

## Report of the Treasurer – 2019 Annual Summary for the AGM – June 24<sup>th</sup>, 2020

Members of the Alumni Executive Board;

The following is a brief summary and update of the financial matters and activity of the Executive over the course of the annual fiscal year of 2019, ending on March 31<sup>st</sup>, 2020.

The summary includes key aspects of the operational budget and subsequent cash flows of the day-to-day operations of the Executive as well as the investment funds managed by the Executive. It also discusses the impact, repercussions and changes we have faced and made amidst COVID-19 going forward in the fiscal 2020 year.

### 1. Budget vs. Income Statement for Fiscal 2019:

- **Overview:** Fiscal 2019 brought about a budget deficit due to swings in the investment accounts that saw the whole account decrease in value by ~ 5% year-over-year. A sell-off in the equity marketing at the end of Calendar 2019 and then the subsequent market crash of March 2020 coinciding with the COVID-19 pandemic, the account is down but remains stable due to strong and conservative management by ScotiaWealth.
- **Receipts/Income:** Total receipts for fiscal 2019 were 13% above budgeted expectations thanks to higher investment income, strong results from the Annual Golf Tournament and higher than expected sale of memorabilia.
- **Expenditures:** Total expenditures for the fiscal year come-in 10% below budgeted expectations due mainly to reduced costs for the Annual Brunch event.
- **Net Income:** With lower expenditures and higher revenue than expected for the UKCAA for fiscal 2019, the Executive enjoyed an operating budgeted surplus of \$16,464 from operations. However, this strong operating budget was overshadowed by losses in value of investments which results in an overall short-fall for the fiscal 2019 year.

### 2. Investment Account Update for Fiscal 2019:

- **2019 Fiscal Performance:** Increased volatility to the international financial markets has had direct repercussions on the investments of the UKCAA and our wealth manager, Duncan Carnegie of ScotiaWealth is joining the meeting to discuss the results and the future of the account. Please see his report attached to be complimented with a live presentation.
- **Investment Policy Discussion and proposed Changes:** As everyone is aware, in 2019 we ratified our Investment Policy Statement which will give guidance for investment decisions going forward. In the Asset Allocation section, the following mix of assets is set forth:

Asset Class	Optimal Asset Mix	Minimum Allocation	Maximum Allocation
Cash	5%	0%	10%

Fixed Income	50%	40%	60%
Equity - Canadian	45%	30%	50%

Currently the mix of equities in the account is in violation of the statement as ~62% of the account is allocated to equities rather than the maximum stated of 50%. 50% is an extremely conservative portion to allocate to equities and will stifle our ability to achieve the desired returns of ~5%. ScotiaWealth has recommended increasing the allocation to a maximum of 60%, inline with accounts of this type and profile. We would like to have a wholesome discussion with the committee at the AGM and make a decision together of altering the IPS with the input from ScotiaWealth.

**3. Budget Changes for 2020: Below are some answers to some key questions going forward in fiscal 2020 in light of COVID-19.**

- In light of COVID-19, what would be your plans for 2020/2021 year?
  - We have cancelled Alumni Association events until 2021 at the earliest.
- Would you have a revised budget or an estimate for 2020/2021?
  - We have modified our Budget for the 2020-2021 year as events have been cancelled and we anticipate lower investment income. Our modified budget reflects that there are no revenue or expenses associated with events.
- The Alumni nets approximately \$9,000 from the annual dinner (brunch) and \$15,000 from the golf tournament, which will likely be lost for 2020/2021. Will the bursaries/awards be cut due to the expected lost revenues?
  - The Student Entrance Awards for Athletics and Athletic Programming will be affected in the 2021-2022 fiscal year. The money from the 2019 Golf Tournament will be awarded in the 2020-2021 year. All other student awards will be awarded and values determined on a three year rolling average formula.
- Is the Alumni eligible for any government assistance or other funding due to COVID-19?
  - Not that we are aware of.

Please feel free to contact me directly if you have any questions regarding the Executive's financial activities and if you would like to go over the audited financial statements in detail.

Signed;



Stuart Pattillo (BA '05)