condition (Policy D-05, D-10)

Operating Expenditures

i)	Instructional Service	265,994	52.4%
j)	Instructional Support Service	47,671	9.4%
k)	Student Service	66,675	13.1%
l)	College Service	76,516	15.1%
m)	Facility Service	34,245	6.7%
n)	Ancillary Service	16,961	3.3%
		508,062	



i) ***Instructional Services –*** services that are directly involved with the learning process where there is an expectation of a positive financial contribution. Services include academic programs funded by the government and contract training funded by the businesses and industry partners. The 10.8% increase in instructional services costs compared to 2023/24 is driven by increased teaching costs and direct instructional supplies required to support growth and new programming, as well as economic increases.

j) ***Instructional Support* Services –** services that primarily support Instructional Services and contribute to the learning process, which may or may not generate additional revenue. Support includes the Library, Student Labs, Research, and International Partnerships. The 38.4% increase in costs compared to 2023/24 is partially due to higher enrolments, which drives an increase in cost of student labs as well as economic increases. The increase is also the result of immediate prudent cost management in January 2024 while the college awaited the Ontario government to determine the allocation of international visa applications to Fanshawe, as the impact was unknown and could have been significant in 2023/24. Expenditures that were subsequently put on hold have been deferred to 2024/25.

k) ***Student Services –*** services that primarily support the needs of students either with the learning process or with student life. Services include the Office of the Registrar, Counselling and Accessibility Services and Athletics. The 3.8% increase in costs is the result of economic increases and additional staffing to support growth.

The proposed budget complies with Board Policy D-05, which requires that expenditures contributing to the learning process (Instructional Services, Instructional Support Services, and Student Services) must total at least 70% of the College's total expenditures excluding Ancillary Services.

l) ***College Services –*** services that primarily serve the needs of the College as a corporation. Services include the Board of Governors, Marketing, Human Resources and Finance. The 11.2% increase in costs from 2023/24 is due to economic increases, additional staffing to support growth, increased commissions for recruitment of international students and increased support towards our marketing strategy to achieve domestic enrolment targets.

m) ***Facility Services –*** services that are primarily associated with providing a physical environment conducive to education and training that is both safe and secure as well as in compliance with all applicable codes and regulations. Examples include facilities planning and development, maintenance, utilities, custodial services, and security. The cost increase of 6.9% over 2023/24 reflects economic increases, increased investment in our maintenance plan and deferral of minor projects from 2023/24 to 2024/25.

n) Ancillary Services – services that primarily provide a user-pay service at competitive rates as a convenience to students, and in some cases the College. Services include the College Bookstore, Residence and Parking Services. The 3.7% decrease in expenditures is due to lower cost of goods sold in Retail Services resulting from lower revenue targets, as well as reclassification of purchases of culinary products to instructional support to align with the activity the expenses are purchased to support.

The proposed budget complies with Board Policy D-05, which stipulates that ancillary expenses shall not exceed ancillary revenues.

o) Operating Surplus (Deficit)

The College is forecasting a surplus position in 2024/25 of $43.7 million. The College projects an operating surplus of $23.3 million in 2025/26 and $7.0 million in 2026/27. The College will continue to monitor our future financial outlook as new developments and information become available. In order to invest in the College's current capital priorities, a surplus for each of the next 3 financial years is planned.

p) Change in net assets invested in capital assets

The following table presents the detail to support the change in net assets invested in capital assets as presented with the financial projections on Schedule A. This table shows the impact of non-cash items on the operating surplus and the net change in investment in capital assets.

		2023	2024	2025	2026	2027
Amortization of deferred capital contributions		(11,412,716)	(11,741,951)	(13,900,000)	(16,541,000)	(17,698,870)
Impairment of deferred capital contributions						
Amortization of capital assets		23,068,979	25,123,994	30,607,339	37,647,027	41,411,730
Impairment/disposal of capital assets						
Gain on disposal of capital assets		(93,357)	(104,804)			
Additions to capital assets		(49,849,030)	(70,827,579)	(88,122,596)	(89,588,306)	(39,245,308)
Amounts financed by:	deferred contributions	10,945,338	13,527,962	35,842,900	32,304,895	9,041,895
	student fees receivable	654,257	678,467	703,573	729,608	756,606
	proceeds on disposal of CA	93,357	104,804			
	capital lease	-				
	ARO Re-evaluation		5,805,399			
	bank loans	(2,830,609)	(2,985,749)	(3,149,392)	(3,322,004)	(3,504,076)
Change in net assets invested in capital assets		**(29,423,781)**	**(40,419,457)**	**(38,018,176)**	**(38,769,780)**	**(9,238,023)**

r) Available net assets (closing balance)

D. Financial Planning/Financial Condition (Policy D-05, D-10)

The impact to the opening balance of available net assets with the current year operating surplus and the change in net assets invested in capital assets is shown on this line on Schedule A with the closing balance of available net assets.

s) Investment in Capital Assets

As a result of the change in net assets invested in capital assets from line o) above, the investment in capital assets on the consolidated financial statements has changed as projected on this line on Schedule A.

