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FINANCIAL STATEMENTS
SIMON FRASER STUDENT SOCIETY

April 30, 2021

Limited Liability Partnership _____



Tompkins Wozny
Chartered Professional Accountants

Simon Fraser Student Society

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April 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Simon Fraser Student Society

Opinion

We have audited the financial statements of Simon Fraser Student Society (the Society), which comprise the statement of financial position as at April 30, 2021, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at April 30, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 29, 2021

Chartered Professional Accountants



Simon Fraser Student Society

STATEMENT OF FINANCIAL POSITION

As at April 30

	2021							2020	
	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 [note 3]	1,428,807	—	2,735,447	1,097,644	1,797,435	189,805	401,405	7,650,543	11,472,451
Investments - marketable securities [note 4]	4,052,422	—	—	—	—	—	—	4,052,422	—
Accounts receivable [note 5]	121,570	—	35,305	—	673,321	—	—	830,196	55,946
Prepaid amounts [note 6]	69,344	—	6,040	—	1,964,893	—	—	2,040,277	1,657,896
Due from (due to) other funds, no specific terms	(890,827)	—	(228,640)	2,284,691	(1,200,846)	13,731	21,891	—	—
Total current assets	4,781,316	—	2,548,152	3,382,335	3,234,803	203,536	423,296	14,573,438	13,186,293
Cash - held in trust [note 16]	—	—	4,406,523	—	—	—	—	4,406,523	8,520,934
Repair and replacement reserve fund [note 13(d)]	—	—	162,500	—	—	—	—	162,500	—
Tangible capital assets [note 7]	—	52,306,248	—	—	—	—	—	52,306,248	2,142,823
Pre-acquisition, development and construction costs [note 16]	—	—	—	—	—	—	—	—	49,712,292
Intangible assets [note 8]	—	14,116	—	—	—	—	—	14,116	10,801
	4,781,316	52,320,364	7,117,175	3,382,335	3,234,803	203,536	423,296	71,462,825	73,573,143
LIABILITIES AND FUND BALANCES									
Current liabilities									
Bank loan - current portion [note 13(e)]	—	1,000,000	—	—	—	—	—	1,000,000	1,000,000
Accounts payable and accruals [note 9]	316,039	—	818,938	—	564,393	—	—	1,699,370	6,714,194
Deferred revenue	78,126	—	—	—	1,760,756	—	—	1,838,882	1,736,139
Total current liabilities	394,165	1,000,000	818,938	—	2,325,149	—	—	4,538,252	9,450,333
Bank loan - long-term [note 13(e)]	—	33,904,528	—	—	—	—	—	33,904,528	34,904,528
Deferred revenue - partial surrender of leased premises [note 16]	—	—	—	—	—	—	—	—	3,500,000
Total liabilities	394,165	34,904,528	818,938	—	2,325,149	—	—	38,442,780	47,854,861
Fund balances									
Internally restricted [note 10(a)(i), 10(b) and 10(c)]	109,512	—	6,298,237	3,382,335	909,654	203,536	423,296	11,326,570	6,498,134
Future contingency reserve [note 10(a)(ii)]	650,000	—	—	—	—	—	—	650,000	650,000
COVID-19 Emergency Funding reserve [note 10(a)(iii)]	400,000	—	—	—	—	—	—	400,000	—
Invested in capital assets	—	17,415,836	—	—	—	—	—	17,415,836	15,822,779
Unrestricted	3,227,639	—	—	—	—	—	—	3,227,639	2,747,369
Total fund balances	4,387,151	17,415,836	6,298,237	3,382,335	909,654	203,536	423,296	33,020,045	25,718,282
	4,781,316	52,320,364	7,117,175	3,382,335	3,234,803	203,536	423,296	71,462,825	73,573,143

Commitments [note 13]

Subsequent event [note 13(f)]

See accompanying notes to the financial statements

On behalf of the Board Signed by:

Almas Phangura

Council Member — 9A38644138AE44D...

