
FINANCIAL STATEMENTS

SIMON FRASER STUDENT SOCIETY

April 30, 2012

***TW* TOMPKINS, WOZNY, MILLER & CO.**
Chartered Accountants

A partnership of incorporated professionals.

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Simon Fraser Student Society

Report on the Financial Statements

We have audited the accompanying financial statements of **Simon Fraser Student Society**, which comprise the statement of financial position as at April 30, 2012, and the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Simon Fraser Student Society as at April 30, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that the accounting principles used in these financial statements have been applied on a basis consistent with that of the preceding year.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada
October 10, 2012

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at April 30

	2012						2011	
	General Fund	Capital Asset Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	
ASSETS								
Current assets								
Cash and term deposits	1,943,314	—	2,527,956	417,944	143,283	283,649	5,316,146	4,284,800
Cash and term deposits - other [note 4]	129,435	—	—	—	—	—	129,435	1,342,869
Accounts receivable	36,064	—	—	—	5,774	—	41,838	77,087
Inventory [note 5]	60,033	—	—	—	—	—	60,033	49,213
Prepaid amounts [note 6]	18,232	—	—	1,384,559	—	—	1,402,791	1,350,391
Interfund loans, no specific terms	(1,373,644)	—	1,378,447	(2,972)	(1,831)	—	—	—
Total current assets	813,434	—	3,906,403	1,799,531	147,226	283,649	6,950,243	7,104,360
Capital assets [note 7]	—	5,366,335	—	—	—	—	5,366,335	5,066,527
	813,434	5,366,335	3,906,403	1,799,531	147,226	283,649	12,316,578	12,170,887
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accruals	458,453	—	262,736	394,416	—	—	1,115,605	1,100,343
Deferred revenue	7,418	—	—	1,387,305	—	—	1,394,723	1,333,589
Total current liabilities	465,871	—	262,736	1,781,721	—	—	2,510,328	2,433,932
Fund balances								
Internally restricted [note 8(a)(i)]	129,985	—	3,643,667	17,810	147,226	283,649	4,222,337	4,650,000
Repair and replacement reserves [note 8(a)(ii)]	7,498	—	—	—	—	—	7,498	20,428
Invested in capital assets	—	5,366,335	—	—	—	—	5,366,335	5,066,527
Unrestricted	210,080	—	—	—	—	—	210,080	—
Total fund balances	347,563	5,366,335	3,643,667	17,810	147,226	283,649	9,806,250	9,736,955
	813,434	5,366,335	3,906,403	1,799,531	147,226	283,649	12,316,578	12,170,887
Commitments [note 12]								
Contingent liabilities [note 13]								
Subsequent events [note 16]								
<i>See accompanying notes</i>								
On behalf of the Board								

Director

Director

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2012						2011	
	General Fund	Capital Asset Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	
	\$	\$	\$	\$	\$	\$	\$	
	<i>[note 17(a)]</i>							
REVENUES								
Activity fees and fund levies <i>[notes 9 and 10]</i>	2,033,037	—	924,300	3,939,503	54,478	46,260	6,997,578	6,690,692
Retail services <i>[schedule 1]</i>	1,762,508	—	—	—	—	—	1,762,508	1,615,145
General office <i>[schedule 2]</i>	93,845	—	—	—	—	—	93,845	69,864
Rental revenue	82,912	—	—	—	—	—	82,912	102,678
Graduate Student Society service sharing revenue	35,365	—	—	—	—	—	35,365	33,180
Interest and other	39,674	—	31,459	10,719	1,586	3,128	86,566	76,831
Total revenues	4,047,341	—	955,759	3,950,222	56,064	49,388	9,058,774	8,588,390
EXPENSES								
Retail services <i>[schedule 1]</i>	2,124,285	—	—	—	—	—	2,124,285	1,970,738
Administration and financial office <i>[schedule 2]</i>	193,711	—	—	—	—	—	193,711	206,913
General office <i>[schedule 2]</i>	151,081	—	—	—	—	—	151,081	219,157
Building operating costs (net of tenant recoveries) <i>[note 3]</i>	134,597	—	—	—	—	—	134,597	108,717
Total office, operating and administration	479,389	—	—	—	—	—	479,389	534,787
Building maintenance and renovation costs <i>[note 11]</i>	—	—	153,655	—	—	—	153,655	263,880
Activity and program expenditures <i>[schedule 3]</i>	1,547,719	—	—	3,936,230	28,378	1,129	5,513,456	4,829,574
Discretionary grants - departmental student unions	57,423	—	—	—	—	—	57,423	72,491
- clubs	106,393	—	—	—	—	—	106,393	91,859
Student bursaries	10,000	—	—	—	—	—	10,000	10,000
Total activity, programs and grants	1,721,535	—	—	3,936,230	28,378	1,129	5,687,272	5,003,924
Amortization - building and other	—	447,541	—	—	—	—	447,541	391,810
- food and beverage	—	97,337	—	—	—	—	97,337	69,572
Total expenses	4,325,209	544,878	153,655	3,936,230	28,378	1,129	8,989,479	8,234,711
Excess of revenues (expenses) for the year	(277,868)	(544,878)	802,104	13,992	27,686	48,259	69,295	353,679
Fund balances, beginning of year	689,328	5,066,527	3,619,970	6,200	119,540	235,390	9,736,955	9,383,276
Interfund transfers								
Purchase of capital assets	(66,279)	844,686	(778,407)	—	—	—	—	—
Health Plan reserve	2,382	—	—	(2,382)	—	—	—	—
Fund balances, end of year	347,563	5,366,335	3,643,667	17,810	147,226	283,649	9,806,250	9,736,955

