

1. CALL TO ORDER

Call to Order – 2:00 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

VP Finance	Matthew Chow
VP Student Life.....	Tawanda Masawi
VP University Relations.....	Jackson Freedman
VP External Relations (<i>Chair</i>).....	Jasdeep Gill
Board of Directors Representative	Kia Mirsalehi

3.2 Society Staff

Administrative Assistant	Zoya Nari
Build SFU General Manager	Marc Fontaine
Finance Coordinator	David Chin
Finance Coordinator	Ben Yang

3.3 Guests

Faculty Representative	Cameron Nakatsu
Auditor	Gary Wozny

3.4 Regrets

VP Finance	Matthew Chow
VP University Relations.....	Jackson Freedman

4. RATIFICATION OF REGRETS

4.1 MOTION FAC 2018-08-24:01

Tawanda/Kia

Be it resolved to ratify regrets from Matthew Chow and Jackson Freedman.

CARRIED

5. ADOPTION OF THE AGENDA

5.1 MOTION FAC 2018-08-24:02

Kia/Tawanda

Be it resolved to adopt the agenda as presented.

CARRIED

6. MATTERS ARISING FROM THE MINUTES

6.1 MOTION FAC 2018-08-24:03

Kia/Tawanda

Be it resolved to receive and file the following minutes:

- Finance and Audit Committee 2018-07-16

CARRIED

7. NEW BUSINESS

7.1 Financial Statements – MOTION FAC 2018-08-24:04

Kia/Tawanda

Be it resolved to recommend to the SFSS Board of Directors to approve the draft financial statements for the year ended April 30th, 2018.

Be it further resolved to have Matthew Chow – VP Finance and Marc Fontaine – Build SFU General Manager sign the draft financial statements.

CARRIED

- Since the SFSS does not own the land, it is on a lease fund
- Evaluation method is based on expenses that are amortized
- The SFSS is a non-profit that is under the corporation, hence they must file according to the corporate taxation rules

Financial Position

- Inventory
 - Lower as FBS is no longer in the possession of the SFSS
- Internal Restrictions
 - Can be changed by resolution at the Board as it is not a legal requirement to have
- Future Contingency Reserve
 - Approved in the 2017 fiscal year
- Capital Asset Fund
 - 1.2 million in additions compared to the previous fiscal year
- Build SFU Fund
 - 13.5 million was added to the assets
- Space Expansion Fund
 - Not much changes have occurred
- Health Plan Fund
 - The amount differs as it has a different anniversary to the SFSS
 - Deferred amounts are not revenue until the following year due to its own anniversary date

Operations and Changes in Fund

- Retail Services
 - Decreased due to the closure of FBS
- Discretionary Grants
 - More funds were used for Clubs
- Capital and Intangible Assets
 - Negative because it is covered by the Capital Asset Fund
- Capital Asset Fund

- Amortization and depreciation occur
- Build SFU Fund
 - The majority of the amounts get capitalized, hence the low amounts allocated in expenses
- Bursaries
 - Funded through the Build SFU fund
 - It is noted that an unused amount was returned
- Accessibility Fund
 - Amount is carried forward from the previous year

Cash Flow

- Takes the income or loss and reconciles the amounts for the beginning and end of the year

Notes to Financial Statements

- Fund and deferral methods are followed by the SFSS
- It is noted that the majority of societies follow the deferral method
- Note #5 – Government Remittances
 - Empty due to the timing of the GST
- Leasehold interest – building
 - Will change as we get closer to the opening of the new building
- Repair and Replacement Reserves
 - Due to the closure of FBS, the amount was put back into the contingency fund
- Note #14g – Bank Loans and Interest Rate Swap
 - Acts as a safety blanket in case there is a significant increase in interest rates
- Note #14j – Keep.me SAFE
 - Will be starting in the new fiscal year
 - Re-branding will change the name from Keep.me SAFE to MSSP
- Note #17 – Credit Risk
 - Little to no risk as there are no goods or services
- Note #22 – Fraser International College
 - An error in the agreement, which will be corrected, is to increase the Build SFU levy. This will increase the Society Fees FIC will remit

Schedule 2

- Increase in the Wages and Benefits is due to an additional staff member (Events Coordinator)
- Costs that were allocated to the Build SFU but has now been capitalized

Schedule 3

- Elections
 - Less commissioners
- Concert
 - Made a large amount of revenue, which is still small compared to the expenses

Schedule

- The clean-up of the closure of the FBS

Audit Findings letter

- Internal control is when there is more than one individual who makes decisions
 - Ex. 2 signatures on a document
- Internal Control #10
 - Immaterial expenses are typically written off
- Internal Control #13
 - May be rectified this year

7.1 Web Site and Tech Support – MOTION FAC 2018-08-24:05

Kia/Tawanda

Be it resolved that the Finance Committee recommend to the Board of Directors to increase the line item Web Site & Tech Support 821/17 by \$9,000.00.

CARRIED

8. ATTACHMENTS

- FS (Draft) - Simon Fraser Student Society.pdf
- AFL (Draft) – SFSS
- Website_Budget Increase Form.pdf

9. ADJOURNMENT

MOTION FAC 2018-08-24:06

Kia/Tawanda

Be it resolved to adjourn the meeting at 3:34 PM.

CARRIED

August 16, 2018

PRIVATE & CONFIDENTIAL

Simon Fraser Student Society
Simon Fraser University
Maggie Benston Centre
Room 2250, 8888 University Drive
Burnaby, B.C. V5A 1S6

Attention: Finance and Audit Committee

Dear Sir/Madam:

Re: Audit Findings Letter

We have completed the audit of the financial statements of Simon Fraser Student Society for the year ending April 30, 2018. This letter has been prepared to assist you with your review of those financial statements.

