
FINANCIAL STATEMENTS

SIMON FRASER STUDENT SOCIETY

April 30, 2016

TOMPKINS, WOZNY, MILLER & Co.
Chartered Accountants

A partnership of incorporated professionals.

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April 30, 2016

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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 the Simon Fraser Student Society which comprise the statement of financial position as at April 30, 2016, 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, 2016, 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 9, 2016

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at April 30

	2016							2015
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current assets								
Cash <i>[note 4]</i>	2,136,474	—	2,566,267	1,911,132	397,917	30,931	217,122	7,259,843
Accounts receivable <i>[note 5]</i>	35,987	—	—	—	—	2,758	—	38,745
Inventory <i>[note 6]</i>	43,062	—	—	—	—	—	—	43,062
Prepaid amounts <i>[note 7]</i>	5,880	—	—	—	1,619,436	—	—	1,625,316
Interfund loans, no specific terms	(44,824)	—	(260,813)	15	75,270	7,329	223,023	—
Total current assets	2,176,579	—	2,305,454	1,911,147	2,092,623	41,018	440,145	8,966,966
Cash - held in trust <i>[note 19]</i>	—	—	2,008,335	—	—	—	—	2,008,335
Prepaid amounts <i>[note 7]</i>	—	—	327	—	—	—	—	327
Capital assets <i>[note 8]</i>	—	3,888,102	—	—	—	—	—	3,888,102
Pre-acquisition and development costs <i>[note 18]</i>	—	—	3,825,171	—	—	—	—	3,825,171
Intangible assets <i>[note 9]</i>	—	21,446	—	—	—	—	—	21,446
	2,176,579	3,909,548	8,139,287	1,911,147	2,092,623	41,018	440,145	18,710,347
LIABILITIES AND FUND BALANCES								
Current liabilities								
Accounts payable and accruals <i>[note 10]</i>	428,010	—	24,019	—	341,354	—	—	793,383
Deferred revenue	13,046	—	—	—	1,698,359	—	—	1,711,405
Total current liabilities	441,056	—	24,019	—	2,039,713	—	—	2,504,788
Deferred revenue - partial surrender of leased premises <i>[note 19]</i>	—	—	3,500,000	—	—	—	—	3,500,000
Total liabilities	441,056	—	3,524,019	—	2,039,713	—	—	6,004,788
Fund balances								
Internally restricted <i>[note 11(a)(i) & 11(b) and (c)]</i>	753,299	—	2,305,454	1,911,147	52,910	41,018	440,145	5,503,973
Repair and replacement reserves <i>[note 11(a)(ii)]</i>	38,273	—	—	—	—	—	—	38,273
Invested in capital assets	—	3,909,548	2,309,814	—	—	—	—	6,219,362
Unrestricted	943,951	—	—	—	—	—	—	943,951
Total fund balances	1,735,523	3,909,548	4,615,268	1,911,147	52,910	41,018	440,145	12,705,559
	2,176,579	3,909,548	8,139,287	1,911,147	2,092,623	41,018	440,145	18,710,347

Commitments *[note 14]*Contingent liability *[note 15]*Subsequent event *[note 18(ii)]*