DocuSigned by:

Corbett Gildersleve

Council Member

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Simon Fraser Student Society

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2021							2020	
	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 [note 11]	3,035,427	—	5,219,276	354,874	5,047,648	57,213	53,267	13,767,705	12,809,103
General office [schedule 1]	16,981	—	—	—	—	—	—	16,981	63,018
Rental revenue	31,654	—	—	—	—	—	—	31,654	71,783
Graduate Student Society service sharing revenue	10,861	—	—	—	—	—	—	10,861	10,930
Investment income (net of management fees) and other	86,225	—	62,556	16,576	20,005	1,196	2,770	189,328	282,106
Government subsidy - wage subsidy [note 19]	25,000	—	—	—	—	—	—	25,000	—
Gain on surrender of leased space [note 16]	—	2,853,880	—	—	—	—	—	2,853,880	—
Total revenues	3,206,148	2,853,880	5,281,832	371,450	5,067,653	58,409	56,037	16,895,409	13,236,940
EXPENSES									
Administration and financial office [schedule 1]	777,894	—	—	—	—	—	—	777,894	836,490
General office [schedule 1]	442,604	—	—	—	—	—	—	442,604	444,511
Build SFU office [schedule 1]	—	—	71,455	—	—	—	—	71,455	23,513
Building operating costs (net of tenant recoveries and SFU refund)	(12,882)	—	288,019	—	—	—	—	275,137	100,385
Total office, operating and administration	1,207,616	—	359,474	—	—	—	—	1,567,090	1,404,899
Building maintenance and renovation costs [note 12]	—	—	—	(3,541)	—	—	—	(3,541)	69,035
Activity and program expenditures [schedule 2]	966,641	—	—	—	4,730,833	3,573	8,584	5,709,631	6,438,284
Discretionary grants - departmental student unions	84,700	—	—	—	—	—	—	84,700	125,278
- clubs	71,165	—	—	—	—	—	—	71,165	221,579
Student bursaries	22,645	—	283,434	—	—	—	—	306,079	493,824
Total activity, programs and grants	1,145,151	—	283,434	—	4,730,833	3,573	8,584	6,171,575	7,278,965
Amortization - building and other	—	976,527	—	—	—	—	—	976,527	208,675
Loan interest	—	—	881,995	—	—	—	—	881,995	—
Total expenses	2,352,767	976,527	1,524,903	(3,541)	4,730,833	3,573	8,584	9,593,646	8,961,574
Excess of revenues for the year	853,381	1,877,353	3,756,929	374,991	336,820	54,836	47,453	7,301,763	4,275,366
Fund balances, beginning of year	3,918,634	948,402	17,129,818	3,007,344	211,541	148,700	353,843	25,718,282	21,442,916
Interfund transfers									
Fund Build SFU accessibility project [note 10(c)]	—	—	(22,000)	—	—	—	22,000	—	—
Purchase of tangible capital assets and intangible assets	(23,571)	23,571	—	—	—	—	—	—	—
Transfer completed SUB building and related tangible capital assets, net of bank loan	—	18,066,510	(18,066,510)	—	—	—	—	—	—
Surrender of leased space	—	(3,500,000)	3,500,000	—	—	—	—	—	—
Health Plan Reserve [note 10(a)(i)]	(411,753)	—	—	—	411,753	—	—	—	—
SFSS administration fee	50,460	—	—	—	(50,460)	—	—	—	—
Fund balances, end of year	4,387,151	17,415,836	6,298,237	3,382,335	909,654	203,536	423,296	33,020,045	25,718,282