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended April 30

	2012						2011	
	General Fund	Capital Asset Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	
	\$	\$	\$	\$	\$	\$	Total \$	
OPERATING ACTIVITIES								
Excess of revenues (expenses) for the year	(277,868)	(544,878)	802,104	13,992	27,686	48,259	69,295	353,679
Items not involving cash								
Amortization of capital assets	—	544,878	—	—	—	—	544,878	461,382
Changes in non-cash working capital balances								
Accounts receivable	13,468	—	21,716	—	65	—	35,249	307,757
Inventory	(10,820)	—	—	—	—	—	(10,820)	310
Prepaid amounts	(7,412)	—	26,460	(71,448)	—	—	(52,400)	(57,590)
Accounts payable and accruals	(269,966)	—	262,736	22,492	—	—	15,262	413,161
Deferred revenue	(11,354)	—	—	72,488	—	—	61,134	112,618
Cash provided by (used in) operating activities	(563,952)	—	1,113,016	37,524	27,751	48,259	662,598	1,591,317
FINANCING ACTIVITIES								
Interfund transfers	(63,897)	844,686	(778,407)	(2,382)	—	—	—	—
Interfund loans	1,094,810	—	(1,193,503)	98,449	244	—	—	—
Cash provided by (used in) financing activities	1,030,913	844,686	(1,971,910)	96,067	244	—	—	—
INVESTING ACTIVITIES								
Disposal of assets	—	—	—	—	—	—	—	1,953
Purchase of capital assets	—	(844,686)	—	—	—	—	(844,686)	(1,194,105)
Cash used in investing activities	—	(844,686)	—	—	—	—	(844,686)	(1,192,152)
Increase (decrease) in cash during year	466,961	—	(858,894)	133,591	27,995	48,259	(182,088)	399,165
Cash, beginning of year	1,605,788	—	3,386,850	284,353	115,288	235,390	5,627,669	5,228,504
Cash, end of year	2,072,749	—	2,527,956	417,944	143,283	283,649	5,445,581	5,627,669
Cash includes:								
Cash and term deposits	1,943,314	—	2,527,956	417,944	143,283	283,649	5,316,146	4,284,800
Cash and term deposits - other [note 4]	129,435	—	—	—	—	—	129,435	1,342,869
Cash, end of year	2,072,749	—	2,527,956	417,944	143,283	283,649	5,445,581	5,627,669

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

1. NATURE OF ORGANIZATION

The Simon Fraser Student Society (the "Society") is a registered, not-for-profit organization incorporated in the province of British Columbia which is exempt from income taxes. The purposes of the Society are to work cooperatively to make student life at Simon Fraser University (the "University") easier and more fulfilling, to advocate to make education accessible, and to provide low cost, student-friendly services to its members.

2. SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of the financial statements:

Fund Accounting

The Society follows fund accounting using the deferral method of accounting for contributions. The major funds are described below.

General Fund

Revenues and expenses related to program delivery, administrative activities and retail operations are reported in the general fund. This fund represents unrestricted resources.

The following funds are all internally restricted for the following purposes:

Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Society's capital assets.

Space Expansion Fund

The Space Expansion Fund was originally established for the construction of additional space for student activities and renovation of existing Society space, and related costs. The use of the fund was subsequently amended through a referendum to include potential future expansion, renovations and ongoing maintenance of existing and future space for students, student groups and student activities. The capital fee levy portion of student activity fees is designated for the Space Expansion Fund. The fund is currently used to pay building maintenance and renovation costs as well as building capital costs.

Undergraduate Health Plan Fund

The members of the Society have agreed to contribute up to \$198 per year for the purpose of offering both an extended health plan and dental plan for undergraduate students.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

First Nations Students Fund

The members of the Society have agreed to contribute \$0.75 cents per student per semester to the First Nations Student Association ("FSNA").

Accessibility Fund

The members of the Society have agreed to contribute \$0.75 per student per semester, for the purpose of increasing the accessibility of, and removing barriers to, participation in campus activities and events for students with disabilities.

Internally Restricted Net Assets in the General Fund

i) Repair and Replacement Reserves [note 8]

Pursuant to its premise lease with the University, the Society allocates 3% of its gross catering revenues to each of a Premises Repair Reserve and an Equipment Replacement and Repair Reserve. These reserves are to be used for repairs to the premises used for catering operations and repairs and replacement of related equipment.

ii) Health Plan Reserve [note 8]

The Health Plan Reserve is funded by the Undergraduate Health Plan. The Society internally restricts a portion of the levy to fund future expenses relating to the management, promotion and maintenance of the Undergraduate Health Plan. This reserve funding was suspended from September 1, 2010 to August 31, 2011. The reserve funding was reinstated as of September 1, 2011 at a reduced rate.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Contributions for externally restricted purposes are recognized as revenue in the year in which the related expenses are incurred.

Student activity fees are recognized as revenue according to the academic terms and funds they relate to.

Revenue from all other sources is recognized in the general fund when the service is provided or when the respective goods are sold to the customer.

Inventory

Inventory is valued at the lower of cost, determined on a first-in first-out basis, and net realizable value.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis at the rates outlined in note 7. Amortization expense is recorded in the Capital Asset Fund.

Pre-acquisition and construction costs are capitalized to leaseholds under construction and are not amortized until the asset is fully constructed. Pre-acquisition costs will only be expensed if it is determined that the project will not be completed.

Statement of Cash Flows

The statement of cash flows is prepared on a net cash basis and cash flows from operating activities are presented using the indirect method.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from the estimates.

Financial Instruments

The Society has adopted the recommendations of Section 3855 and 3861 of the Canadian Institute of Chartered Accountant's ("CICA") Handbook regarding financial instruments. The Society has elected to use the exemption provided by the CICA permitting not-for-profit organizations not to apply sections 3862 and 3863 of the CICA Handbook.

The Society's financial instruments consist of cash, term deposits, accounts receivable, and accounts payable.

The Society has classified its financial instruments as follows:

- Cash and term deposits – held for trading
- Accounts receivable – loans and receivables
- Accounts payable – other financial liabilities

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Held for Trading

The Society's held for trading financial instruments are recorded at fair value with any gains or losses arising from changes in fair value being recognized immediately in income.

Loans and Receivables and Other Financial Liabilities

Loans and receivables and other financial liabilities are recorded at amortized cost.

The Society's cash and term deposits are subject to credit and interest rate risk and the accounts receivable are subject to credit risk.

In the opinion of management, there are no other significant risks associated with these financial instruments and their carrying value approximates fair value.

Future Accounting Changes

The Society prepares its financial statements in accordance with Canadian generally accepted accounting principles. In 2013, the Society will adopt Canadian accounting standards for not-for-profit organizations ("ASNPO"). These standards were released by the CICA in December 2010 as Part III of the CICA Handbook, and where specific standards are not provided in Part III of the CICA Handbook, the accounting standards for private enterprises ("ASPE") contained in Part II of the CICA Handbook will be adopted. The adoption of ASNPO and ASPE is not expected to have a significant impact on the financial statements of the Society.

