



Summary Report: Statement of Activities (SOA)

Confidentiality:	Medium – For circulation to the board only
Corporation:	Students' Administrative Council (operating as the University of Toronto Students' Union)
Reporting period:	2018.05.01 – 2019.01.08
Prepared on:	2019.03.29
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Statement of Activities: Definition and Purpose

A statement of activities (SOA) is one of the primary financial statements used to assess a not-for-profit corporation's performance and financial position. The SOA summarizes a not-for-profit corporation's revenues and expenses over a specific reporting period, and is typically issued on a regular basis to support ongoing financial monitoring.

The SOA relates closely to the income statement (also known as a profit and loss statement, or statement of operations), which is a type of financial statement used in for-profit contexts.

Broadly, the SOA's purpose is to communicate information about the subject corporation's bottom line. The contents of the statement communicate to managers and other stakeholders:

1. How much money was made over the reporting period, i.e. *revenues*; and
2. How much money was spent over the reporting period, i.e. *expenses*; and, finally
3. The excess, or deficiency, of *revenues* over *expenditures* for the reporting period.

Rationale and Structure

This document does not comprise a conventional SOA. As is customary for financial statements generally, the SOA of any not-for-profit corporation is structured according to fairly inflexible guidelines. Certain variations exist due to differences in organization's operating realities, and due to differing requirements between oversight and compliance bodies. For an example of how a conventional structure might appear, see Figure 1 below.



ORG NAME		Prior Year Actual	Current Year to Date	Current Year Budget	% Budget to Date	Year End Forecast	Budget to YE Variance	Notes
Statement of Activities								
Income by source	Earned Revenue							
	Contributed Revenue							A
	Released from Restriction (1)							
	Total Unrestricted Revenue							
Expenses by function / activity	Program Expense							B
	Development Expense							
	Admin Expense							
	Total Operating Expense							
	NET UNRESTRICTED INCOME							
Separate restricted	Restricted Contributions							C
	Released to Unrestricted							
	NET RESTRICTED INCOME							
	NET ALL ACTIVITY							
Narrative notes	Note A (Narrative explanation)							
	Note B (Narrative explanation)							
	Note C (Narrative explanation)							

Figure 1. Conventional statement of activities

This report is structured to maximize its accessibility to the average student, and to maximize its relevance to the board and membership's oversight priorities. Several subsidiary priorities guided the process of drafting it, including:

1. *Readability* for laypersons; and
2. *Comparability* to the 2018-19 Operating Budget; and
3. *Focus* on the salient spending activities of the UTSU; and
4. *Synthesis* of the financial information presented.

As a students' union, the UTSU functions under vastly different conditions than most organizations that perform financial reporting. Significantly, the people reading the financial statements of the UTSU often do not possess the necessary accounting and financial experience to engage productively with the information before them. Conventional financial statements are structured to satisfy compliance requirements, but it is obvious that those requirements were designed to serve the purposes of contexts not like our own. This begs a serious question for our consideration: What should it mean when the UTSU commits itself to financial transparency?

In my view as the Vice-President Operations, the UTSU is accountable to one highly specific class of people: its student members. This has the clear consequence that transparency should be pursued with respect to students' interests and abilities in oversight. Transparency of this kind requires not merely regulatory compliance, but measures that go the extra mile in showing students that their money is in good hands. This report represents a best-effort attempt to deliver on the UTSU's promises of accountability to students.



How to Read This Document

This document comprises two primary sections:

1. a “Summary Report”, containing introductory remarks, as well as commentary and analysis relating to the UTSU’s current financial position; and
2. an attachment, entitled “Attachment A: Statement of Significant Accounts”, containing schedules that outline significant areas of the UTSU’s spending over the reporting period.

The Summary Report is relatively straightforward, but the attachment may demand some additional guidance. The following remarks should aid in comprehending its contents.

- **Read it alongside the UTSU’s [2018-19 Operating Budget](#).** The schedules in Attachment A are structured to match the format adopted for the 2018-19 Operating Budget. The same accounts (or colloquially, “line items”) reported in the Operating Budget are reported in the attachment, along with most corresponding account details. Reading both documents together will allow you to: discern what areas of spending have been highlighted or not, understand how budgeted amounts were arrived at, and establish context for the financial decisions being represented.
- **Evaluate the actuals and deviances in context.** Many factors govern how, when, and to what extent the UTSU receives and expends funds. For example, the UTSU receives its fee revenues from the university in three installments over the fiscal year. The reporting period of the statements spans until after the second installment, but before the third. Comparing the actuals for the period against the budgeted amount in the Operating Budget risks a misleading result since the budgeted amount predicts fee revenues for the full fiscal year. Evaluating the actuals and deviances in context can dramatically enhance your understanding of the meaning behind the numbers, and improve the accuracy of any conclusions you draw.
- **Understand the limitations of the format.** The schedules in Attachment A are optimized to meet specific goals that include readability and comparability as particular priorities. The measures taken to maximize readability and comparability benefit the purposes of most readers, but they also pose obstacles for select others. For example, the statement in Attachment A does not provide a complete picture of the UTSU’s financial position for the reporting period. Some accounts are omitted, and long-term assets including the UTSU’s financial reserves are not disclosed. Some frustrated inquiries can be offset by reading the raw SOA (see next remark), but others will need to look to the UTSU’s other financial statements or answers from the UTSU’s management directly.