Management is responsible for establishing and maintaining an adequate internal control structure and procedures for financial reporting. This includes the design and maintenance of accounting records, recording transactions, selecting and applying accounting policies, safeguarding of assets, and preventing and detecting fraud and error.

Our Responsibility as Auditors

As stated in the engagement letter, our responsibility as auditors of your Society is to express an opinion on whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of the organization in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

An audit is performed to obtain reasonable but not absolute assurance as to whether the financial statements are free of material misstatement. Due to the inherent limitations of an audit, there is an unavoidable risk that some misstatements of the financial statements will not be detected (particularly intentional misstatements concealed through collusion) even though the audit is properly planned and performed.

It is important to understand that we review only internal control systems that could result in a material error on the financial statements if those systems were to fail. We review them with specific audit objectives, focusing only on certain assertions that apply to the financial statements. This means that an unqualified opinion on the financial statements does not necessarily mean that Simon Fraser Student Society's internal control systems are all operating as intended.

In our financial statement audit process, we have a unique opportunity to view certain financial systems and procedures and provide feedback. We consider this feedback to be an opportunity to assist you to improve the effectiveness of the Society's accounting and reporting systems. If recommendations are made, it does not mean we consider the current internal controls and systems to be poor, nor are they a reflection on any person in the Society.

Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the audit committee.

Comments on Accounting Practices

Accounting Policies

The significant accounting policies used by Simon Fraser Student Society are outlined in Note 2 to the financial statements.

- There were no significant changes in accounting policies.
- We did not identify any alternative accounting policies that would have been more appropriate in the circumstances.
- We did not identify any significant accounting policies in controversial or emerging areas.

Significant Accounting Estimates

The following significant estimates/judgments are contained in the financial statements:

- Useful lives of capital and intangible assets
- Deferred revenue

Based on audit work performed, we are satisfied with the estimates made by management.

Significant Financial Statement Disclosures

We did not identify any financial statement disclosures that we believe should be specifically drawn to your attention, including any that are particularly significant or sensitive or that require significant judgments.

Uncorrected Misstatements

We accumulated uncorrected misstatements that we identified during our audit and communicated them to management. We then requested that management correct these misstatements. All uncorrected misstatements, if any, for the current period have been corrected with the exception of those listing in the in the summary of identified misstatements.

Evaluation of Internal Controls

A deficiency in internal control exists when a control is designed, implemented, or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis, or when a control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

During the course of our audit, we encountered the following specific internal control matters that we wish to bring to your attention:

#	Internal Control	Implication for the Financial Statements	Recommendation
1	<i>The Society did not maintain adequate records for concert and event revenues.</i>	<i>Revenues may not be complete.</i>	<i>We recommend that the Society review its procedures to ensure that these revenue streams are complete. For example, all tickets should be prenumbered and accounted for in a spreadsheet.</i>
Management response:			
2	<i>The Society did not maintain copies of the 2017 T4's.</i>	<i>The Society may have additional obligations to employees and the Canada Revenue Agency if a payroll audit is undertaken.</i>	<i>T4's must be maintained on file as part of the Society's required records.</i>
Management response:			
3	<i>Club and student union trust accounts were not reconciled on a timely basis and there were various differences when compared to the accounting records.</i>	<i>Increases the likelihood of error and fraud.</i>	<i>Club and student union trust accounts should be reviewed on a regular basis with appropriate authorization.</i>
Management response:			

4	<i>In the current year there were 48 proposed adjusting journal entries (certain of the entries were provided by the Society). We recognize that due to staff turnover additional entries may have been required.</i>	<i>Several year-end adjustments may render the Society's internal financial statements inaccurate.</i>	<i>The Society should endeavor to reduce the number of proposed adjusting journal entries with the goal of having no or very few adjusting entries.</i>
Management response:			
5	<i>It appears that certain bank reconciliations were either not prepared or reviewed on a timely basis. This may be the result of staff turnover.</i>	<i>Cash balances may be incorrect.</i>	<i>All monthly bank reconciliations should be prepared on a regular and timely basis. The reconciliations should also be reviewed on a timely basis and evidenced by the person's signature or initial.</i>
Management response:			
6	<i>The April 30, 2018 bank reconciliation for the operating bank account included outstanding cheques that should have been reversed, however, those cheques had already been reversed in the general ledger.</i>	<i>The cash balance may be incorrect.</i>	<i>Bank reconciliations should be prepared in a straight forward manner, so the likelihood of error is reduced.</i>
Management response:			
7	<i>It was noted that certain of the bank statement accounts for restricted funds were not named or designated as such.</i>	<i>This increases the likelihood that funds may be spent incorrectly.</i>	<i>We recommend that all restricted bank accounts be named or designated for their specific purpose. For example, the Space Expansion Fund account should be named as such.</i>
Management response:			

8	<i>The Society's cash held for internally restricted amounts (i.e. health plan reserve and future contingency reserve) does not match the actual internally restricted amounts.</i>	<i>No impact.</i>	<i>The Society should attempt to ensure that the cash held for internally restricted amounts approximates the actual internally restricted amounts.</i>
Management response:			
9	<i>The accrued vacation pay schedule for permanent staff included errors in the calculations.</i>	<i>Potential incorrect liabilities.</i>	<i>We recommend that the formula calculation be reviewed to ensure the schedule is accurate. We have provided the Society with the correct calculation of the vacation pay.</i>
Management response:			
10	<i>The Society should clearly document their capitalization policy dollar limit for capital asset expenditures.</i>	<i>Increases the likelihood that small, insignificant dollar amounts will be capitalized rather than being expensed.</i>	<i>Once the dollar limit is established, only capital asset additions reaching this amount should be capitalized and amortized.</i>
Management response:			
11	<i>The April 30, 2017 ending equity (fund balances) did not reconcile to the final 2017 audited financial statements.</i>	<i>The Society's internal financial statements may not be accurate.</i>	<i>We recommend that the Society ensure that all year end adjusting journal entries are posted to the general ledger and agreed to the final trial balance.</i>
Management response:			
12	<i>All GST paid (i.e. input tax credits) on the fall 2017 concert do not appear to have been claimed.</i>	<i>The Society's GST remitted to the government may be high.</i>	<i>We recommend that the Society takes care in ensuring that all GST is charged on all taxable revenues and all GST that can be claimed as an input tax credit is included in the Society's GST returns, where applicable.</i>
Management response:			