3. BUILDING OPERATING COSTS

Building operating costs represent amounts charged by the University for the maintenance and operations of the Society's premises in the Maggie Benston Centre. The Society is responsible for these costs on approximately two-thirds of the space it occupies in the Centre. Prior to 2010, building operating costs were allocated to the Food and Beverage operations based on the gross charge for the square footage of space used in Food and Beverage operations.

Effective May 1, 2009, the Society discontinued allocating operating costs to the Food and Beverage operations and if the allocation of operating costs had occurred in 2012, operating costs in the amount of \$88,634 [2011 - \$82,123] would have been allocated to the Food and Beverage operations [schedule 5].

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

4. CASH AND TERM DEPOSITS - OTHER

	2012	2011
	\$	\$
Health Plan Reserve account	129,435	224,447
Society Development fees	—	1,118,422
	129,435	1,342,869

5. INVENTORY

	2012	2011
	\$	\$
Food and liquor	35,692	22,754
Office supplies and postage	3,676	10,312
Paper and other	20,665	16,147
	60,033	49,213

6. PREPAID AMOUNTS

Prepaid amounts consist of the following items:

	2012	2011
	\$	\$
General fund		
Deposit on database	4,682	2,738
Supplies and other	13,550	8,082
	18,232	10,820
Space Expansion fund		
Deposits - Food and Beverage furniture and equipment for renovation	—	26,460
Undergraduate Health Plan fund		
Insurer's Premiums - Undergraduate Health Plan	1,370,744	1,299,945
SFU administrative fees - Undergraduate Health Plan	13,815	13,166
	1,384,559	1,313,111
Total prepaid amounts	1,402,791	1,350,391

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

7. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2012	Lease term:			
Leasehold interest - building	13 to 30 years	8,745,662	4,006,275	4,739,387
Leaseholds under construction - Atrium [note 12(g)]		70,366	—	70,366
- Build SFU [note 18]		45,428	—	45,428
		8,861,456	4,006,275	4,855,181
Other Capital				
Computers, software and data processing equipment	4 years	201,469	181,319	20,150
Website under construction	—	26,436	—	26,436
Other furniture and equipment	5 years	362,524	155,275	207,249
		590,429	336,594	253,835
Food and Beverage				
Computers	5 years	17,680	12,792	4,888
Other furniture and equipment	5 years	534,157	281,726	252,431
		551,837	294,518	257,319
		10,003,722	4,637,387	5,366,335
2011	Lease term:			
Leasehold interest - building	14 to 30 years	8,331,595	3,649,104	4,682,491
		8,331,595	3,649,104	4,682,491
Other Capital				
Computers, software and data processing equipment	4 years	184,443	161,739	22,704
Other furniture and equipment	5 years	249,961	84,485	165,476
		434,404	246,224	188,180
Food and Beverage				
Computers	5 years	17,680	10,374	7,306
Other furniture and equipment	5 years	375,357	186,807	188,550
		393,037	197,181	195,856
		9,159,036	4,092,509	5,066,527

The leasehold interest in the building is recorded net of a \$1,000,000 contribution from the University.

The Society has a right to occupy its premises in the Maggie Benson Centre pursuant to a 30 year lease with the University, expiring in 2024. The lease may be extended for two additional 30 year periods. Annual rent of \$1 plus the Society's share of operating costs are payable to the University for the term of the lease.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

8. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES

(a) General Fund

i) Internally Restricted Fund Balances

	2012	2011
	\$	\$
Health Plan Reserve		
Balance, beginning of year	127,615	96,615
Interfund transfer	2,382	34,697
Expenses [schedule 3]	(12)	(3,697)
Balance, end of year	129,985	127,615
Society Development - CFS dispute		
Balance, beginning of year	541,285	525,990
Activity fees [note 9]	470,777	462,228
Expended - legal services and other [schedule 3]	(758,756)	(140,893)
Used by operations	—	(306,040)
To unrestrict Society Development fee [note 9]	(253,306)	—
Balance, end of year	—	541,285
Total Internally Restricted	129,985	668,900

ii) Repair and Replacement Reserves

	2012		2011	
	Premises Repair Reserve	Equipment Replacement and Repair Reserve	Total	Total
	\$	\$	\$	\$
Transfer from unrestricted net assets	4,176	4,176	8,352	9,236
Expenditures	—	—	—	—
Capital asset purchases	—	(21,282)	(21,282)	—
Increase (decrease) during the year	4,176	(17,106)	(12,930)	9,236
Balances, beginning of year	20,428	—	20,428	11,192
Interfund transfer	(17,106)	17,106	—	—
Balances, end of year	7,498	—	7,498	20,428