- **Supplement with the raw SOA.** The schedules in Attachment A have their basis in raw statements generated by the UTSU's bookkeeping systems. Various forms of manual analysis and adjustment yielded the schedules you see in the attachment. In the course of this manual process, various aspects of the raw statements were discarded and omitted from the result. To ensure full disclosure, the raw statement has been enclosed with this document. Among other uses, the raw statement should provide readers a broader perspective on the funds that flowed into and out of the UTSU over the reporting period.

Summary of Position

The UTSU is, as of 8 January 2019, in an overall favorable financial position. Revenue projections have been largely accurate, and spending has generally been lower than expected across the board. Fluctuations in student enrolment have induced a minor positive impact on fee revenue projections. Year-over-year spending on annual initiatives and projects decreased for the reporting period.

The delayed open of the Student Commons represents the largest aberration from assumptions made in the 2018-19 Operating Budget, and has had sweeping impacts on the pro forma components of the budget. The UTSU remains confident in its projections that the Commons will incur significantly greater expenses than revenues for the organization, in particular during its first years of operation. The delayed open of the facility has had an accordingly positive impact on the UTSU's performance against the Operating Budget for the 2018-19 fiscal year. On the other hand, capital expenditures have risen above budgeted levels to finance the continuing renovation project. The impact on members' fee obligations remains unclear. More reporting in this area can be expected in the near future from the Student Commons Management Committee.

In sum total, the UTSU's financial performance over the reporting period should merit the confidence of the board and the wider membership. Given a continuance of current trends, the UTSU should close the 2018-2019 in a favorable financial position. A substantial budgetary surplus is expected.

Notable Findings

Analysis of the UTSU's revenues and expenditures over the reporting period yielded several findings, of which some of the most notable follow.

- **Higher-than-expected fee revenues.** Enrolment figures appear to have edged out projections. We expect that year-end fee revenues will be higher as a result.



- **Reduced year-over-year salary and wage expenditure.** Year-over-year salary and wage expenditures are down overall. More specifically, year-over-year salary and wage expenditures are:
 - Down by approximately \$80,000 for full-time staff;
 - Up by approximately \$20,000 for Executives;
 - Up by approximately \$13,000 for Assistant Vice-Presidents;
 - Up by approximately \$6,000 for Front-Line Service Assistants; and
 - Up by approximately \$20,000 for contract employees.
- **Large Executive department surplus.** Spending in the Executive department has been extremely conservative over the reporting period. Aggregate expenditure across related accounts in Attachment A shows that spending is \$114,440 under budget. Expenditures in these accounts have only consumed about 24% of allocated funds. While it is expected that significant outlays will be incurred in the winter term, we are confident that the UTSU will see a large year-end budgetary surplus in the Executive department.
- **Reduced year-over-year Help Desk revenues.** Year-over-year revenues accruing from the Help Desk are down. The resulting impact on year-end results is expected to be negligible since revenue-generating sales and services offered by the Help Desk are largely operated on a cost recovery basis. However, lower revenues are a possible indicator of lower member utilization. Three specific areas are highlighted for consideration below.
 1. **TTC token and Metropass sales.** Revenues from token and Metropass sales over the reporting period were about \$58,100. Revenues from the same sources were about \$96,000 over the same period in 2017-18. The change comprises a 39.5% reduction in revenues.
 2. **Ticket sales.** Revenues from ticket sales over the reporting period were about \$36,900. Revenues from the same sources were about \$49,900 over the same period in 2017-18. The change comprises a 26.1% reduction in revenues.
 3. **Print services.** Revenues from print services over the reporting period were about \$2,000. Revenues from the same sources were about \$2,500 over the same period in 2017-18. The change comprises a 20% reduction in revenues.
- **Higher-than-usual meeting expenditures.** Year-over-year meeting expenses are up significantly. The increase against the same period in 2017-18 is largely down to the



costs of American Sign Language interpretation, an accommodation which has been arranged for many governance meetings of the UTSU in the 2018-19 term.