See accompanying notes to the financial statements

Simon Fraser Student Society

STATEMENT OF CASH FLOWS

Year ended April 30

	2021							2020	
	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 for the year	853,381	1,877,353	3,756,929	374,991	336,820	54,836	47,453	7,301,763	4,275,366
Items not involving cash									
Gain on surrender of leased space	—	(2,853,880)	—	—	—	—	—	(2,853,880)	—
Amortization of capital assets	—	976,527	—	—	—	—	—	976,527	208,675
Increase in market value of marketable securities (net)	(37,301)	—	—	—	—	—	—	(37,301)	—
Changes in non-cash working capital balances									
Accounts receivable	(69,988)	—	(28,527)	—	(673,321)	—	—	(771,836)	53,925
Prepaid amounts	(50,115)	—	(6,040)	—	(326,226)	—	—	(382,381)	(4,794)
Repair and replacement reserve fund	—	—	(162,500)	—	—	—	—	(162,500)	—
Accounts payable and accruals	(36,561)	—	(4,340,606)	—	(597,658)	(40,000)	—	(5,014,825)	(1,395,135)
Deferred revenue	18,607	—	—	—	84,136	—	—	102,743	(10,083)
Cash provided by (used in) operating activities	678,023	—	(780,744)	374,991	(1,176,249)	14,836	47,453	(841,690)	3,127,954
FINANCING ACTIVITIES									
Interfund transfers	(384,864)	23,571	(22,000)	—	361,293	—	22,000	—	—
Interfund loans	955,773	—	47,765	(2,302,210)	1,320,108	—	(21,436)	—	—
Purchase of investments - marketable securities	(4,015,121)	—	—	—	—	—	—	(4,015,121)	—
Bank loan proceeds	—	—	—	—	—	—	—	—	16,386,862
Bank loan repayments	—	—	(1,000,000)	—	—	—	—	(1,000,000)	(333,334)
Cash provided by (used in) financing activities	(3,444,212)	23,571	(974,235)	(2,302,210)	1,681,401	—	564	(5,015,121)	16,053,528
INVESTING ACTIVITIES									
Purchase of tangible and intangible capital assets	—	(23,571)	—	—	—	—	—	(23,571)	(1,221,663)
Purchase of pre-acquisition and development costs	—	—	(2,055,937)	—	—	—	—	(2,055,937)	(8,133,217)
Cash provided used in investing activities	—	(23,571)	(2,055,937)	—	—	—	—	(2,079,508)	(9,354,880)
Increase (decrease) in cash for the year	(2,766,189)	—	(3,810,916)	(1,927,219)	505,152	14,836	48,017	(7,936,319)	9,826,602
Cash, beginning of year	4,194,996	—	10,952,886	3,024,863	1,292,283	174,969	353,388	19,993,385	10,166,783
Cash, end of year	1,428,807	—	7,141,970	1,097,644	1,797,435	189,805	401,405	12,057,066	19,993,385

See accompanying notes to the financial statements

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

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 pursuant to Section 149 of the Income Tax Act. 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 tangible capital assets and intangible assets. 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.

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

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 16]

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, 2018, 2019, 2020 and 2021, the contribution increased by \$10 per year to \$20, \$30, \$40, \$50, \$60, \$70 and \$80, respectively, per full-time student and by \$5 per year to \$10, \$15, \$20, \$25, \$30, \$35 and \$40, 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 will be allocated to the Capital Asset Fund and will be amortized appropriately. The building was deemed completed on October 1, 2020 and amortization commenced at that time.

Pre-acquisition, development and construction costs 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 \$254 per year for the purpose of offering both an enhanced health plan and dental plan for undergraduate students and \$198 per year for a basic health and dental plan.

The Society's undergraduate health plan is a retention accounting policy based on a fiscal year ending August 31. The annual deficit or refund from the plan is recognized in the Society's fiscal year the insurer issues the final claim information for the year ending August 31.

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 ("FNNSA").

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

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

*Internally Restricted Fund Balances in the General Fund**i) Health Plan Reserve [note 10(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) 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.

iv) COVID-19 Reserve

During the year, \$400,000 was internally restricted for COVID-19 Emergency Funding purposes.

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.

The change in the fair value of marketable securities is recorded as income or loss, whichever applicable.



Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Investments - Marketable Securities**

Investments in marketable securities are recorded at market value.

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.

Financial assets measured at fair value include marketable securities.

