

2015-2016 Operating Budget Overview

Sheridan Student Union Inc.

Presented by:

**Jenna Pulver
President**

**Jamie King
General Manager**

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April 2, 2015

Background and Budget Assumptions

The following summary document is designed to provide explanations and assumptions used in the preparation of the draft operating budget for the Sheridan Student Union Inc. (SSUI) for the year ending April 30, 2016.

This document has been prepared after receiving budget proposals from division managers and the student executive team. As will be discussed throughout, all accounts have been estimated and compared to prior year's data forecasts to highlight any key changes or areas of concern. This document has been prepared as a guide following consultation with the Finance and Audit Committee, and to secure approval from the SSUI Board of Directors. With this budget on track for approval and implementation prior to our fiscal year end, it is our hope that this budget will provide stability and continuity to the organization as we move forward into the 2015-16 fiscal year.

This budget is an "operating budget" and does not reflect the anticipated fees for capital asset additions or the restricted funds for building fee expenses. This also does not include flow-through accounts for health & dental fees or any amounts currently held in our reserve accounts. The term "operating budget" can therefore be defined as the amounts collected (mainly) through the SSUI Student Activity Fee, and used to cover the costs associated with day-to-day business operations.

Estimated student enrolment figures used in this budget are conservatively estimated based on preliminary data provided by Sheridan College. The 2015-2016 Student Activity Fees used in this operating budget are unchanged from last year, and are as follows:

Fall/Winter	\$69.00
Spring	\$52.00

The assumptions used in this analysis and other forecast materials have been prepared by management, and are valid as of the date of this report. Management provided input into these revenues and costs by divisions as follows:

Marketing & Communications	Mia Fatrdla
Finance	Hanh Ngo
Trafalgar Food & Beverage and Trafalgar Facility	Dan Casey
Davis Food & Beverage and Davis Facility	Dan Casey
Employment	Mark Brotto, Hanh Ngo & Jamie King
Services	Fawzia Hassan
Events & Programming	Kristina Wilkins and Mia Fatrdla
Trafalgar Activity and Trafalgar Office	Fawzia Hassan & Jenna Pulver
Davis Activity and Davis Office	Fawzia Hassan & Jenna Pulver
HMC Activity and HMC Office	Fawzia Hassan & Jenna Pulver
General & Administrative and Board	Jenna Pulver & Jamie King

In summary, the Corporation's proposed budget for 2015-16 is balanced. Management considers this a significant milestone for the organization, as the corporation has been running significant surpluses for the past several years.

From an organizational standpoint, it is management's opinion that running a balanced budget is important since we are an incorporated not-for-profit organization. This proposed budget generally shows increased investments across all divisions in 2015-16, with significant new human resource investments in our service, events, communications, executive and human resource development areas.

Where allocating significant new investments (i.e. events, services and executive positions), care has been taken to try to align these investments with the SSUI Board's established strategic goals:

- 1) Informed Advocacy
- 2) Engagement
- 3) Awareness and Communication
- 4) Innovative Ways to Create Fun and Engagement
- 5) Simplify the Operations of the SU

For reviewing the 2015-16 budget, the prior year's budget, projected actual spends and proposed budget lines are included for comparison.

While efforts continue to be made to stabilize our operational budget, evidence exists in our current year budget of underspending, and some operational (i.e. food and beverage) overspending that we continue to work to better define. This has been a challenge for several years, however it is believed that this budget represents our most realistic assessment in years of SSUI's fiscal requirements heading into 2015-16.

The execution of the 2015-16 operational budget carries some risk, because cost overruns cannot be easily absorbed by operational surpluses (as has been the case for the last several years). Monthly budget reviews by management, as well as engaged board oversight of our quarterly financial updates will be required to ensure this budget is effectively administered and executed. It is management's belief that the Sheridan Student Union is in a strong financial position to attempt to run a balanced budget at this time.

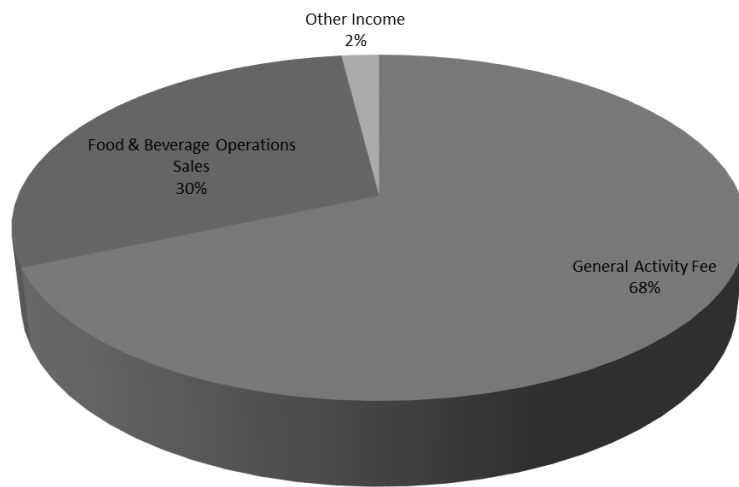
It is important to recognize that while it is not technically considered part of our operating budget, the student shuttle partnership with Sheridan College has been jointly funded through accumulated operational surpluses for the past several years. 2014-15's anticipated surplus will be used to fund our 2015-16 shuttle bus partnership commitments. While discussions are underway to define the future of that partnership after the contract expires in August 2016, the Board should understand clearly that if this proposed budget is executed properly, there will not be an anticipated surplus at the conclusion of the upcoming fiscal year. This will mean that future shuttle bus funding may need alternative revenue streams in order to continue in the event that revenues (student fee or operational or otherwise) do not increase sufficiently to cover those anticipated costs.

Revenue Mix

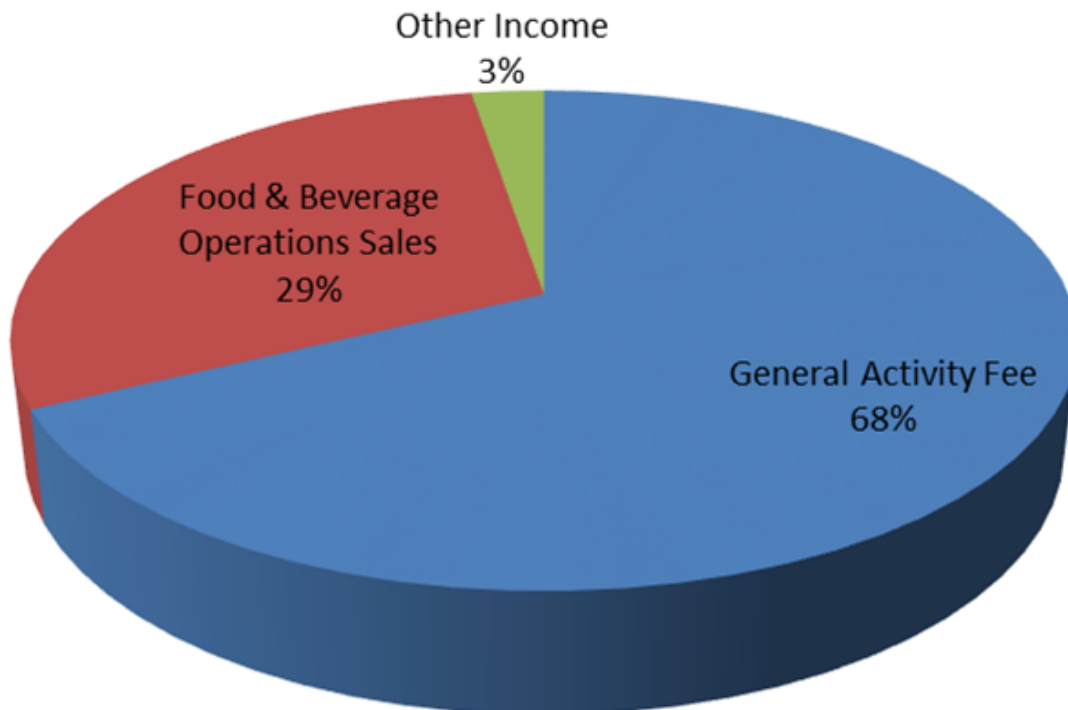
Further to analysis of the projected General Activity Fee revenues with the College, our 2015-16 budgeted revenues are expected to be \$4,197,834 compared to a budgeted revenue of \$3,972,392 for 2014-15.

