
FINANCIAL STATEMENTS

SIMON FRASER STUDENT SOCIETY

April 30, 2013

***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 statements of financial position as at April 30, 2013, April 30, 2012 and May 1, 2011, and the statements of operations and changes in fund balances and cash flows for the years ended April 30, 2013 and April 30, 2012, 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 accounting standards for not-for-profit organizations, 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 audits. We conducted our audits 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, 2013, April 30, 2012 and May 1, 2011, and the results of its operations and its cash flows for the years ended April 30, 2013 and April 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

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
September 25, 2013

Chartered Accountants

STATEMENTS OF FINANCIAL POSITION

As at April 30

	2013							2012	As at May 1, 2011	
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	Total	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
ASSETS										
Current assets										
Cash [note 5]	2,519,908	—	—	1,819,977	533,479	129,991	333,520	5,336,875	5,445,581	5,627,669
Accounts receivable [note 6]	48,816	—	—	—	—	1,050	—	49,866	41,838	77,087
Inventory [note 7]	53,503	—	—	—	—	—	—	53,503	60,033	49,213
Prepaid amounts [note 8]	54,363	—	—	—	1,316,841	—	—	1,371,204	1,402,791	1,350,391
Interfund loans, no specific terms	(1,502,202)	—	(32,543)	1,627,459	(86,330)	(6,384)	—	—	—	—
Total current assets	1,174,388	—	(32,543)	3,447,436	1,763,990	124,657	333,520	6,811,448	6,950,243	7,104,360
Capital assets [note 9]	—	5,408,465	—	—	—	—	—	5,408,465	5,280,045	5,066,527
Pre-acquisition costs [note 22]	—	—	83,588	—	—	—	—	83,588	45,428	—
Intangible assets [note 10]	—	55,397	—	—	—	—	—	55,397	40,862	—
	1,174,388	5,463,862	51,045	3,447,436	1,763,990	124,657	333,520	12,358,898	12,316,578	12,170,887
LIABILITIES AND FUND BALANCES										
Current liabilities										
Accounts payable and accruals [note 11]	508,004	—	—	—	376,530	—	—	884,534	1,115,605	1,100,343
Deferred revenue	10,990	—	—	—	1,361,233	—	—	1,372,223	1,394,723	1,333,589
Total current liabilities	518,994	—	—	—	1,737,763	—	—	2,256,757	2,510,328	2,433,932
Fund balances (deficit)										
Internally restricted [note 12(a)(i)]	212,107	—	—	3,447,436	26,227	124,657	333,520	4,143,947	4,222,337	4,650,000
Repair and replacement reserves [note 12(a)(ii)]	16,484	—	—	—	—	—	—	16,484	7,498	20,428
Invested in capital assets	—	5,463,862	83,588	—	—	—	—	5,547,450	5,366,335	5,066,527
Unrestricted (deficit)	426,803	—	(32,543)	—	—	—	—	394,260	210,080	—
Total fund balances	655,394	5,463,862	51,045	3,447,436	26,227	124,657	333,520	10,102,141	9,806,250	9,736,955
	1,174,388	5,463,862	51,045	3,447,436	1,763,990	124,657	333,520	12,358,898	12,316,578	12,170,887

Commitments [note 16]

Contingent liabilities [note 17]

Subsequent event [note 19]

Other information [note 22]

