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**FINANCIAL STATEMENTS**

**SIMON FRASER STUDENT SOCIETY**

**April 30, 2014**

***W* TOMPKINS, *W* OZNY, *M* ILLER & *C* O.  
Chartered Accountants**

A partnership of incorporated professionals.

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April 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
**Simon Fraser Student Society**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Simon Fraser Student Society which comprise the statement of financial position as at April 30, 2014, 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 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 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 the Simon Fraser Student Society as at April 30, 2014, and the results of its operations and its cash flows for the year then ended, 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 24, 2014

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at April 30

	2014						2013	
	General Fund	Capital Asset Fund	Build SFU Fund	Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>ASSETS</b>								
<b>Current assets</b>								
Cash [note 4]	3,549,366	—	183,259	360,388	413,117	117,556	380,041	5,003,727
Accounts receivable [note 5]	107,183	—	—	—	—	2,357	—	109,540
Inventory [note 6]	60,488	—	—	—	—	—	—	60,488
Prepaid amounts [note 7]	14,782	—	455,774	—	1,317,306	—	—	1,787,862
Interfund loans, no specific terms	(2,158,871)	—	(645,859)	2,769,133	37,085	1,305	(2,793)	—
Total current assets	1,572,948	—	(6,826)	3,129,521	1,767,508	121,218	377,248	6,961,617
Capital assets [note 8]	—	4,910,066	—	—	—	—	—	4,910,066
Pre-acquisition costs [note 18]	—	—	860,481	—	—	—	—	860,481
Intangible assets [note 9]	—	55,707	—	—	—	—	—	55,707
	1,572,948	4,965,773	853,655	3,129,521	1,767,508	121,218	377,248	12,787,871
<b>LIABILITIES AND FUND BALANCES</b>								
<b>Current liabilities</b>								
Accounts payable and accruals [note 10]	606,200	—	1,575	—	375,174	—	—	982,949
Deferred revenue	11,381	—	—	—	1,356,674	—	—	1,368,055
Total current liabilities	617,581	—	1,575	—	1,731,848	—	—	2,351,004
Fund balances (deficit)								
Internally restricted [note 11(a)(i)]	335,896	—	—	3,129,521	35,660	121,218	377,248	3,999,543
Repair and replacement reserves [note 11(a)(ii)]	24,436	—	—	—	—	—	—	24,436
Invested in capital assets	—	4,965,773	860,481	—	—	—	—	5,826,254
Unrestricted (deficit)	595,035	—	(8,401)	—	—	—	—	586,634
Total fund balances	955,367	4,965,773	852,080	3,129,521	35,660	121,218	377,248	10,436,867
	1,572,948	4,965,773	853,655	3,129,521	1,767,508	121,218	377,248	12,787,871
Commitments [note 14]								
Contingent liability [note 15]								
Subsequent event [note 19]								