(b) Other Funds

The purpose of the other internally restricted fund balances for the Space Expansion Fund, Undergraduate Health Plan Fund, First Nations Students Fund and Accessibility Fund are disclosed in Note 2.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

9. ACTIVITY FEES

Activity fees include fees collected from students known as a Society Development Fee and are included in the General Fund. Commencing in 2009, upon withdrawal from the CFS, the members of the Society agreed to direct the former CFS membership fees of \$7.64 per semester for full-time students and \$3.82 per semester for part-time students as Society Development fees. During the year, the Society collected \$470,777 [2011 - \$462,228] of Society Development fees.

During the year the CFS dispute was settled and as a result, the Society's Board of Directors unrestricted the remaining Society Development fund balance of \$253,306 [Note 8(a)(i)]. All future Society Development fees will be for general operations.

10. NON-DISCRETIONARY ALLOCATIONS

During the year, the Society collected fees on behalf of the following autonomous organizations:

	2012	2011
	\$	\$
Simon Fraser Public Interest Research Group	184,860	181,503
Peak Publications Society	301,938	296,455
Simon Fraser Campus Radio Society (CJSF)	231,120	226,921
World University Services of Canada	132,943	60,501
Sustainable SFU	123,240	94,180
	974,101	859,560

As these fees are collected in trust on behalf of the other organizations, they are not included in the statement of operations.

11. BUILDING MAINTENANCE AND RENOVATION COSTS

During the year, the Society incurred the following expenses in the Space Expansion Fund:

	2012	2011
	\$	\$
Building maintenance	107,628	102,082
Repairs and renovations	46,027	161,798
	153,655	263,880

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

12. COMMITMENTS

(a) Maggie Benston Centre

The Society is required to pay building operating costs to the University for a portion of the space it occupies in the Maggie Benston Centre in the approximate amount of \$274,610 per year.

(b) Ombudsperson and Office

The Ombuds office position is jointly funded by the University, The Graduate Student Society and the Society. The University contributes 50% of the funding required for the position, up to a maximum of \$60,000 per annum to be used to provide the employee's salary and benefits and related office operating expenses. The University contributes 50% of all costs related to office operations including structured repair, renovations and maintenance costs. The Graduate Student Society and the Society jointly contribute 50% of the funding required for the position, up to a maximum contribution of \$60,000 per annum. By mutual agreement, the student societies provide the office space for the position, including necessary furnishings, computer, and telephone equipment.

(c) Undergraduate Health Plan

The Society entered into an agreement effective until August 31, 2014 for extended health and dental benefits which are to be provided to undergraduate students who opt into the plan. Under the terms of the agreement, the insurance fees can be revised annually. At the beginning of the 2011 fiscal year, the revised benefit fees including the SFU administration fee were set at \$198 per student per year for both benefits. Effective September 1, 2012, these fees have been renegotiated and set at \$198 per student per year for both benefits for the next benefit plan year ending August 31, 2013.

(d) Woodward's Campus Space

On April 30, 2010, the Society entered into a five year agreement with W2 Community Media Arts Society ("W2") to have access to a lounge, meeting and other space in the Woodward's Complex in Vancouver, B.C. where the University will be offering classes. The W2 will operate a café at no charge to the Society in the lounge space. The Society has a right to a five year renewal period with no change in costs and further renewal periods with negotiated changes in costs.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

12. COMMITMENTS (CONT'D)

(d) Woodward's Campus Space (Cont'd)

The Society must nominate one Society member to be a director of the W2 while this agreement is in force.