- **Significant handbook cost savings.** The UTSU spent \$25,000 less on its annual handbook in 2018-19. The savings are attributable to a broader and more rigorous vendor solicitation process, and to a reduction in order volumes.

Looking Ahead

This report has been drafted to begin the process of setting a new bar for financial disclosure by the UTSU. From the moment in which the organization opens the Student Commons, the UTSU will have a much greater responsibility of financial transparency to its members and related stakeholders. Millions more in cash will be flowing through the organization's hands to support the operations of the building and the programming taking place in it. When that shift takes place, my hope is that the UTSU will be equipped to shoulder that responsibility adequately.

Several measures are being taken, and have been taken, to achieve greater financial transparency by the UTSU. Some of these are noted below.

- The UTSU's 2018-19 Operating Budget represents the organization's first significant attempt at financial disclosure that strives to engage the average student. The UTSU's legitimacy rests on the power and ability of students to hold it accountable, and that cannot take place without those students having the tools to do so. It is my hope that future budgeting processes will carry forward this priority for the benefit of students and the UTSU.
- Members of the Finance Committee and the board at large can expect to be in receipt of a year-end report detailing high-level conclusions relating to the UTSU's financial performance in the 2018-19 fiscal year. Those conclusions will be submitted in anticipation of the 2018-19 audited financial statements, pending confirmation by the findings contained therein.
- The board can also expect to be in receipt of regular statements of operations (SOA's) at its meetings between now and the end of the term.
- The UTSU has hired a new Manager of Operations and Finance (MOF). This individual will be expected to lend additional levels of financial oversight to the union's operations. In particular relevance here, the (MOF) will be responsible for supporting the preparation of regular financial reporting and the execution of budgeting processes.



- The Student Commons Management Committee is expected to convene in the near future to deliberate on various matters of present concern relating to the facility. It is expected that the current financial reality of the Student Commons will be examined in some depth there, with attending disclosure to match.

Attachment A: Statement of Significant Accounts

Account	Dept. ¹	Func. ²	Operating Budget	Actuals	Deviance (Discrete)	Deviance (%)
Income						
Student Fees Revenue - UTSU Membership	OPS	BO, HR, SF	\$ 1,446,413.28	\$ 972,664.43	\$ (473,748.85)	33%
Orientation Corporate and Campus Sponsorship Revenue	PRO	ORI	\$ 148,500.00	\$ 143,205.62	\$ (5,294.38)	4%
Orientation Clubs Booth Fee Income	PRO	ORI	\$ 50,000.00	\$ 28,444.50	\$ (21,555.50)	43%
Help Desk Ticket Sales	SER	HD	\$ 70,000.00	\$ 36,830.90	\$ (33,169.10)	47%
Help Desk Transit Sales	SER	HD	\$ 100,000.00	\$ 58,575.99	\$ (41,424.01)	41%
Interest Earnings and Investment Returns	FIN	FIN	\$ 110,000.00	\$ 52,707.10	\$ (57,292.90)	52%
UTSU Handbook Sponsorship	COM	MC	\$ 34,960.38	\$ 32,944.46	\$ (2,015.92)	6%
Student Commons Advertising/Sponsorship Income	OPS	BV	\$ 11,250.00	\$ 15,000.00	\$ 3,750.00	33%

¹ See Attachment B for key.

² Ibid.