See accompanying notes to the financial statements

On behalf of the Board

Humza Khan

Director

Emad Shahid

Director

STATEMENTS OF OPERATIONS AND CHANGES IN FUND BALANCES

Years ended April 30

	2013							2012	
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Activity fees and levies <i>[notes 13 and 14]</i>	2,362,149	—	—	621,761	3,972,994	54,862	46,677	7,058,443	6,997,578
Retail services <i>[schedule 1]</i>	1,696,790	—	—	—	—	—	—	1,696,790	1,762,508
General office <i>[schedule 2]</i>	54,058	—	—	—	—	—	—	54,058	93,845
Rental revenue	103,137	—	—	—	—	—	—	103,137	82,912
Graduate Student Society service sharing revenue	18,916	—	—	—	—	—	—	18,916	35,365
Interest and other	35,778	—	—	26,107	8,654	1,854	3,755	76,148	86,566
Total revenues	4,270,828	—	—	647,868	3,981,648	56,716	50,432	9,007,492	9,058,774
EXPENSES									
Retail services <i>[schedule 1]</i>	2,173,406	—	—	—	—	—	—	2,173,406	2,124,285
Administration and financial office <i>[schedule 2]</i>	237,349	—	—	—	—	—	—	237,349	193,711
General office <i>[schedule 2]</i>	206,626	—	—	—	—	—	—	206,626	151,081
Build SFU office <i>[schedule 2]</i>	—	—	32,543	—	—	—	—	32,543	—
Building operating costs (net of tenant recoveries) <i>[note 4]</i>	138,053	—	—	—	—	—	—	138,053	134,597
Total office, operating and administration	582,028	—	32,543	—	—	—	—	614,571	479,389
Building maintenance and renovation costs <i>[note 15]</i>	—	—	—	111,699	—	—	—	111,699	153,655
Activity and program expenditures <i>[schedule 3]</i>	885,504	—	—	—	3,890,941	79,285	561	4,856,291	5,513,456
Discretionary grants - departmental student unions	118,473	—	—	—	—	—	—	118,473	57,423
Discretionary grants - clubs	162,834	—	—	—	—	—	—	162,834	106,393
Student bursaries	20,000	—	—	—	—	—	—	20,000	10,000
Total activity, programs and grants	1,186,811	—	—	—	3,890,941	79,285	561	5,157,598	5,687,272
Amortization - building and other	—	529,552	—	—	—	—	—	529,552	447,541
Amortization - food and beverage	—	98,824	—	—	—	—	—	98,824	97,337
Write down of furniture and equipment - W2	—	25,951	—	—	—	—	—	25,951	—
Total expenses	3,942,245	654,327	32,543	111,699	3,890,941	79,285	561	8,711,601	8,989,479
Excess of revenues (expenses) for the year	328,583	(654,327)	(32,543)	536,169	90,707	(22,569)	49,871	295,891	69,295
Fund balances, beginning of year	347,563	5,320,907	45,428	3,643,667	17,810	147,226	283,649	9,806,250	9,736,955
Interfund transfers									
Purchase of capital and intangible assets	(103,042)	797,282	—	(694,240)	—	—	—	—	—
Purchase of pre-acquisition costs	—	—	38,160	(38,160)	—	—	—	—	—
Health Plan Reserve	82,290	—	—	—	(82,290)	—	—	—	—
Fund balances, end of year	655,394	5,463,862	51,045	3,447,436	26,227	124,657	333,520	10,102,141	9,806,250

See accompanying notes to the financial statements

STATEMENTS OF CASH FLOWS

Years ended April 30

	2013							2012	
	General Fund	Capital Asset Fund	Build SFU 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	328,583	(654,327)	(32,543)	536,169	90,707	(22,569)	49,871	295,891	69,295
Items not involving cash									
Amortization of capital assets	—	628,376	—	—	—	—	—	628,376	544,878
Write down of furniture and equipment	—	25,951	—	—	—	—	—	25,951	—
Changes in non-cash working capital balances									
Accounts receivable	(12,752)	—	—	—	—	4,724	—	(8,028)	35,249
Inventory	6,530	—	—	—	—	—	—	6,530	(10,820)
Prepaid amounts	(36,131)	—	—	—	67,718	—	—	31,587	(52,400)
Accounts payable and accruals	49,551	—	—	(262,736)	(17,886)	—	—	(231,071)	15,262
Deferred revenue	3,572	—	—	—	(26,072)	—	—	(22,500)	61,134
Cash provided by (used in) operating activities	339,353	—	(32,543)	273,433	114,467	(17,845)	49,871	726,736	662,598
FINANCING ACTIVITIES									
Interfund transfers	(20,752)	797,282	38,160	(732,400)	(82,290)	—	—	—	—
Interfund loans	128,558	—	32,543	(249,012)	83,358	4,553	—	—	—
Cash provided by (used in) financing activities	107,806	797,282	70,703	(981,412)	1,068	4,553	—	—	—
INVESTING ACTIVITIES									
Purchase of capital and intangible assets	—	(797,282)	—	—	—	—	—	(797,282)	(799,258)
Purchase of pre-acquisition costs	—	—	(38,160)	—	—	—	—	(38,160)	(45,428)
Cash used in investing activities	—	(797,282)	(38,160)	—	—	—	—	(835,442)	(844,686)
Increase (decrease) in cash during year	447,159	—	—	(707,979)	115,535	(13,292)	49,871	(108,706)	(182,088)
Cash, beginning of year	2,072,749	—	—	2,527,956	417,944	143,283	283,649	5,445,581	5,627,669
Cash, end of year	2,519,908	—	—	1,819,977	533,479	129,991	333,520	5,336,875	5,445,581