The Society has agreed to spend \$85,000 to finish the lounge and meeting room and to purchase furniture and equipment for use in the lounge and meeting room. Of this amount, \$Nil [2011 - \$34,247] has been expensed to building maintenance and renovation costs and \$26,000 [2011 - \$17,253] has been capitalized to furniture and equipment. The Society retains ownership of the furniture, equipment and other moveable improvements that it purchases.

The Society must make an additional \$6,000 plus HST annual contribution towards W2's operating costs with the first payment to commence when the lounge area, meeting room and café commence operations, which occurred on September 15, 2011. W2 agrees that this contribution will only be used to pay operating costs and that any funds remaining after the payment of operating costs will be paid into a contingency fund. Amounts may be paid out of the contingency fund only with the agreement of both parties with the Society being entitled to the balance of any remaining funds at the end of the agreement.

The Society has also agreed to spend up to \$2,000 annually on the maintenance, repair, replacement of furniture and equipment in the lounge area and meeting room.

(e) SFSS Management Application Database

During the year ended April 30, 2012, the Society entered into an agreement with a company to further develop the Society's management database at a cost of \$9,363. A deposit of \$4,682 was paid prior to the year end and is included in prepaid expenses.

(f) SFSS Website

During the year ended April 30, 2012, the Society entered into an agreement with a company to further develop the a website for the Society at a cost of \$29,504 plus taxes. Amounts totaling \$26,435 were paid and capitalized prior to the year end.

(g) Atrium Renovations

The Society expects to incur approximately \$670,000 total costs on its Atrium food court renovations. As of April 30, 2012, the Society has incurred \$70,366 which has been capitalized as leaseholds under construction. Subsequent to the year end, the Society has incurred \$229,514 of additional renovation costs.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

12. COMMITMENTS (CONT'D)

(h) Lease Obligation

The Society entered into a new three year photocopier lease agreement commencing January 1, 2012 and terminating January 1, 2015 with monthly payments of \$654 plus taxes. The expected minimum annual payments for the next three years are as follows:

	\$
2013	8,784
2014	8,784
2015	5,856
	<u>23,424</u>

13. CONTINGENT LIABILITIES

Letters of Credit

The Society has outstanding letters of credit totaling \$12,500 [2011 - \$12,500] issued as security for liquor purchases. Equivalent funds are to be maintained in term deposits.

14. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2012, the Society paid stipends to executive board members and other elected personnel in the amount of \$234,844 [2011 - \$180,743]. Of the amount, \$19,214 [2011 - \$10,232] are included in negotiations and consulting expense [schedule 3] and \$215,630 [2011 - \$170,511] are included in stipends expense [schedule 3].

15. CAPITAL DISCLOSURES

The Society defines its capital as its fund balances. The Society manages its capital by preparing and monitoring an operating and capital budget in order to ensure sufficient resources are available to continue as a going concern and to achieve its purposes as disclosed in note 1. The Society accomplishes this, in part, by depositing its capital with Canadian credit unions.

There were no changes in capital management policies during the year ended April 30, 2012.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

16. SUBSEQUENT EVENTS

(a) Surrey Campus Space

Subsequent to the year-end, the Society signed a lease with the University for a student union office and space totaling 47.79 square meters at the Surrey university campus. The lease agreement was effective retroactive to May 1, 2007. The term of the lease is for a period of ten (10) years and with two renewal periods of ten years each. The Society will pay \$1 per year as an annual basic rent plus additional rent to be paid monthly. The additional rent covers occupancy costs that the University incurs on behalf of the Society which are to be estimated annually by the University with final adjustment to actual costs by June 30th each year. The additional rent for fiscal year 2013 will be approximately \$5,679 per annum.

(b) Build SFU

Subsequent to the year-end, the Society signed a Memorandum of Understanding with the University [note 18] regarding Build SFU.

17. OPERATIONS

(a) Society

From July 10, 2011 to October 10, 2011, the Society's staff who are members of CUPE local 3338 Unit 5, were locked-out and services were minimized to a level that management could provide. As a result of the lock-out, wage costs incurred were significantly reduced for the year.

(b) Food and Beverage

In fiscal 2012, the Highland Pub ("Pub") was closed for part of May 2011 for completion of the Upper Pub renovations.