Account	Dept.	Func.	Operating Budget	Actuals	Deviance (Discrete)	Deviance (%)
Expenses						
Full-Time Staff Salaries	OPS	BO, HR, SF	\$ 446,275.76	\$ 223,908.20	\$ 222,367.56	50%
Executive Wages	OPS	BO, HR, SF	\$ 187,160.00	\$ 138,172.00	\$ 48,988.00	26%
Assistant Vice-President Wages	OPS	BO, HR, SF	\$ 100,000.00	\$ 64,073.00	\$ 35,927.00	36%
Orientation Salaries & Wages	OPS	BO, HR, SF	\$ 42,000.00	\$ 41,753.00	\$ 247.00	1%
Casual & Contractor Wages	OPS	BO, HR, SF	\$ 20,000.00	\$ 28,274.02	\$ (8,274.02)	-41%
Transportation Charges	OPS	BO, HR, SF	\$ 10,000.00	\$ 4,154.00	\$ 5,846.00	58%
Office Supplies	OPS	BO, HR, SF	\$ 10,000.00	\$ 12,784.62	\$ (2,784.62)	-28%
Legal Costs and Professional Fees	OPS	BO, HR, SF	\$ 125,000.00	\$ 39,955.63	\$ 85,044.37	68%
Accessibility Costs (Operations)	OPS	BO, HR, SF	\$ 30,000.00	\$ 10,561.06	\$ 19,438.94	65%
Professional Fees	OPS	BO, HR, SF	\$ 50,000.00	\$ 16,068.60	\$ 33,931.40	68%
Misc. Internal Costs	OPS	BO, HR, SF	\$ 30,000.00	\$ 2,127.84	\$ 27,872.16	93%
Working Group Grant Funding	EXE	A, G, P, S	\$ 10,000.00	\$ 293.80	\$ 9,706.20	97%
Campaigns Committee Initiatives	EXE	A, G, P, S	\$ 15,000.00	\$ 1,153.90	\$ 13,846.10	92%
Executive Committee Initiatives	EXE	A, G, P, S	\$ 24,400.00	\$ 10,710.07	\$ 13,689.93	56%
Outreach Committee Initiatives	EXE	A, G, P, S	\$ 5,000.00	\$ 2,316.22	\$ 2,683.78	54%
Services Committee Initiatives	EXE	A, G, P, S	\$ 5,000.00	\$ 355.95	\$ 4,644.05	93%
General Programming/Events Expenses	EXE	A, G, P, S	\$ 10,000.00	\$ 565.00	\$ 9,435.00	94%
Board and Committee Meeting Expenses	EXE	A, G, P, S	\$ 15,000.00	\$ 2,270.23	\$ 12,729.77	85%
General Meetings Expenses	EXE	A, G, P, S	\$ 10,000.00	\$ 6,362.49	\$ 3,637.51	36%
Elections and Referenda Costs	EXE	A, G, P, S	\$ 42,000.00	\$ 1,885.97	\$ 40,114.03	96%
Conference Fees and Transport Costs	EXE	A, G, P, S	\$ 10,000.00	\$ 3,651.75	\$ 6,348.25	63%
Board Retreat Expenses	EXE	A, G, P, S	\$ 4,806.74	\$ 7,200.74	\$ (2,394.00)	-50%

Account	Dept.	Func.	Operating Budget	Actuals	Deviance (Discrete)	Deviance (%)
Orientation Programming Costs	PRO	ORI	\$ 172,498.04	\$ 156,902.21	\$ 15,595.83	9%
Help Desk Ticket Inventory Purchases	SER	HD	\$ 70,000.00	\$ 36,667.34	\$ 33,332.66	48%
Help Desk Transit Inventory Purchases	SER	HD	\$ 100,000.00	\$ 47,198.75	\$ 52,801.25	53%
Fall/Winter Clubs Funding	SER	CS	\$ 195,000.00	\$ 49,746.00	\$ 145,254.00	74%
Summer Clubs Funding	SER	CS	\$ 5,000.00	\$ 7,349.00	\$ (2,349.00)	-47%
Clubs Resource Bank Purchasing and Capital Renewal	SER	CS	\$ 30,000.00	\$ 3,129.50	\$ 26,870.50	90%
Food Bank Operational Costs	SER	MS	\$ 15,000.00	\$ 458.84	\$ 14,541.16	97%
Blue Crew Expenses	SER	MS	\$ 8,000.00	\$ 1,835.68	\$ 6,164.32	77%
UTSU's Got You Programming	SER	MS	\$ 10,000.00	\$ 1,545.48	\$ 8,454.52	85%
Sustainable Food Programming	SER	MS	\$ 5,000.00	\$ 2,058.02	\$ 2,941.98	59%
Audit & Accounting Fees	FIN	FIN	\$ 28,000.00	\$ 12,987.91	\$ 15,012.09	54%
Interest & Late Fees	FIN	FIN	\$ 2,000.00	\$ 2,001.26	\$ (1.26)	0%
UTSU Handbook Production Costs	COM	MC	\$ 18,000.00	\$ 15,394.50	\$ 2,605.50	14%
Web Development & Maintenance Costs	COM	MC	\$ 10,000.00	\$ 2,834.85	\$ 7,165.15	72%
Online Promotion Expenses	COM	MC	\$ 5,000.00	\$ 841.22	\$ 4,158.78	83%

Attachment B: Keys

Departments

Department	Key
Communications	COM
Executive	EXE
Finance	FIN
Operations	OPS
Programming	PRO
Services	SER

Functions

Function(s)	Key
Advocacy, Governance, Programming, & Services	A, G, P, S
Business Operations, Human Resources, Service Fees	BO, HR, SF
Business Ventures	BV
Capital Projects	CP
Clubs Services	CS
Finance	FIN
Financial Assistance and Awards	FAA
Health and Dental Insurance	HDI
Help Desk	HD
Marketing and Communications	MC
Misc Services	MS
Orientation	ORI
Winter Orientation	WO