

## 1. CALL TO ORDER

Call to Order – 12:34 pm.

## 2. TERRITORIAL ACKNOWLEDGMENT

We acknowledge that this meeting is being conducted on the unceded territories of the Coast Salish peoples; which, to the current knowledge of the Society include the Squamish, Musqueam, Stó:lo, and Tsleil-Waututh people.

## 3. ROLL CALL OF ATTENDANCE

### 3.1 Committee Composition

Vice President Finance (*Chair*) ..... Hangue Kim  
Interim President..... Vacant  
VP Student Services..... Vacant  
Board of Directors ..... Paul Hans  
Board of Directors ..... Jimmy Dhesa  
Board of Directors ..... Arr Farah  
Board of Directors ..... John Ragone  
Chief Executive Officer ..... Martin Wyant  
Finance Coordinator ..... Lucy Zhang

### 3.2 Society staff

Administrative Assistant..... Mandeep Aujla

## 4. RATIFICATION OF REGRETS

**MOTION FAC 2016-11-09:01**

+

*Be it resolved to ratify regrets from:*

**~~CARRIED AS AMENDED/CARRIED~~**

## 5. ADOPTION OF THE AGENDA

**MOTION FAC 2016-11-09:02**

**Jimmy/John**

*Be it resolved to adopt the agenda as presented.*

Discussion:

- Friendly amendment: strike discussion on Board stipend eligibility.

**CARRIED**

## 6. MATTERS ARISING FROM THE MINUTES

### **MOTION FAC 2016-11-09:03**

**Jimmy/John**

*Be it resolved to approve the minutes for:*

- FinanceCommittee2016-10-26

**CARRIED**

\*Abstentions: Paul Hans

## 7. DISCUSSION

### **~~7.1 Board stipend eligibility~~**

## 8. NEW BUSINESS

### **8.1 SUB Financing (Progress Claim #5)**

#### **MOTION FAC 2016-11-09:04**

**Jimmy/John**

*Be it resolved to recommend to the Board of Directors that Progress Claim #5 be paid from the Build SFU Fund.*

**CARRIED**

### **8.2 SUB Financing (Progress Claim #6)**

#### **MOTION FAC 2016-11-09:05**

**Jimmy/John**

*Be it resolved to recommend to the Board of Directors that Progress Claim #6 and related consultant expenses be paid using proceeds from the Student Union Building loan at Scotiabank.*

Discussion:

- Friendly amendment: “*Be it resolved to recommend to the Board of Directors that Progress Claim #6 and related consultant expenses be paid using proceeds from the Student Union Building loan from Scotiabank*”.

**CARRIED**

### **8.3 Monitoring Report**

#### **MOTION FAC 2016-11-09:06**

**Jimmy/John**

*Be it resolved to accept the Financial Conditions and Activities report submitted by the CEO.*

*Be it further resolved to recommend that the Board of Directors accept the report.*

**CARRIED**

\*\* Arr Farah arrived at 12:49 pm.

### **8.4 Creation of a new account (721/31)**

#### **MOTION FAC 2016-11-09:07**

**John/Jimmy**

*Be it resolved to create a new account 721/31 for Leasing Expenses.*

Discussion:

- Friendly amendment: *Be it resolved to create a new account 721/31 for Leasing Expenses in department 31 (Administration).*

**CARRIED**

\*Abstentions: Arr Farah

## **8.5 Leasing Expenses**

**MOTION FAC 2016-11-09:08**

**Jimmy/John**

*Be it resolved that the Finance and Audit Committee recommend to the Board of Directors the reallocation of \$1,500 from line item 720/31 (Office Supplies & Expenses, Administrative department) to line item 721/31 (Leasing Expenses, Administrative department).*

**CARRIED**

\*Abstentions: Arr Farah

## **8.6 Cash Flow Statement**

**MOTION FAC 2016-11-09:09**

**John/Jimmy**

Whereas it is good financial practice to establish a reserve fund to ensure that SFSS is protected against sudden and significant negative financial circumstances;

*Be it resolved to accept the SFSS cash flow statement as prepared by the Finance Coordinator.*

*Be it further resolved to establish a separate, internally restricted bank account to hold six months-worth of estimate SFSS operating expenses.*

*Be it further resolved to transfer \$650,000 from our operating account to the new restricted bank account, once the new account has been established and to transfer further funds to the account, as recommended in the cash flow forecast.*

Discussion:

- Note: Numbers of interest are at the bottom line “Bank Bal after funds transfer”.
- Suggested adjustments:
  - \$500,000 for the initial transfer and \$25,000 for each month until April 2017.
- Next steps going forward would be to attach a Board resolution to this fund and look into what the restrictions would be.
- Lucy will make the suggested changes to the document and email the updated statement to Hangué.