	2023	2024	2025	2026	2027
Investment in capital assets (opening balance)	180,600,186	210,023,967	250,443,424	288,461,600	327,231,380
Change in net assets invested in capital assets	29,423,781	40,419,457	38,018,176	38,769,780	9,238,023
Investment in capital assets (closing balance)	**210,023,967**	**250,443,424**	**288,461,600**	**327,231,380**	**336,469,404**

t) Accumulated Net Assets

The balance of Accumulated Net Assets is the sum of the College’s Unrestricted Net Assets and the Internally Restricted Net Assets and the Investment in Capital Assets as presented on the consolidated financial statements.

D. Financial Planning/Financial Condition (Policy D-05, D-10)

D.3 Risks

Forward-looking operating budgets are subject to risks and uncertainties, and are based on several business assumptions. The College strives to maintain a balanced approach with respect to projecting financial information. The following describes the risks associated with the 2024/25 operating budget.

1) ***Operating Grants -*** The College estimates the General Purpose Operating Grant (includes performance component) from the Province will be approximately 14% of the College's operating revenues. There is risk that the College may not receive the current level of operating grants due to the performance component. The College has performed very well in the performance metrics in each of the last three years and therefore the risk is assessed to be low. The total operating grant is also contingent on remaining above the Weighted Funding Unit (WFU) floor which is set at 15,996 (calculated on a 3-year average). The College does not anticipate to fall below the WFU floor despite the reduction in enrolments through the pandemic years. Therefore, the risk is projected to be low.

2) ***Enrolment Targets -*** The 2024/25 financial projections reflect revenues based on best estimate enrolment projections. There are uncertainties regarding enrolment levels, and some targets may be under-achieved while others may exceed. The 2024/25 budget includes international revenues (both post-secondary and ESL) totaling $297 million.

3) ***Other Revenue Targets -*** Revenue estimates are included the 2024/25 financial projections. There is a risk that not all revenue will materialize as planned. Revenues involving higher levels of risk include contract training and miscellaneous revenues, however inability to secure these revenue sources would result in a direct decrease in operating expenses for the defined activities and therefore overall risk is low.

4) ***Government Programs -*** Confirmations of projected revenues related to several government sponsored programs (e.g. Literacy and Basic Skills) have largely been confirmed, due to the delayed finalization of the budget, some smaller grants have not been confirmed and there is some risk that these revenues may not materialize as expected. The College will implement cost containment initiatives if there is a shortage in government funding for these types of programs.

5) ***Salary Costs -*** The Academic Collective Agreement expires September 30th, 2024 and the Support Staff Collective Agreement expires August 31, 2025. Fanshawe has included estimates for salary escalation in lieu of available Collective agreements spanning the 2024/25 fiscal year and beyond. The College anticipates the financial risk as low.

6) ***Actuarial Estimates -*** The value of post-employment benefits and compensated absences as presented on the College's consolidated financial statements are based on actuarial estimates performed annually. There has been no attempt to estimate the changes to these balances and their impact with the financial projections presented on Schedule A.

SECTION E

Capital Planning

E. Capital Planning (Policy D-12)

E.1 Introduction

To ensure Fanshawe's facilities are well maintained and meet the needs of the current and evolving learning and working environments, the College's capital development program continues to respond to pressure for capacity to support the academic programming and service delivery necessary to achieve the College's current Strategic Goals. For the next several years the management of service disruptions and the risks associated with the College's Capital Plan will continue to be important elements of the College's activities.

	Board Approved Budget	Prior	2024/25	2025/26	2026/27	2027/28	TOTAL
1) Innovation Village	**55,000**	**44,822**	**700**				**45,522**
a) Government Grants		8,796	1,500				10,296
b) Fundraising		442	2,058				2,500
c) Working Capital		35,584	(5,358)				30,226
e) Other Contributions			2,500				2,500
							45,522
2) Campus Energy Centre	**65,100**	**35,465**	**16,000**	**13,635**			**65,100**
c) Working Capital		35,465	16,000	13,635			65,100
							65,100
3) Enterprise Resource Planning System	**52,760**	**15,019**	**9,899**	**9,743**	**13,287**	**4,812**	**52,760**
c) Working Capital		15,019	9,899	9,743	13,287	4,812	52,760
							52,760
4) SUB and G Courtyards Redevelopment	**2,000**	**1,715**	**285**				**2,000**
e) Other Contributions		1,715	285				2,000
							2,000
5) Stand Alone BScN Program	**16,242**		**9,075**	**4,433**	**2,734**		**16,242**
c) Working Capital			9,075	4,433	2,734		16,242
							16,242
Total	**191,102**	**97,021**	**35,959**	**27,811**	**16,021**	**4,812**	**181,624**