Tangible Capital Assets

Purchased tangible capital assets are recorded at cost. Tangible capital assets are amortized on a straight-line basis at the rates outlined in [note 7]. 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.

Pre-acquisition, development and construction costs incurred for the Build SFU complex were included as an asset under Build SFU until the complex was ready for occupancy which was deemed to be October 1, 2020.

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**Intangible Assets**

The Society's website and database are amortized over its estimated useful life of four years on a straight-line method [note 8]. 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. CASH

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

	2021 \$	2020 \$
Health Plan Reserve account [note 10(a)(i)]	109,640	1,651,387
Future Contingency Reserve account [note 10(a)(ii)]	170,462	792,621
	280,102	2,444,008

4. INVESTMENTS - MARKETABLE SECURITIES

The Society's investments, which are managed by Raymond James, consist of the following:

	2021		2020	
	Market \$	Cost \$	Market \$	Cost \$
Fixed income	2,498,751	2,540,393	—	—
Canadian Equities	1,553,671	1,474,728	—	—
	4,052,422	4,015,121	—	—

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

5. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
General Fund		
Operations	10,974	20,995
SFU	110,596	30,587
	121,570	51,582
Allowance for doubtful accounts	—	—
	121,570	51,582
Build SFU Fund		
SFU	16,155	4,364
Fraser International College Ltd.	19,150	—
	35,305	4,364
Undergraduate Health Plan Fund		
Pacific Blue Cross - premium adjustment	673,321	—
	673,321	—
	830,196	55,946

6. PREPAID AMOUNTS

Current prepaid amounts consist of the following items:

	2021	2020
	\$	\$
General Fund	69,344	19,229
Build SFU Fund		
Deposit	6,040	—
	6,040	—
Undergraduate Health Plan Fund		
Insurer's Premiums - Undergraduate Health Plan	1,947,319	1,621,950
SFU administrative fees - Undergraduate Health Plan	17,574	16,717
	1,964,893	1,638,667
	2,040,277	1,657,896

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

7. TANGIBLE CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2021	Estimated life			
Leasehold interest - SUB building	40 years	51,734,068	751,286	50,982,782
Leasehold interest - MBC building	10 to 30 years	932,782	764,474	168,308
		52,666,850	1,515,760	51,151,090
Other Capital				
Computers, software and data processing equipment	4 years	36,747	23,502	13,245
Other furniture and equipment	5 & 7 years	1,248,295	106,382	1,141,913
		1,285,042	129,884	1,155,158
		53,951,892	1,645,644	52,306,248
2020	Estimated life			
Leasehold interest - building	10 to 30 years	4,094,192	3,174,481	919,711
Other Capital				
Computers, software and data processing equipment	4 years	303,367	287,212	16,155
Other furniture and equipment	5 years	445,464	443,729	1,735
		748,831	730,941	17,890
		4,843,023	3,905,422	937,601

The Society has a right to occupy its share of premises in the Maggie Benston 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 13(a)]. The Society also has right to occupy its premises in the new SUB building pursuant to a 50 year lease with the University, expiring in 2070 [note 13(d)] with two 10 year renewal periods.

8. INTANGIBLE ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2021			
Finite-life intangible assets			
- Website	16,543	14,556	1,987
- Software	18,249	6,120	12,129
	34,792	20,676	14,116
2020			
Finite-life intangible assets			
- Website under construction	113,805	107,682	6,123
- Software	78,481	73,803	4,678
	192,286	181,485	10,801

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

9. ACCOUNTS PAYABLE AND ACCRUALS

	2021	2020
	\$	\$
General Fund		
Operations	179,082	134,327
SFU	1,650	38,948
Fraser International College	—	60,000
Cash and deposits held in trust	110,539	90,107
Government remittances - GST/PST	237	7,409
- Payroll	24,531	21,809
	316,039	352,600
Build SFU Fund		
SFU (including construction holdback)	818,938	5,159,543
	818,938	5,159,543
Undergraduate Health Plan Fund		
Health and dental plan premiums	564,393	1,162,051
	564,393	1,162,051
First Nations Students Fund		
SFU	—	40,000
	—	40,000
	1,699,370	6,714,194

10. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES

(a) General Fund

i) Internally Restricted Fund Balances

	2021	2020
	\$	\$
Health Plan Reserve		
Balance, beginning of year	521,265	1,084,147
Interfund transfer to the Undergraduate Health Plan Fund	(411,753)	(562,882)
Balance, end of year	109,512	521,265

ii) Future Contingency Reserve

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

iii) COVID-19 Emergency Funding Reserve

During the year, \$400,000 was internally restricted for a COVID-19 Emergency Funding.



Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

10. INTERNALLY RESTRICTED FUND BALANCES AND RESERVES (CONT'D)**(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, Future Contingency Reserve and COVID-19 Emergency Funding Reserve are disclosed in note 2.

(c) Accessibility Fund Restriction Transfer

During the year, the Society transferred \$22,000 from the Build SFU Fund to the Accessibility Fund.

11. NON-DISCRETIONARY ALLOCATIONS

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

	2021	2020
	\$	\$
Peak Publications Society	316,912	304,083
Simon Fraser Campus Radio Society (CJSF)	242,571	232,759
Simon Fraser Public Interest Research Group (SFPIRG)	194,028	186,173
Embark Sustainability Society (formerly: Sustainable SFU)	226,365	217,202
World University Services of Canada	281,309	155,144
	1,261,185	1,095,361

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

12. BUILDING MAINTENANCE AND RENOVATION COSTS

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

	2021	2020
	\$	\$
Building maintenance (recovery)	(4,537)	67,201
Repairs and renovations	996	1,834
	(3,541)	69,035

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

13. COMMITMENTS**(a) Maggie Benston Centre**

The Society is committed to building operating costs to the University for the space it occupies in the Maggie Benston Centre and the new student union building, once the Society moves into the building.

The estimated monthly operating costs while occupying the remaining space in the Maggie Benston Centre is \$Nil pursuant the original premise lease.

(b) 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 \$227 per student per year (enhanced plan \$282 per student per year).

(c) 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 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 \$7,082 per year.

(d) 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 was completed in the year. The lease term, which is effective October 15, 2020, is for 50 years with two 10 year renewal periods. 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 building costs less \$250,000 annually which is contingent on the Society funding the annual Major Repair and Replacement Fund as described below.

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

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

13. COMMITMENTS (CONT'D)**(d) New Student Union Building Lease (Cont'd)**

As at April 30, 2021, the Society has a receivable from SFU in the amount of \$162,500 [2020 - \$Nil] relating to the Major Repair and Replacement Fund described above. The \$162,500 and future payments to the reserve will be placed in interest accruing trust account held by SFU on behalf of the Society.

(e) Bank Loan and Interest Rate Swap

The bank loan is a non-revolving 5 year term loan with a 25 year amortization period. In the first year of the loan, only interest is payable. Commencing in year 2 of the loan, principal is repaid at \$83,333 per month along with the monthly interest. The principal and interest is repaid with 30 day rolling Banker Acceptances ("BA") based on an interest rate of BA plus 1.125%. The loan is secured by all property of the Society.

	2021	2020
	\$	\$
Total bank loan	34,904,528	35,904,528
Less: current portion	1,000,000	1,000,000
	33,904,528	34,904,528

The estimated principal payments due on the bank loan for the next four years are as follows:

	\$
2022	1,000,000
2023	1,000,000
2024	1,000,000
2025 and on	31,904,528
	34,904,528

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 commenced on September 30, 2019 with a fixed rate of 3.19% per annum for a term up to 20 years.

(f) 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, including the amount of \$205,244 which the Society has already contributed to the initial schematic design phase. The \$10,000,000 contribution will be funded by the "Build SFU Levy" which will be collected and held by SFU.

