MEMO

From the office of the…

Vice-President (Finance) & CFO

TO:	Full Members of the Corporation
FROM:	Jeganiyah Jayachandran, Vice-President (Finance)
SUBJECT:	2020-2021 MSU Audited Statements
DATE:	February 22, 2022March 3, 2022

Dear Members of the Corporation,

Over the past few months, our auditors KPMG, conducted an audit of the MSU finances for the May 2020 – April 2021 fiscal year. As the SRA, it is your responsibility to approve the statements produced by the auditors for both MSU Inc. & CFMU Inc.

As we all approach the 2-year mark since the start of the pandemic & the unprecedented circumstances we have faced, I would like to remind folks that many areas of MSU finances were heavily impacted unlike any other year. The virtual nature of the past year resulted in many of our services providing modified service to students, impacting the finances of our business units the most.

MSU Inc.

The organization has faced three challenging years due to the Students Choice Initiative (SCI) and the multiple COVID related shutdowns. Previous fiscal prudence and strong reserves placed the MSU in a financial position to withstand these challenges. I would like to offer a thank you to previous elected leaders and staff who had the foresight and operational awareness to do so.

With that as the backdrop, as of April 30, 2021, here is where we were financially. For the year, we had an operating gain of $467,040 to increase our Operating Fund (Operations supported by the MSU Operating Fee) reserves to $2,080,496. While our revenue generating opportunities were greatly reduced during the pandemic, active solicitation of government grants and our investment portfolio offset much of the losses. specific departments (I.e., TwelvEighty, the MSU Child Care Centre, and the Underground) were eligible for the Canada Emergency Wage Subsidy (“CEWS”) program, which assisted with the salary and wages of employees. The funding received (totaling approximately $657,000) played a pivotal role in offsetting some of the associated costs and lack of revenue experienced by those departments. With this funding received for the CEWS program and an unrealized gain for our operating investments of $555,679 (which have since decreased to a more realistic gain) our overall operating loss without these would have been over $700,000.

Food & Beverage Operations – Despite the best efforts of a limited staff, our Food & Beverage operations continued to operate as a cost centre to the MSU. Last year’s team recognized this was no longer sustainable and began an RFP process to look at more financially viable options and partners. The SRA developed guidelines for the process and empowered Executive Board to approve directions. I am happy to advise this year, the Executive Board did select a path that will provide net revenue to the MSU, a great experience for students and still provide similar, if not more employment opportunities starting ideally in the 2022-23 fiscal year. We are currently finalizing the agreement with both parties' legal counsel.

The Silhouette: The total loss for Silhouette in the 2020-2021 fiscal year was $128,279, a decrease from their $192,400 loss in the 2019-2020 fiscal year. These expenses decreased due to changes in the number of publications printed, and a slight decrease in salaries/benefits due to some roles not being filled in the virtual year. By the oversight of previous student leaders, a Campus Media ADHOC committee was created & changes to the structure/roles overseeing the Silhouette have been approved, with the goal of benefiting the long-term direction of the Sil.

CFMU: Due to the positive performance of CFMU's investments & a slight increase in student fees collected, CFMU produced a net gain of $61,537 for the 2020-2021 fiscal year. This is an increase of close to $165,000 from their net loss of $104,119 in 2019-2020.

Child Care Centre: KPMG performed a separate audit of the Child Care Center expenses, as required by the City of Hamilton. KPMG reported that no issues or significant variances were identified. Despite receiving fewer provincial grants and subsidies compared to the 2019-2020 fiscal year, the CEWS program greatly assisted with expenses. The 2020-2021 fiscal year produced a net gain of $45,505, as opposed to the net loss of $50,268 encountered in the 2019-2020 fiscal year.

The Underground: The virtual year & lack of students on campus resulted in the closure of the Underground for majority of the year. As a result, there was a significant decrease in the revenue generated – only $36,000 in the 2020-2021 fiscal year compared to the $147,736 in the previous fiscal year. Despite the lack of revenue, the CEWS program provided funding for employee wages, resulting in the UG experiencing a net loss of only $101,908, performing better than the 2019-2020 fiscal year in which a loss of $283,721 was experienced.

To conclude, the General Manager, Director of Finance, and myself will continue to evaluate the MSU's financial performance to ensure that we do not encounter large surpluses or deficits.

Sincerely,

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