	Prior	2024/25	2025/26	2026/27	2027/28	TOTAL
Upcoming Projects	**-**	**3,000**	**7,500**	**-**	**-**	**10,500**
1) Classroom & Computer Lab Inventory		3,000	7,500			10,500
Total	**97,021**	**38,959**	**35,311**	**16,021**	**4,812**	**192,124**

E. Capital Planning (Policy D-12)

E.3 Upcoming Capital Projects

1) **Classroom & Computer Lab Inventory**
   The demand for Classrooms and Labs to accompany new programming and enrollment growth has been assessed by Academic Quality & Strategic Integration. They have predicted the demand over the next 5 years will require additional Classrooms and Labs. The profile of that demand will require that we build classrooms as soon as possible. Additional Lab demands have not yet been determined but is also an anticipated need. In addition, several new supported programs and business plans currently under review will require expansion in the form of new labs adjacent to existing labs to benefit from common technical support, infrastructure and learning zones. Classrooms that are adjacent to existing labs are frequently the only practical option. The impact of converting an existing classroom into a new lab causes further pressure on classroom inventory. Facilities Planning & Development proposes a strategic planning scenario to fit up the new 'L' building undeveloped shell space to create 12-14 new Classrooms and computer labs in sizes and types as informed by Academic Quality & Strategic Integration. Meeting and collaboration spaces within the core/central space of the floor area will support students with informal learning spaces. The new 'L' Building shell space has the advantage of being ready for fit-up in the near term to begin addressing classroom demands and relieve pressure on existing inventory. Once in place, we can also begin to remove older run-down existing classrooms from inventory, convert them into new labs and classrooms to support the new program expansions and enrollment growth targets. In summary, we will be able to address immediate growth challenges, gain inventory in the form of modern classrooms with new technology, and exchange older classrooms in need of renovation for new spaces to support growth.

E. Capital Planning (Policy D-12)

Funding Sources

$ 000's		
a) Government Grants	$ 10,296	5.7%
b) Fundraising	$ 2,500	1.4%
c) Working Capital	$ 164,328	90.5%
d) Bank Loan	$ -	0.0%
e) Other Contributions	$ 4,500	2.5%
Total Funding	**$ 181,624**	**100%**

a) Government Support - The College has access to capital grants from the Ministry of Colleges and Universities (MCU), the Federal Government and the City of London through applications for defined programs as well as contracted agreements to support Capital projects that meet the criteria that benefits the government agencies. The College has secured funding from the City of London in the amount of $2.5 million and the Federal Government in the amount of $3.0 million for Innovation Village. The college was also able to utilize provincial funding of $4.8 million received in prior years to support Innovation Village.

b) Fundraising/Donor Support - The Foundation is currently collecting committed pledges, and these pledges will be recognized as contributions towards projects as they are received.

c) College Working Capital - As shown in past financial monitoring reports, financial health indicators used by the province demonstrate that Fanshawe College has a healthy balance sheet. Both liquidity measures and debt measures exceed industry benchmarks, our working capital can be drawdown to meet the Colleges capital needs when necessary.

d) Bank Loans – No loans anticipated at this time.

e) Other Contributions – The College has secured a contribution from the Fanshawe Student Union towards Innovation Village in the amount of $2.5M as well as the SUB and G Courtyard Development in the amount of $2.0M.

E. Capital Planning (Policy D-12)

Project Risks

1) **Economic Conditions**: Fluctuations in the broader economy, such as recessions, inflation, or changes in interest rates, can impact construction costs. These economic factors can influence the feasibility and timing of capital projects.

2) **Geopolitical Conditions:** Fluctuations in construction material prices, labour availability, or changes in demand for construction services, can influence project costs and timelines. Supply chain disruptions, geopolitical tensions, or industry-specific factors may also affect market conditions, impacting the college's ability to control project outcomes.

3) **Financing:** The capital plan references several different sources of financing. Some of these sources carry more risks than others which place additional pressure on existing working capital. Fanshawe will track the funding available and monitor the resources throughout the project.