In fiscal 2011, the Pub was closed July 1 to 11, 2010 and July 25 to September 6, 2010 to complete kitchen renovations. The Pub operated at half capacity as the Lower Pub renovations took place from November 22 to December 14, 2010, January 17 to February 25, 2011 and March 1 to 4, 2011. The Pub was fully closed for the completion of the Upper Pub renovations from April 21 to 30, 2011.

NOTES TO FINANCIAL STATEMENTS

April 30, 2012

18. OTHER INFORMATION

Build SFU

During the year, the members of the Society passed a referendum to implement a new membership levy of \$10 per semester, commencing January 1, 2014, for the purpose of funding the construction, maintenance, and utility costs for a new Student Union space. The levy will increase by \$10 on January 1st of each subsequent year until 2022, at which point it will be capped and adjusted annually for inflation according to the Canadian Consumer Price Index. The levy will be pro-rated for part-time students according to existing Society policy. A procedure will be established for students who demonstrate financial distress to apply for assistance in paying this levy.

Until the levy is effective, all expenses and capital costs for this project will be funded through the Space Expansion Fund. As of April 30, 2012, the Society has incurred \$45,428 of which has been capitalized to leaseholds under construction.

In September 2012, the Society entered into a memorandum of understanding ("MOU") with the University. The MOU is valid for a three (3) year term commencing September 17, 2012 and will automatically renew for successive one (1) year periods unless terminated by either party. No final decisions have been made in regards to the location of the new Student Union space as a result of signing the MOU. Under the MOU, a joint steering committee will be formed to oversee the Build SFU project. Future legal agreements to be entered into may include: (a) Fund Management Agreement that will set out how the new student levy will be remitted and managed; (b) Space Exchange Agreement that details the portion of the space leased by the Society on the Burnaby campus that the Society will exchange for the lease of the new space; (c) Lease for the new Student Union space; (d) Surrender of Lease(s) whereby the Society will surrender to the University a portion of the space currently leased by the Society; (e) Development Agreement for the Build SFU project; and (f) Operating Agreement for the new space.

The Society and the University have indicated an intention for the Society to continue to operate the Highland Pub, Higher Grounds Coffee, Undergrounds, the Atrium Cafeteria and various food and beverage kitchens located in the Maggie Benston Centre.

Currently, the Society has not entered into any contracts with building contractors. The Society has budgeted this project to cost approximately \$60 million for a space of approximately 100,000 to 200,000 square feet, plus \$5 million for the construction of a stadium which is estimated to be completed on or before September 1, 2018.

RETAIL SERVICES
SCHEDULE OF REVENUES AND EXPENSES

Year ended April 30

	Copy Centre \$	Food and Beverage \$	Total \$
	[Schedule 4]	[Schedule 5]	
2012			
Revenues			
Sales	87,815	1,666,001	1,753,816
Other income	41	8,651	8,692
Total revenues	87,856	1,674,652	1,762,508
Expenses			
Cost of sales	75,500	626,285	701,785
Direct expenses	—	1,154,205	1,154,205
Other expenses	64,854	203,441	268,295
Total expenses	140,354	1,983,931	2,124,285
Excess of expenses for the year	(52,498)	(309,279)	(361,777)
2011			
Revenues			
Sales	120,665	1,487,350	1,608,015
Other income	849	6,281	7,130
Total revenues	121,514	1,493,631	1,615,145
Expenses			
Cost of sales	82,068	547,051	629,119
Direct expenses	—	1,094,197	1,094,197
Other expenses	80,872	166,550	247,422
Total expenses	162,940	1,807,798	1,970,738
Excess of expenses for the year	(41,426)	(314,167)	(355,593)

**GENERAL, ADMINISTRATION AND FINANCIAL OFFICE
SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	2012	2011
	\$	\$
GENERAL OFFICE		
Revenues		
Craft Fair	2,636	2,280
Conference room rental	11,093	7,215
Vendor permits, net of SFU food bank donations	24,961	38,197
Advertising and other	55,155	22,172
	<u>93,845</u>	<u>69,864</u>
Expenses		
Copying	228	294
Craft Fair	2,537	2,626
Office supplies and other	3,025	3,442
Telephone and fax	1,491	1,678
Wages and benefits	143,800	211,117
	<u>151,081</u>	<u>219,157</u>
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Professional fees	16,683	18,679
Insurance	23,538	23,396
Office and other	14,848	17,639
Wages and benefits - Financial office	80,543	102,954
- Senior Organizational Advisor	58,099	44,245
	<u>193,711</u>	<u>206,913</u>