As the charts below show, the revenue mix from 2014-15 to 2015-16 is projected to be similar, with a small bump in General and Administrative revenues related to a bonus associated with our Health and Dental contract renewal.

2014/2015 BUDGET - REVENUE



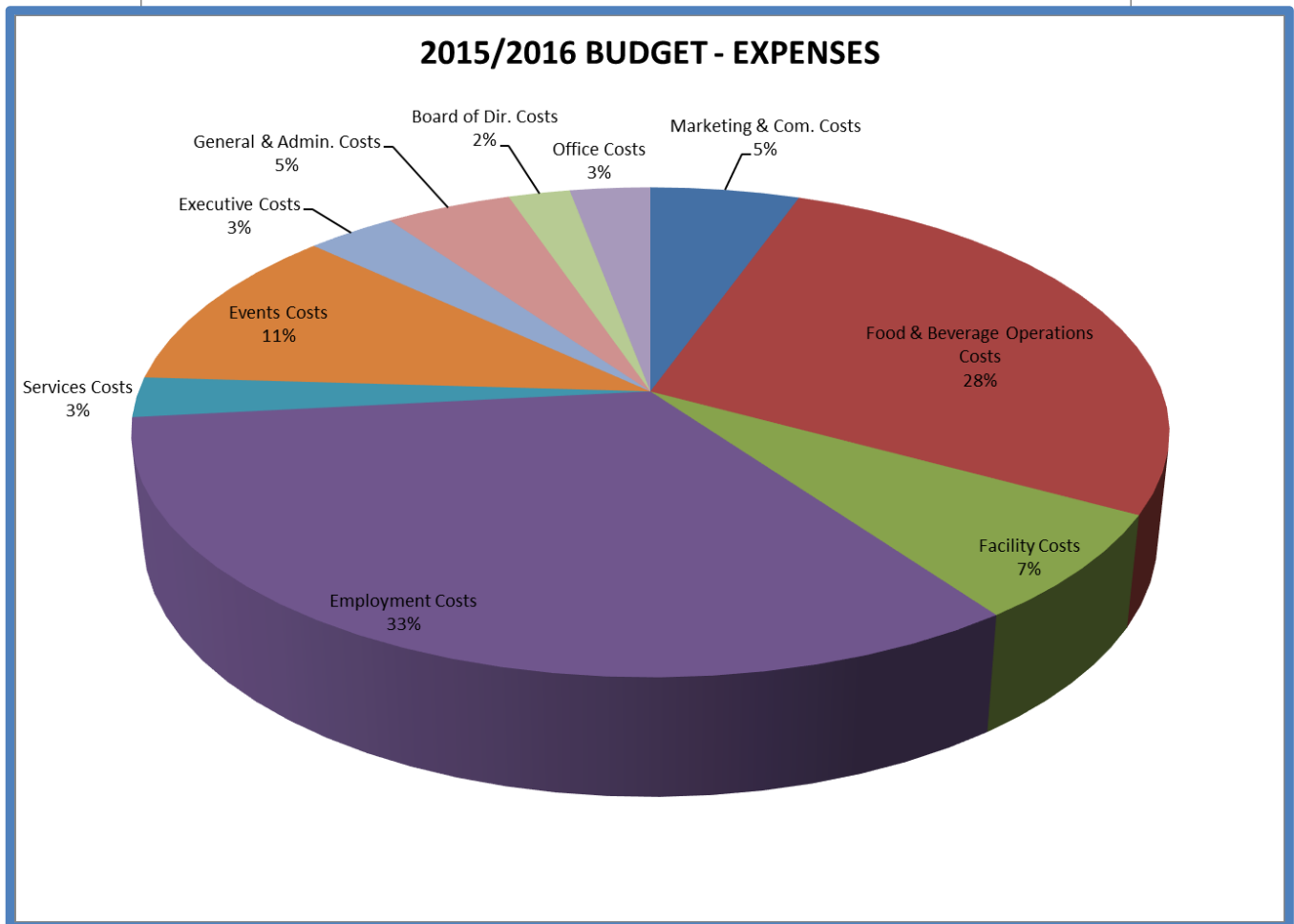
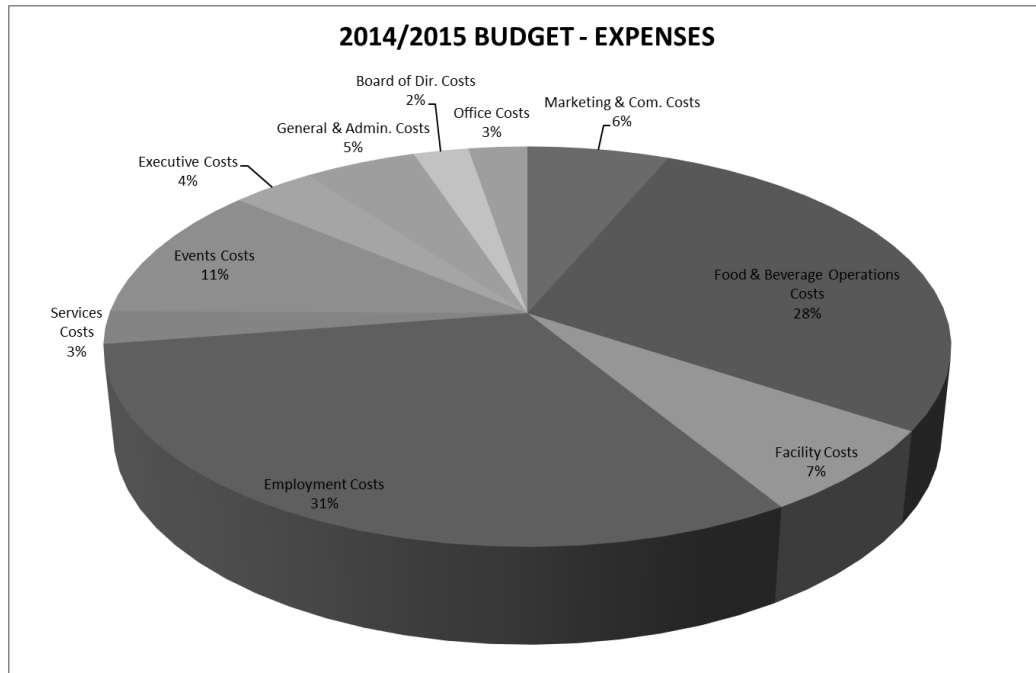
2015/2016 BUDGET - REVENUE



Expense Mix

Our overall budgeted expenses for 2015-16 are expected to be \$4,197,834 versus our 2014-15 budgeted expenses of \$3,812,529.

