

## **Cash Flow Analysis Narrative**

Based on the cash flow projection as at January 1, 2016, the USC will have just under \$1.3M at the end of May 2016. This amount, while sufficient to carry the organization through until August 2016 when we receive our first tuition fee installment, is considered at the lower end of where we would like to be going into the summer months. The estimate provided does show enough cash to cover the June and July payments for health and dental premiums, payroll, payroll tax remittances and regular operating expenses. In order to ensure that sufficient cash exists throughout the summer months, the USC typically defers payment to Western for occupancy and/or renovation charges if any exist, to August rather than paying them monthly. This has been the practice of the USC for many years and was originally done as a need and has now become common practice

As with any year, the summer months are the most precarious months in terms of cash flow for the USC. We typically monitor cash on hand very carefully during this period and are constantly looking for ways to extend payment terms, take advantage of flexible payment options and to control what spending the organization needs to do versus those that they want to do. For this upcoming year, we have encouraged our senior leadership team to look for ways to develop flexible payment terms for our regular operating expenses. Some examples that were suggested include: using blanket purchase orders for catering expenses throughout the summer thus delaying our payment for said items until September, because the USC is so good at paying expediently for all our suppliers, the same suppliers may be open to allowing the USC to stretch payment terms from 30 days to 60 days during the summer months.

In an absolute worst case scenario, the USC has safe guards against cash shortages via our banking arrangements with Scotia. We have a line of credit available to us if the need arises – in 10 years we have never had to access this credit. Scotia also allows our operating account to go into overdraft on a temporary basis.

The USC is always cautious when making these types of predictions as it is extremely difficult to predict what our net expenses from operations will be. This has been made more difficult as more and more of the operations of the USC are moving into net deficit positions. And finally, making predictions on anything has its challenges but when you are making predictions on revenue generation dependent upon uncontrollable customers and are looking 5-6 months out, this becomes a particularly difficult task.

Overall, while the projected cash position is a solid one, it is not void of having challenges and areas of concern. USC mgmt is committed to providing timely analysis of our cash position on a monthly basis to the Board and to Senior Leadership so as to keep everyone informed and solution focused.