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

13. COMMITMENTS (CONT'D)

(f) Stadium Project Contribution Agreement (Cont'd)

SFU will pay to the Society \$50,000 per year from 2016 to 2030 for a Student Financial Hardship fund from 2016 to 2030, inclusive. The payments will accrue to the Society until the stadium contribution becomes payable and thereafter the annual payments will commence.

The \$10,000,000 will be payable to SFU from the date the stadium is substantially complete (see below) 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

On June 9, 2021, the stadium reached substantial completion. However, the Society and SFU are currently in discussions to amend the dates and the amounts that the Society will be obligated to pay.

As substantial completion occurred in the 2022 fiscal year, the total obligation under the contribution agreement will be recorded as an expense to the Build SFU Fund in that fiscal year.

In addition, once the above dates and amounts are amended and agreed to by SFU and the Society, the total obligation will be discounted on a net present value basis at the Society's incremental cost of borrowing which is currently estimated at 3% to 4.5%.

14. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2021, the Society paid stipends and benefits to executive board members and other elected personnel in the amount of \$284,606 [2020 - \$259,361]. Of the amount, \$276,873 [2020 - \$254,478] is included in stipends expense [*schedule 2*] and \$7,733 [2020 - \$4,883] is included in elections expense [*schedule 2*].

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

14. RELATED PARTY TRANSACTIONS (CONT'D)

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:

	2021	2020
	\$	\$
Council members	26,605	10,760
Vice-President - External Relations	21,900	22,050
Vice-President - Finance	21,292	21,950
Vice-President - Student Life	21,000	22,050
President	21,000	15,700
Vice-President - University Relations	20,563	22,000
Vice-President - Student Services	20,563	21,950
Communication, Art and Technology Faculty Representative	11,375	10,475
Applied Sciences Representative	11,300	10,475
Science Representative	11,181	10,500
Education Representative	10,500	10,500
Environment Representative	10,500	10,450
At-large Representative	10,475	10,500
Health Sciences Faculty Representative	10,475	10,475
Business Representative	10,450	10,500
Arts and Social Sciences Representative	10,450	10,500
At-large Representative	10,450	10,500
Board parking, U-pass and mileage reimbursement	5,447	5,447
Vice-President - Events and Student Affairs	437	—
Vice-President - Equity and Sustainability	437	—
Vice-President - University and Academic Affairs	241	—
	266,641	246,782

15. 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, 2021.

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.

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

15. FINANCIAL INSTRUMENTS (CONT'D)

The Society is also exposed to credit risk with respect to its cash and marketable securities. The Society reduces this risk by placing its cash with a major chartered bank and by having its marketable securities managed by professional investment managers.

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, marketable securities and bank loan [note 13(e)].

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of risk: interest rate risk, currency risk and other price risk.

Interest Rate Risk

The Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Society to a fair value risk while the floating rate instruments subject it to a cash flow risk. The Society is exposed to this type of risk as a result of investment in marketable securities [note 4].

Currency Risk

The Society does not have any marketable securities that are denominated in a foreign currency and thus is not exposed to the financial risk of earnings fluctuations arising from changes in foreign exchange rates and the degree of volatility of these rates.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to other price risk through its investment in equity based investments.

Simon Fraser Student Society

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

16. 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. As of April 30, 2021, the Society has incurred \$51,734,068 [2020 - \$49,709,880] of pre-acquisition, development, construction and interest costs which have been capitalized and had been included in the Build SFU Fund. During the year, the Building was completed and the Society moved into the building in October 2020 and completed the partial surrender of leased premises in the Maggie Benston Centre.

As at April 30, 2021, \$2,502,868 [2020 - \$1,877,193] of interest expense and financing costs have been capitalized.

The Society had 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 13(f)].

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") in the Maggie Benson Centre, effective September 30, 2017 ("Surrender Date") for \$3,500,000. The \$3,500,000 was placed into a trust bank account held by SFU for the benefit of the Society and was used for Build SFU's project architectural design development costs and other Build SFU costs. The \$3,500,000 was drawn down in previous fiscal years for the construction of Build SFU.