13	<i>The food bank revenues and expenses are included as liabilities of the Society.</i>	<i>Society revenues and expenses may be inaccurate.</i>	<i>The food bank revenues and expenses are controlled by the Society and thus should be recorded as such.</i>
Management response:			
14	<i>Certain journal entries did not have appropriate supporting documentation.</i>	<i>Increases the likelihood of error and fraud.</i>	<i>All journal entries should have supporting documentation along with written authorization by another person.</i>
Management response:			
15	<i>The net operating cost expense accounts did not reconcile to SFU's billings and tenant recoveries.</i>	<i>Expenses may be incorrect.</i>	<i>Operating costs should be reconciled to the SFU's billings and tenant recoveries on a regular basis.</i>
Management response:			
16	<i>The Finance Office should have copies of all significant financial agreements. For example, the Office did not have a copy of the Health and Dental underwriter contract.</i>	<i>The accounts may be misstated.</i>	<i>The Finance Office should have copies of all significant financial agreements to ensure that all transactions are recorded correctly.</i>
Management response:			
17	<i>The copy centre daily net cash proceeds were not easily traced to deposits and the bank account.</i>	<i>Cash may be undeposited.</i>	<i>We recommend that the daily net cash proceeds are fully deposited each day and the deposit slip note the related sales date to agree to the completed cash sheet.</i>
Management response:			

Written Representations

In a separate communication we have requested and received a number of written representations from management with respect to their responsibility for the preparation of the financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

We would like to thank the board, management, and staff for the assistance they provided to us during the audit.

We hope the information in this audit findings letter will be useful. We would be pleased to discuss the contents of this letter with you and respond to any questions you may have.

This letter was prepared for the sole use of those charged with governance of Simon Fraser Student Society to assist them in carrying out and discharging their responsibilities. The content should not be disclosed to any third party without our prior written consent, and we assume no responsibility to any other person.

Yours truly,

TOMPKINS WOZNY LLP

Acknowledgment of Finance Committee (or equivalent):

We have read and reviewed the above disclosures and understand and agree with the comments therein:

Name

Date

Name

Date

FINANCIAL STATEMENTS

SIMON FRASER STUDENT SOCIETY

April 30, 2018

INDEX TO THE FINANCIAL STATEMENTS

April 30, 2018

	<i>Page</i>
Independent Auditor's Report	<i>1</i>
Financial Statements	
Statement of Financial Position	2
Statement of Operations and Changes in Fund Balances	3
Statement of Cash Flows	4
Notes to Financial Statements	5 - 21
Schedule 1 - Retail Services ~ Schedule of Revenues and Expenses	22
Schedule 2 - General, Administration and Financial and Build SFU Offices ~ Schedule of Revenues and Expenses	23
Schedule 3 - Activities and Programs ~ Schedule of Expenses	24
Schedule 4 - Copy Centre ~ Schedule of Revenues and Expenses	25
Schedule 5 - Food and Beverage Services ~ Schedule of Revenues and Expenses	26
Schedule 6 - Food and Beverages Services ~ Schedule of Revenues, Cost of Sales and Direct Expenses	27

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, 2018, 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, 2018, 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 Societies 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.

Vancouver, Canada
[Date Board Approved]

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at April 30

	2018							2017	
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS									
Current assets									
Cash [note 4]	3,224,097	—	1,868,726	2,376,332	910,625	66,890	306,428	8,753,098	7,204,489
Accounts receivable [note 5]	51,864	—	—	—	—	—	—	51,864	54,386
Inventory [note 6]	17,339	—	—	—	—	—	—	17,339	34,004
Prepaid amounts [note 7]	19,455	—	—	—	1,612,490	—	—	1,631,945	1,787,271
Interfund loans, no specific terms	446,100	—	(253,862)	(14,220)	(192,829)	13,731	1,080	—	—
Total current assets	3,758,855	—	1,614,864	2,362,112	2,330,286	80,621	307,508	10,454,246	9,080,150
Cash - held in trust [note 19]	—	—	597,145	—	—	—	—	597,145	233,295
Prepaid amounts [note 7]	—	—	—	—	—	—	—	—	327
Capital assets [note 8]	—	1,299,017	—	—	—	—	—	1,299,017	3,431,431
Pre-acquisition, development and construction costs [note 18]	—	—	25,934,445	—	—	—	—	25,934,445	12,539,378
Intangible assets [note 9]	—	28,456	—	—	—	—	—	28,456	37,470
	3,758,855	1,327,473	28,146,454	2,362,112	2,330,286	80,621	307,508	38,313,309	25,322,051
LIABILITIES AND FUND BALANCES									
Current liabilities									
Bank loan [note 14(g)]	—	—	10,946,000	—	—	—	—	10,946,000	2,310,000
Accounts payable and accruals [note 10]	323,844	—	4,244,690	—	460,114	—	—	5,028,648	2,884,056
Deferred revenue	1,393	—	—	—	1,796,359	—	—	1,797,752	1,737,283
Total current liabilities	325,237	—	15,190,690	—	2,256,473	—	—	17,772,400	6,931,339
Deferred revenue - partial surrender of leased premises [note 19]	—	—	3,500,000	—	—	—	—	3,500,000	3,500,000
Total liabilities	325,237	—	18,690,690	—	2,256,473	—	—	21,272,400	10,431,339
Fund balances									
Internally restricted [note 11(a)(i), 11(b) and 11(c)]	832,907	—	1,614,864	2,362,112	73,813	80,621	307,508	5,271,825	4,833,156
Repair and replacement reserves [note 11(a)(ii)]	—	—	—	—	—	—	—	—	45,520
Future contingency reserve [note 11(a)(iii)]	650,000	—	—	—	—	—	—	650,000	650,000
Invested in capital assets	—	1,327,473	7,840,900	—	—	—	—	9,168,373	8,640,335
Unrestricted	1,950,711	—	—	—	—	—	—	1,950,711	721,701
Total fund balances	3,433,618	1,327,473	9,455,764	2,362,112	73,813	80,621	307,508	17,040,909	14,890,712
	3,758,855	1,327,473	28,146,454	2,362,112	2,330,286	80,621	307,508	38,313,309	25,322,051