4) **Cost Estimates:** There is an inherent risk of significant cost variances, both favourable and unfavourable as projects contain cost estimates. Project cost estimates are refined during project planning and as projects become better defined the quality of the cost estimate increases. Although many capital projects continue to carry cost estimates prepared by third parties, there is a risk of unforeseen costs and underestimating the extent of work necessary which may exceed planned contingency amounts.

5) **Regulatory Requirements:** Capital projects that include a financial arrangement as set out in the Minister's Binding Policy Directive on Banking, Investments and Borrowing are contingent upon Section 28 approval from the Ministry of Colleges and Universities.

E. Capital Planning (Policy D-12)

Infrastructure Reinvestment

The allocation of limited, often inadequate, funds among organizational priorities or to ongoing facilities maintenance is a decades old challenge faced by government, public and private sectors alike. This has led to the accumulation of a deferred maintenance backlog of building systems on an ongoing basis. Beginning in fiscal 2018, the College began allocating additional funding to deferred maintenance.

Between 2012 and 2015 Ontario colleges, working through the MCU, formally established a facilities capital planning and management system to forecast and model as well as monitor and manage the condition of the colleges' facilities. The chosen system, known as VFA Facility, was replaced in 2022 by SLAM CAP following a provincial competition through Ontario Education Collaborative Marketplace (OECM). The new system integrates with well-known industry cost modelling and lifecycle data systems to forecast the lifecycle of a facility by its building systems and to forecast cost projections to assist with capital planning and management of the College's facilities. Ontario universities recently followed the College's lead and chose the same system (SLAM CAP). Condition assessments are undertaken annually (20% of portfolio per year) to assess whether the building systems are deteriorating faster than, at the pace of, or slower than the theoretical lifecycle, so that adjustments can be made to the system's predictive forecasting model.

Since September 2017, Ontario colleges and universities have been working together to align their reporting parameters. Additionally, the Ontario colleges formed an Asset Management Subcommittee that continues to standardize and refine the deferred maintenance data and correct errors that existed in the original assessments conducted from 2012 to 2015. In 2022, we completed our first 5-year cycle to refresh all of our data and improve its accuracy and reliability. This initiative has resulted in an increase in the value of deferred maintenance across the Ontario college system. Some examples of changes that have resulted in these increases include:

- Addition of site infrastructure assets (paved areas, site lighting, storm sewers, and water supply);
- Global data clean-up and standardization
- Switching to 'auto-renewals' within the software system allowing the next series of requirements to be automatically activated as their useful life comes due each year.
- Annual inflation multiplier – usually 2-4% however 2023 was its highest increase since the program began of 11.3%.

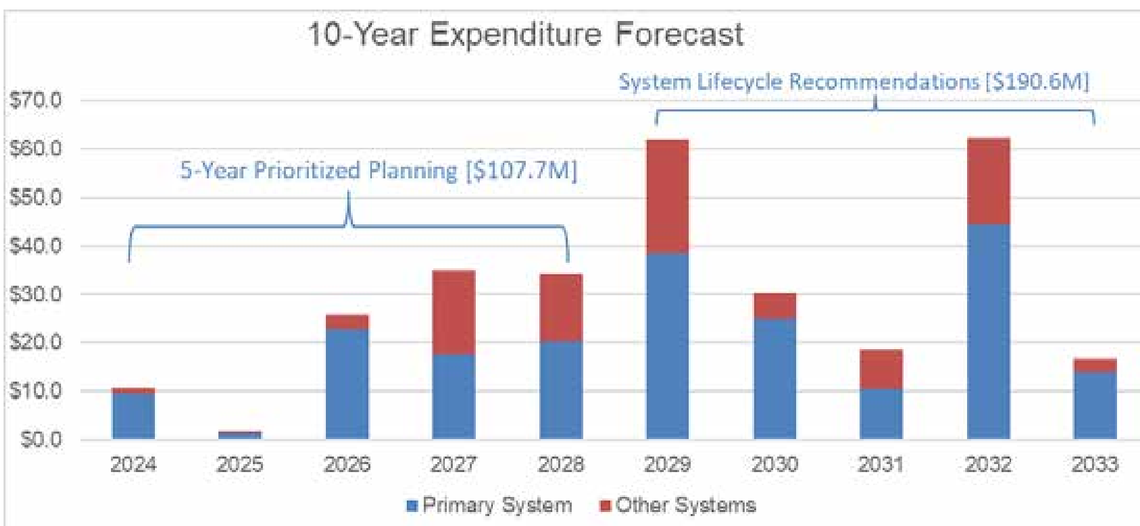
The Global Data Clean-up effort has led to a revised reference point for grouping deferred maintenance requirements. Rather than relying on Priority Levels (that were not automatically updated), colleges have moved to 'Action Year'. This is the year that building systems reach the end of their useful life and require repair, renewal, or replacement. Building systems that are well-maintained or are deemed to be safe for extended use have their useful lives extended within the software during assessments. Systems that are at risk due to accelerated wear or unexpected conditions may have their useful lives shortened during these assessments.

