

Q1-2015 Narrative

The following document provides information on each line item of the Executive Summary as at August 31, 2015. 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 2015. 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.

Q1-2015 Exec Summary

1. **Student Fees** – As at August 31, 2015, the USC is approximately \$6.2M ahead of 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 in line with prior year and we also received the initial payment from the affiliate activity fees earlier than in prior years (generally we receive it in late October or November but this year we received it in August). As a result, our overall fee collection at the end of this quarter was significantly higher than in prior years.
 2. **Transfers Out** – As at the end of Q1 the USC shows transfers out being \$240K higher than this time last year. This is due to the fact that the health, dental and bus pass amounts are higher than prior year due to higher premiums being transferred out on a monthly basis. Enrollment changes also have a direct impact on 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 had reversed an accounting entry which resulted in this category showing a much higher than expected balance. However, for this year, the amount is back in line with budget expectations. The total amount in this category as at the end of Q1 is \$18,222. No such accounting entry occurred in the current year.
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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 \$10K per month (loan from Mustang Lounge), mustang express admin has been about

\$2K for the quarter due to the fact that Mustang Express did not operate during the summer months. This category of expenses also includes \$18K of leased equipment for the organization as well. Lease expenses have remained consistent compared to prior year. No insurance expenses have been booked as at Q1 as the renewal does not occur until December. The organization has incurred approximately \$5k in legal fees for Q1 as well. This category is in line with budget expectations and is \$10K higher than prior year due to the creation of the Promotions department which has a budget of \$10K in discretionary expenses for the year.

- 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 \$106K 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, and CHMA). These figures are tracking in line with budget.
 - d. **Salaries and Benefits** – this category is a large number however it incorporates much more than just salary and benefits. It includes expenses for staff appreciation, staff wellness benefit, staff wellness program as well as the costs associated with the intern program and professional development. This category is tracking right in line with budget for the year. This category also includes salary expenses for Volunteer Resources as well as Government Services, Finance, IT, HR, Compliance, Managing Directors and Promotions.
 - e. **Capital** – This is the cost incurred and paid for renovations, improvements, general maintenance 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. To date the USC has spent \$25K in capital which is significantly lower than in prior years (PY = \$77K at Q1)
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 strong position. Total sales for the quarter are double prior year and are in line with current budget expectations. The salaries on the production side are higher than prior year but in line with budget expectations due to there now being two composers – one for digital and one for print. The editorial side is also tracking in line with budget expectations despite

being \$12K higher than prior year spending. The higher than normal spending is due to the digital transformation that the Gazette is currently going through.

7. **Rentals** – currently the USC is \$25k ahead of prior year in terms of rental revenue. This is a strong source of revenue for the USC. We have worked to ensure that all available space is currently under contract or soon will be. We have recently entered into a partnership with Western (SDC) to create a Wellness Centre within the UCC. This will be located in the space formerly occupied by Travel Cuts, Biz Inc and Western Connections. Rentals are tracking approximately \$25K behind budget due to some delays in billing of the new Dentist. Once these billings are complete, the line will only be \$10K behind budget for this area. The reason for the lower than expected actual to budget is due to the fact that the dentist was budgeted to start paying rent effective June 1st but as per the signed lease agreement, rent began July 1st instead.
8. **Productions and Building Services** – This area now consists of Western Connections, Mustang Central and Productions and is an extremely busy area. This category is currently tracking \$7K ahead of budget expectations.
9. **Western Film** – Western Film is tracking \$6,400 behind budget as at the end of Q1. Both ticket revenue and confection sale revenues are below budget expectations at this point in time. However, the overall position of Western Film at the end of Q1, is a relatively strong one, especially if there is a strong inventory of films available during the busy school months. The Q1 results reflect the changes implemented since the re-opening of Western Film under a new business plan. It is important to note that Western Film was closed for all of Q1 in prior year.
10. **Wave** – Total sales for the Wave are tracking behind budget and behind prior year despite the fact that food sales are ahead of both budget and prior year. Alcohol sales and catering sales are significantly lower than both budget and prior year as at Q1. For catering, the Wave did not have as many weddings during the summer as in prior year which dramatically impacted their sales estimates for this area. All expense areas for the Wave are in line with budget and they have a strong COGS at 27% versus the 35.5% in the budget.
11. **Spoke** – The Spoke is performing ahead of budget expectations - \$6K. Food sales are tracking ahead of budget but are behind prior year by \$11K. All other categories of sales are tracking in line with prior year. The Tavern portion of the Spoke was closed for Q1 except to private functions.
12. **Creative Services** – Currently tracking \$10K ahead of budget expectations and \$46K ahead of prior year. This is due in part to a new business model which recognizes much lower salaries for full time staff than in previous years. Print sales are down from prior year by \$14K. This is something that we will be keeping a close eye on to identify any trends if they start to appear.
13. **Purple Store** – Currently tracking \$4.4K behind prior year and \$5.7K behind budget expectations as at Q1. Clothing sales are down \$14K behind budget and \$38K behind prior year.
14. **Promos** – Graphic design sales are tracking in line with budget expectations

Overall

USC is performing approximately \$103K ahead of budget expectations as set and approved by Council in March 2014. The USC is approximately \$6M ahead of prior year as at the end of Q1 based on student fee revenue collection to date. 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.