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

1. NATURE OF ORGANIZATION

The Simon Fraser Student Society (the "Society") is a not-for-profit organization incorporated in the province of British Columbia that 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 financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity with Canadian ASNPO 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 amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the determination of net recoverable value of assets, in particular as it relates to useful lives of capital and intangible assets. Actual results could differ from these estimates.

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

Build SFU Fund

Starting January 1, 2014, the members of the Society have agreed to contribute \$10 per student per semester to the Build SFU Fund for the purpose of building a new student union building [note 22].

Pre-acquisition costs and construction costs will be included as an asset of Build SFU Fund until the complex is ready for occupancy and at that time the costs of construction will be allocated to the Capital Asset Fund and will be amortized appropriately.

Pre-acquisition costs and construction costs will include all direct acquisition and development costs, finance costs, and the wages and benefits of Build SFU's general manager.

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.

First Nations Students Fund

The members of the Society have agreed to contribute \$0.75 cents per full-time student and \$0.38 per part-time 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 and \$0.38 per part-time 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Internally Restricted Net Assets in the General Fund

i) Health Plan Reserve [note 12(a)(i)]

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.

ii) Repair and Replacement Reserves [note 12(a)(ii)]

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.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and the collection is reasonably assured. 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.

The Health Plan levies are recognized as revenue over the term of the plan coverage.

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

Interest income is recognized in accordance with the terms of the underlying investment which is generally with the passage of time.

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial liabilities measured at amortized cost include accounts payable and accruals.

Financial assets measured at amortized cost include cash and accounts receivable. Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the year-end.

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

Inventory

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

Capital Assets

Purchased capital assets are recorded at cost. Capital assets are amortized on a straight-line basis at the rates outlined in note 9. Amortization expense is recorded in the Capital Asset Fund.

Pre-acquisition and construction costs, other than those related to Build SFU, 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.

Pre-acquisition and construction costs incurred for the Build SFU complex will be included as an asset under Build SFU until the complex is ready for occupancy. At that time, the complex will be capitalized to the Capital Asset Fund and amortized appropriately.

Intangible Assets

The Society's website and database are amortized over its estimated useful life of four years on a straight-line method. The asset is tested for impairment if events or changes in circumstances indicate that the carrying amount exceeds the fair value. The impairment test consists in a comparison of the fair value of the unamortized asset with its carrying amount. When the carrying amount exceeds the fair value, an impairment loss is recognized in an amount equal to the excess.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The Society has elected to apply Canadian accounting standards for not-for-profit organizations.

These financial statements are the first financial statements for which the Society has applied Canadian accounting standards for not-for-profit organizations.

The financial statements for the year ended April 30, 2013 were prepared in accordance with the accounting principles and provisions set out in Section 1501, First-time Adoption by Not-for-Profit Organizations, for first-time adopters of this basis of accounting.

The impact of adopting these standards had no impact on the Society's excess of revenue over expenses for the year ended April 30, 2012 or on net assets as at May 1, 2011, the date of transition.

4. 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. If the allocation of operating costs had occurred in 2013, operating costs in the amount of \$90,603 [2012 - \$88,634] would have been allocated to the Food and Beverage operations [schedule 5].

5. CASH

The following funds are internally restricted for use by the general fund in managing, promoting and maintaining the Undergraduate Health Plan.