The College has made a concentrated effort to refine the detailed planning for the next five years and defer lower priority items to later years. As shown in the table "Unfunded Infrastructure Renewal" below, the College's unfunded infrastructure renewal is estimated to be for $107.7 million by 2028 ($71.9 million for Primary Systems with an additional $35.8 million estimated for Other Systems).

Unfunded Infrastructure Renewal

Recommended Action Year	Primary Systems	Other Systems	Total
2024	$9.7	$1.0	$10.7
2025	$1.3	$0.5	$1.8
2026	$22.8	$3.2	$26.0
2027	$17.8	$17.1	$35.0
2028	$20.3	$14.1	$34.3
5-Year Total	**$71.9**	**$35.8**	**$107.7**

The increased focus on these efforts has resulted in a Facilities Condition Index of 4.7, considered 'Very Good' among the Ontario College sector. However, at our current annual funding rate, which assumes a minimum $7.0 million in annual funding by the College as well as the Provincial Facilities Renewal Program (FRP), this Index will deteriorate to 27.0, or 'Fair, unless additional funding is identified. Forecasted expenditures for the subsequent five years is expected to increase significantly to $190.6 million by 2033.



The Capital Renewal Plan ranks Primary System and Other System deferred maintenance requirements based on risk severity and probability to address the highest, mission critical deferred maintenance priorities with the limited available funds.

E. Capital Planning (Policy D-12)

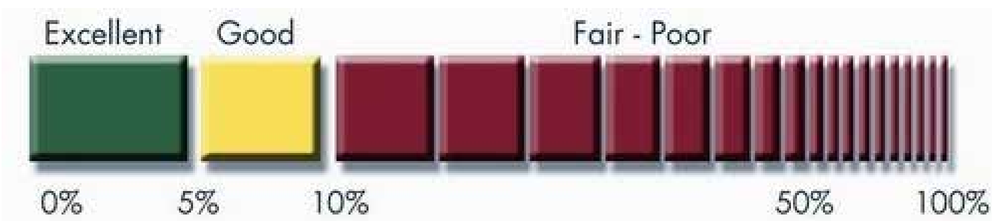
Infrastructure Renewal Funding Plan				$ 000's
	2023/24	**2024/25[1]**	**2025/26[2]**	**2026/27**
College	2,859	5,204	5,106	5,955
Provincial FRP	4,045	4,045	4,045	4,045
Total	**6,904**	**9,249**	**9,151**	**10,000**

[1] includes projects deferred from 2023/24 and increased funding of $1.1M directed to infrastructure renewal of residence facilities

[2] includes increased funding of $1.6M directed to infrastructure renewal of residence facilities

Further, where practicable, the College has leveraged academic and service renovation projects to incorporate capital renewal elements into the project to further reduce the backlog of unfunded infrastructure renewal overall. Some examples include the recently completed Oral Hygiene and Mend Massage Clinic Redevelopments (A Building), Welding Lab Renovation (B Building), and Kestrel Court Net-Zero Retrofit (R4 townhouse residences) projects as well as the Innovation Village project.

The Facilities Condition Index (FCI) is a real property industry standard that was developed in an effort to quantify, monitor and manage infrastructure renewal. The FCI is the ratio of the unfunded infrastructure renewal needs (or deferred maintenance backlog) to the real property's Current Replacement Value (CRV). The condition of a facility according to the calculated FCI is illustrated in the graph below.



Excerpt from VFA facility user manual

The College's current 3-Year FCI is 4.7% or "Excellent" (prior year 6%). This measures the renewal needs for the current year and the next 2 years as a percentage of the current replacement value.

Of the College's thirty-seven buildings, thirteen buildings are now more than 40 years old with the three oldest being more than 55 years old. At this stage, many of the systems in these buildings, if not already renewed (many, but not all, mission critical systems have seen renewal), will be at or exceed their theoretical service life within the next decade, resulting in the unfunded infrastructure renewal value increasing as building systems reach the end of their service life (if not still functioning properly and/or being well maintained to achieve an extended service life). By the end of this five-year Capital Plan the College's two oldest buildings will be 60 years old with some building systems requiring their second or third lifecycle replacement.