See accompanying notes to the financial statements

On behalf of the Board

Hangue Kim

Director

Martin Wyant

Chief Executive Officer

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2016							2015
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES								
Activity fees and levies <i>[note 12]</i>	2,612,858	—	1,452,855	306,273	4,967,885	54,466	45,986	9,440,323
Retail services <i>[schedule 1]</i>	1,188,236	—	—	—	—	—	—	1,188,236
General office <i>[schedule 2]</i>	43,697	—	—	—	—	—	—	43,697
Rental revenue	137,664	—	—	—	—	—	—	137,664
Graduate Student Society service sharing revenue	10,143	—	—	—	—	—	—	10,143
Interest and other	17,320	—	17,896	16,215	8,545	1,869	4,148	65,993
Total revenues	4,009,918	—	1,470,751	322,488	4,976,430	56,335	50,134	10,886,056
EXPENSES								
Retail services <i>[schedule 1]</i>	1,596,911	—	—	—	—	—	—	1,596,911
Administration and financial office <i>[schedule 2]</i>	412,441	—	—	—	—	—	—	412,441
General office <i>[schedule 2]</i>	181,366	—	—	—	—	—	—	181,366
Build SFU office <i>[schedule 2]</i>	—	—	117,601	—	—	—	—	117,601
Stadium costs - write off <i>[note 18(ii)]</i>	—	—	20,882	—	—	—	—	20,882
Building operating costs (net of tenant recoveries) <i>[note 3]</i>	23,482	—	—	—	—	—	—	23,482
Total office, operating and administration	617,289	—	138,483	—	—	—	—	755,772
Building maintenance and renovation costs <i>[note 13]</i>	—	—	—	118,134	—	—	—	118,134
Activity and program expenditures <i>[schedule 3]</i>	1,021,440	—	—	—	4,743,052	54,024	11,978	5,830,494
Discretionary grants - departmental student unions	164,923	—	—	—	—	—	—	164,923
Discretionary grants - clubs	182,591	—	—	—	—	—	—	182,591
Student bursaries	22,000	—	78,504	—	—	—	—	100,504
Total activity, programs and grants	1,390,954	—	78,504	—	4,743,052	54,024	11,978	6,278,512
Amortization - building and other	—	504,005	—	—	—	—	—	504,005
Amortization - food and beverage	—	45,644	—	—	—	—	—	45,644
Total expenses	3,605,154	549,649	216,987	118,134	4,743,052	54,024	11,978	9,298,978
Excess of revenues (expenses) for the year	404,764	(549,649)	1,253,764	204,354	233,378	2,311	38,156	1,587,078
Fund balances, beginning of year	1,117,386	4,445,041	3,361,504	1,706,793	47,061	38,707	401,989	11,118,481
Interfund transfers								
Purchase of capital and intangible assets	(14,156)	14,156	—	—	—	—	—	—
Health Plan Reserve	227,529	—	—	—	(227,529)	—	—	—
Fund balances, end of year	1,735,523	3,909,548	4,615,268	1,911,147	52,910	41,018	440,145	12,705,559

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended April 30

	2016							2015
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES								
Excess of revenues (expenses) for the year	404,764	(549,649)	1,253,764	204,354	233,378	2,311	38,156	1,587,078
Items not involving cash								
Stadium costs - write off	—	—	20,882	—	—	—	—	20,882
Amortization of capital assets	—	549,649	—	—	—	—	—	549,649
Changes in non-cash working capital balances								
Accounts receivable	30,703	—	—	—	—	(258)	—	30,445
Inventory	10,555	—	—	—	—	—	—	10,555
Prepaid amounts - current	(1,678)	—	9,880	—	24,192	—	—	32,394
Accounts payable and accruals	(33,714)	—	24,019	—	(122,018)	—	—	(131,713)
Deferred revenue - current	1,665	—	—	—	(23,930)	—	—	(22,265)
Cash provided by operating activities	412,295	—	1,308,545	204,354	111,622	2,053	38,156	2,077,025
FINANCING ACTIVITIES								
Interfund transfers	213,373	14,156	—	—	(227,529)	—	—	—
Interfund loans	229,534	—	(4,156)	(15)	(5,523)	2,554	(222,394)	—
Deferred revenue - leased premises	—	—	—	—	—	—	—	3,500,000
Cash provided by (used in) financing activities	442,907	14,156	(4,156)	(15)	(233,052)	2,554	(222,394)	3,500,000
INVESTING ACTIVITIES								
Purchase of capital and intangible assets	—	(14,156)	—	—	—	—	—	(14,156)
Purchase of pre-acquisition and development costs, net	—	—	(513,669)	—	—	—	—	(513,669)
Cash used in investing activities	—	(14,156)	(513,669)	—	—	—	—	(527,825)
Increase (decrease) in cash for the year	855,202	—	790,720	204,339	(121,430)	4,607	(184,238)	1,549,200
Cash, beginning of year	1,281,272	—	3,783,882	1,706,793	519,347	26,324	401,360	7,718,978
Cash, end of year	2,136,474	—	4,574,602	1,911,132	397,917	30,931	217,122	9,268,178

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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

April 30, 2016

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 [note 18]

Starting January 1, 2014, the members of the Society agreed to contribute \$10 per full-time student and \$5 per part-time student per semester to the Build SFU Fund for the purpose of building a new student union building. Effective January 1, 2015 and 2016, the contribution increased to \$20 and \$30, respectively, per full-time student and \$10 and \$15, respectively, per part-time student per semester.

Pre-acquisition, development 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 will be allocated to the Capital Asset Fund and will be amortized appropriately.

Pre-acquisition, development 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 \$255 per year for the purpose of offering both an enhanced health plan and dental plan for undergraduate students and \$198 per year for a basic health and dental plan.

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 ("FNSA").