See accompanying notes to the financial statements

On behalf of the Board

Director

Director

STATEMENT OF OPERATION AND CHANGES IN FUND BALANCES

Year ended April 30

2014

2013

	2014										2013									
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Health Plan Fund	Undergraduate Fund	First Nations Students Fund	Accessibility Fund	Total	Total	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Health Plan Fund	Undergraduate Fund	First Nations Students Fund	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>																				
Activity fees and levies [notes 12]	2,360,741	—	234,136	621,621	3,956,899	54,903	46,668	7,274,968	7,058,443											
Retail services [schedule 1]	1,523,997	—	—	—	—	—	—	1,523,997	1,696,790											
General office [schedule 2]	69,627	—	—	—	—	—	—	69,627	54,058											
Rental revenue	94,994	—	—	—	—	—	—	94,994	103,137											
Graduate Student Society service sharing revenue	13,013	—	—	—	—	—	—	13,013	18,916											
Interest and other	41,052	—	203	14,330	9,983	1,481	4,387	71,436	76,148											
<b>Total revenues</b>	<b>4,103,424</b>	<b>—</b>	<b>234,339</b>	<b>635,951</b>	<b>3,966,882</b>	<b>56,384</b>	<b>51,055</b>	<b>9,048,035</b>	<b>9,007,492</b>											
<b>EXPENSES</b>																				
Retail services [schedule 1]	1,826,492	—	—	—	—	—	—	1,826,492	2,173,406											
Administration and financial office [schedule 2]	262,283	—	—	—	—	—	—	262,283	206,626											
General office [schedule 2]	195,189	—	—	—	—	—	—	195,189	32,543											
Build SFU office [schedule 2]	—	—	199,182	—	—	—	—	199,182	138,053											
Building operating costs (net of tenant recoveries) [note 3]	154,878	—	—	—	—	—	—	154,878	614,571											
Total office, operating and administration	612,350	—	199,182	—	—	—	—	811,532	1,116,999											
Building maintenance and renovation costs [note 13]	—	—	—	127,668	—	—	—	127,668	4,856,291											
Activity and program expenditures [schedule 3]	1,076,883	—	—	—	3,833,533	59,823	7,327	4,977,566	118,473											
Discretionary grants - departmental student unions	121,883	—	—	—	—	—	—	121,883	162,834											
Discretionary grants - clubs	194,691	—	—	—	—	—	—	194,691	20,000											
Student bursaries	20,000	—	10,498	—	—	—	—	30,498	5,157,598											
Total activity, programs and grants	1,413,457	—	10,498	—	3,833,533	59,823	7,327	5,324,638	5,157,598											
Amortization - building and other	—	541,012	—	—	—	—	—	541,012	98,824											
Amortization - food and beverage	—	81,967	—	—	—	—	—	81,967	25,951											
Write down of furniture and equipment - W2	—	—	—	—	—	—	—	—	—											
<b>Total expenses</b>	<b>3,852,299</b>	<b>622,979</b>	<b>209,680</b>	<b>127,668</b>	<b>3,833,533</b>	<b>59,823</b>	<b>7,327</b>	<b>8,713,309</b>	<b>8,711,601</b>											
Excess of revenues (expenses) for the year	251,125	(622,979)	24,659	508,283	133,349	(3,439)	43,728	334,726	295,891											
Fund balances, beginning of year	655,394	5,463,862	51,045	3,447,436	26,227	124,657	333,520	10,102,141	9,806,250											
Interfund transfers																				
Purchase of capital and intangible assets	(75,068)	124,890	(517)	(49,305)	—	—	—	—	—											
Purchase of pre-acquisition costs	—	—	776,893	(776,893)	—	—	—	—	—											
Health Plan Reserve	123,916	—	—	—	(123,916)	—	—	—	—											
<b>Fund balances, end of year</b>	<b>955,367</b>	<b>4,965,773</b>	<b>852,080</b>	<b>3,129,521</b>	<b>35,660</b>	<b>121,218</b>	<b>377,248</b>	<b>10,436,867</b>	<b>10,102,141</b>											

See accompanying notes to the financial statements

## STATEMENT OF CASH FLOWS

Year ended April 30

2014

2013

	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>									
Excess of revenues (expenses) for the year	251,125	(622,979)	24,659	508,283	133,349	(3,439)	43,728	334,726	295,891
Items not involving cash									
Amortization of capital assets	—	622,979	—	—	—	—	—	622,979	628,376
Write down of furniture and equipment	—	—	—	—	—	—	—	—	25,951
Changes in non-cash working capital balances									
Accounts receivable	(58,367)	—	—	—	—	(1,307)	—	(59,674)	(8,028)
Inventory	(6,985)	—	—	—	—	—	—	(6,985)	6,530
Prepaid amounts	39,581	—	(455,774)	—	(465)	—	—	(416,658)	31,587
Accounts payable and accruals	98,196	—	1,575	—	(1,356)	—	—	98,415	(231,071)
Deferred revenue	391	—	—	—	(4,559)	—	—	(4,168)	(22,500)
Cash provided by (used in) operating activities	323,941	—	(429,540)	508,283	126,969	(4,746)	43,728	568,635	726,736
<b>FINANCING ACTIVITIES</b>									
Interfund transfers	48,848	124,890	776,376	(826,198)	(123,916)	—	—	—	—
Interfund loans	656,669	—	613,316	(1,141,674)	(123,415)	(7,689)	2,793	—	—
Cash provided by (used in) financing activities	705,517	124,890	1,389,692	(1,967,872)	(247,331)	(7,689)	2,793	—	—
<b>INVESTING ACTIVITIES</b>									
Purchase of capital and intangible assets	—	(124,890)	—	—	—	—	—	(124,890)	(797,282)
Purchase of pre-acquisition costs	—	—	(776,893)	—	—	—	—	(776,893)	(38,160)
Cash used in investing activities	—	(124,890)	(776,893)	—	—	—	—	(901,783)	(835,442)
Increase (decrease) in cash for the year	1,029,458	—	183,259	(1,459,589)	(120,362)	(12,435)	46,521	(333,148)	(108,706)
Cash, beginning of year	2,519,908	—	—	1,819,977	533,479	129,991	333,520	5,336,875	5,445,581
Cash, end of year	3,549,366	—	183,259	360,388	413,117	117,556	380,041	5,003,727	5,336,875