Commitments [note 14]

Contingent liability [note 15]

See accompanying notes to the financial statements

On behalf of the Board

Director

Martin Wyant

Chief Executive Officer

Simon Fraser Student Society

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2018							2017	
	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>	2,653,640	—	2,714,678	310,420	5,150,913	55,511	46,606	10,931,768	10,113,710
Retail services <i>[schedule 1]</i>	128,206	—	—	—	—	—	—	128,206	817,845
General office <i>[schedule 2]</i>	50,724	—	—	—	—	—	—	50,724	43,512
Rental revenue	100,990	—	—	—	—	—	—	100,990	116,129
Graduate Student Society service sharing revenue	10,476	—	—	—	—	—	—	10,476	10,446
Interest and other	47,002	—	34,001	30,960	19,564	730	3,934	136,191	92,970
Total revenues	2,991,038	—	2,748,679	341,380	5,170,477	56,241	50,540	11,358,355	11,194,612
EXPENSES									
Retail services <i>[schedule 1]</i>	208,520	—	—	—	—	—	—	208,520	1,258,941
Administration and financial office <i>[schedule 2]</i>	492,080	—	—	—	—	—	—	492,080	415,372
General office <i>[schedule 2]</i>	240,383	—	—	—	—	—	—	240,383	192,789
Build SFU office <i>[schedule 2]</i>	—	—	9,590	—	—	—	—	9,590	13,213
Stadium costs	—	—	6,205	—	—	—	—	6,205	5,232
Building operating costs (net of tenant recoveries) <i>[note 3]</i>	74,723	—	—	—	—	—	—	74,723	29,307
Total office, operating and administration	807,186	—	15,795	—	—	—	—	822,981	655,913
Building maintenance and renovation costs <i>[note 13]</i>	—	—	—	102,958	—	—	—	102,958	118,100
Activity and program expenditures <i>[schedule 3]</i>	883,741	—	—	—	4,860,253	27,205	4,647	5,775,846	5,980,431
Discretionary grants - departmental student unions	160,762	—	—	—	—	—	—	160,762	162,239
- clubs	243,203	—	—	—	—	—	—	243,203	229,111
Student bursaries	30,000	—	129,565	—	—	—	—	159,565	106,456
Total activity, programs and grants	1,317,706	—	129,565	—	4,860,253	27,205	4,647	6,339,376	6,478,237
Amortization - building and other	—	300,705	—	—	—	—	—	300,705	483,604
- food and beverage	—	—	—	—	—	—	—	—	14,664
Loss on surrender of space <i>[note 20]</i>	—	1,433,618	—	—	—	—	—	1,433,618	—
Total expenses	2,333,412	1,734,323	145,360	102,958	4,860,253	27,205	4,647	9,208,158	9,009,459
Excess of revenues (expenses) for the year	657,626	(1,734,323)	2,603,319	238,422	310,224	29,036	45,893	2,150,197	2,185,153
Fund balances, beginning of year	2,075,575	3,468,901	6,852,445	2,123,690	56,901	51,585	261,615	14,890,712	12,705,559
Interfund transfers									
Purchase of capital and intangible assets	(18,126)	18,126	—	—	—	—	—	—	—
Disposition of surrendered space	425,231	(425,231)	—	—	—	—	—	—	—
Health Plan Reserve <i>[note 11(a)(i)]</i>	190,303	—	—	—	(190,303)	—	—	—	—
SFSS administration fee	103,009	—	—	—	(103,009)	—	—	—	—
Fund balances, end of year	3,433,618	1,327,473	9,455,764	2,362,112	73,813	80,621	307,508	17,040,909	14,890,712