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, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Internally Restricted Fund Balances 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 assets measured at amortized cost include cash, cash - held in trust 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.

Construction costs for renovation projects of the existing space occupied by the Society 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, development 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 would have been allocated to the Food and Beverage operations [schedule 5].

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

Effective May 1, 2015, the Society started allocating operating costs to the Copy Centre operation in the amount of \$8,220 based on the square footage of the space used by the Copy Centre operations.

4. CASH

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

	2016 \$	2015 \$
Health Plan Reserve account [note 11(a)(i)]	850,289	616,613

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

5. ACCOUNTS RECEIVABLE

	2016	2015
	\$	\$
General Fund		
Operating receivables		
- SFU	20,495	3,331
- Other	15,492	63,359
	35,987	66,690
First Nations Students Fund	2,758	2,500
	38,745	69,190
Allowance for doubtful account	—	—
	38,745	69,190

6. INVENTORY

	2016	2015
	\$	\$
Food and liquor	24,662	31,499
Office supplies and postage	2,465	2,999
Paper and other	15,935	19,119
	43,062	53,617

7. PREPAID AMOUNTS

Current prepaid amounts consist of the following items:

	2016	2015
	\$	\$
General fund		
Supplies, insurance and other	5,880	4,202
Undergraduate Health Plan fund		
Insurer's Premiums - Undergraduate Health Plan	1,602,506	1,626,412
SFU administrative fees - Undergraduate Health Plan	16,930	17,216
	1,619,436	1,643,628
	1,625,316	1,647,830

Long-term prepaid amounts consist of the following items:

	2016	2015
	\$	\$
Build SFU fund		
Prepaid costs	327	10,207

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

8. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2016	Lease term:			
Leasehold interest - building	10 to 30 years	9,479,490	5,673,925	3,805,565
Other Capital				
Computers, software and data processing equipment	4 years	255,540	240,055	15,485
Other furniture and equipment	5 years	467,207	427,172	40,035
		722,747	667,227	55,520
Food and Beverage				
Computers	5 years	20,517	19,382	1,135
Other furniture and equipment	5 years	601,794	575,912	25,882
		622,311	595,294	27,017
		10,824,548	6,936,446	3,888,102
2015	Lease term:			
Leasehold interest - building	10 to 30 years	9,479,490	5,254,895	4,224,595
Other Capital				
Computers, software and data processing equipment	4 years	255,540	229,960	25,580
Other furniture and equipment	5 years	465,039	380,271	84,768
		720,579	610,231	110,348
Food and Beverage				
Computers	5 years	20,517	18,815	1,702
Other furniture and equipment	5 years	600,894	530,836	70,058
		621,411	549,651	71,760
		10,821,480	6,414,777	4,406,703

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 [note 19].

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

9. INTANGIBLE ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2016			
Finite-life intangible assets			
- Website	69,810	65,261	4,549
- Software	61,366	44,469	16,897
	131,176	109,730	21,446
2015			
Finite-life intangible assets			
- Website under construction	69,810	47,813	21,997
- Software	50,278	33,937	16,341
	120,088	81,750	38,338

10. ACCOUNTS PAYABLE AND ACCRUALS

	2016 \$	2015 \$
General fund		
Operations	204,546	227,818
SFU	70,347	108,700
Cash and deposits held in trust	111,922	100,591
Government remittances - GST/PST	19,771	12,268
- Payroll	21,424	12,347
	428,010	461,724
Build SFU Fund		
Operations	24,019	—
	24,019	—
Undergraduate Health Plan Fund		
Health and dental plan premiums	341,354	463,372
	341,354	463,372
	793,383	925,096

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

11. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES

(a) General Fund

i) Internally Restricted Fund Balances

	2016 \$	2015 \$
Health Plan Reserve		
Balance, beginning of year	527,785	335,896
Interfund transfer	227,529	191,889
Expenses [schedule 3]	(2,015)	—
Balance, end of year	753,299	527,785

ii) Repair and Replacement Reserves

	2016		2015	
	Premises Repair Reserve \$	Equipment Replacement and Repair Reserve \$	Total \$	Total \$
Transfer from unrestricted net assets	4,360	4,360	8,720	8,410
Expenditures	—	(1,731)	(1,731)	(1,562)
Increase during the year	4,360	2,629	6,989	6,848
Balances, beginning of year	31,284	—	31,284	24,436
Interfund transfer	2,629	(2,629)	—	—
Balances, end of year	38,273	—	38,273	31,284

(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.