See accompanying notes to the financial statements

## NOTES TO FINANCIAL STATEMENTS

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April 30, 2014

### 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

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

#### **Use of Estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 the useful lives of capital and intangible assets and deferred revenue. 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

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April 30, 2014

### 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 agreed to contribute \$10 per full-time student \$5 per part-time student per semester to the Build SFU Fund for the purpose of building a new student union building [note 18].

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

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April 30, 2014

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### *Internally Restricted Net Assets in the General Fund*

##### *i) Health Plan Reserve [note 11(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 11(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.

#### **Contributed Services**

Volunteers contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the value of the donated services is not recognized in these financial statements.

#### **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.

## NOTES TO FINANCIAL STATEMENTS

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April 30, 2014

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Financial assets measured at amortized 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.

#### Cash

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

The Society's statement of cash flows is prepared on a net cash basis and cash flows from operating activities are reported 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 8]. 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 [note 9]. 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 of 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

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April 30, 2014

**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. If the allocation of operating costs had occurred in 2014, operating costs in the amount of \$97,181 [2013 - \$90,603] would have been allocated to the Food and Beverage operations [schedule 5].

Effective May 1, 2014, these operating costs will be charged to Food and Beverage.

**4. CASH**

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

	2014	2013
	\$	\$
Health Plan Reserve account	381,500	131,005

**5. ACCOUNTS RECEIVABLE**

	2014	2013
	\$	\$
<b>General Fund</b>		
Operating receivables		
- SFU	20,360	32,199
- Other	86,823	16,617
	107,183	48,816
<b>First Nations Students Fund</b>	2,357	1,050
	109,540	49,866
Allowance for doubtful account	—	—
	109,540	49,866

NOTES TO FINANCIAL STATEMENTS

April 30, 2014

6. INVENTORY

	2014	2013
	\$	\$
Food and liquor	35,443	29,038
Office supplies and postage	3,445	3,673
Paper and other	21,600	20,792
	<b>60,488</b>	<b>53,503</b>

7. PREPAID AMOUNTS

Prepaid amounts consist of the following items:

	2014	2013
	\$	\$
<b>General fund</b>		
Supplies, insurance and other	14,782	54,363
	<b>14,782</b>	<b>54,363</b>
<b>Build SFU fund</b>		
Prepaid costs	455,774	—
	<b>455,774</b>	<b>—</b>
<b>Undergraduate Health Plan fund</b>		
Insurer's Premiums - Undergraduate Health Plan	1,303,741	1,303,297
SFU administrative fees - Undergraduate Health Plan	13,565	13,544
	<b>1,317,306</b>	<b>1,316,841</b>
<b>Total prepaid amounts</b>	<b>1,787,862</b>	<b>1,371,204</b>

## NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 8. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2014</b>				
	Lease term:			
Leasehold interest - building	11 to 30 years	9,457,280	4,835,866	4,621,414
<b>Other Capital</b>				
Computers, software and data processing equipment	4 years	228,074	212,372	15,702
Other furniture and equipment	5 years	462,087	308,832	153,255
		690,161	521,204	168,957
<b>Food and Beverage</b>				
Computers	5 years	20,517	17,042	3,475
Other furniture and equipment	5 years	573,767	457,547	116,220
		594,284	474,589	119,695
		10,741,725	5,831,659	4,910,066
<b>2013</b>				
	Lease term:			
Leasehold interest - building	12 to 30 years	9,413,001	4,419,058	4,993,943
		9,413,001	4,419,058	4,993,943
<b>Other Capital</b>				
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
<b>Food and Beverage</b>				
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