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended April 30

	2018							2017	
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	First Nations Students Fund	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES									
Excess of revenues (expenses) for the year	657,626	(1,734,323)	2,603,319	238,422	310,224	29,036	45,893	2,150,197	2,185,153
Items not involving cash									
Loss on surrender of space	—	1,433,618	—	—	—	—	—	1,433,618	—
Stadium costs - write off	—	—	—	—	—	—	—	—	5,232
Amortization of capital assets	—	300,705	—	—	—	—	—	300,705	498,268
Changes in non-cash working capital balances									
Accounts receivable	2,522	—	—	—	—	—	—	2,522	(15,641)
Inventory	16,665	—	—	—	—	—	—	16,665	9,058
Prepaid amounts - current	(13,455)	—	327	—	168,781	—	—	155,653	(161,955)
Accounts payable and accruals	(257,864)	—	2,453,124	—	(50,668)	—	—	2,144,592	2,090,673
Deferred revenue - current	(11,653)	—	—	—	72,122	—	—	60,469	25,878
Cash provided by operating activities	393,841	—	5,056,770	238,422	500,459	29,036	45,893	6,264,421	4,636,666
FINANCING ACTIVITIES									
Interfund transfers	275,186	18,126	—	—	(293,312)	—	—	—	—
Interfund loans	88,021	(425,231)	41,318	(5,053)	303,959	(2,857)	(157)	—	—
Bank loan proceeds	—	—	8,636,000	—	—	—	—	8,636,000	2,310,000
Cash provided by (used in) financing activities	363,207	(407,105)	8,677,318	(5,053)	10,647	(2,857)	(157)	8,636,000	2,310,000
INVESTING ACTIVITIES									
Purchase of capital and intangible assets	—	(18,126)	—	—	—	—	—	(18,126)	(57,621)
Proceeds on sale of asset	—	425,231	—	—	—	—	—	425,231	—
Purchase of pre-acquisition and development costs, net	—	—	(13,395,067)	—	—	—	—	(13,395,067)	(8,719,439)
Cash used in investing activities	—	407,105	(13,395,067)	—	—	—	—	(12,987,962)	(8,777,060)
Increase (decrease) in cash for the year	757,048	—	339,021	233,369	511,106	26,179	45,736	1,912,459	(1,830,394)
Cash, beginning of year	2,467,049	—	2,126,850	2,142,963	399,519	40,711	260,692	7,437,784	9,268,178
Cash, end of year	3,224,097	—	2,465,871	2,376,332	910,625	66,890	306,428	9,350,243	7,437,784

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

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 Society exists to improve the undergraduate student experience, as comprised of the following aspects: academic, social, financial, and health and wellbeing.

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, 2018

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 and stadium. Effective January 1, 2015, 2016, 2017 and 2018, the contribution increased by \$10 per year to \$20, \$30, \$40 and \$50, respectively, per full-time student and by \$5 per year to \$10, \$15, \$20 and \$25, 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, interest and finance costs, and the direct wages and benefits of Society's staff, where applicable.

Undergraduate Health Plan Fund

The members of the Society have agreed to contribute up to \$268 per year for the purpose of offering both an enhanced health plan and dental plan for undergraduate students and \$208 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, 2018

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 formerly allocated 3% of its gross catering revenues to each of a Premises Repair Reserve and an Equipment Replacement and Repair Reserve. These reserves were to be used for repairs to the premises used for catering operations and repairs and replacement of related equipment. During the year, the reserves were discontinued as the Society surrendered its space relating to the food and beverage operations.

iii) Future Contingency Reserve

The Future Contingency Reserve sets aside six months of estimated operating costs. Funds may only be expended upon receipt of an approved Board motion that specifies the amount of funds to be spent and the expenditure has to be for significant items which are not typically part of the operating or capital budget.

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 and bank loan.

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 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Capital Assets (Cont'd)

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.

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.

Effective May 1, 2014 until May 31, 2017, 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 [schedule 5]. For the period May 1, 2009 to April 30, 2014, the Society discontinued allocating operating costs to the Food and Beverage operations.

Effective May 1, 2015, the Society started allocating operating costs to the Copy Centre operation based on the square footage of the space used by the Copy Centre operations [schedule 4].

4. CASH

The following funds are internally restricted for use by the General Fund.

	2018	2017
	\$	\$
Health Plan Reserve account [note 11(a)(i)]	1,064,839	740,408
Future Contingency Reserve account [note 11(a)(iii)]	760,400	600,967
	1,825,239	1,341,375

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

5. ACCOUNTS RECEIVABLE

	2018	2017
	\$	\$
General Fund		
Government remittances	—	14,163
Operations	14,406	15,567
SFU	37,458	24,656
	51,864	54,386
	51,864	54,386
Allowance for doubtful accounts	—	—
	51,864	54,386

6. INVENTORY

	2018	2017
	\$	\$
Food and liquor	—	16,392
Office supplies and postage	1,215	2,091
Paper and other	16,124	15,521
	17,339	34,004

7. PREPAID AMOUNTS

Current prepaid amounts consist of the following items:

	2018	2017
	\$	\$
General fund	19,455	6,000
Undergraduate Health Plan fund		
Insurer's Premiums - Undergraduate Health Plan	1,594,555	1,764,062
SFU administrative fees - Undergraduate Health Plan	17,935	17,209
	1,612,490	1,781,271
	1,631,945	1,787,271

Long-term prepaid amounts consist of the following items:

	2018	2017
	\$	\$
Build SFU fund		
Prepaid costs	—	327

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

8. CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2018	Lease term:			
Leasehold interest - building	10 to 30 years	4,094,192	2,812,525	1,281,667
Other Capital				
Computers, software and data processing equipment	4 years	278,950	267,055	11,895
Other furniture and equipment	5 years	472,861	467,406	5,455
		751,811	734,461	17,350
Food and Beverage				
Computers		—	—	—
Other furniture and equipment		—	—	—
		—	—	—
		4,846,003	3,546,986	1,299,017
2017	Lease term:			
Leasehold interest - building	10 to 30 years	9,479,490	6,092,954	3,386,536
Other Capital				
Computers, software and data processing equipment	4 years	269,667	252,206	17,461
Other furniture and equipment	5 years	469,848	457,290	12,558
		739,515	709,496	30,019
Food and Beverage				
Computers	5 years	20,517	19,950	567
Other furniture and equipment	5 years	604,316	590,007	14,309
		624,833	609,957	14,876
		10,843,838	7,412,407	3,431,431