As the charts below show, the expenses mix is similar, however it is worth noting some differences. As a percentage of our overall spend, employment costs have risen 2%. Brief analysis of all divisional changes is provided in the following pages.



Budget Summary

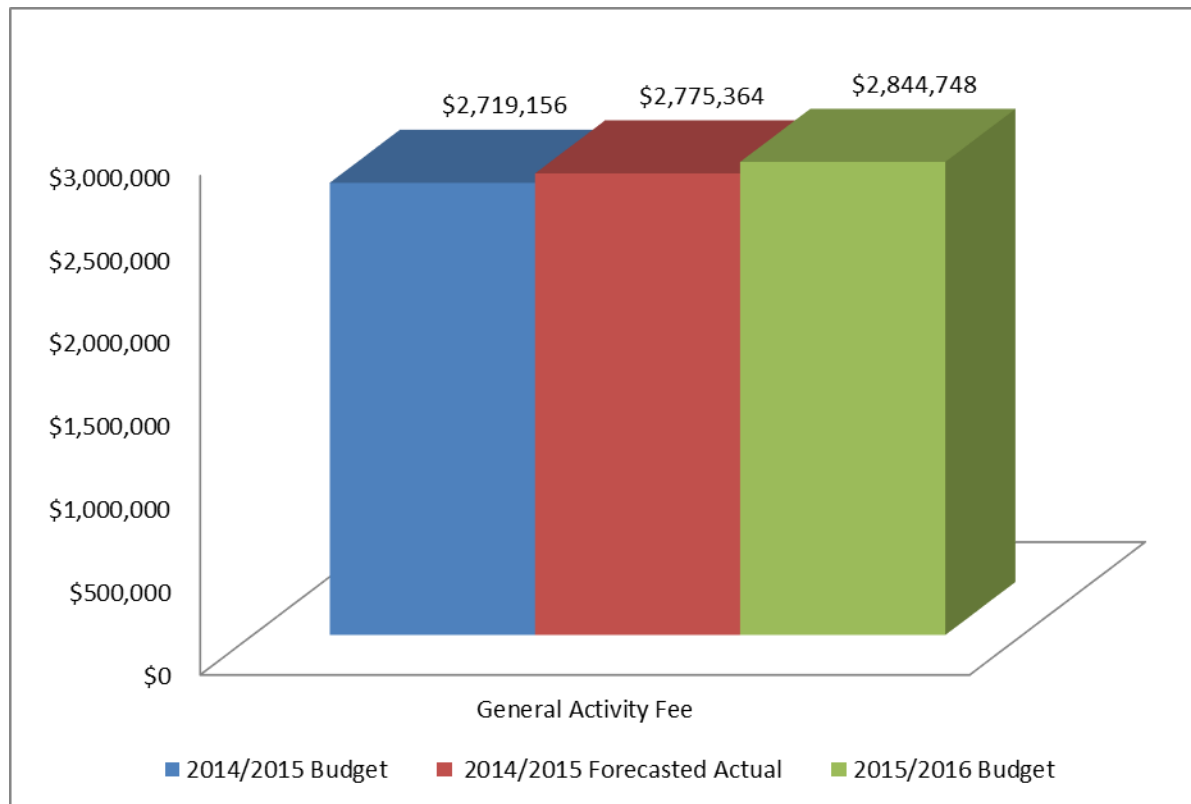
Revenues:

	2015-2016 Budgeted Revenues	2014-2015 Forecasted Revenues	2014-2015 Budgeted Revenues
General Activity Fee	\$2,844,748	\$2,775,364	\$2,719,156
Marketing Revenues	\$6,000	\$5,640	\$27,000
The Den	\$198,398	\$184,161	\$201,324
Union Fresh	\$111,179	\$98,083	\$108,000
Bruin Coffee House	\$80,395	\$59,037	\$106,310
Davis Catering	\$27,000	\$20,341	\$29,400
The Marquee	\$514,071	\$468,673	\$523,296
Union Burrito	\$131,405	\$130,210	\$107,624
The Coffee Loft	\$75,450	\$68,902	\$44,788
Trafalgar Catering	\$104,808	\$99,817	\$54,100
Interest Income	\$20,000	\$20,007	\$10,000
Services Income	\$33,880	\$26,745	\$33,394
General & Administrative Income	\$50,500	\$14,500	\$8,000
Total Revenues	\$4,197,834	\$3,971,480	\$3,972,392

Expenses:

	2015-16 Budgeted Expenses	2014-15 Forecasted Expenses	2014-15 Budgeted Expenses
Marketing, Communication & Creative	\$229,172	\$226,345	\$243,209
The Den	\$227,966	\$195,291	\$179,034
Union Fresh	\$95,349	\$92,616	\$98,997
Bruin Coffee House	\$65,944	\$48,350	\$82,478
Davis Catering	\$19,471	\$14,510	\$22,231
The Marquee	\$527,152	\$538,169	\$516,463
Union Burrito	\$106,013	\$100,184	\$90,454
The Coffee Loft	\$71,670	\$66,949	\$42,344
Trafalgar Catering	\$37,964	\$34,213	\$31,827
Facility Costs	\$299,463	\$262,100	\$266,650
Employment Costs	\$1,395,988	\$1,060,353	\$1,191,673
Services Costs	\$110,902	\$84,364	\$100,346
Events Costs	\$460,347	\$333,342	\$417,679
Trafalgar Executive Costs	\$46,033	\$32,079	\$49,187
Davis Executive Costs	\$46,033	\$53,044	\$46,840
HMC Executive Costs	\$45,033	\$35,740	\$46,590
General & Administrative Costs	\$196,070	\$173,336	\$191,728
Board of Directors Costs	\$93,860	\$71,147	\$94,224
Office Costs	\$123,405	\$101,036	\$100,575
Total Expenses	\$4,197,834	\$3,523,167	\$3,812,529
Surplus (Shortfall)	\$0	\$448,314	\$159,862

