
FINANCIAL STATEMENTS
SIMON FRASER STUDENT SOCIETY

April 30, 2018



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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, 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.

Tompkins Wozny LLP

Vancouver, Canada
September 14, 2018

Chartered Professional Accountants



Tompkins Wozny
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
	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS								
Current assets								
Cash <i>[note 4]</i>	3,224,097	—	1,868,726	2,376,332	910,625	66,890	306,428	8,753,098
Accounts receivable <i>[note 5]</i>	51,864	—	—	—	—	—	—	51,864
Inventory <i>[note 6]</i>	17,339	—	—	—	—	—	—	17,339
Prepaid amounts <i>[note 7]</i>	19,455	—	—	—	1,612,490	—	—	1,631,945
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
Cash - held in trust <i>[note 19]</i>	—	—	597,145	—	—	—	—	597,145
Prepaid amounts <i>[note 7]</i>	—	—	—	—	—	—	—	—
Capital assets <i>[note 8]</i>	—	1,299,017	—	—	—	—	—	1,299,017
Pre-acquisition, development and construction costs <i>[note 18]</i>	—	—	25,934,445	—	—	—	—	25,934,445
Intangible assets <i>[note 9]</i>	—	28,456	—	—	—	—	—	28,456
Total	3,758,855	1,327,473	28,146,454	2,362,112	2,330,286	80,621	307,508	38,313,309
LIABILITIES AND FUND BALANCES								
Current liabilities								
Bank loan <i>[note 1-(g)]</i>	—	—	10,946,000	—	—	—	—	10,946,000
Accounts payable and accruals <i>[note 10]</i>	323,844	—	4,244,690	—	460,114	—	—	5,028,648
Deferred revenue	1,393	—	—	—	1,796,359	—	—	1,797,752
Total current liabilities	325,237	—	15,190,690	—	2,256,473	—	—	17,772,400
Deferred revenue - partial surrender of leased premises <i>[note 19]</i>	—	—	3,500,000	—	—	—	—	3,500,000
Total liabilities	325,237	—	18,690,690	—	2,256,473	—	—	21,272,400
Fund balances								
Internally restricted <i>[note 11(a)(i), 11(b) and 11(c)]</i>	832,907	—	1,614,864	2,362,112	73,813	80,621	307,508	5,271,825
Repair and replacement reserves <i>[note 11(a)(ii)]</i>	—	—	—	—	—	—	—	—
Future contingency reserve <i>[note 11(a)(iii)]</i>	650,000	—	—	—	—	—	—	650,000
Invested in capital assets	—	1,327,473	7,840,900	—	—	—	—	9,168,373
Unrestricted	1,950,711	—	—	—	—	—	—	1,950,711
Total fund balances	3,433,618	1,327,473	9,455,764	2,362,112	73,813	80,621	307,508	17,040,909
Total	3,758,855	1,327,473	28,146,454	2,362,112	2,330,286	80,621	307,508	38,313,309
Commitments <i>[note 14]</i>								
Contingent liability <i>[note 15]</i>								