The Surrender Date of the leased premises was changed over the last several years, and on October 15, 2020, the leased premises were surrendered to SFU resulting in a gain on the surrender in the amount of \$2,853,880 [2020 - \$Nil].

Cash held in trust by SFU for Build SFU is as follows:

	2021	2020
	\$	\$
Cash held in trust, beginning of year	8,520,934	73,155
Cash transfers to SFU plus interest on trust funds	4,535,881	20,273,001
Costs incurred on Society's behalf	(7,650,292)	(11,491,888)
Bank loan principal repayment	(1,000,000)	(333,334)
Cash in trust, end of year	4,406,523	8,520,934

Simon Fraser Student Society**NOTES TO FINANCIAL STATEMENTS**

April 30, 2021

17. 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. During the year, \$220,108 [2020 - \$347,485] was paid to two employees [2020 - three employees]. Of this amount, \$127,164 [2020 - \$257,247] is recorded in wages and benefits - Administration and Financial office [schedule 2], \$56,368 [2020 - \$Nil] is recorded in wages and benefits - Build SFU Office and \$36,576 [2020 - \$90,238] is capitalized to the new SUB building.

18. 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 was renewed effective January 2, 2021 for a five (5) year term. FIC shall will remit to the Society fees of \$128.74 per FIC student per semester for participation in the Society's programs and services. This fee will increase annually for the annual increase in the Build SFU fee charged to the Society's members.

19. OTHER - COVID

In March 2020, the COVID-19 outbreak occurred and the Society closed their offices under the physical distancing rules and moved their operations virtual. The Society will return to normal operations once it is deemed safe to do so. As of April 30, 2021, the Society has received \$25,000 [2020 - \$Nil] of government subsidies under the 10% Temporary Wage Subsidy program.

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

Year ended April 30

	2021	2020
	\$	\$
GENERAL OFFICE		
Revenues		
Craft Fair	—	1,964
Advertising and other	729	11,364
Conference room rental (refund)	(130)	8,280
Vendor permits, net of SFU food bank donations (refund)	(1,989)	21,226
Foodbank	18,371	20,184
	16,981	63,018
Expenses		
Copying	4	324
Telephone and fax	2,244	1,817
Craft Fair	—	2,556
Office supplies, bank charges and other	14,870	14,185
Foodbank	33,967	25,293
Wages and benefits	391,519	400,336
	442,604	444,511
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Negotiations and consulting	1,009	—
Legal services	18,896	61,883
Professional fees	23,998	19,892
Insurance	71,209	47,436
Office, information technology, bank charges and other	61,236	88,012
Wages and benefits	601,546	619,267
Total administration and financial office expenses	777,894	836,490
BUILD SFU OFFICE		
Expenses		
Advertising and other	15,087	23,513
Wages and benefits	56,368	—
Total Build SFU administration and office expenses	71,455	23,513

**ACTIVITIES AND PROGRAMS
SCHEDULE OF EXPENSES**

Year ended April 30

	2021	2020
	\$	\$
Student engagement		
Activity days, events and other initiatives	56,624	64,932
Concerts (net of concert revenue of \$Nil [2020 - \$71,715])	—	111,941
Elections <i>[note 14]</i>	8,413	10,024
Stipends and benefits <i>[note 14]</i>	276,873	254,478
Travel and conference	—	9,431
Office, printing and other	10,603	13,935
	352,513	464,741
Advocacy and representation		
Student Union office	98,935	86,200
Ombuds office	1,238	2,723
Communications office	131,894	131,450
Campaigns, Research and Policy	80,496	90,428
	312,563	310,801
Other student programs and services		
Accessibility Office	5,160	—
First Nations Student Association coordinator	40,439	—
Women's Centre	99,088	77,906
Out on Campus	94,076	109,450
Surrey Campus	62,802	59,841
	301,565	247,197
Total general fund activity and program expenses	966,641	1,022,739

The above expenses include wages and benefits of \$839,486 [2020 - \$731,501].