	2013	2012
	\$	\$
Health Plan Reserve account	131,005	129,435

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

6. ACCOUNTS RECEIVABLE

	2013	2012
	\$	\$
General Fund		
Operating receivables		
- SFU	32,199	15,828
- Other	16,617	20,236
	48,816	36,064
First Nations Fund		
	1,050	5,774
	49,866	41,838
Allowance for doubtful account	—	—
	49,866	41,838

7. INVENTORY

	2013	2012
	\$	\$
Food and liquor	29,038	35,692
Office supplies and postage	3,673	3,676
Paper and other	20,792	20,665
	53,503	60,033

8. PREPAID AMOUNTS

Prepaid amounts consist of the following items:

	2013	2012
	\$	\$
General fund		
Deposit on database	—	4,682
Supplies, insurance and other	54,363	13,550
	54,363	18,232
Undergraduate Health Plan fund		
Insurer's Premiums - Undergraduate Health Plan	1,303,297	1,370,744
SFU administrative fees - Undergraduate Health Plan	13,544	13,815
	1,316,841	1,384,559
Total prepaid amounts	1,371,204	1,402,791

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

9. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2013				
	Lease term:			
Leasehold interest - building	12 to 30 years	9,413,001	4,419,058	4,993,943
Other Capital				
Computers, software and data processing equipment	4 years	221,065	196,892	24,173
Other furniture and equipment	5 years	422,274	226,250	196,024
		643,339	423,142	220,197
Food and Beverage				
Computers	5 years	17,680	14,633	3,047
Other furniture and equipment	5 years	569,986	378,708	191,278
		587,666	393,341	194,325
		10,644,006	5,235,541	5,408,465
2012				
	Lease term:			
Leasehold interest - building	13 to 30 years	8,745,662	4,006,275	4,739,387
Leaseholds under construction - Atrium food court renovations		70,366	—	70,366
		8,816,028	4,006,275	4,809,753
Other Capital				
Computers, software and data processing equipment	4 years	182,234	176,510	5,724
Other furniture and equipment	5 years	362,524	155,275	207,249
		544,758	331,785	212,973
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
		9,912,623	4,632,578	5,280,045

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, 2013

10. INTANGIBLE ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2013			
Finite-life intangible assets			
- Website	51,677	12,919	38,758
- Software	28,598	11,959	16,639
	80,275	24,878	55,397
2012			
Finite-life intangible assets			
- Website under construction	26,436	—	26,436
- Software	19,235	4,809	14,426
	45,671	4,809	40,862

11. ACCOUNTS PAYABLE

	2013 \$	2012 \$
General fund		
Operations	276,789	285,608
SFU	109,651	303,224
Cash and deposits held in trust	67,183	70,842
Government remittances - HST/GST/PST	32,464	43,571
Government remittances - Payroll	21,917	17,944
	508,004	721,189
Health and dental plan premiums	376,530	394,416
	884,534	1,115,605

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

12. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES

(a) General Fund

i) Internally Restricted Fund Balances

	2013	2012
	\$	\$
Health Plan Reserve		
Balance, beginning of year	129,985	127,615
Interfund transfer	82,290	2,382
Expenses [schedule 3]	(168)	(12)
Balance, end of year	212,107	129,985
Society Development - CFS dispute		
Balance, beginning of year	—	541,285
Activity fees [note 13]	—	470,777
Expended - legal services and other [schedule 3]	—	(758,756)
Used by operations	—	—
To unrestrict Society Development fee [note 13]	—	(253,306)
Balance, end of year	—	—
Total Internally Restricted	212,107	129,985

ii) Repair and Replacement Reserves

	2013		2012	
	Premises Repair Reserve	Equipment Replacement and Repair Reserve	Total	Total
	\$	\$	\$	\$
Transfer from unrestricted net assets	4,493	4,493	8,986	8,352
Expenditures	—	—	—	—
Capital asset purchases	—	—	—	(21,282)
Increase (decrease) during the year	4,493	4,493	8,986	(12,930)
Balances, beginning of year	7,498	—	7,498	20,428
Interfund transfer	4,493	(4,493)	—	—
Balances, end of year	16,484	—	16,484	7,498

(b) Other Funds

The purpose of the other internally restricted fund balances for the Build SFU Fund, 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, 2013

13. 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 \$Nil [2012 - \$470,777] of Society Development fees.

During the prior 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 12(a)(i)]. All current and future Society Development fees are for general operations.