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, 2018

9. INTANGIBLE ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2018			
Finite-life intangible assets			
- Website	105,930	85,684	20,246
- Software	72,244	64,034	8,210
	178,174	149,718	28,456
2017			
Finite-life intangible assets			
- Website under construction	97,262	76,654	20,608
- Software	72,244	55,382	16,862
	169,506	132,036	37,470

10. ACCOUNTS PAYABLE AND ACCRUALS

	2018 \$	2017 \$
General fund		
Operations	182,054	282,347
SFU	40,124	134,862
Cash and deposits held in trust	87,709	128,148
Government remittances - GST/PST	1,252	11,900
- Payroll	12,705	24,451
	323,844	581,708
Build SFU Fund		
SFU (including construction holdback)	4,244,690	1,791,566
	4,244,690	1,791,566
Undergraduate Health Plan Fund		
Health and dental plan premiums	460,114	510,782
	460,114	510,782
	5,028,648	2,884,056

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

11. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES**(a) General Fund****i) Internally Restricted Fund Balances**

	2018	2017
	\$	\$
Health Plan Reserve		
Balance, beginning of year	658,354	753,299
Interfund transfer to (from) the reserve by the Undergraduate Health Plan Fund	190,303	(94,945)
Expenses [schedule 3]	(15,750)	—
Balance, end of year	832,907	658,354

ii) Repair and Replacement Reserves

	2018		2017	
	Premises Repair Reserve	Equipment Replacement and Repair Reserve	Total	Total
	\$	\$	\$	\$
Transfer from (to) unrestricted net assets	(45,520)	—	(45,520)	8,002
Expenditures	—	—	—	(755)
Increase during the year	(45,520)	—	(45,520)	7,247
Balances, beginning of year	45,520	—	45,520	38,273
Interfund transfer	—	—	—	—
Balances, end of year	—	—	—	45,520

During the year the Society totally discontinued its food and beverage operations and entered into an agreement with SFU to surrender their leased space relating to the food and beverage operations [note 20].

As a result, the repair and replacement reserves were discontinued and the remaining balance in the premises repair reserve was transferred to unrestricted fund balances in the General Fund.

iii) Future Contingency Reserve

In 2017, \$650,000 was internally restricted for a future contingency reserve.

(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, Accessibility Fund and Future Contingency Reserve are disclosed in Note 2.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

11. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES (CONT'D)

(c) Accessibility Fund Restriction Transfer

In 2016, 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. In 2017, this amount was transferred to the Build SFU Fund.

12. NON-DISCRETIONARY ALLOCATIONS

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

	2018 \$	2017 \$
Peak Publications Society	304,211	303,072
Simon Fraser Campus Radio Society (CJSF)	232,858	231,984
Simon Fraser Public Interest Research Group (SFPIRG)	186,252	185,554
Embark Sustainability Society (formerly: Sustainable SFU)	195,145	123,703
World University Services of Canada	155,210	154,629
	1,073,676	998,942

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:

	2018 \$	2017 \$
Building maintenance	102,958	118,100
	102,958	118,100

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 \$143,704 per year.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

14. COMMITMENTS (CONT'D)

(b) Ombudsperson and Office

Effective May 1, 2016, the Society contributes office space in lieu of financial funding.

(c) Undergraduate Health Plan

On June 12, 2018, the Society entered into an agreement to implement a new retention accounting underwriting model with the premiums and coverage being revised annually. This agreement is effective until August 31, 2021. The health and dental plan benefits are provided to all undergraduate students at a cost of \$189 per student per year (enhanced plan \$233 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 \$6,620 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 expired on September 30, 2017. This lease has been extended on a month-to-month basis commencing October 1, 2017 to run concurrently with the construction of the SUB. The Society pays \$1 per year as an annual basic rent plus additional rent payable monthly in the amount of \$3,810 plus GST. The additional rent covers occupancy costs that the University incurs on behalf of the Society.

(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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

14. COMMITMENTS (CONT'D)

(f) New Student Union Building Lease (Cont'd)

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.

Facility (1) was never accessed or extended by the Society, and did not require repayment. 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, 2018, the Society has been advanced \$10,946,000 [2017 - \$2,310,000] of credit facility (2) as described above. The loan bears interest at the Scotia Bank prime rate.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

14. COMMITMENTS (CONT'D)

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

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.

(h) Stadium Project Contribution Agreement

During 2017, the Society entered into a stadium project contribution agreement with SFU whereby the Society would contribute up to \$10,000,000 towards the cost of the construction of a stadium. The \$10,000,000 contribution will be funded by a special student levy (the "Build SFU Levy") which will be collected and held by SFU.

The \$10,000,000 will be payable to SFU from the date of substantial completion (estimated to be August 2020) as follows:

	\$
Date of substantial completion	845,000
November 15, 2020 or the date of substantial completion, whichever is later	515,000
November 15, 2021 to November 15, 2031 (amounts varying from \$600,000 to \$860,000 per year)	8,640,000
Total	10,000,000

(i) Construction Commitments

The Society is committed to various contracts in the normal course of construction of Build SFU.

(j) Keep.me SAFE Mental Health Student Pilot Program

During the year, the Society made a commitment to provide a total of \$75,000 for program costs in support for the keep.me SAFE mental health student pilot program SFU will operate from May 1, 2018 to August 31, 2020.

15. CONTINGENT LIABILITY

Letters of Credit

The Society has outstanding letters of credit totaling \$Nil [2017 - \$12,500] issued as security for liquor purchases.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

16. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2018, the Society paid stipends to executive board members and other elected personnel in the amount of \$240,292 [2017 - \$238,306]. Of the amount, \$233,310 [2017 - \$226,467] is included in stipends expense [schedule 3] and \$6,982 [2017 - \$11,839] is included in elections expense [schedule 3].