General Activity Fee



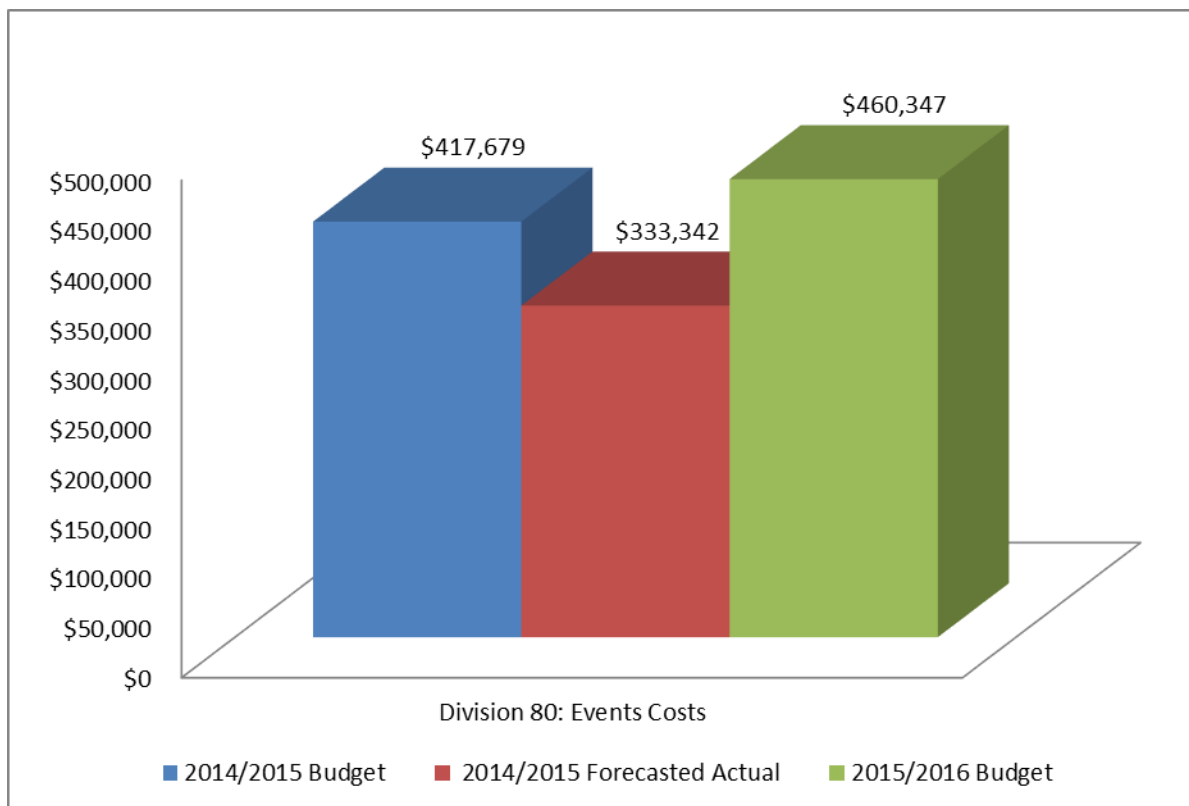
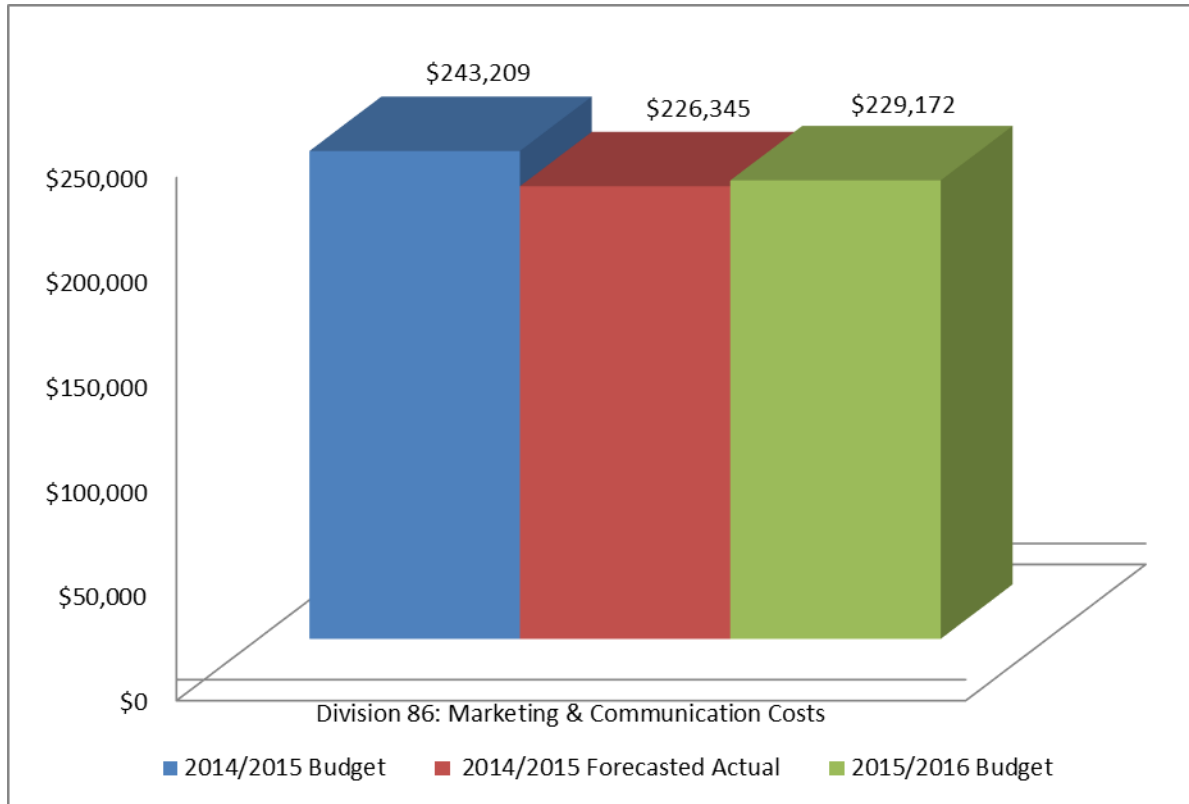
The General Activity Fee is the main source of income for Sheridan Student Union Inc., and a critical revenue stream for the annual operating budget. Continuing the trend of recent years, it is anticipated that enrolment will increase at Sheridan in 2015-16, and subsequently increase this revenue line in the budget.

Sheridan College projects its full time students enrolment will increase by 5.4% for 2015-16 (compared to 3.3% forecasted for 2014-15 and 2.4% actual for 2013-14).

Further to discussion with industry colleagues, the 2015-16 SSUI Operating Budget will be based upon a conservative estimate of 2.5% fee revenue increase (compared to a 3.7% increase in our fees revenue forecasted for 2014-15 and 4.6% actual increase for 2013-14). This is a conservative projection, and is consistent with our past practice to project half of the College's anticipated growth rate. We are confident this target is realistic, and a solid revenue base upon which to base our 2015-16 budget.