See accompanying notes to the financial statements

On behalf of the Board

Matthew Chow

Director

Martin Wyant

Chief Executive Officer

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2018										2017
	Space										
	Capital Asset		Build SFU		Expansion		Undergraduate		First Nations		
	Fund		Fund		Fund		Health Plan Fund		Students Fund		
	\$		\$		\$		\$		\$		\$
	General 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
Retail services <i>[schedule 1]</i>	128,700	—	—	—	—	—	—	—	—	—	128,700
General office <i>[schedule 2]</i>	50,724	—	—	—	—	—	—	—	—	—	50,724
Rental revenue	100,990	—	—	—	—	—	—	—	—	—	100,990
Graduate Student Society service sharing revenue	10,476	—	—	—	—	—	—	—	—	—	10,476
Interest and other	47,002	—	34,001	30,960	—	—	19,564	730	—	3,934	136,191
Total revenues	2,991,532	—	2,748,679	341,380	—	—	5,170,477	56,241	—	50,540	11,358,849
EXPENSES											
Retail services <i>[schedule 1]</i>	209,014	—	—	—	—	—	—	—	—	—	209,014
Administration and financial office <i>[schedule 2]</i>	492,080	—	—	—	—	—	—	—	—	—	492,080
General office <i>[schedule 2]</i>	240,383	—	—	—	—	—	—	—	—	—	240,383
Build SFU office <i>[schedule 2]</i>	—	—	9,590	—	—	—	—	—	—	—	9,590
Stadium costs	—	—	6,205	—	—	—	—	—	—	—	6,205
Building operating costs (net of tenant recoveries) <i>[note 3]</i>	74,723	—	—	—	—	—	—	—	—	—	74,723
Total office, operating and administration	807,186	—	15,795	—	—	—	—	—	—	—	822,981
Building maintenance and renovation costs <i>[note 13]</i>	—	—	—	102,958	—	—	—	—	—	—	102,958
Activity and program expenditures <i>[schedule 3]</i>	883,741	—	—	—	—	—	4,860,253	27,205	—	4,647	5,775,846
Discretionary grants - departmental student unions	160,762	—	—	—	—	—	—	—	—	—	160,762
- clubs	243,203	—	—	—	—	—	—	—	—	—	243,203
Student bursaries	30,000	—	129,565	—	—	—	—	—	—	—	159,565
Total activity, programs and grants	1,317,706	—	129,565	—	—	—	4,860,253	27,205	—	4,647	6,339,376
Amortization - building and other	—	300,705	—	—	—	—	—	—	—	—	300,705
- food and beverage	—	—	—	—	—	—	—	—	—	—	—
Loss on surrender of space <i>[note 20]</i>	—	—	—	—	—	—	—	—	—	—	—
Total expenses	2,333,906	1,734,323	145,360	102,958	—	—	4,860,253	27,205	—	4,647	9,208,652
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
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
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
Total	14,890,712	—	14,890,712	14,890,712	—	—	14,890,712	14,890,712	—	14,890,712	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
	\$	\$	\$	\$	\$	\$	\$	\$
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
Items not involving cash								
Loss on surrender of space	—	1,433,618	—	—	—	—	—	1,433,618
Stadium costs - write off	—	—	—	—	—	—	—	—
Amortization of capital assets	—	300,705	—	—	—	—	—	300,705
Changes in non-cash working capital balances								
Accounts receivable	2,522	—	—	—	—	—	—	2,522
Inventory	16,665	—	—	—	—	—	—	16,665
Prepaid amounts - current	(13,455)	—	327	—	168,781	—	—	155,653
Accounts payable and accruals	(257,864)	—	2,453,124	—	(50,668)	—	—	2,144,592
Deferred revenue - current	(11,653)	—	—	—	72,122	—	—	60,469
Cash provided by operating activities	393,841	—	5,056,770	238,422	500,459	29,036	45,893	6,264,421
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
Cash provided by (used in) financing activities	363,207	(407,105)	8,677,318	(5,053)	10,647	(2,857)	(157)	8,636,000
INVESTING ACTIVITIES								
Purchase of capital and intangible assets	—	(18,126)	—	—	—	—	—	(18,126)
Proceeds on sale of asset	—	425,231	—	—	—	—	—	425,231
Purchase of pre-acquisition and development costs, net	—	—	(13,395,067)	—	—	—	—	(13,395,067)
Cash provided by (used in) investing activities	—	407,105	(13,395,067)	—	—	—	—	(8,719,439)
Increase (decrease) in cash for the year	757,048	—	339,021	233,369	511,106	26,179	45,736	1,912,459
Cash, beginning of year	2,467,049	—	2,126,850	2,142,963	399,519	40,711	260,692	7,437,784
Cash, end of year	3,224,097	—	2,465,871	2,376,332	910,625	66,890	306,428	9,350,243

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

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)
	<u>233,310</u>

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

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] is 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 \$108.74 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 \$ [Schedule 4]	Food and Beverage \$ [Schedule 5]	Total \$
2018			
Revenues			
Sales	106,243	20,023	126,266
Other income (net)	—	2,434	2,434
Total revenues	106,243	22,457	128,700
Expenses			
Cost of sales	46,570	7,866	54,436
Direct expenses	—	33,045	33,045
Other expenses	96,101	25,432	121,533
Total expenses	142,671	66,343	209,014
Excess of expenses for the year	(36,428)	(43,886)	(80,314)
2017			
Revenues			
Sales	123,965	669,674	793,639
Other income	—	24,341	24,341
Total revenues	123,965	694,015	817,980
Expenses			
Cost of sales	60,661	321,847	382,508
Direct expenses	—	536,956	536,956
Other expenses	105,515	234,097	339,612
Total expenses	166,176	1,092,900	1,259,076
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	3,082	1,663
Conference room rental	7,316	5,953
Vendor permits, net of SFU food bank donations	19,680	30,186
Advertising and other	20,646	5,710
	50,724	43,512
Expenses		
Copying	147	289
Craft Fair	2,765	1,744
Office supplies, bank charges and other	7,484	11,890
Telephone and fax	1,449	1,415
Wages and benefits	228,538	177,451
	240,383	192,789
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Professional fees	20,383	17,514
Insurance	47,004	24,834
Office, information technology, bank charges and other	41,400	24,887
Wages and benefits - Financial office	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	38,812	40,540
Concerts and events (net of concert revenue of \$126,381 [2017 - \$76,350])	17,926	22,316
Elections <i>[note 16]</i>	13,025	20,023
Legal services - general	12,283	16,293
Surrey campus representation	5,188	6,335
Negotiations and consulting	4,150	40,242
Stipends <i>[note 16]</i>	233,310	226,467
Travel and conference	5,996	5,534
Office, printing and other	7,844	6,680
	338,534	384,430
Advocacy and representation		
Student Union organizer	80,767	86,528
Advocacy	10,303	12,761
Member engagement	19,663	8,225
Ombuds office	2,684	2,693
Communications office	111,124	98,391
Campaigns, Research and Policy	72,750	75,048
	297,291	283,646
Other student programs and services		
Legal aid clinic	—	8,566
Health Plan Reserve expenses <i>[note 11(a)(i)]</i>	15,750	—
Women's Centre	93,068	89,140
Out on Campus	69,354	94,600
Surrey Campus	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	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	59,673	63,304
Expenses		
Office and administration	1,610	658
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
	96,101	105,515
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