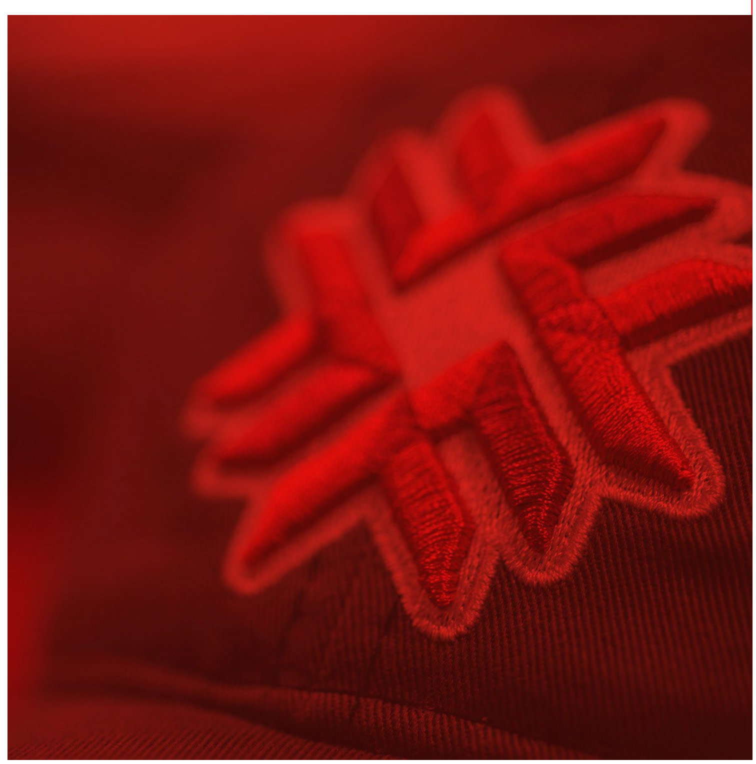
The MCU requires all 24 Ontario colleges to update their facilities condition assessments every five years. The College will be assessing another 20 percent of our facilities in 2024 representing year-2 of our 5-year cycle of 100 percent of all College facilities and site infrastructure. Each college is required to provide funding to complete their respective condition assessment updates.

E. Capital Planning (Policy D-12)

The College will continue to leverage opportunities to address and reduce the impact of the unfunded infrastructure renewal by incorporating capital renewal as part of future renovation projects. All Ontario colleges, including Fanshawe, will also continue to advocate for appropriate levels of funding from government to assist with meeting infrastructure renewal requirements.

SECTION F

Appendices



F. Appendices

F.1 Resources allocated to Student Success

Group Name	Budget
President's Office	$ 707,047
Human Resources	$ 1,237,532
Academic Services	$ 11,795,101
Faculty of Creative Industries	$ 41,125,003
Faculty of Business, IT & Part Time Studies	$ 63,215,347
Faculty of Health, Community Studies and Public Safety	$ 42,864,912
Faculty of Science, Trades and Technology	$ 40,673,263
Faculty of Access, Language and Regional Campuses	$ 33,718,351
Corporate Strategy & Business Development	$ 637,849
Strategy and Planning	$ 4,576,135
International Centre	$ 39,967,285
Facilities Management and Community Safety	$ 10,000
Information Technology	$ 14,785,907
Finance	$ 25,006,351
Student Services	$ 15,573,420
Office of the Registrar	$ 16,344,272
Student Success	$ 13,046,079
Centrally Held Costs	$ 11,909,415
Foundation	$ 700,000
Fanshawe Global Corporation	$ 677,200
Hotzone Training	$ 1,770,286
Total Student Scuccess Investment	**$ 380,340,755**