Pursuant to the British Columbia Societies Act, the Society is required to disclose the remuneration paid to directors based on their position. The amount above includes payments made to the following elected Executives during the year:

	2018 \$
Vice-President - Finance	21,866
President	21,814
Vice-President - External Relations	21,814
Vice-President - University Relations	21,814
Vice-President - Student Life	21,604
Vice-President - Student Services	21,111
At-large Representative	10,855
Education Representative	10,847
Business Representative	10,801
At-large Representative	10,665
Applied Sciences Representative	10,617
Arts and Social Sciences Representative	10,233
Environment Representative	10,212
Science Representative	10,046
Communication, Art and Technology Faculty Representative	10,034
Health Sciences Faculty Representative	9,698
Other directors	7,627
less recovery of uncashed cheques from prior directors	(8,348)
	233,310

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, 2018.

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

17. FINANCIAL INSTRUMENTS (CONT'D)

The Society is also exposed to credit risk with respect to its cash. The Society reduces this risk by placing its cash with 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 bank loan [note 14(g)].

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 well as \$3,500,000 relating to the partial surrender of leased premises [note 19]. As of April 30, 2018, the Society has incurred \$25,934,445 [2017 - \$12,539,378] of pre-acquisition, development, construction and interest costs which have been capitalized and included in the Build SFU Fund.

As at April 30, 2018, \$193,681 [2017 - \$4,655] of interest expense has been capitalized.

The Society has budgeted this project to cost approximately \$55,000,000 for a space of approximately 100,000 square feet, plus up to a \$10,000,000 non-repayable financial contribution towards the cost of a stadium which will be paid to SFU [see note 14(h)].

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

18. BUILD SFU (CONT'D)

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, 2018, \$3,500,000 [2017 - \$3,500,000] has been drawn down from the \$3,500,000 for construction.

If the Society fails to vacate the Surrendered Premises by September 30, 2017, unless the Society is unable to vacate the premises (see below), 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.

19. DEFERRED REVENUE - PARTIAL SURRENDER OF LEASED PREMISES (CONT'D)

The Society was unable to vacate the Surrendered Premises by September 30, 2017 due to a delay in the completion of Build SFU, however, 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.

	2018	2017
	\$	\$
Cash held in trust by SFU	233,295	2,008,335
Cash transfers to SFU plus interest on trust funds	11,199,104	5,021,919
Costs incurred on Society's behalf	(10,835,254)	(6,796,959)
Cash in trust, end of year	597,145	233,295

20. FOOD AND BEVERAGE SERVICES

In 2017, the Society decided to discontinue its food and beverage services. As at April 30, 2017, the Highland Pub and the Ladle were closed and the Higher Grounds Coffee Bar was closed on June 15, 2017.

NOTES TO FINANCIAL STATEMENTS

April 30, 2018

20. FOOD AND BEVERAGE SERVICES (CONT'D)

Effective August 31, 2017, the Society entered into a lease surrender agreement with SFU relating to the food and beverage court space. The Society surrendered the space for proceeds of \$433,608 (\$450,000 less \$16,392 for inventory) and is entitled to 35% of the respective tenants' annual minimum rents for 10 years.

A summary of the lease surrender is as follows:

	2018
	\$
Net proceeds (net of \$8,377 legal costs)	425,231
Net book value of related leasehold improvements and furniture and equipment	(1,858,849)
Loss on lease surrender	(1,433,618)

21. WAGES AND BENEFITS

Pursuant to the British Columbia Societies Act, the Society is required to disclose salaries and benefits paid to employees of \$75,000 or more during the fiscal year. \$249,231 [2017 - \$322,771] was paid to two employees during the year; \$147,632 [2017 - \$106,268] is recorded in Wages and benefits - Chief Executive Officer and other management [schedule 2], \$95,395 [2017 - \$72,422] is capitalized in Pre-acquisition and development costs, \$6,205 [2017 - \$Nil] is included in stadium costs and \$Nil [2017 - \$144,081] recorded in Wages and benefits - management [schedule 6]

22. OTHER INFORMATION - SERVICE AGREEMENT WITH FRASER INTERNATIONAL COLLEGE

On April 7, 2018, the Society entered into an agreement with Fraser International College Ltd. ("FIC") to provide access to student services, excluding the Society's Health and Dental Plan and Universal Transit Pass program for a term of two years effective January 2, 2019. The agreement may be renewed at the end of the term. FIC shall will remit to the Society fees of \$98.74 per FIC student per semester for participation in the SFU program. This fee will increase annually for the annual increase in the Build SFU fee charged to the Society's members.

**RETAIL SERVICES
SCHEDULE OF REVENUES AND EXPENSES**

Year ended April 30

	Copy Centre \$	Food and Beverage \$	Total \$
2018	<i>[Schedule 4]</i>	<i>[Schedule 5]</i>	
Revenues			
Sales	106,243	20,023	126,266
Other income (net)	(494)	2,434	1,940
Total revenues	105,749	22,457	128,206
Expenses			
Cost of sales	46,570	7,866	54,436
Direct expenses	—	33,045	33,045
Other expenses	95,607	25,432	121,039
Total expenses	142,177	66,343	208,520
Excess of expenses for the year	(36,428)	(43,886)	(80,314)
2017			
Revenues			
Sales	123,965	669,674	793,639
Other income	(135)	24,341	24,206
Total revenues	123,830	694,015	817,845
Expenses			
Cost of sales	60,661	321,847	382,508
Direct expenses	—	536,956	536,956
Other expenses	105,380	234,097	339,477
Total expenses	166,041	1,092,900	1,258,941
Excess of expenses for the year	(42,211)	(398,885)	(441,096)