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, 2014

## 9. INTANGIBLE ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
<b>2014</b>			
Finite-life intangible assets			
- Website	69,810	30,371	39,439
- Software	37,636	21,368	16,268
	<b>107,446</b>	<b>51,739</b>	<b>55,707</b>
<b>2013</b>			
Finite-life intangible assets			
- Website under construction	51,677	12,919	38,758
- Software	28,598	11,959	16,639
	<b>80,275</b>	<b>24,878</b>	<b>55,397</b>

## 10. ACCOUNTS PAYABLE

	2014 \$	2013 \$
<b>General fund</b>		
Operations	233,565	276,789
SFU	231,748	109,651
Cash and deposits held in trust	96,999	67,183
Government remittances - GST/PST	17,983	32,464
- Payroll	25,905	21,917
	<b>606,200</b>	<b>508,004</b>
<b>Build SFU Fund</b>		
Operations	1,575	---
	<b>1,575</b>	<b>---</b>
<b>Undergraduate Health Plan Fund</b>		
Health and dental plan premiums	375,174	376,530
	<b>375,174</b>	<b>376,530</b>
	<b>982,949</b>	<b>884,534</b>

## NOTES TO FINANCIAL STATEMENTS

April 30, 2014

## 11. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES

## (a) General Fund

## i) Internally Restricted Fund Balances

	2014	2013
	\$	\$
<b>Health Plan Reserve</b>		
Balance, beginning of year	212,107	129,985
Interfund transfer	123,916	82,290
Expenses [schedule 3]	(127)	(168)
<b>Balance, end of year</b>	<b>335,896</b>	<b>212,107</b>

## ii) Repair and Replacement Reserves

	2014		2013	
	Premises Repair Reserve	Equipment Replacement and Repair Reserve	Total	Total
	\$	\$	\$	\$
<b>Transfer from unrestricted net assets</b>	4,406	4,406	8,812	8,986
Expenditures	(430)	(430)	(860)	—
Increase during the year	3,976	3,976	7,952	8,986
Balances, beginning of year	16,484	—	16,484	7,498
Interfund transfer	3,976	(3,976)	—	—
<b>Balances, end of year</b>	<b>24,436</b>	<b>—</b>	<b>24,436</b>	<b>16,484</b>

## (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

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April 30, 2014

**12. NON-DISCRETIONARY ALLOCATIONS**

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

	2014	2013
	\$	\$
Peak Publications Society	304,594	304,663
Schools Building Schools	62,162	47,540
Simon Fraser Campus Radio Society (CJSF)	233,154	233,206
Simon Fraser Public Interest Research Group (SFPIRG)	186,486	186,528
Sustainable SFU	124,324	124,352
World University Services of Canada	155,405	155,440
	<b>1,066,125</b>	<b>1,051,729</b>

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

**13. BUILDING MAINTENANCE AND RENOVATION COSTS**

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

	2014	2013
	\$	\$
Building maintenance	124,160	104,108
Repairs and renovations	3,508	7,591
	<b>127,668</b>	<b>111,699</b>

**14. 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 \$278,300 per year.



NOTES TO FINANCIAL STATEMENTS

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April 30, 2014

**14. COMMITMENTS (CONT'D)**

**(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 SFU and the Society's administration fees, are set at \$198 per student per year for both benefits.

**(d) Lease Obligation**

The Society is committed to a three year photocopier lease agreement commencing January 1, 2012 and terminating January 1, 2015 with monthly payments of \$654 plus taxes and a five year photocopier lease agreement commencing October 1, 2009 and terminating October 1, 2014 with monthly payments of \$945 plus taxes. The expected total minimum annual payment for 2015 is \$11,729.

**(e) Surrey Campus Space**

The Society has 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.

## NOTES TO FINANCIAL STATEMENTS

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April 30, 2014

### 15. CONTINGENT LIABILITY

#### Letters of Credit

The Society has outstanding letters of credit totaling \$12,500 [2013 - \$12,500] issued as security for liquor purchases.

### 16. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2014, the Society paid stipends to executive board members and other elected personnel in the amount of \$225,171 [2013 - \$207,458]. Of the amount, \$10,693 [2013 - \$321] are included in negotiations and consulting expense [schedule 3], \$207,545 [2013 - \$200,236] in stipends expense [schedule 3] and \$6,933 [2013 - \$6,901] in elections expense [schedule 3].

### 17. 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, 2014.

#### 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

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April 30, 2014

### 18. 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 building operating 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 at \$90 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 has been established for students who demonstrate financial distress to apply for assistance in paying this levy.

All expenses and capital costs for this project have been funded through the Space Expansion Fund and the Build SFU Fund. As of April 30, 2014, the Society has incurred \$860,481 [2013 - \$83,588] 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. 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.

The Society has agreed to be responsible for the costs of the Services for the Initial Phase and the Schematic Design and Design Development Phase and to pay to the University the aggregate total amount payable pursuant to all Services Agreements for the Design Phase out of funds held by the Society.

The Society has budgeted this project to cost approximately \$55 million for a space of approximately 100,000 square feet, plus \$10 million for the construction of a stadium which is estimated to be completed on or before September 1, 2017.

**NOTES TO FINANCIAL STATEMENTS**

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April 30, 2014

**19. SUBSEQUENT EVENT**

Subsequent to the year end, the following occurred:

The Society signed a Working Drawings Phase Cost Control and Indemnity Agreement regarding Build SFU.

The Society has asked the University to enter into contracts with architects, engineers, and other consultants to perform services relating to the Working Drawings Phase with the condition that the consultants' complete fees and disbursements do not exceed \$3,500,000 (taxes included).

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

**20. 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**

Year ended April 30

	Copy Centre \$	Food and Beverage \$	Total \$
	<i>[Schedule 4]</i>	<i>[Schedule 5]</i>	
<b>2014</b>			
<b>Revenues</b>			
Sales	112,378	1,401,235	1,513,613
Other income (net)	(216)	10,600	10,384
<b>Total revenues</b>	<b>112,162</b>	<b>1,411,835</b>	<b>1,523,997</b>
<b>Expenses</b>			
Cost of sales	75,798	526,454	602,252
Direct expenses	—	976,633	976,633
Other expenses	93,907	153,700	247,607
<b>Total expenses</b>	<b>169,705</b>	<b>1,656,787</b>	<b>1,826,492</b>
<b>Excess of expenses for the year</b>	<b>(57,543)</b>	<b>(244,952)</b>	<b>(302,495)</b>
<b>2013</b>			
<b>Revenues</b>			
Sales	110,118	1,579,318	1,689,436
Other income	(81)	7,435	7,354
<b>Total revenues</b>	<b>110,037</b>	<b>1,586,753</b>	<b>1,696,790</b>
<b>Expenses</b>			
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
<b>Total expenses</b>	<b>161,318</b>	<b>2,012,088</b>	<b>2,173,406</b>
<b>Excess of expenses for the year</b>	<b>(51,281)</b>	<b>(425,335)</b>	<b>(476,616)</b>

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

Year ended April 30

	2014	2013
	\$	\$
<b>GENERAL OFFICE</b>		
<b>Revenues</b>		
Craft Fair	4,113	4,446
Conference room rental	11,401	3,543
Vendor permits, net of SFU food bank donations	31,880	23,050
Advertising and other	22,233	23,019
	<b>69,627</b>	<b>54,058</b>
<b>Expenses</b>		
Copying	1,275	1,039
Craft Fair	3,571	3,800
Office supplies and other	7,866	3,526
Telephone and fax	1,354	1,383
Wages and benefits	181,123	196,878
	<b>195,189</b>	<b>206,626</b>
<b>ADMINISTRATION AND FINANCIAL OFFICE</b>		
<b>Expenses</b>		
Professional fees	19,519	18,504
Insurance	21,219	21,582
Office and other	20,360	22,774
Wages and benefits - Financial office	109,771	106,889
- Executive director	91,414	67,600
<b>Total administration and financial office expenses</b>	<b>262,283</b>	<b>237,349</b>
<b>BUILD SFU OFFICE</b>		
<b>Expenses</b>		
Advertising and other	37,325	—
Wages and benefits	161,857	32,543
<b>Total Build SFU administration and office expenses</b>	<b>199,182</b>	<b>32,543</b>