**\*\* Jimmy Dhesa left at 1:09 pm.**

→ Motion postponed:

**MOTION FAC 2016-11-09:10**

**John/Arr**

*Be it resolved to postpone motion “8.6 Cash Flow Statement” to the next Finance and Audit Committee meeting.*

**CARRIED**

## 9. ATTACHMENTS

- 2016-10-26 Memo to FAC for creation of new account 721-31.pdf
- 2016-10-26 SFSS Budget Reallocation for Leasing Expenses
- Cash Flow Forecast Oct 2016 to Apr 2017.xlsx
- Board stipend eligibility.pdf
- finance conditions monitoring Oct24 final (1).pdf
- 2016-11-07 Student Union Building Financing - recommendation for FAC.pdf

## 10. ADJOURNMENT

**MOTION FAC 2016-11-09:10**

**Arr/John**

*Be it resolved to adjourn the meeting at 1:20 pm.*

**CARRIED**

**Creation of new account for leasing-related expenses in Department 31 – Administrative**  
**Information for the Finance and Audit Committee**  
**Prepared by Marc Fontaine, General Manager, Build SFU**  
**October 26, 2016**

Background

The SFSS leases space to various tenants, most of whom are located in the MBC Food Court. Revenue is generated from these leases and expenses are incurred relating to services and support such as lock changes, legal counsel, building code consultants, credit checks, minor space alterations and maintenance.

Issue

These expenses are currently allocated to various accounts including Office Supplies and Expenses in Department 31 – Administrative. This does not allow for effective tracking of expenses that are related to the leasing of spaces. Management would like to be better able to compare revenue from leasing with associated expenses.

Recommendation

I recommend the creation of a new account in Department 31 – Administrative from which expenses related to leased spaces will be charged. The new account could be named Leasing Expenses.

## Operating Budget Amendment Form Budget Reallocation

Submission Date: (MM/DD/YY) \_\_\_\_\_

Budget Amendment Initiator/Dept.: \_\_\_\_\_

Approving Body: (FASC/BOD) \_\_\_\_\_

*Please fill out only for a budget reallocation. The account number and description can be obtained from the SFSS Finance Office. Please provide a copy of this form to the Minute Taker for inclusion in the minutes.*

**FROM:**

Account Number \_\_\_\_\_ / \_\_\_\_\_ & Description \_\_\_\_\_

Amount: \$ \_\_\_\_\_

**TO:**

Account Number \_\_\_\_\_ / \_\_\_\_\_ & Description \_\_\_\_\_

Amount: \$ \_\_\_\_\_

**Budget Reallocation Rationale: (Attach any other supporting documentation)**

**Budget Reallocation Motion:**

BIRT FASC/Board/Executive approve the reallocation of \$\_\_\_\_\_ from

line item \_\_\_\_\_ / \_\_\_\_\_ to  
(description) (account #)

line item \_\_\_\_\_ / \_\_\_\_\_  
(description) (account #)

**Student Union Building Financing**  
**Information for the Finance and Audit Committee**  
**Prepared by Marc Fontaine, General Manager, Build SFU**  
**November 7, 2016**

**Background**

The SFSS has arranged financing with Scotiabank for the Build SFU student union building (SUB) project. The project is funded primarily by the Build SFU Levy which has been in effect since January 2014.

In the past, the Build SFU Levy has been remitted by SFU to the SFSS to fund design and initial construction expenses as well as Build SFU departmental operating expenses including staff salaries/wages, legal expenses, consultation expenses, and advertising expenses. Moving forward, revenue from the Build SFU Levy will no longer be available for Build SFU departmental operating expenses as the Build SFU Levy will be redirected to a new account to repay the loan at Scotiabank. Therefore, future Build SFU departmental operating expenses will need to be funded using funds that have already been collected.

Since SUB construction started in June 2016, all construction and consultant expenses have been funded through available funds from the Build SFU Levy and other sources. Eventually, these funds will run out and the SFSS will need to take the first installment of the loan at Scotiabank.