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

Year ended April 30

		2018	2017
		\$	\$
GENERAL OFFICE			
Revenues			
Craft Fair	25.1	3,082	1,663
Conference room rental	25.2	7,316	5,953
Vendor permits, net of SFU food bank donations	25.3	19,680	30,186
Advertising and other	25.4	20,646	5,710
		50,724	43,512
Expenses			
Copying	42.2	147	289
Craft Fair	42.6	2,765	1,744
Office supplies, bank charges and other	42.3 + 42.4	7,484	11,890
Telephone and fax	42.7	1,449	1,415
Wages and benefits	42.8	228,538	177,451
		240,383	192,789
ADMINISTRATION AND FINANCIAL OFFICE			
Expenses			
Professional fees	43.2	20,383	17,514
Insurance	43.4	47,004	24,834
Office, information technology, bank charges and other	43.5	41,400	24,887
Wages and benefits - Financial office	43.6	139,605	149,640
- Chief Executive Officer and other management		243,688	198,497
Total administration and financial office expenses		492,080	415,372
BUILD SFU OFFICE			
Expenses			
Advertising and other		9,590	13,213
Total Build SFU administration and office expenses		9,590	13,213

ACTIVITIES AND PROGRAMS SCHEDULE OF EXPENSES

Year ended April 30

		2018	2017
		\$	\$
Board of directors' allocations			
Activity days and events	43.12	38,812	40,540
Concerts and events (net of concert revenue of \$126,381 [2017 - \$76,350])	43.12	17,926	22,316
Elections [note 16]	43.8	13,025	20,023
Legal services - general	43.9	12,283	16,293
Surrey campus representation	43.22	5,188	6,335
Negotiations and consulting	43.1	4,150	40,242
Stipends [note 16]	43.13	233,310	226,467
Travel and conference	43.14	5,996	5,534
Office, printing and other	43.16	7,844	6,680
		338,534	384,430
Advocacy and representation			
Student Union organizer	44.1	80,767	86,528
Advocacy	43.17	10,303	12,761
Member engagement	43.17	19,663	8,225
Ombuds office	44.2	2,684	2,693
Communications office	44.3	111,124	98,391
Campaigns, Research and Policy	44.4	72,750	75,048
		297,291	283,646
Other student programs and services			
Legal aid clinic		—	8,566
Health Plan Reserve expenses [note 11(a)(i)]	40.9	15,750	—
Women's Centre	40.3+40.3.1	93,068	89,140
Out on Campus	40.2+40.4+40.4.1	69,354	94,600
Surrey Campus	40.7	69,744	70,996
		247,916	263,302
Total general fund activity and program expenses		883,741	931,378

The above expenses include wages and benefits of \$675,624 [2017 - \$679,250].

COPY CENTRE
SCHEDULE OF REVENUES AND EXPENSES

Year ended April 30

	2018	2017
	\$	\$
Revenues		
Copying and printing	<i>20.2</i> 106,243	123,965
	106,243	123,965
Cost of sales		
Copying	17,617	21,012
Printing supplies	28,953	39,649
	46,570	60,661
Gross profit		
Transit and postage (net)	<i>20.3</i> (494)	(135)
	59,673	63,304
	59,179	63,169
Expenses		
Office and administration	1,116	523
Bank charges and interest	2,272	2,423
Operating costs	8,844	8,466
Repairs and maintenance	6,791	8,742
Telephone	728	725
Wages and employee benefits	75,856	84,501
	95,607	105,380
Excess of expenses for the year	(36,428)	(42,211)

Building operating costs [note 3]

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

Year ended April 30

	2018	2017
	\$	\$
Revenues <i>[schedule 6]</i>	20,023	669,674
Cost of sales <i>[schedule 6]</i>	7,866	321,847
Gross profit	12,157	347,827
Direct expenses <i>[schedule 6]</i>	33,045	536,956
	(20,888)	(189,129)
Other revenues		
Arcade, vending machines and other	2,434	20,016
Advertising	—	4,325
	2,434	24,341
	(18,454)	(164,788)
Expenses		
Administration and office	4,309	12,539
Advertising	981	3,910
Bank charges, credit card merchant fees and armoured car	4,400	20,908
Entertainment and event night security	1,422	6,960
Insurance	2,569	30,828
Operating costs	9,944	119,328
Professional fees	161	10,315
Repairs and maintenance	1,646	29,309
Total expenses	25,432	234,097
Excess of expenses for the year	(43,886)	(398,885)

Building operating costs *[note 3]*Discontinuance of the food and beverage services *[note 20]*

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

Year ended April 30

	2018	2017
	\$	\$
Revenues		
Beverages	—	188,887
Food	20,023	480,787
	20,023	669,674
Cost of sales		
Beverages	—	59,705
Food	7,866	262,142
	7,866	321,847
Direct expenses		
Restaurant and bar supplies	769	17,434
Wages and benefits - management	20,464	144,081
- other	11,812	375,441
	33,045	536,956

DRAFT

CLIENT

Sindhu Dharmarajah – Simon Fraser Student Society
Maggie Benston Centre 2250, Simon Fraser University
8888 University Drive, Burnaby, BC, V5A 1S6
(778) 782-6565 - communications@sfss.ca

PROJECT PLAN

SCOPE OF WORK

SFSS - WEBSITE MODIFICATION

Website Modification Scope of Work

- o Updating the home page design only (to look like the Essence website, or some of the other sites your board referenced)
- o Modifying the inside page
- o Ensure mobile responsiveness for the new designs
- o Wireframing the home page and inside page
- o Navigation and Structurally no changes
- o Content remains the same
- o Timeline 1-3 months

SFSS – WEBSITE MODIFICATION

\$7,500.00



Client approval initials here: