

Q1-2014 Narrative

The following document provides information on each line item of the Executive Summary as at August 31, 2014. The goal of the document is to provide the readers more information as to why the numbers look the way they do and how the USC is doing when compared against the budget approved by Council in March 2014. This document and the exec summary are meant to be read together and one document should not be taken as a standalone without the other.

Q1-2014 Exec Summary

1. **Student Fees** – As at August 31, 2014, the USC is approximately \$3.0M behind prior year in terms of receipts received from Western. Each year in late July or early August, the USC receives a payment from Western equivalent to 80% of student fees collected. This number varies from year to year. The initial installment received was significantly below that received in prior year for the same period.
2. **Transfers Out** – As at the end of Q1 the USC shows transfers out being \$200K higher than this time last year. This is due to the fact that the health, dental and bus pass monies are being transferred out on a monthly basis. As enrollment increases, so do the payments due to the various external providers. Transfers out are tracking in line with budget expectations.
3. **Miscellaneous General Revenue** – this category consists of interest revenue earned on funds held other than our investment monies with TD Waterhouse plus CHRW admin fee payable to USC and the lease payment for equipment that CHRW pays to the USC on a monthly basis. At the end of Q1 in prior year, the USC received a lump sum payment from TD when the USC closed an old unused account. The total dollar value from the account was credited against miscellaneous general revenue. No such entry occurred in the current year.

4. Corporate

- a. **General Expenses** – This consists of insurance, audit charges, actuary charges, legal charges, interest charges, mustang express admin, etc. As at the end of August interest charges on loans outstanding are approximately \$13K per month (loan from Mustang Lounge), mustang express admin has been about \$8K for the quarter. This category of expenses also includes \$22K of leased equipment for the organization as well. Lease expenses increased by approximately \$5K over prior year. No insurance expenses have been booked as at Q1 as the renewal does not occur until December.
- b. **Building Expense** – this is occupancy charges and security for the building. During the summer we do not pay for security so there aren't any charges to report in Q1. The

full \$98K relates to occupancy paid to Western. This includes all space deemed corporate including offices, ½ mustang lounge space, ½ east lounge space, ½ spoke lounge space and atrium lounge. We have also true costed the PVP occupancy out to the individual portfolios so those figures are no longer in corporate.

- c. **Office Expense** – This category includes corporate travel and corporate conferences and meetings. The month of June saw most of the USC full time staff and some exec at various conferences (COCA, Campus Trust, CHMA, CAUCCUS). These figures continue to be above budget however all other office expenses are tracking in line with budget.
 - d. **Salaries and Benefits** – this category is a large number but is tracking below budget by approximately \$80K. This is to be expected as to date we have not utilized the salary contingency built into the budget and there is now less “corporate” staff being considered in the expenses.
 - e. **Capital** – This is the cost incurred and paid for renovations and improvements around the building. It also includes furniture, computer hardware and software as well. It shows within these statements as the operating statements are cash based. These expenses are not considered within the operational budget as the USC has a separate budget for Capital that is funded by a specific student fee and is allocated based on a 10 year capital plan.
5. **PVP** – All PVP spending to date is tracking in line with set budgets. No areas of concern noted.
 6. **Media** – At the end of Q1 the Gazette Ad department is in a typical position. Given that the paper doesn’t run during the summer months, revenues are at an all time low for the department. Sales revenue does not hit the books for the Gazette until late August and more significantly in September. They are approximately \$16K behind of budget expectations and are \$26K behind prior year. Salaries have increased as in prior year a staff person was off on a maternity leave and as a result, the Ad Department saw savings in expenses. Salaries are now up to a normal level for the department. The editorial side is also tracking approximately \$4K over budget expectations and \$6K over prior year spending.
 7. **Rentals** – currently the USC is \$14K ahead of prior year in terms of rental revenue. This is a strong source of revenue for the USC. We currently have some space available for rent which management is working to get occupied so that we can operate at full capacity for rental space. Rentals are tracking exactly in line with budget.
 8. **Western Connections and Mustang Central** – Western Connections is tracking exactly in line with both budget and prior year. Mustang Central is performing as expected when compared to prior year. They are \$11K of budget expectations at the end of Q1.
 9. **Productions** - deficit in this area is currently \$10K higher than expected as per the budget and is \$20K higher than prior year. This is due to the addition of a full time administrative position that has been added to the department. All other expenses are tracking in line with budget and prior year.
 10. **Western Film** – Western Film has been closed for all of Q1 due to renovations. As a result, losses are significantly higher than budget and prior year. USC is currently working on a

business plan for Western Film which will allow it adapt to changes in the market and to better suit student wants/needs.

11. **Wave** – On track to meeting a goal of breakeven for the year. They are currently tracking in line with prior year and budget.
12. **Spoke** – The Spoke is performing ahead of budget expectations - \$16K. All categories of sales are tracking in line with prior year.
13. **Creative Services** – Currently tracking \$133K ahead of budget expectations and \$30K ahead of prior year. This is due to the fact that customers have figured out where the department has been relocated to. Creative Services was closed for the majority of last summer. As a result, print sales and graphics sales doubled over prior year. The USC also made the decision in the current year to drop DrawSplash as a promotional materials supplier. This has resulted in an increase of gross margin by \$32K.
14. **Purple Store** – currently in a break even position. This is \$1.4k ahead of budget expectations and \$3.2K ahead of prior year.

Overall – USC is performing approximately \$400K ahead of budget expectations as set and approved by Council in March 2014. The USC is approximately \$3.3M behind prior year as at the end of Q1 based on student fee revenue collection to date. Since Q1 ended, the USC has received another installment of student fee revenues (the payment received represents 80% of affiliate monies collected). As a result, the USC is in a healthy position as at the end of Q1. It is important to note that a “healthy” position does not mean that money grows on trees for the USC but rather that the USC is set up to endure the spending patterns for the school year. Cash flows are monitored extremely closely in an effort to ensure that we preserve cash to get us through the summer months of 2015 when we do not receive payments from Western.