Divisional Details

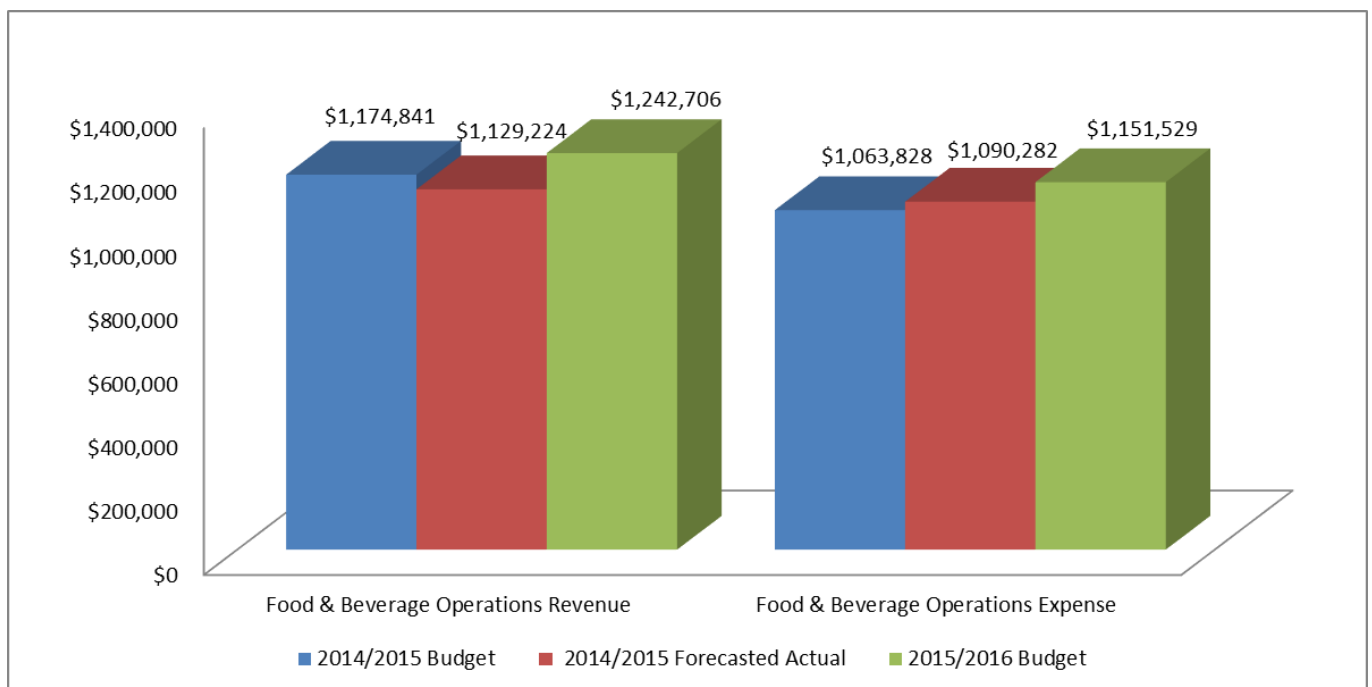
Marketing, Communications and Programming



The 2015-16 Marketing, Communications and Programming budgets seek to more closely mirror our actual spends, and transfer out elements that are more properly attributed to other divisional areas or our capital budget. New investments in re-branding efforts are built into the budget, as well as additional staff support in this division (through our employment budget) for a new part-time multimedia position, and also for a junior Events and Programming Assistant.

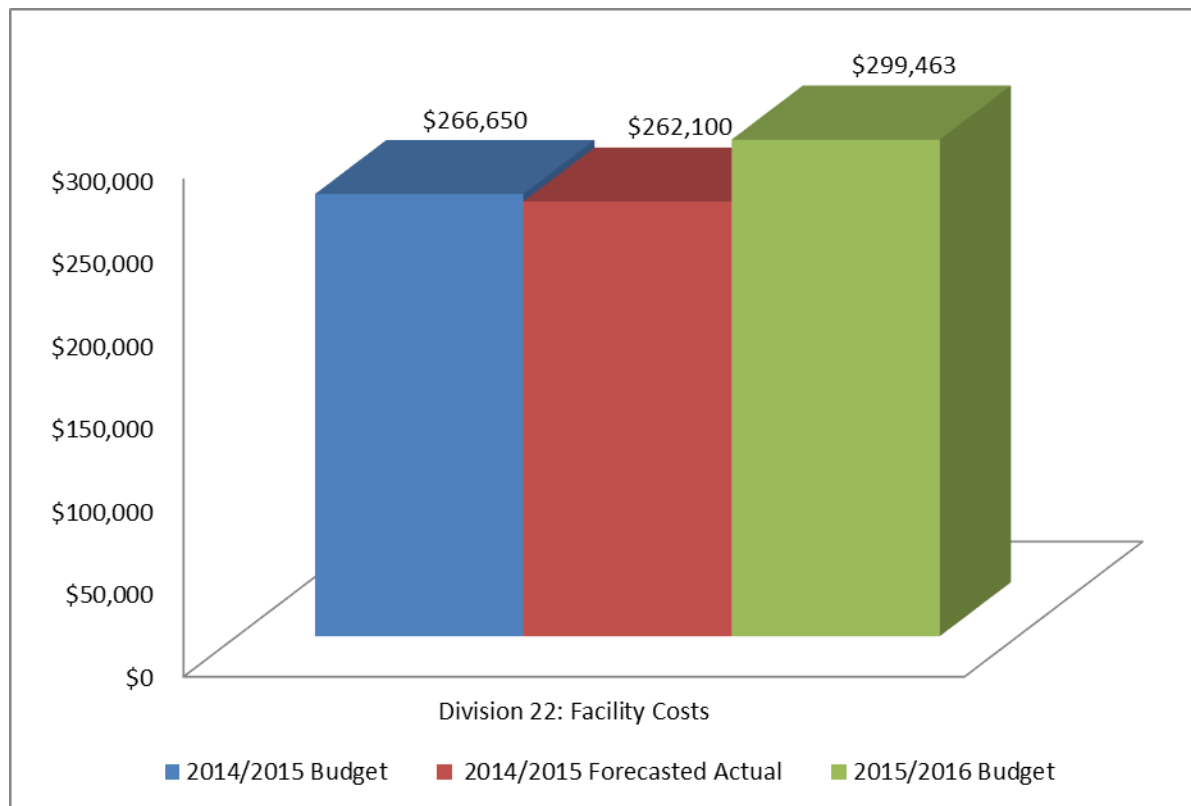
Significant new investments in this division in events and programming are planned, supporting the business decision to invest more staff and event resources to ensure the Davis Campus is served equitably. Increases in budgets for concerts, variety and daytime events are also built in. It is hoped that this will increase student engagement with our Student Union, while also supporting revenue goals for our Food and Beverage Operations through increased programming.