(c) Accessibility Fund Restriction

During the year, the Society restricted \$222,000 in the Accessibility fund for up to \$200,000 to be spent on a second passenger elevator and up to \$22,000 for emergency call buttons in accessible washrooms and photo luminescent paint for handrails in the new Student Union Building.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

12. NON-DISCRETIONARY ALLOCATIONS

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

	2016	2015
	\$	\$
Peak Publications Society	300,147	300,860
Schools Building Schools	61,255	61,400
Simon Fraser Campus Radio Society (CJSF)	229,749	230,297
Simon Fraser Public Interest Research Group (SFPIRG)	183,764	184,200
Sustainable SFU	122,509	122,800
World University Services of Canada	153,136	153,500
	1,050,560	1,053,057

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:

	2016	2015
	\$	\$
Building maintenance	118,134	121,726
Repairs and renovations	—	7,906
	118,134	129,632

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 \$298,792 per year.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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.

Effective May 1, 2016, the Society will be contributing office space in lieu of financial funding.

(c) Undergraduate Health Plan

On September 1, 2014, the Society entered into an agreement to implement a new enhanced health plan at a cost of \$255 per student per year. The enhanced health plan and dental benefits is provided to all undergraduate students who opt into the plan. Under the terms of the agreement, the insurance fees can be revised annually and students can opt out of the enhanced plan for the basic plan at \$198 per student per year.

(d) 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.

(e) Rotunda

The Society has extended a lease with the University for occupying rotunda space totaling 850.82 square meters at the Burnaby university campus. The lease agreement was effective retroactive to July 1, 2013 and expires on September 30, 2017. The Society pays \$1 per year as an annual basic rent plus additional rent payable monthly which commenced on July 1, 2014. The additional rent covers occupancy costs that the University incurs on behalf of the Society as follows:

	\$
2017	46,667
2018	20,000
	66,667

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

14. COMMITMENTS (CONT'D)

(f) New Student Union Building Lease

On December 16, 2015, the Society signed a lease agreement with the University to lease the premises of the new student union building that is currently under construction. The lease term is 50 years with two 10 year renewal periods. The lease commencement date will be the date the Building is substantially completed and the Society can take possession of the premises. The Society has agreed to pay a minimum rent of \$1 per year including GST, plus proportionate operating costs, property taxes and utilities, as applicable. The Society will also be charged buildings costs less \$250,000 which is contingent on the Society funding the annual Major Repair and Replacement Fund as described below.

The Society has also agreed to pay to the University \$300,000 annually for a "Major Repair and Replacement Fund" during the term of the lease. The funds are to be held by the University in an interest bearing account for the benefit of the Society and only paid out to fund repairs and replacements to the building pursuant to the lease agreement and as directed by the Society. Upon termination of the lease, any remaining balance in the Fund will revert to the control of the University to be used as determined by the University.

(g) Bank Loans and Interest Rate Swap

On December 16, 2015, the Society negotiated four credit facilities under one banking agreement consisting of (1), an overdraft for general operating requirements and for advances requested between regularly scheduled advances under Facility (2) to the extent of \$1,000,000; (2), a non-revolving interim loan to assist in financing construction of the new student union building to the extent of \$44,300,000; (3), a non-revolving term loan to facilitate pay-out of Facility (2) upon project completion to the extent of \$44,300,000; and (4), an option to enter into Interest Rate Swap transactions which are limited to Canadian currency and for terms not exceeding 28.25 years with mutual put options every 5 years. The aggregate amount of all outstanding transactions under Facility (4) at any one time is not to exceed \$44,300,000.

The loans bear interest at the Bank of Nova Scotia's prime lending rate, with interest payable monthly on credit facility (1) and (3) and interest accruing monthly on credit facility (2). Credit facilities (2) and (3) include annual Bankers' Acceptance Fees of 1.125% per annum, subject to a minimum fee of \$500 per transaction. The Society has pledged all of its assets to the bank through a general security agreement.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

14. COMMITMENTS (CONT'D)

(g) Bank Loans and Interest Swap (Cont'd)

Repayment terms for Facility (1) require full repayment 364 days after the date of the first advance including any outstanding interest. This credit facility may be extended for successive periods of up to 364 days at the absolute discretion of the Bank, upon the Borrower's written request at least 60 days prior to maturity. Repayment terms for Facility (2) require advances and interest due in full upon the availment of Facility (3), or by December 31, 2018, whichever comes first. Repayment terms for Facility (3) is a 5 year term loan with a 25 year amortization period. Year 1 of the Facility (3) advance is repayable in 12 initial interest only monthly installments and years 2 - 5 have minimum principal payments in the aggregate amount of \$1,000,000 per year plus monthly interest. A final payment of the balance of principal and interest then outstanding will be due in the 60th month after the draw down of Facility (3).

As of April 30, 2016, the Society has not yet made any draws on the credit facilities.

The Society also entered into an interest rate swap agreement to assist in managing its interest rate exposure. The amounts receivable or payable under the interest rate swap will be accrued and recorded as adjustments to interest expense. The swap agreement commences on December 31, 2018 with a fixed rate of 3.01% per annum for a term up to 20 years.

15. CONTINGENT LIABILITY

Letters of Credit

The Society has outstanding letters of credit totaling \$12,500 [2015 - \$12,500] issued as security for liquor purchases.

16. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2016, the Society paid stipends to executive board members and other elected personnel in the amount of \$257,136 [2015 - \$256,118]. Of the amount, \$NIL [2015 - \$3,224] are included in negotiations and consulting expense [schedule 3], \$250,950 [2015 - \$241,673] in stipends expense [schedule 3] and \$6,186 [2015 - \$11,221] in elections expense [schedule 3].

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

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, 2016.

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 and a major chartered bank.

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 and in the future, on bank loans and interest rate swaps [note 14(g)] .

18. BUILD SFU

(i) 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 well as \$3,500,000 relating to the partial surrender of leased premises [note 19] . As of April 30, 2016, the Society has incurred \$3,825,171 [2015 - \$3,332,384] of pre-acquisition and development costs which have been capitalized and included in the Build SFU Fund.

NOTES TO FINANCIAL STATEMENTS

April 30, 2016

18. BUILD SFU (CONT'D)

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, 2018.

(ii) Subsequent to the year-end, the Society made a decision to discontinue the stadium portion of the Build SFU project due to higher than expected costs to complete construction. As a result, the costs incurred to April 30, 2016 have been expensed.

19. DEFERRED REVENUE - PARTIAL SURRENDER OF LEASED PREMISES

In 2015, the Society entered into an agreement with Simon Fraser University ("SFU") whereby the Society would surrender part of its leased premises ("Surrendered Premises") effective September 30, 2017 ("Surrender Date") for \$3,500,000. The \$3,500,000 would be placed into a trust account held by SFU for the benefit of the Society and would be used for Build SFU [see note 18] project architectural design development costs and other Build SFU costs. As at April 30, 2016, \$1,491,665 (2015 - \$1,133,395) has been drawn down from the \$3,500,000 for Phase 3 Construction drawings.

If the Society fails to vacate the Surrendered Premises by September 30, 2017, the \$3,500,000 will be repayable to SFU by no later than September 30, 2020. If the Society fails to repay the \$3,500,000 to SFU by September 30, 2020, interest will accrue at prime plus 6% compounded monthly, calculated on the overdue amounts from the date of default until SFU receives full payment.

If the Society is unable to vacate the Surrendered Premises by September 30, 2017 due to a delay in the completion of Build SFU or for any cause beyond reasonable control of the Society, the Surrender Date will not be postponed by more than three months after an occupancy certificate has been issued for the new student union building and in any event will not be postponed beyond September 30, 2019.

The postponement of the Surrender Date will not release the Society from the covenants and performance of its obligations in the agreement.

	2016	2015
	\$	\$
Surrender payment - cash held in trust by SFU	2,366,605	3,500,000
Costs incurred on Society's behalf	(358,270)	(1,133,395)
Cash in trust, end of year	2,008,335	2,366,605

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>	
2016			
Revenues			
Sales	107,255	1,063,476	1,170,731
Other income (net)	188	17,317	17,505
Total revenues	107,443	1,080,793	1,188,236
Expenses			
Cost of sales	62,117	450,203	512,320
Direct expenses	—	731,859	731,859
Other expenses	105,707	247,025	352,732
Total expenses	167,824	1,429,087	1,596,911
Excess of expenses for the year	(60,381)	(348,294)	(408,675)
2015			
Revenues			
Sales	112,656	1,147,597	1,260,253
Other income	85	8,967	9,052
Total revenues	112,741	1,156,564	1,269,305
Expenses			
Cost of sales	76,922	468,595	545,517
Direct expenses	—	849,391	849,391
Other expenses	95,145	274,922	370,067
Total expenses	172,067	1,592,908	1,764,975
Excess of expenses for the year	(59,326)	(436,344)	(495,670)