**ACTIVITIES AND PROGRAMS  
SCHEDULE OF EXPENSES**

Year ended April 30

	2014	2013
	\$	\$
<b>Board of directors' allocations</b>		
Activity days and events	40,060	49,715
Concerts (net of revenue of \$100,047; 2013 - \$Nil)	19,260	—
Donations	500	500
Elections <i>[note 16]</i>	11,392	12,919
Legal services - general	6,546	29,410
Surrey campus representation	5,977	7,840
Negotiations and consulting <i>[note 16]</i>	136,109	4,356
Stipends <i>[note 16]</i>	207,545	200,326
Travel and conference	2,891	853
Office, printing and other	14,008	11,570
	<b>444,288</b>	<b>317,489</b>
<b>Advocacy and representation</b>		
Student Union organizer	95,647	73,482
Advocacy Committee	19,138	5,862
Ombuds office	49,383	54,494
Resource office	157,116	122,284
University Relations office	9,524	63,862
	<b>330,808</b>	<b>319,984</b>
<b>Other student programs and services</b>		
Legal aid clinic	12,974	15,092
Health Plan Reserve expenses <i>[note 11(a)(i)]</i>	127	168
Women's Centre	92,701	77,005
Out on Campus	121,941	89,922
Surrey Campus	74,044	65,844
	<b>301,787</b>	<b>248,031</b>
<b>Total general fund activity and program expenses</b>	<b>1,076,883</b>	<b>885,504</b>

**COPY CENTRE**  
**SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	2014	2013
	\$	\$
<b>Revenues</b>		
General	—	392
Copying and printing	112,378	109,726
	<b>112,378</b>	<b>110,118</b>
<b>Cost of sales</b>		
General	32	371
Copying	39,809	39,848
Printing supplies	35,957	38,428
	<b>75,798</b>	<b>78,647</b>
<b>Gross profit</b>	<b>36,580</b>	<b>31,471</b>
Transit and postage (net)	(216)	(81)
	<b>36,364</b>	<b>31,390</b>
<b>Expenses</b>		
Office and administration	1,459	1,484
Bank charges and interest	1,904	2,057
Repairs and maintenance	2,404	1,896
Telephone	760	756
Wages and employee benefits	87,380	76,478
	<b>93,907</b>	<b>82,671</b>
<b>Excess of expenses for the year</b>	<b>(57,543)</b>	<b>(51,281)</b>



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

Year ended April 30

	2014	2013
	\$	\$
Revenues <i>[schedule 6]</i>	1,401,235	1,579,318
Cost of sales <i>[schedule 6]</i>	526,454	589,560
Gross profit	874,781	989,758
Direct expenses <i>[schedule 6]</i>	976,633	1,215,551
	<b>(101,852)</b>	<b>(225,793)</b>
<b>Other revenues</b>		
Arcade, vending machines and other	9,543	3,395
Admissions	1,057	4,040
	<b>10,600</b>	<b>7,435</b>
	<b>(91,252)</b>	<b>(218,358)</b>
<b>Expenses</b>		
Accounting	26,040	26,040
Administration and office	19,171	17,049
Advertising	6,050	8,825
Bank charges, credit card merchant fees and armoured car	22,627	21,793
Repairs and maintenance	19,516	24,549
Entertainment and event night security	17,220	32,813
Insurance	31,821	32,392
Professional fees	11,255	43,516
<b>Total expenses</b>	<b>153,700</b>	<b>206,977</b>
<b>Excess of expenses for the year</b>	<b>(244,952)</b>	<b>(425,335)</b>

Building operating costs *[note 3]*

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

Year ended April 30

	2014	2013
	\$	\$
<b>Revenues</b>		
Beverages	417,381	459,050
Food	983,854	1,120,268
	<b>1,401,235</b>	<b>1,579,318</b>
<b>Cost of sales</b>		
Beverages	116,963	143,014
Food	409,491	446,546
	<b>526,454</b>	<b>589,560</b>
<b>Direct expenses</b>		
Restaurant and bar supplies	40,993	86,185
Wages and employee benefits - management	163,523	196,418
- other	772,117	932,948
	<b>976,633</b>	<b>1,215,551</b>