

the PRESIDENT'S PAGE



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Audited Statements Demonstrate MSU's Fiscal Stability

At the next meeting of the Student Representative Assembly (SRA) on November 3rd, I will present the McMaster Students Union's Audited Statements to the full members of the corporation. Each year, the MSU is audited by an external professional auditing firm (KPMG LLP) to ensure that we are able to maintain a high level of fiscal accountability and present accurate, transparent documents for release to students and the wider public.

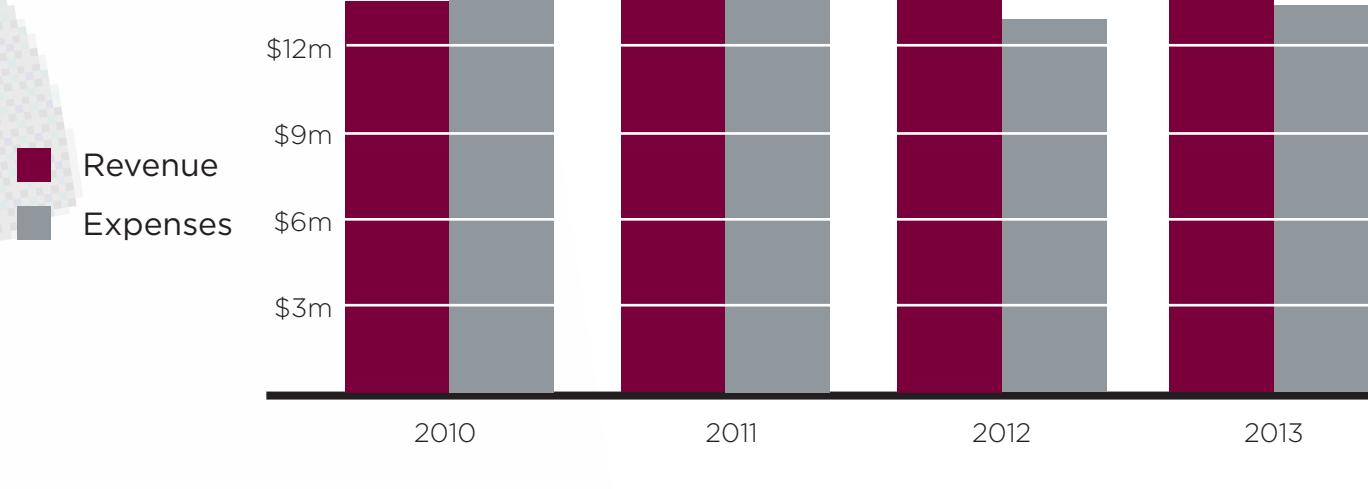
As an organization, the MSU generated a surplus of \$369,707 for fiscal year 2012-2013. With total expenditures of \$12,235,578 this figure represents 3% of our annual operating budget. The Audit provides both an overview of the organization's finances, as well as detailed reports about every business and service. The MSU's budget is derived from two revenue sources: student fees and business unit revenue.

The MSU Organizational Fee is \$122.61 and is directed towards our "Operating Fund", which supports our core operations, including 25 of our 30+ services. These services range from six-figure operating budgets such as *The Silhouette* and *MSU Campus Events* to smaller services run primarily by student executives and volunteers like the *MSU Maroons* or *Mac Bread Bin*. In 2012-2013, the Operating Fund finished the year with a surplus of \$513,988 placing the MSU's operations on a sustainable track. This is due in part to increased revenue in many of our business units, including *Underground Media+Design* and *Union Market*. *TwelveEighty*, while still operating at a loss, decreased their annual loss to \$55,041 and is on the verge of becoming a revenue-neutral business entity. All in all, pragmatic management of our resources have placed the MSU in a comfortable financial position moving forward, with plenty of room to grow as an organization.

In addition to the Organizational Fee, you are likely aware of the MSU Health and Dental plan fees. The \$57.50 fee for the Health Plan and the \$115.00 fee for the Dental Plan allow the MSU to provide comprehensive health and dental insurance to the undergraduate student population. This past fiscal year, the MSU changed the way that we administer the Health plan by switching from a self-funded model to an insurer underwritten approach. In the past the MSU experienced fluctuating costs associated with our health plan. Moving to the new approach will ensure financial stability moving forward. However, as a result of making this change, our Income Sheet reflects a \$380,501 deficit in the Health and Dental category. The deficit in this area is due to the fact that entry into the new model of insurance removed a portion of the revenue to offset the cost of premiums for the period May to August 2013-2014. After this year, the cycle will be maintained by removing revenue from the current year and adding it to the previous year, resulting in a zero effect to the bottom line. This process is due to the nature and timing of collecting premiums. This is a one-time adjustment that is not expected to be incurred next year.

Finally, all students now pay \$12.50 to *CFMU 93.3FM*, our campus radio station. This past year, *CFMU* incurred a surplus of \$193,785. Last year, in an MSU-initiated referendum, students voted to lower the *CFMU* fee from \$17.45 to \$12.50. This year it is expected that *CFMU*'s revenues will match its expenditures, ensuring that students get the most value for their investment in their campus and community radio station.

While our surplus represents a relatively small amount of our operating expenditures, we will strive to minimize our surplus in all of our funds in order to deliver the optimum value for the amount that students pay into our organization. The full Audited Statements of the 2012-2013 fiscal year are available on the MSU website, www.msumcmaster.ca. If you have any questions, I encourage you to attend the SRA meeting next Sunday, November 3rd at 6:30PM in Gilmour Hall 111. Additionally, I would be more than happy to meet you in person, connect with you by email or speak with you over the phone.



$$\frac{\text{Surplus or Deficit}}{\text{Revenues}} = \% \text{ Surplus or Deficit}$$

7.3%
Organizational
Deficit

1.1%
Organizational
Deficit

7%
Organizational
Surplus

3%
Organizational
Surplus

Despite fluctuating costs associated with many of its services, the MSU will continue to strive towards being a revenue-neutral organization.



The President's Page is sponsored by the McMaster Students Union. It is a space used to communicate with the student body about the projects, goals and agenda of the MSU Board of Directors.

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