F. Appendices

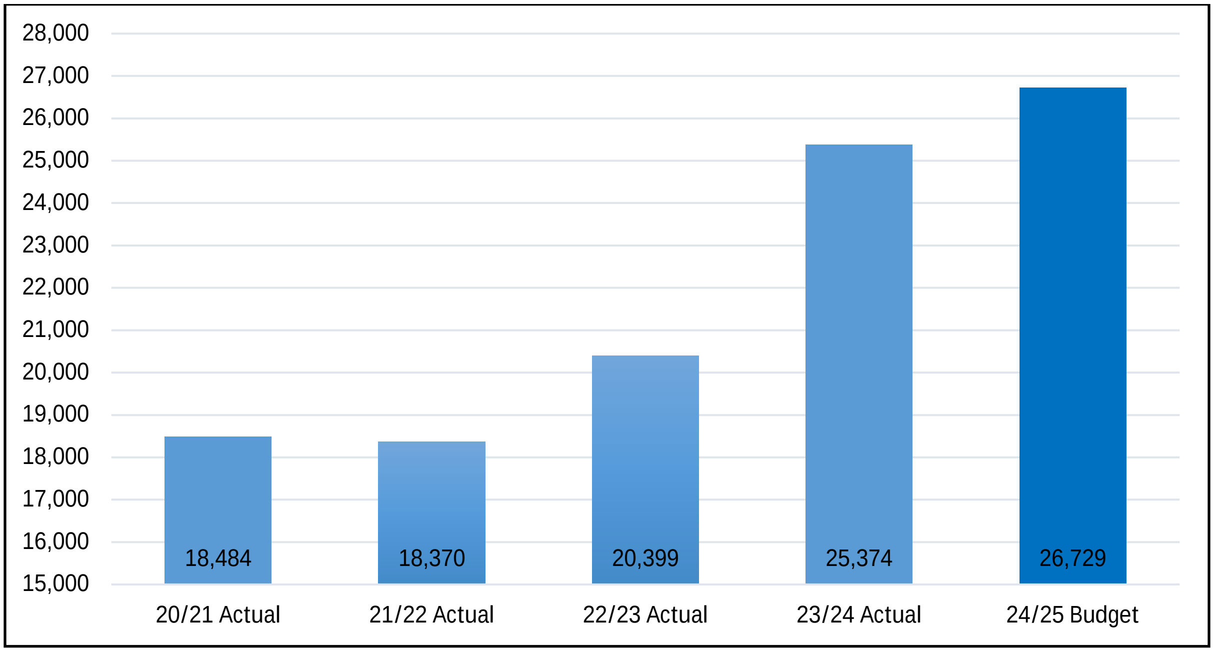
F.2 Resources allocated to Meeting Labour Market Needs

Group Name	Budget
Human Resources	$ 1,237,532
Academic Services	$ 11,795,101
Faculty of Creative Industries	$ 41,125,003
Faculty of Business, IT & Part Time Studies	$ 63,215,347
Faculty of Health, Community Studies and Public Safety	$ 42,864,912
Faculty of Science, Trades and Technology	$ 40,673,263
Faculty of Access, Language and Regional Campuses	$ 32,765,187
Strategy and Planning	$ 4,576,135
International Centre	$ 35,585,526
Information Technology	$ 14,785,907
Finance	$ 5,713,763
Student Services	$ 9,036,232
Office of the Registrar	$ 381,950
Student Success	$ 257,339
Centrally Held Costs	$ 7,204,917
Fanshawe Global Corporation	$ 677,200
Hotzone Training	$ 1,770,286
Total Investment to Meet Labour Market Needs	**$ 313,665,600**