**GENERAL, ADMINISTRATION AND FINANCIAL
AND BUILD SFU OFFICES
SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	2016	2015
	\$	\$
GENERAL OFFICE		
Revenues		
Craft Fair	4,168	5,472
Conference room rental	7,349	9,380
Vendor permits, net of SFU food bank donations	27,812	26,455
Advertising and other	4,368	15,848
	43,697	57,155
Expenses		
Copying	245	677
Craft Fair	5,086	4,677
Office supplies and other	4,977	6,987
Telephone and fax	1,443	1,441
Wages and benefits	169,615	181,843
	181,366	195,625
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Professional fees	15,475	18,393
Insurance	21,973	21,427
Office and other	20,859	19,325
Wages and benefits - Financial office	151,968	114,812
- Executive director and other management	202,166	92,237
Total administration and financial office expenses	412,441	266,194
BUILD SFU OFFICE		
Expenses		
Advertising and other	10,861	21,646
Wages and benefits	106,740	174,654
Total Build SFU administration and office expenses	117,601	196,300

ACTIVITIES AND PROGRAMS SCHEDULE OF EXPENSES

Year ended April 30

	2016	2015
	\$	\$
Board of directors' allocations		
Activity days and events	40,632	44,123
Concerts (net of revenue of \$92,726; 2015 - \$100,827)	3,709	44,067
Donations	500	500
Elections [note 16]	10,459	19,111
Legal services - general	5,122	15,433
Surrey campus representation	5,626	8,406
Negotiations and consulting [note 16]	37,520	185,577
Stipends [note 16]	250,950	241,673
Travel and conference	3,748	1,109
Office, printing and other	16,250	21,661
	374,516	581,660
Advocacy and representation		
Student Union organizer	99,460	97,158
Advocacy	25,176	14,317
Ombuds office	51,000	49,372
Communications office	125,258	136,620
Campaigns, Research and Policy	76,669	52,292
	377,563	349,759
Other student programs and services		
Legal aid clinic	13,350	14,943
Health Plan Reserve expenses [note 11(a)(i)]	2,015	—
Women's Centre	89,411	86,736
Out on Campus	98,078	107,026
Surrey Campus	66,507	67,000
	269,361	275,705
Total general fund activity and program expenses	1,021,440	1,207,124

COPY CENTRE

SCHEDULE OF REVENUES AND EXPENSES

Year ended April 30

	2016	2015
	\$	\$
Revenues		
Copying and printing	107,255	112,656
	107,255	112,656
Cost of sales		
Copying	24,297	38,443
Printing supplies	37,820	38,479
	62,117	76,922
Gross profit	45,138	35,734
Transit and postage (net)	188	85
	45,326	35,819
Expenses		
Office and administration	1,439	1,082
Bank charges and interest	1,673	1,406
Operating costs	8,220	—
Repairs and maintenance	7,035	6,505
Telephone	770	764
Wages and employee benefits	86,570	85,388
	105,707	95,145
Excess of expenses for the year	(60,381)	(59,326)

Building operating costs [note 3]

FOOD AND BEVERAGE SERVICES SCHEDULE OF REVENUES AND EXPENSES

Year ended April 30

	2016	2015
	\$	\$
Revenues <i>[schedule 6]</i>	1,063,476	1,147,597
Cost of sales <i>[schedule 6]</i>	450,203	468,595
Gross profit	613,273	679,002
Direct expenses <i>[schedule 6]</i>	731,859	849,391
	(118,586)	(170,389)
Other revenues		
Arcade, vending machines and other	6,143	8,967
Advertising	11,174	—
	17,317	8,967
	(101,269)	(161,422)
Expenses		
Accounting	—	26,040
Administration and office	13,063	23,806
Advertising	10,197	13,543
Bank charges, credit card merchant fees and armoured car	21,017	17,932
Entertainment and event night security	9,075	15,588
Insurance	33,427	32,297
Operating costs	117,290	115,872
Professional fees	10,009	9,755
Repairs and maintenance	32,947	20,089
Total expenses	247,025	274,922
Excess of expenses for the year	(348,294)	(436,344)

Building operating costs *[note 3]*

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

Year ended April 30

	2016	2015
	\$	\$
Revenues		
Beverages	353,959	373,903
Food	709,517	773,694
	1,063,476	1,147,597
Cost of sales		
Beverages	98,396	113,170
Food	351,807	355,425
	450,203	468,595
Direct expenses		
Restaurant and bar supplies	21,293	36,563
Wages and employee benefits - management	99,350	139,125
- other	611,216	673,703
	731,859	849,391