Following direction given by the Board of Directors on September 16, 2016, Progress Claim #4 from the SUB's general contractor was paid through available funds. Although a decision has not yet been made regarding Progress Claim #5, I have recommended that Progress Claim #5 and related consultant expenses be paid using available funds rather than by taking the first installment of the loan with Scotiabank. Therefore, for the purposes of this memo, I will assume that my recommendation will be accepted.

**Issue**

The SFSS has now received Progress Claim #6 from the SUB's general contractor. The amount owing is approximately \$828,000 and payment is due in November. Related consultant expenses will also be payable in November for consulting work completed during the same time period (October, 2016).

The SFSS needs to decide whether to pay these expenses using available funds or whether to take the first installment of the loan at Scotiabank.

**Analysis**

At this time, the SFSS has approximately \$1.7 million in available funds for Build SFU.

Progress Claim #6 and related consultant expenses are estimated as follows and are payable this month:

General Contractor – Progress Claim #6	\$828,000
Consultants – October 2016	\$250,000
<b>Total</b>	<b>\$1,078,000</b>

Stadium project expenses incurred but not yet invoiced and future Build SFU departmental operating expenses are estimated as follows:

Stadium project schematic design (if stadium project does not continue)	\$100,000
Build SFU departmental operating expenses 2016-2017 (remaining)	\$170,000
Build SFU departmental operating expenses 2017-2018	\$200,000
Build SFU departmental operating expenses 2018-2019	\$100,000
<b>Total – must all be paid using existing funds</b>	<b>\$570,000</b>

If Progress Claim #6 and related consultant expenses are paid using available funds, assuming that no unexpected expenses arise over the next two years, it is projected that funds available at the end of construction will be as follows:

Available Build SFU funds, current	\$1,700,000
Progress Claim #6 & consultants	(\$1,078,000)
Build SFU departmental operating expenses 2016-2019	(\$570,000)
<b>Unrestricted Build SFU funds at end of construction</b>	<b>\$52,000</b>

By maintaining unrestricted Build SFU funds, the SFSS will have the financial capacity to address project expenses that may arise unexpectedly. If these funds are not needed by the time construction has finished, they would be used to repay the loan with Scotiabank or for other Build SFU-related expenses such as operating costs of the SUB.

### **Recommendation**

I recommend that Progress Claim #6 and related consultant expenses be paid by taking the first installment of the loan with Scotiabank. This will allow the SFSS to retain approximately \$1 million in unrestricted Build SFU funds to address project expenses that may arise unexpectedly.

If this recommendation is accepted, a motion could be considered by the committee as follows:

*Be it resolved* to recommend to the Board of Directors that Progress Claim #6 and related consultant expenses be paid using proceeds from the Student Union Building loan at Scotiabank.



## Memorandum

**To:** Simon Fraser Student Society (SFSS) Board of Directors

**From:** Hangué Kim, VP Finance

**Date:** October 28, 2016

**Re:** Board of Director's Stipend Eligibility

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In an effort to ensure the accountability of the SFSS Board of Directors to its membership, I recommend that we move forward with the following processes.

A Board Member is required by the current policy manual to follow either R-2 (Executives) or R-3 (Faculty Representatives). If a Board Member is not meeting the minimum requirements outlined in the policies, their pay will be deducted through stipend deductions. Each deduction will be calculated based on the weight of each of the duties/responsibilities. The number refers to the subsections of policy R-2 and R-3.

R-2 Executive Stipends: (out of 100%)

1. 15% (executive meetings)
2. 25% (Board meetings)
3. Mandatory (if missed \$100 deduction)
4. 35% (chairing committees)
5. 25% (office hours)
6. \$100 deduction for each day the report is late.
7. N/A (will discuss)
8. N/A (will discuss)

R-3 Faculty Representative Stipends: (out of 100%)

1. 25%
2. Mandatory (if missed \$50 deduction)
3. 10% (based on projects)
4. 25% (engagement hours and events)
5. 25% (at least two committees)
6. 25% (office hours)
7. \$50 deduction for each day the report is late.
8. N/A (will discuss)

9. N/A (will discuss)

Explanation:

- The duties and responsibilities are out of 100%.
- If a Board Member meets their minimum requirements, they will receive their entire stipend.
- If a Board meets 50% or more of their requirements, they will receive that percentage. (ex. Executive misses a Board meeting (25%), they will receive 75% of their stipend).
- If a Board Member meets less than 50% of their requirements, their entire stipend will be withheld
- Extenuating circumstances will be considered.

The stipend deduction will be used to ensure the accountability of each Board Member meeting their basic requirements as a representative of the SFSS.

If you have any questions, please let me know.

Sincerely,

Hangue Kim  
Vice President Finance  
Simon Fraser Student Society



## Internal Monitoring Report: Financial Condition and Activities

I hereby present my monitoring report on your Executive Limitations policy “Financial Condition and Activities”. A copy of the Financial Condition and Activities policy, referred to as EL-3, may be found on page 22 of the SFSS Board Policies manual.

I certify that the information contained in this report is true.

Signed: \_\_\_\_\_, Chief Executive Officer

Date: October 24, 2016

### Broadest Policy Provision:

With respect to the actual, ongoing financial condition and activities, the CEO may not cause or allow the development of:

- a. Fiscal jeopardy or;
- b. A material deviation of actual expenditures from Board priorities established in Ends policies.

The CEO will not:

### **Policy Provision #1:**

Incur debt or lease commitments in an amount greater than \$25,000 without prior board approval.

### CEO Interpretation:

The statement is clear. No further interpretation is required.

Data: We have made a number of commitments that are related to the completion of the Build SFU stadium design and the Build SFU Student Union Building construction project. No debts or commitments above \$25,000 have been made outside of those approved by the board.

Status: I report compliance.

## **Policy Provision #2:**

Expend more funds than have been received in the fiscal year to date unless the resulting deficit can be repaid by certain and otherwise unencumbered revenues within 60 days.

### **CEO Interpretation:**

“Unencumbered revenues” is interpreted to mean the current year’s revenues from all sources, and unrestricted fund balances.

Data: The Scotiabank statement as of October 7, 2016 (attached) shows an operating account balance of \$1,598,632.35. Our aged payables report, as of September 30, 2016 (attached) indicates a balance of \$121. Typically, SFSS expenses are paid immediately upon receipt.

Status: I report compliance.

## **Policy Provision #3:**

Expend, without Board approval, any cash reserves that have been designated by the Board as restricted.

### **CEO Interpretation:**

The statement is clear. No further interpretation is required.

Data: The Scotiabank statement as of October 7, 2016 shows the following amounts available for our designated funds:

Space Expansion Fund	\$1,942,976.73
Accessibility Fund	\$449,224.44
Student Care Health Plan Reserve	\$755,160.04
Build SFU Fund	\$2,019,751.19

It is important to note that \$200,000 from the accessibility fund has been designated to support the construction of an accessible elevator and \$22,000 for emergency call buttons for washrooms for the Student Union Building; these funds still need to be transferred from the Accessibility Fund to Build SFU. We have also committed \$10,000 in funding for a part time SFSS accessibility worker and \$3,300 for the Hi-FIVE project worker. We estimate that the balance of the fund, once these two transfers have occurred, will be approximately \$213,700.

The Board has also approved the application of a 2% administration fee on the Student Care Health Plan fees, which, once applied, will contribute approximately \$97,000 from our health plan reserve fund to our operating fund, leaving us with a projected health fund reserve balance of \$658,160.

It is recommended that we establish a restricted fund to hold the 5% surplus that is applied in each budget year and the administration fees that are generated from the Health Plan. A separate

account for these funds will allow us to track our progress towards our goal of having 6 months worth of our average operating costs set aside to cover future, extraordinary costs.

Status: I report compliance.

#### **Policy Provision #4:**

Allow payroll or debts to be overdue, or regulatory and statutory remittances to be overdue or inaccurately filed.

#### **CEO Interpretation:**

“Payroll” is interpreted to mean regular wages that are paid to SFSS employees. “Untimely” is interpreted to mean regular payroll payments that are processed three business days past the regularly-scheduled payroll date. With respect to debts, “untimely” is interpreted to mean payments that exceed agreed-upon terms by five business days.

Data: Our payroll is completed by our Finance Coordinators. Evidence that payroll has been completed on time, may be found in the attached reports entitled “Payroll Cheque Register” (which shows a payroll record for members of the Board) and “Deposit Register for Student Staff” (which shows a payroll record for staff) and “Deposit Register for Permanent Staff”.

Payroll and other government remittances are completed and submitted by Finance Coordinators. All remittances are up to date. The attached “GST/HST Return”, “Payment to British Columbia Provincial Sales Tax” and “Payment to Federal Deductions” are attached as evidence.