Food and Beverage Operations:



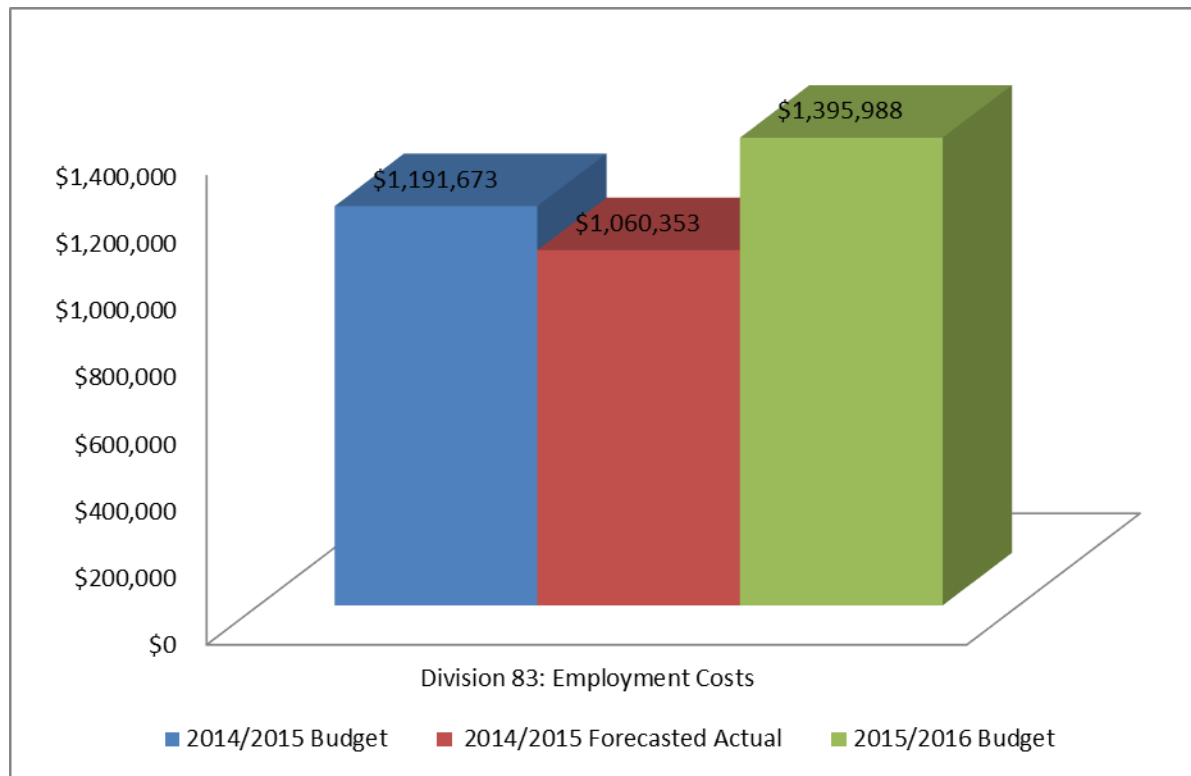
As evidenced through the charts, revenue did not meet budgeted targets in 2014-15, and expenses were over target as well. The 2015-16 budget seeks to further refine our operational spending, and more accurately gauge our annual expectations in this division. Increased revenues overall within the division are budgeted, with particular emphasis on increasing revenues in the catering divisions, and stabilizing revenue and expenses at the Davis Campus in order to plan for growth effectively. Additional revenues and expenses are also anticipated as we plan to open the Davis pub more frequently to mirror the TRC hours of operation.

Facilities:



Facilities spending is also managed within our Food and Beverage Division. Generally speaking, this proposed budget allows for incremental inflationary cost adjustments for gas, hydro and supplies. New this year, however, there are two new part-time salaries included here for student light cleaning support for our public spaces during business hours to supplement our overnight cleaning. This is in response to student and staff feedback, and also to ensure that we make proper efforts to maintain a safe and clean environment for students.

Employment



Our employment budget is one of the more significant growth areas this year, looking to factor in:

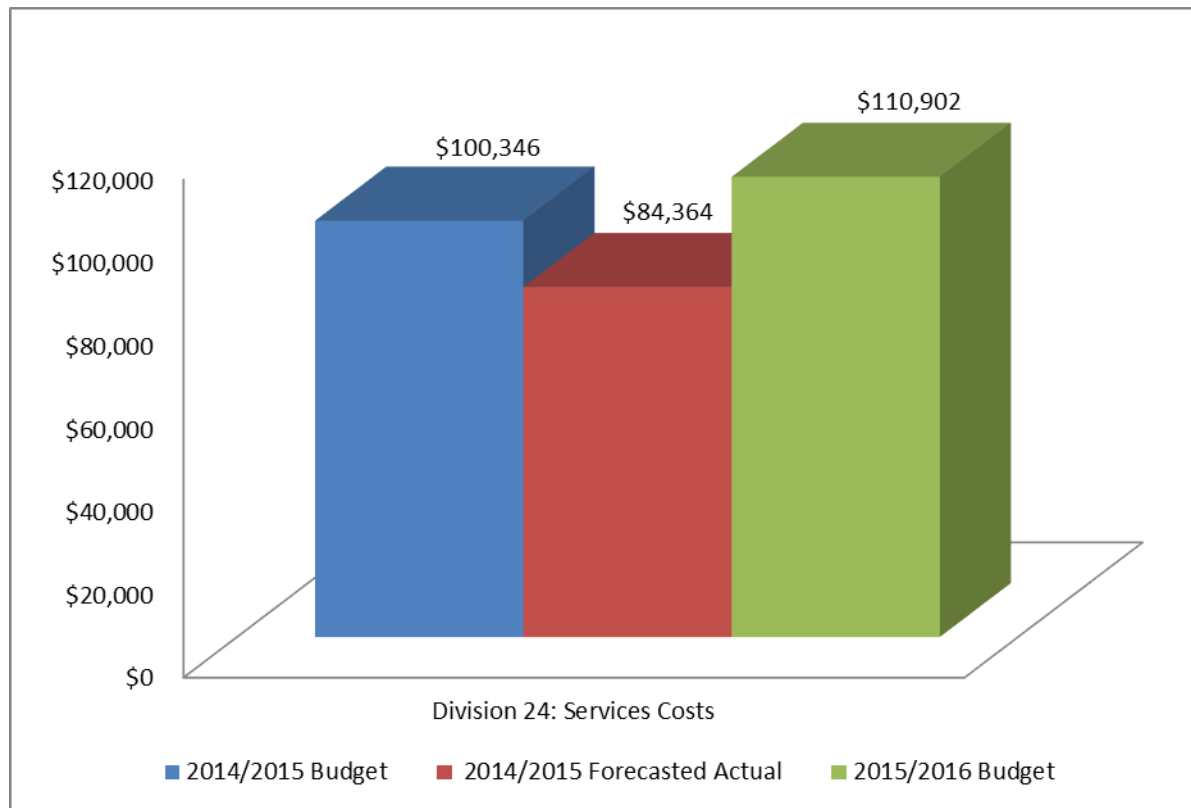
- several new positions;
- a modest merit increase mechanism;
- a new employee wellness initiative;
- investments in onboarding and lunch and learns for PT and FT staff;
- an increase in the minimum wage, and;
- a cost-of-living adjustment for most FT staff not hired recently (2% per Statistics Canada guidelines).

The merit increase mechanism is tied to the new salary scales and merit philosophy adopted by the board previously, and if fully utilized will not exceed \$15,000 across the entire organization. All increases would be tied to our annual performance reviews, and applied only when they can be rationalized with the board's approved salary scales, successful performance reviews, and to address management retention priorities.