14. NON-DISCRETIONARY ALLOCATIONS

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

	2013	2012
	\$	\$
Peak Publications Society	304,663	301,938
Schools Building Schools	47,540	—
Simon Fraser Campus Radio Society (CJSF)	233,206	231,120
Simon Fraser Public Interest Research Group	186,528	184,860
Sustainable SFU	124,352	123,240
World University Services of Canada	155,440	132,943
	1,051,729	974,101

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

15. BUILDING MAINTENANCE AND RENOVATION COSTS

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

	2013	2012
	\$	\$
Building maintenance	104,108	107,628
Repairs and renovations	7,591	46,027
	111,699	153,655

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

16. 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 \$274,600 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. The benefit fees including the SFU administration fee were set at \$198 per student per year for both benefits.

(d) 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:

	\$
2014	8,784
2015	5,856
	14,640

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

16. COMMITMENTS (CONT'D)

(e) Surrey Campus Space

During the year, 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 pays \$1 per year as an annual basic rent plus additional rent payable monthly. The additional rent covers occupancy costs that the University incurs on behalf of the Society in the approximate amount of \$6,300 per year.

17. CONTINGENT LIABILITIES

Letters of Credit

The Society has outstanding letters of credit totaling \$12,500 [2012 - \$12,500] issued as security for liquor purchases.

18. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2013, the Society paid stipends to executive board members and other elected personnel in the amount of \$207,458 [2012 - \$234,844]. Of the amount, \$321 [2012 - \$19,214] are included in negotiations and consulting expense [schedule 3], \$200,236 [2012 - \$215,630] in stipends expense [schedule 3] and \$6,901 [2012 - \$Nil] in elections expense [schedule 3].

19. SUBSEQUENT EVENT

Build SFU

Subsequent to the year-end, the Society signed an Initial Phase Cost Sharing and Indemnity Agreement [note 22] regarding Build SFU.

The Society has asked the University to enter into a contract with an architect to perform services relating to the Initial Phase with the condition that the architect's complete fees and disbursements do not exceed \$362,500 plus GST.

The Society will be responsible for the payment of the Initial Phase Costs.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

20. 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 reduced to a level that management could provide. As a result of the lock-out, wage costs were significantly lower in the 2012 fiscal 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.

21. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to significant risk as at April 30, 2013.

Credit Risk

The Society is exposed to credit risk in the event of non-payment of its accounts receivable. The Society does not obtain collateral or other security to support its accounts receivable but mitigates credit risk by dealing mainly with Simon Fraser University and, accordingly, does not anticipate significant credit loss.

The Society is also exposed to credit risk with respect to its cash. The Society reduces this risk by placing its cash with a credit union.

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its cash.

NOTES TO FINANCIAL STATEMENTS

April 30, 2013

22. OTHER INFORMATION

Build SFU

In 2012, 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, 2013, the Society has incurred \$83,588 [2012 - \$45,428] of pre-acquisition costs which have been capitalized and included in the Build SFU Fund.

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, except for architect's fees [note 19]. 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.

23. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's financial statement presentation.

RETAIL SERVICES
SCHEDULE OF REVENUES AND EXPENSES

Years ended April 30

	Copy Centre \$	Food and Beverage \$	Total \$
2013	<i>[Schedule 4]</i>	<i>[Schedule 5]</i>	
Revenues			
Sales	110,118	1,579,318	1,689,436
Other income (net)	(81)	7,435	7,354
Total revenues	110,037	1,586,753	1,696,790
Expenses			
Cost of sales	78,647	589,560	668,207
Direct expenses	—	1,215,551	1,215,551
Other expenses	82,671	206,977	289,648
Total expenses	161,318	2,012,088	2,173,406
Excess of expenses for the year	(51,281)	(425,335)	(476,616)
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)