**ACTIVITIES AND PROGRAMS
SCHEDULE OF EXPENSES**

Year ended April 30

	2012	2011
	\$	\$
Board of directors' allocations		
Activity days and events	29,064	42,427
Donations	—	500
Elections	12,790	20,939
Forum packages	10	230
Legal services and other - CFS withdrawal <i>[note 8(a)(i)]</i>	758,756	140,893
Legal services - general	4,672	19,455
Surrey campus representation	4,979	11,066
Negotiations and consulting <i>[note 14]</i>	77,347	53,075
SCES/SFU (Kamloops Students Society)	—	801
Stipends <i>[note 14]</i>	215,630	170,511
Travel and conference	310	2,393
Office, printing and other	12,759	8,820
	1,116,317	471,110
Advocacy and representation		
Student Union organizer	58,312	66,093
Advocacy Committee	7,550	13,484
Ombuds office	45,639	52,445
Resource office	60,800	136,038
University Relations office	56,740	65,610
	229,041	333,670
Other student programs and services		
Legal aid clinic	12,911	22,829
Handbook and website (net)	26,251	54,725
Health Plan Reserve expenses <i>[note 8(a)(i)]</i>	12	3,697
Women's Centre	50,554	86,209
Out on Campus	59,421	86,546
Surrey Campus	53,212	64,216
	202,361	318,222
Total general fund activity and program expenses	1,547,719	1,123,002

**COPY CENTRE
SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	2012	2011
	\$	\$
Revenues		
General	475	1,610
Copying and printing	87,340	119,055
	87,815	120,665
Cost of sales		
General	480	1,572
Copying	39,047	39,208
Printing supplies	35,973	41,288
	75,500	82,068
Gross profit	12,315	38,597
Transit and postage (net)	41	849
	12,356	39,446
Expenses		
Office and administration (recovery)	394	(4)
Bank charges and interest	1,809	1,661
Repairs and maintenance	1,500	2,646
Telephone	749	747
Wages and employee benefits	60,402	75,822
	64,854	80,872
Excess of expenses for the year	(52,498)	(41,426)

**FOOD AND BEVERAGE SERVICES
SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	2012	2011
	\$	\$
	<i>[note 17(b)]</i>	
Revenues <i>[schedule 6]</i>	1,666,001	1,487,350
Cost of sales <i>[schedule 6]</i>	626,285	547,051
Gross profit	1,039,716	940,299
Direct expenses <i>[schedule 6]</i>	1,154,205	1,094,197
	(114,489)	(153,898)
Other revenues		
Advertising	—	693
Arcade, vending machines and other	5,780	3,839
Admissions	2,871	1,749
	8,651	6,281
	(105,838)	(147,617)
Expenses		
Accounting	26,040	26,040
Administration and office	17,669	15,724
Advertising	12,111	10,842
Bank charges, credit card merchant fees and armoured car	20,650	16,086
Repairs and maintenance	17,378	14,133
Repair and Replacement Reserve expenses <i>[note 8(a)(ii)]</i>	—	—
Entertainment and event night security	52,069	37,792
Insurance	34,984	35,093
Professional fees	22,540	10,840
Total expenses	203,441	166,550
Excess of expenses for the year	(309,279)	(314,167)

Building operating costs *[note 3]*

**FOOD AND BEVERAGE SERVICES
SCHEDULE OF REVENUES, COST OF SALES AND
DIRECT EXPENSES**

Year ended April 30

	2012	2011
	\$	\$
	<i>[note 17(b)]</i>	
Revenues		
Beverages	493,420	377,132
Food	1,172,581	1,110,218
	1,666,001	1,487,350
Cost of sales		
Beverages	170,072	137,789
Food	456,213	409,262
	626,285	547,051
Direct expenses		
Restaurant and bar supplies	90,516	94,731
Wages and employee benefits - management	119,911	127,862
- other	943,778	871,604
	1,154,205	1,094,197