New positions now accommodated within this budget line include the following full-time positions (titles still in development):

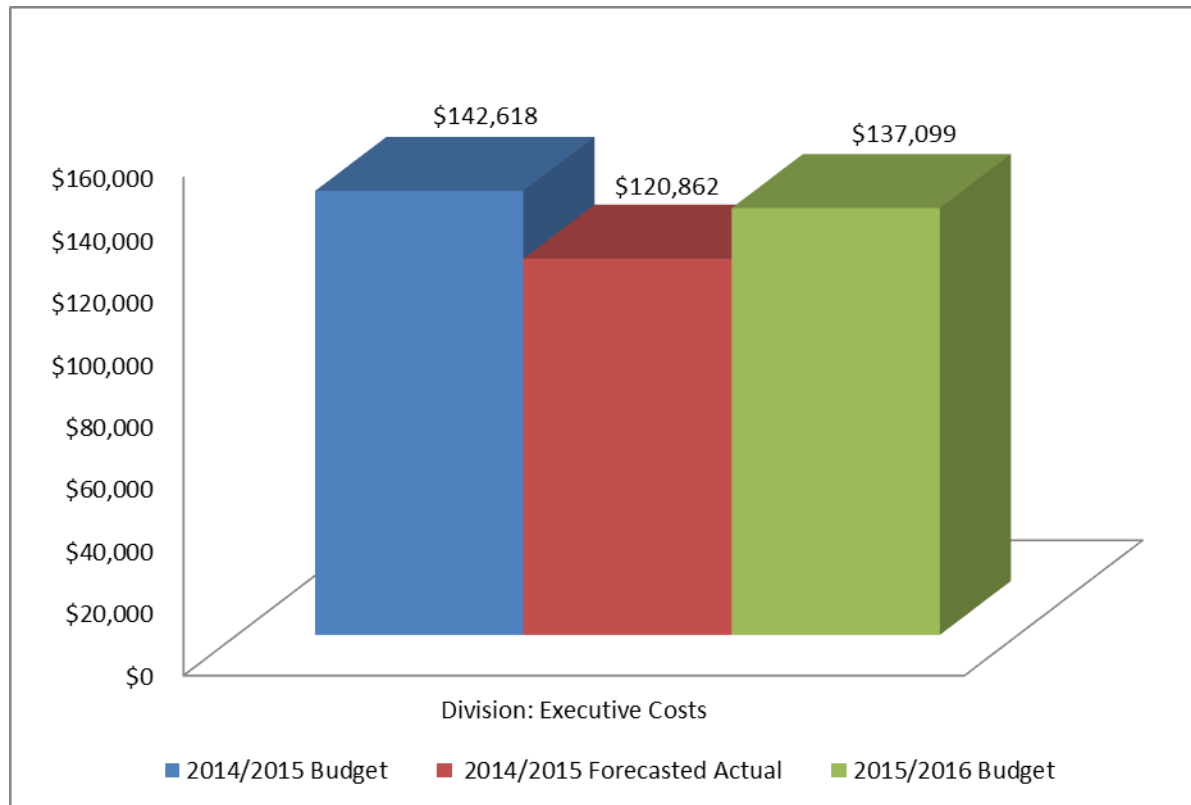
- 1) Special Projects Associate (already approved by the Board)
- 2) Student and Staff Experience / Leadership Development Associate
- 3) Junior Student Services Associate
- 4) Junior Events Associate

Services



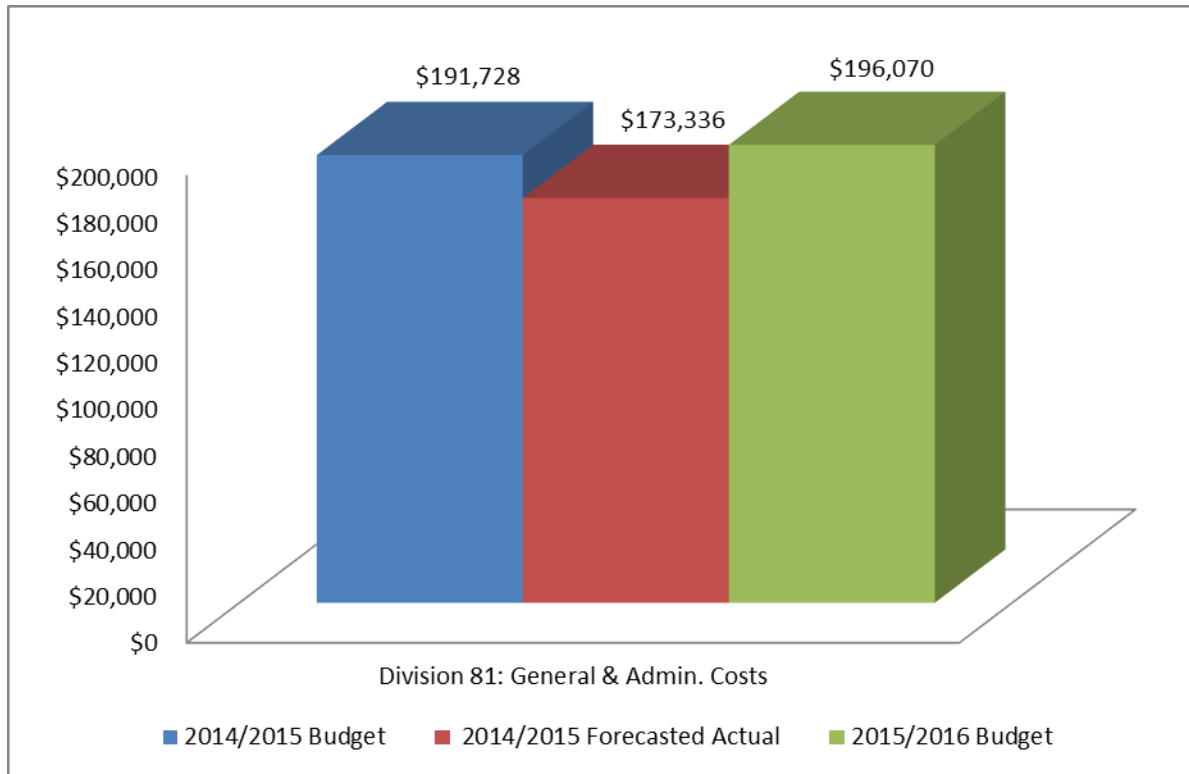
Besides the new junior Student Services Associate position for Services captured in the Employment division, increases in this budget largely related to building in extra Lead and Club Coordinator hours, and club related expenses. Club coordination is being moved under this division this year to ensure more continuity in terms of annual management, planning and execution of our clubs program which has previously been run in our executive division.