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

Years ended April 30

	2013	2012
	\$	\$
GENERAL OFFICE		
Revenues		
Craft Fair	4,446	2,636
Conference room rental	3,543	11,093
Vendor permits, net of SFU food bank donations	23,050	24,961
Advertising and other	23,019	55,155
	54,058	93,845
Expenses		
Copying	1,039	228
Craft Fair	3,800	2,537
Office supplies and other	3,526	3,025
Telephone and fax	1,383	1,491
Wages and benefits	196,878	143,800
	206,626	151,081
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Professional fees	18,504	16,683
Insurance	21,582	23,538
Office and other	22,774	14,848
Wages and benefits - Financial office	106,889	80,543
- Executive director	67,600	58,099
Total administration and financial office expenses	237,349	193,711
BUILD SFU OFFICE		
Expenses		
Office, wages and other	32,543	—
Total Build SFU administration and office expenses	32,543	—

ACTIVITIES AND PROGRAMS SCHEDULE OF EXPENSES

Years ended April 30

	2013	2012
	\$	\$
Board of directors' allocations		
Activity days and events	49,715	29,064
Donations	500	—
Elections <i>[note 18]</i>	12,919	12,790
Forum packages	—	10
Legal services and other - CFS withdrawal <i>[note 12(a)(i)]</i>	—	758,756
Legal services - general	29,410	4,672
Surrey campus representation	7,840	4,979
Negotiations and consulting <i>[note 18]</i>	4,356	77,347
Stipends <i>[note 18]</i>	200,326	215,630
Travel and conference	853	310
Office, printing and other	11,570	12,759
	317,489	1,116,317
Advocacy and representation		
Student Union organizer	73,482	58,312
Advocacy Committee	5,862	7,550
Ombuds office	54,494	45,639
Resource office	73,581	60,800
University Relations office	63,862	56,740
	271,281	229,041
Other student programs and services		
Legal aid clinic	15,092	12,911
Handbook and promotions	32,060	18,606
Website maintenance	16,643	7,645
Health Plan Reserve expenses <i>[note 12(a)(i)]</i>	168	12
Women's Centre	77,005	50,554
Out on Campus	89,922	59,421
Surrey Campus	65,844	53,212
	296,734	202,361
Total general fund activity and program expenses	885,504	1,547,719

**COPY CENTRE
SCHEDULE OF REVENUES AND EXPENSES**

Years ended April 30

	2013	2012
	\$	\$
Revenues		
General	392	475
Copying and printing	109,726	87,340
	110,118	87,815
Cost of sales		
General	371	480
Copying	39,848	39,047
Printing supplies	38,428	35,973
	78,647	75,500
Gross profit	31,471	12,315
Transit and postage (net)	(81)	41
	31,390	12,356
Expenses		
Office and administration (recovery)	1,484	394
Bank charges and interest	2,057	1,809
Repairs and maintenance	1,896	1,500
Telephone	756	749
Wages and employee benefits	76,478	60,402
	82,671	64,854
Excess of expenses for the year	(51,281)	(52,498)

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

Years ended April 30

	2013	2012
	\$	\$
		<i>[note 20(b)]</i>
Revenues <i>[schedule 6]</i>	1,579,318	1,666,001
Cost of sales <i>[schedule 6]</i>	589,560	626,285
Gross profit	989,758	1,039,716
Direct expenses <i>[schedule 6]</i>	1,215,551	1,154,205
	(225,793)	(114,489)
Other revenues		
Arcade, vending machines and other	3,395	5,780
Admissions	4,040	2,871
	7,435	8,651
	(218,358)	(105,838)
Expenses		
Accounting	26,040	26,040
Administration and office	17,049	17,669
Advertising	8,825	12,111
Bank charges, credit card merchant fees and armoured car	21,793	20,650
Repairs and maintenance	24,549	17,378
Entertainment and event night security	32,813	52,069
Insurance	32,392	34,984
Professional fees	43,516	22,540
Total expenses	206,977	203,441
Excess of expenses for the year	(425,335)	(309,279)

Building operating costs *[note 4]*

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

Years ended April 30

	2013	2012
	\$	\$
		<i>[note 20(b)]</i>
Revenues		
Beverages	459,050	493,420
Food	1,120,268	1,172,581
	1,579,318	1,666,001
Cost of sales		
Beverages	143,014	170,072
Food	446,546	456,213
	589,560	626,285
Direct expenses		
Restaurant and bar supplies	86,185	90,516
Wages and employee benefits - management	196,418	119,911
- other	932,948	943,778
	1,215,551	1,154,205