F. Appendices

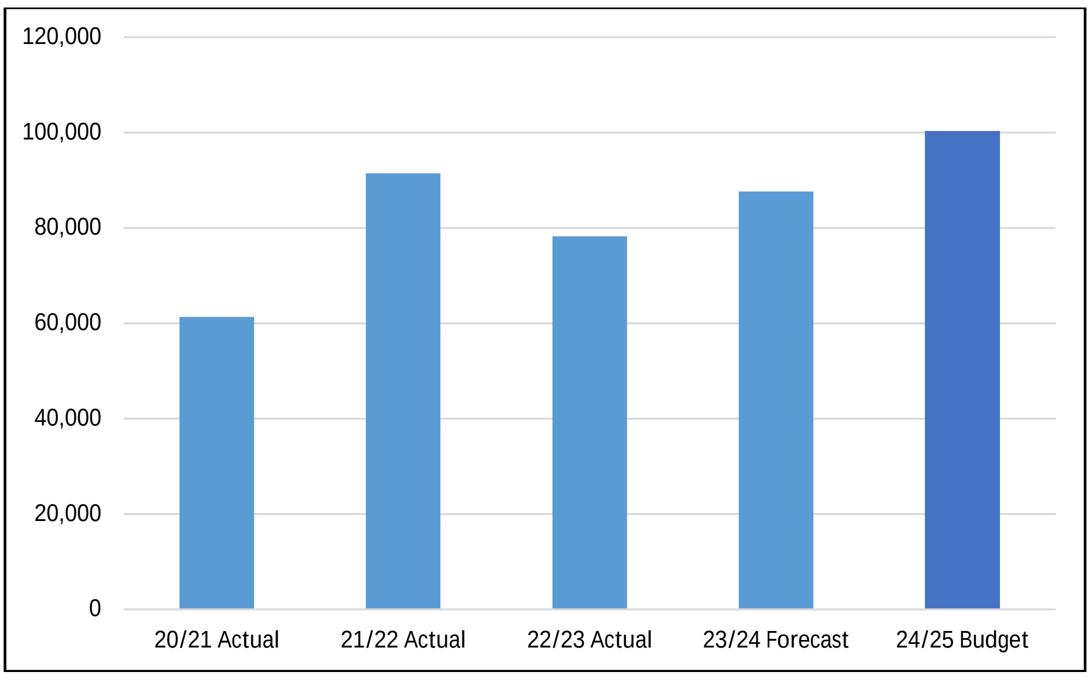
F.3 Enrolments

a) Full-Time Postsecondary Enrolments*



*includes Fall term enrolments only at all locations

b) Apprenticeship Training Days



F.4 Organizational Summary

ORGANIZATIONAL DISTRIBUTION

2024/25 Draft Budgets

in 000's

	Foundation	FGC	Hotzone	College	Total
Revenue	$ 900	$ 920	$ 2,116	$ 547,863	**$ 551,799**
Expenses	$ 866	$ 677	$ 1,770	$ 504,749	**$ 508,062**
Surplus (Deficit)	$ 34	$ 243	$ 346	$ 43,114	**$ 43,737**

Note: The above Subsidiary budgets are draft until approved by individual Boards.

Financial Monitoring Report
Mar-2023

Schedule A

in $000's

ref		2023 (Note 1)	2024 (Note 4)	Annual Budget 2025 (Note 4)		Annual Forecast 2026 (Note 4)		Annual Forecast 2027 (Note 4)	
a)	**Available Net Assets [Note 2] (opening balance)**	**57,177**	**71,615**	**111,735**		**117,454**		**101,999**	
	Revenue								
b)	Government Grants	96,632	97,497	90,440	(7.2%)	91,691	1.4%	91,508	(0.2%)
c)	Enrolment Revenue	263,755	372,321	396,840	6.6%	381,784	(3.8%)	393,219	3.0%
d)	Restricted Contributions (Revenue)	1,884	2,012	2,450	21.8%	2,450	0.0%	2,450	0.0%
e)	Investment Income	6,013	15,019	12,457	(17.1%)	9,343	(25.0%)	7,007	(25.0%)
f)	Amortization of Deferred Capital Contributions	11,413	11,742	13,900	18.4%	16,541	19.0%	17,699	7.0%
g)	Other Revenue	11,703	14,786	11,684	(21.0%)	12,306	5.3%	12,975	5.4%
h)	Ancillary Revenue	21,060	24,218	24,028	(0.8%)	24,384	1.5%	24,747	1.5%
		412,460	**537,595**	**551,799**	2.6%	**538,499**	(2.4%)	**549,605**	2.1%
	Expenditure								
i)	Instructional Service	186,490	239,962	265,994	10.8%	257,882	(3.0%)	272,410	5.6%
j)	Instructional Support Service	30,738	34,439	47,671	38.4%	51,978	9.0%	55,447	6.7%
k)	Student Service	49,540	64,231	66,675	3.8%	68,190	2.3%	71,141	4.3%
l)	College Service	57,871	68,819	76,516	11.2%	82,767	8.2%	86,517	4.5%
m)	Facility Service	25,552	32,026	34,245	6.9%	36,791	7.4%	39,051	6.1%
n)	Ancillary Service	18,421	17,612	16,961	(3.7%)	17,576	3.6%	18,069	2.8%
		368,612	**457,089**	**508,062**	11.2%	**515,184**	1.4%	**542,635**	5.3%
o)	**Operating Surplus**	**43,848**	**80,506**	**43,737**		**23,315**		**6,970**	
p)	Change in net assets invested in capital assets	(29,424)	(40,419)	(38,018)		(38,770)		(9,238)	
q)	Internally Restricted transfer	14	34	-					
r)	**Available Net Assets [Note 2] (closing balance)**	**71,615**	**111,735**	**117,454**	-	**101,999**	-	**99,731**	
s)	Investment in Capital Assets	210,024	250,443	288,462		327,231		336,469	
t)	**Accumulated Net Assets [Note 3]**	**281,639**	**362,178**	**405,916**	-	**429,230**	-	**436,200**	

**certain comparative figures have been reclassified to conform to the current year's presentation*

Notes

1 *as per audited consolidated financial statements*
2 *includes Unrestricted Net Assets and Internally Restricted Net Assets*
3 *includes Unrestricted Net Assets, Internally Restricted Net Assets, and Investment in Capital Assets*
4 *projected Consolidated Statement of Operations*

STRATEGIC GOALS

To help direct and focus the time, energy, and resources of the College, strategic goals have been identified:

1. Enhance innovative practices for exceptional student learning.
2. Manage enrolment growth.
3. Optimize use of resources and enhance organizational capacity.
4. Build sustainable, complementary sources of revenue.