Campus Executive Budgets



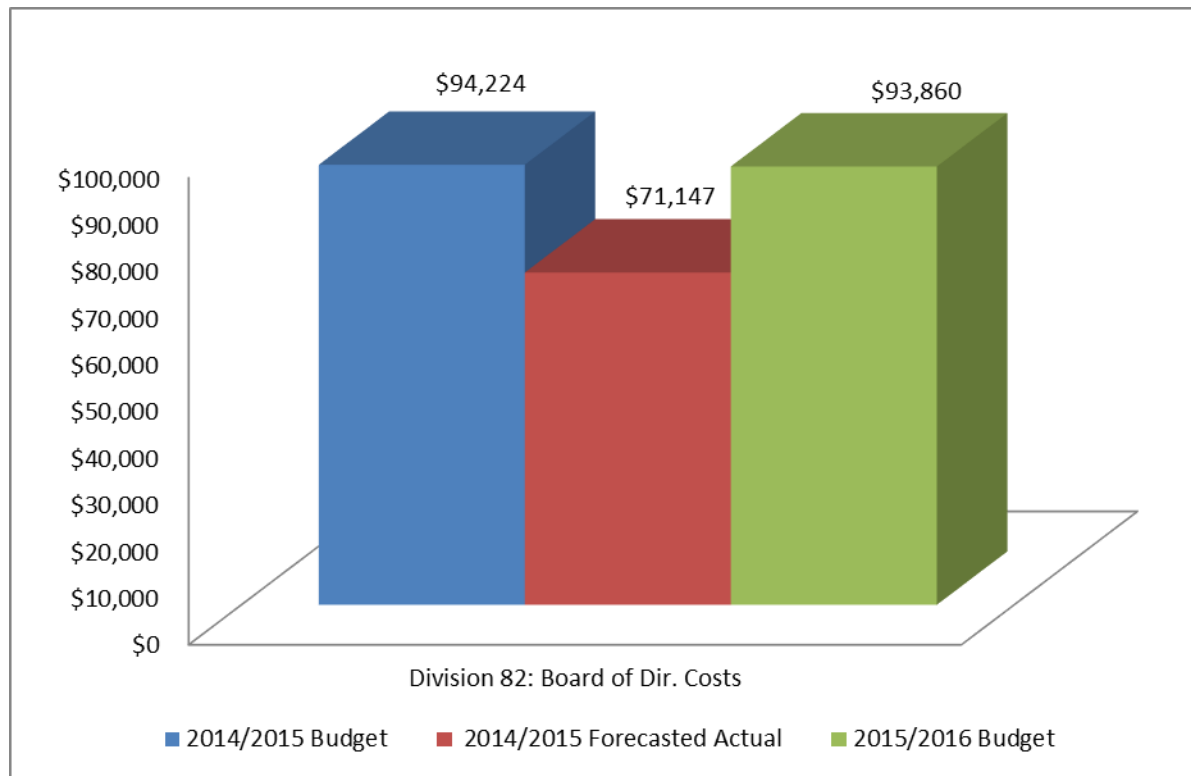
Our intent with this budget is to maintain it for future use, with a modest decrease to more closely reflect actual spends.

General & Administrative



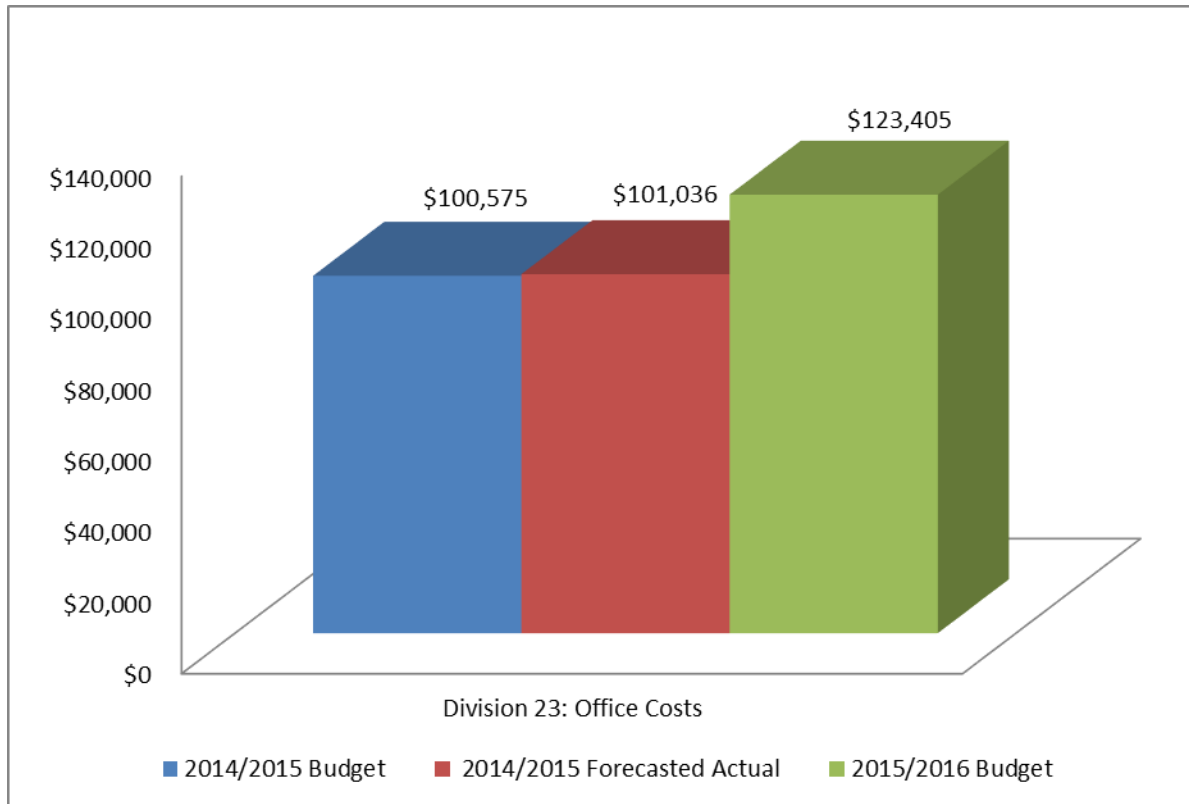
Generally this budget looks to maintain itself, with notable increases in consulting support, in addition to a budget adjustment related to expected insurance policy increases. Decreases in cell phone and mileage expenses reflect changing policies surrounding these two expense lines.

Board of Directors



Besides increasing the Director Honorariums (per Board approval), most of the changes to the Board budget are minor, looking to more accurately reflect actual spending.

Campus Office Expenses



Office costs look to include additional CSR hours at our campuses and incorporate student printing costs within this division.

Summary and Conclusions

The 2015-16 operating budget offers an exciting opportunity for sustainable growth for the SSUI, building in new full-time positions to better execute and deliver upon the strategic goals of the SSUI in our three distinct campus environments.

This budget is conservatively based on sustainable student funding, and most significant growth in this budget is focused on enhancing our capability to provide services, more effective communications, more effective Board and Presidential support, and more dynamic and regular programming and events at all three campuses.

Major challenges to be addressed this year include defining an alternative funding model for the Sheridan Shuttle with Sheridan College, further enhancing the profitability of our food and beverage operations, enabling our executive division to achieve its full potential, and retaining talented staff.

Challenges perceived for consideration in future budgets include preparing the organization to respond to new operational and capital investments within the redefined HMC Campus, and preparing an effective 5 to 10 year capital budget to address imminent capital investments in student environments at the HMC Campus in particular.