



MEMO

From the office of the...

Vice-President Finance

TO: Full Members of the Corporation
FROM: Daniel D'Angela, Vice President (Finance)
SUBJECT: MSU Audited Statements
DATE: September 16, 2015

Dear Members of the Corporation,

It is with great pleasure that I submit the audited statements for your approval. Our auditors this year were KPMG and they did a very good job working with our staff to ensure that the audit was done in a timely and professional manner during the month of June. KPMG met with the Board of Directors, our Comptroller, and General Manager on September 15th to review the results. The first note about passing these audited statements is that the motion being brought forward simply implies that the SRA believes this is how the MSU performed financially. It is a document of fact, not opinion.

However, I believe that this is an opportune time to ask about financial performance, and how certain areas of the organization performed last fiscal year. This memo will highlight areas of note within the audited statements, and if you have any questions, please ask me in advance of the meeting so I that can get more information in order to provide better context.

From this audit, it is clear that the MSU is in a very healthy fiscal state. We have a strong reserve in our operating fund, within the limits set out in Corporate Bylaw 3. With around \$3.8 million in our Operating Fund reserves and \$5.8 million of reserves for the entire organization, we have a strong balance sheet, one of which provides stability and flexibility to invest and grow into new exciting areas.

For the entire organization, we produced a \$773,000 surplus, around \$500,000 more than fiscal year of 2013/14. The drivers of this surplus was the returns on our investments, which gave us almost \$500,000 in revenue, around \$300,000 more than last year, as well as a much better performing health and dental funds.

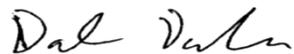
As an organization, we are very cognizant that our surpluses will be unsustainable at this current level. Our General Manager, Comptroller, and I will continue to evaluate our financial performance to ensure that we do not run surpluses that are too large, while not spending students' money frivolously. This will be informed by our second semester budget townhall, which has the purpose to better understand student priorities.

Inventory: At last year's inventory audit, KPMG had concerns regarding the effectiveness of our counts. However, this year, with renewed systems in place, required no recounts. KPMG highlighted this as a significant improvement.

Child Care Centre: KPMG performed a separate audit of the Child Care Centre. This year the deficit for the Child Care Centre increased by \$6,500, mostly from increased wages.

Intercompany Transactions: For a few years, our auditors have recommended that we start tracking intercompany expenses, or transactions between MSU departments. This was inflating some of our business units profits and losses. This has been adjusted for 2014/2015 and will be done from now on.

Sincerely,

A handwritten signature in black ink, appearing to read "Dan D'Angela".

Daniel D'Angela
Vice President (Finance)
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