Assumption Adjustments as at Q1

- 1. USC amalgamated Western Connections and Mustang Central into one location on the atrium level of the UCC. We are expecting that this will result in approximately \$30,000 in savings as they now have one location rather than two to staff.*
- 2. Based on where our level of commercial activity ended for fiscal 2014-2015, we expect an additional \$70,000 in commercial activity dollars for the year. This will not be excessive commercial activity but rather will be the same level of activity as we had in our previous year.*
- 3. The Spoke had an operational change post budget, which lead to the termination of one full time position. This resulted in approximately \$50,000 in savings.*
- 4. Finance has a maternity leave to consider for the upcoming year and as a result, the plan in place to cover the management maternity leave will cost the organization an additional \$5,000.*
- 5. The HR/VR department has had a couple of changes to consider. There is a non union maternity leave to consider as well as a termination of a manager. The plan to cover both the maternity leave and the termination results in approximately \$14,000 in savings for the USC.*
- 6. USC budgeted for 29,000 students in the multi year budget and based on prior year ending numbers, we can expect 29,116 FTE students to be paying fees. This results in approximately \$76,613 more student fee dollars into the USC budget.*
- 7. Staff admin costs associated with capital were budgeted to be out of capital budget. In light of the fact that original capital plan didn't accommodate covering the admin costs, the staffing costs are being covered operationally. Once the new capital plan is complete, those costs will be considered out of the capital budget.*

Overall, total assumption adjustments equates to a surplus position of \$82,356 of new money found for the 2015/2016 fiscal year. However, it is important to note that this is not tangible money that can or should be spent in the upcoming months. This is because Q2 and Q3 are the main indicators for the USC in terms of spending trends and revenue patterns which means that the USC won't be able to say for certain whether the change in assumptions will actually lead to new money being found for spending until the end of Q3.

	As At August 31, 2015			
	YTD Actual	YTD Budget	YTD Last Year	Annual Budget
<i>Student Fees</i>	15,796,386	15,796,386	9,596,665	19,441,500
<i>Transfers Out</i>	(2,917,610)	(2,917,610)	(2,682,187)	(14,515,260)
Net Student Fees	12,878,776	12,878,776	6,914,478	4,926,240
<i>Miscellaneous General Revenue</i>	18,222	18,222	(134,155)	220,000
Total Corporate Revenue	12,896,998	12,896,998	6,780,323	5,146,240
<i>General Corporate Expense</i>	(95,354)	(96,825)	(85,320)	(644,128)
<i>Corporate General Building Exp</i>	(106,040)	(109,630)	(97,352)	(458,080)
<i>Corporate Office Expense</i>	(53,136)	(36,208)	(37,429)	(149,250)
<i>Corporate Salaries/Benefits</i>	(447,667)	(402,001)	(397,860)	(2,196,007)
<i>Day Care</i>	(11,715)	(10,434)	(10,801)	(62,944)
<i>Capital</i>	(25,496)	(25,496)	(76,631)	0
<i>Promotional & Commercial Partnerships</i>	(37,237)	(34,068)	(117,909)	
<i>Bus Pass and Health Plan</i>	(14,164)	(14,164)	(16,317)	
<i>Volunteer Resources</i>	(34,734)	(33,511)	(23,296)	
<i>Government Services</i>	(20,051)	(25,338)	(15,556)	
Total Corporate Expenses	(702,197)	(787,673)	(878,471)	(3,510,409)
Total Corporate	12,194,801	12,109,325	5,901,852	1,635,831
PVPs				
<i>President</i>	(16,671)	(28,162)		
<i>Council</i>	(2,607)	(8,050)		
<i>Communications Officer</i>	(11,167)	(15,390)		
<i>Elections</i>	(124)	0		
<i>Secretary Treasurer</i>	(15,213)	(12,972)		
<i>Purple Bikes</i>	-	(12,697)		
<i>VP Student Events</i>	(16,608)	(43,158)		
<i>VP External</i>	(12,264)	(14,480)		
<i>VP Internal</i>	(19,267)	(23,950)		
Total PVP's	(93,920)	(158,859)	(734,607)	(750,000)
Media				
<i>Gazette Advertising and Production</i>	(55,678)	(57,625)	(51,934)	(27,885)
<i>Editorial</i>	(52,309)	(54,000)	(44,428)	(550,912)
Total Gazette	(107,987)	(111,625)	(96,362)	(578,797)
<i>Publications</i>	-	-	-	0
Total Media	(107,987)	(111,625)	(96,362)	(578,797)

	As at August 31, 2015			
	YTD Actual	YTD Budget	YTD Last Year	Annual Budget
Rental Properties				
<i>Rental Properties</i>	68,396	76,645	75,101	331,928
<i>Western Connections</i>	-	0	-	
<i>Mustang Central</i>	-	0	-	
Total Rental Properties	68,396	76,645	75,101	331,928
Productions & Building Services				
<i>Productions & Building Services</i>	(181,155)	(188,623)	(192,098)	(609,282)
Total Productions & Building Services	(181,155)	(188,623)	(192,098)	(609,282)
Western Film				
<i>Western Film</i>	(7,795)	(1,442)	(36,533)	(25,539)
Total Western Film	(7,795)	(1,442)	(36,533)	(25,539)
Food & Beverage				
<i>Wave</i>	(93,392)	(76,517)	(64,459)	(19,221)
<i>Spoke</i>	(72,190)	(78,703)	(82,170)	174,460
Total Food and Beverage	(165,582)	(155,220)	(146,628)	155,239
Retail Service Operations				
<i>Creative Services</i>	(19,874)	(29,279)	(66,709)	(19,121)
<i>The Purple Store</i>	(4,465)	1,268	(79)	1,895
<i>Promotions</i>	(30,012)	(46,458)	-	
Total Retail Service Operations	(24,339)	(28,011)	(66,787)	(17,226)
<i>Total Operations</i>	(310,474)	(296,651)	(366,946)	(164,880)
Total USC	11,682,419	11,542,190	4,703,937	142,154