Status: I report compliance.

#### **Policy Provision #5:**

Make a single unbudgeted purchase or commitment of greater than \$20,000. Splitting orders to avoid this limit is not acceptable.

#### **CEO Interpretation:**

The statement is clear. No further interpretation is required.

Data: The Accounts Payable Cheque Register was printed for May 1<sup>st</sup> to August 31<sup>st</sup>. There were 6 cheques, all for budgeted expenses, that exceeded the \$20,000 limit, as follows.

AON Reed Stenhouse:	\$40,235.00	(liability insurance costs)
CJSF:	\$54,102.66	(student fees remitted)
Peak Publications Society:	\$70,668.54	(student fees remitted)
Simon Fraser Sustainability:	\$28,844.30	(student fees remitted)

WUSC:	\$36,055.38	(student fees remitted)
Simon Fraser University	\$107,154.87	(operating costs for two months)

Please see the attached Accounts Payable Cheque Register report. There were no cheques issued for unbudgeted purchases or commitments in excess of \$20,000.

Status: I report compliance.

**Policy Provision #6:**

Acquire, encumber, or dispose of real estate or enter into a lease or licence to occupy real estate for a committed time period of more than six months.

CEO Interpretation:

The statement is clear. No further interpretation is required.

Data: There have been no acquisitions or disposal of real estate during the reporting period.

Status: I report compliance.

**Simon Fraser Student Society**

## Cash Flow Forecast

## Oct 2016 to Apr 2017

Simon Fraser Student Society							
Cash Flow Forecast							
Oct 2016 to Apr 2017							
Description	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17
Beginning Bank Balance	711,042						711,042
Student Fees Oct-Dec	1,588,633	-	-	-	-	-	1,588,633
Student fees paid to affiliates (FT)	-	(531,417)	-	-	-	-	(531,417)
Student fees paid to affiliates (PT)	-	(24,741)	-	-	-	-	(24,741)
Student Fee Jan-Apr	-	-	-	-	973,100	-	-
Rental Revenue	10,800	10,800	10,800	10,800	10,800	10,800	10,800
Interest Revenue	680	650	650	650	650	650	650
Finance	(11,606)	(11,606)	(11,606)	(11,606)	(11,606)	(11,606)	(11,606)
GO	(13,900)	(13,900)	(13,900)	(13,900)	(13,900)	(13,900)	(13,900)
Student Union Resource	(10,095)	(10,095)	(10,095)	(10,095)	(10,095)	(10,095)	(10,095)
Communication	(11,478)	(11,478)	(11,478)	(11,478)	(11,478)	(11,478)	(11,478)
Policy Office	(7,214)	(7,214)	(7,214)	(7,214)	(7,214)	(7,214)	(7,214)
IEC	(2,500)	(3,700)	(3,700)	(3,700)	(3,700)	(3,700)	(3,700)
Surrey	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)	(6,233)
Operating Cost	(50,774)	(25,387)	(25,387)	(25,387)	(25,387)	(25,387)	(25,387)
CEO Office	(16,320)	(16,320)	(16,320)	(16,320)	(16,320)	(16,320)	(16,320)
Audit	-	(19,500)	-	-	-	-	-
Bank Charge	(1,000)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)	(1,200)
Capital Expenditure	-	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)	(9,000)
Insurance	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)	(1,860)
Misc. General Adm (Office/Welfare)	(500)	(800)	(4,500)	(870)	(800)	(870)	(870)
BOD Admin	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)	(30,000)
BOD Services	(25,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
DSU Cost	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)	(18,000)
Clubs Cost	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)	(20,000)
Ombuds	(240)	(240)	(240)	(240)	(240)	(240)	(240)
Copy Centre	(7,107)	(7,107)	(7,107)	(7,107)	(7,107)	(7,107)	(7,107)
Women's Centre	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
OOO	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)	(12,000)
FBS	(6,622)	(20,983)	(49,027)	(14,844)	(27,096)	(35,359)	(31,912)
Monthly Bank Balance	2,048,706	(816,331)	(272,417)	(234,604)	726,315	(255,119)	(251,672)
Funds transfer to Restricted Acct	2,048,706	1,232,375	959,958	725,354	1,451,669	1,196,550	944,878
Bank Bal after funds transfer	(650,000)	(25,000)	(25,000)	-	(125,000)	(25,000)	(25,000)
	1,398,706	557,375	259,958	25,354	626,669	346,550	69,878