

FINANCIAL STATEMENTS

SIMON FRASER STUDENT SOCIETY

April 30, 2022

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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, 2022, 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, 2022, 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.

Vancouver, Canada
[Date Board Approved]

Chartered Professional Accountants

STATEMENT OF FINANCIAL POSITION

As at April 30

	2022							2021	
	General Fund \$	Capital Asset Fund \$	Build SFU Fund \$	Space Expansion Fund \$	Undergraduate Health Plan Fund \$	First Nations, Metis and Inuit Students Fund \$	Accessibility Fund \$	Total \$	Total \$
ASSETS									
Current assets									
Cash [note 3]	1,361,413	—	2,849,039	1,264,309	1,079,200	237,430	42,260	6,833,651	7,650,543
Investments - marketable securities [note 4]	4,846,309	—	—	—	—	—	—	4,846,309	4,052,422
Accounts receivable [note 5]	98,174	—	63,131	—	1,656,994	—	—	1,818,299	830,196
Prepaid amounts [note 6]	9,669	—	—	—	2,017,891	—	—	2,027,560	2,040,277
Due from (due to) other funds, no specific terms	(1,613,627)	—	36,030	2,340,487	(1,147,214)	7,461	376,863	—	—
Total current assets	4,701,938	—	2,948,200	3,604,796	3,606,871	244,891	419,123	15,525,819	14,573,438
Cash - held in trust [note 16]	—	—	4,466,580	—	—	—	—	4,466,580	4,406,523
Repair and replacement reserve fund [note 13(d)]	—	—	462,500	—	—	—	—	462,500	162,500
Tangible capital assets [note 7]	—	51,306,608	—	—	—	—	—	51,306,608	52,306,248
Intangible assets [note 8]	—	7,566	—	—	—	—	—	7,566	14,116
	4,701,938	51,314,174	7,877,280	3,604,796	3,606,871	244,891	419,123	71,769,073	71,462,825
LIABILITIES AND FUND BALANCES									
Current liabilities									
Bank loan - current portion [note 13(e)]	—	1,532,081	—	—	—	—	—	1,532,081	1,000,000
Accounts payable and accruals [note 9]	354,626	—	1,184,141	—	584,840	—	—	2,123,607	1,699,370
Stadium contribution payable - current [note 13(f)]	—	—	520,796	—	—	—	—	520,796	—
Deferred revenue [note 13(f)]	96,292	—	300,000	—	1,770,199	—	—	2,166,491	1,838,882
Total current liabilities	450,918	1,532,081	2,004,937	—	2,355,039	—	—	6,342,975	4,538,252
Stadium contribution payable - long-term [note 13(f)]	—	—	6,957,754	—	—	—	—	6,957,754	—
Bank loan - long-term [note 13(e)]	—	32,062,067	—	—	—	—	—	32,062,067	33,904,528
Total liabilities	450,918	33,594,148	8,962,691	—	2,355,039	—	—	45,362,796	38,442,780
Fund balances									
Internally restricted [notes 10(a)(i) and 10(b)]	—	—	(1,085,411)	3,604,796	1,251,832	244,891	419,123	4,435,231	11,326,570
Future contingency reserve [note 10(a)(ii)]	650,000	—	—	—	—	—	—	650,000	650,000
COVID-19 Emergency Funding reserve [note 10(a)(iii)]	394,243	—	—	—	—	—	—	394,243	400,000
Invested in capital assets	—	17,720,026	—	—	—	—	—	17,720,026	17,415,836
Unrestricted	3,206,777	—	—	—	—	—	—	3,206,777	3,227,639
Total fund balances	4,251,020	17,720,026	(1,085,411)	3,604,796	1,251,832	244,891	419,123	26,406,277	33,020,045
	4,701,938	51,314,174	7,877,280	3,604,796	3,606,871	244,891	419,123	71,769,073	71,462,825

Commitments [note 13]

See accompanying notes to the financial statements

On behalf of the Board

Council Member_____
Council Member

Simon Fraser Student Society

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended April 30

	2022							2021	
	General Fund \$	Capital Asset Fund \$	Build SFU Fund \$	Space Expansion Fund \$	Undergraduate Health Plan Fund \$	First Nations, Metis and Inuit Students Fund \$	Accessibility Fund \$	Total \$	Total \$
REVENUES									
Activity fees and levies [note 11]	2,897,447	—	5,660,570	338,717	5,153,027	56,144	50,853	14,156,758	13,767,705
General office [schedule 1]	18,161	—	—	—	—	—	—	18,161	16,981
Rental revenue	60,886	—	—	—	—	—	—	60,886	31,654
Graduate Student Society service sharing revenue	11,855	—	—	—	—	—	—	11,855	10,861
Investment income (net of management fees \$30,088 [2021 - \$7,531])	134,657	—	60,544	8,877	12,253	1,590	414	218,335	152,027
Increase (decrease) in fair value of investments	(260,390)	—	—	—	—	—	—	(260,390)	37,301
Government subsidy - wage subsidy [note 19]	—	—	—	—	—	—	—	—	25,000
Gain on surrender of leased space [note 16]	—	—	—	—	—	—	—	—	2,853,880
Total revenues	2,862,616	—	5,721,114	347,594	5,165,280	57,734	51,267	14,205,605	16,895,409
EXPENSES									
Administration and financial office [schedule 1]	698,745	—	—	—	—	—	—	698,745	777,894
General office [schedule 1]	480,644	—	—	—	—	—	—	480,644	442,604
Build SFU office [schedule 1]	—	—	471,700	—	—	—	—	471,700	71,456
Building operating costs (net of tenant recoveries and SFU refund)	(9,236)	—	240,235	—	—	—	—	230,999	275,137
Total office, operating and administration	1,170,153	—	711,935	—	—	—	—	1,882,088	1,567,091
Building maintenance and renovation costs [note 12]	—	—	—	15,265	—	—	—	15,265	(3,541)
Activity and program expenditures [schedule 2]	1,394,211	—	—	—	4,875,634	16,379	55,440	6,341,664	5,709,631
Discretionary grants - departmental student unions - clubs	110,421	—	—	—	—	—	—	110,421	84,700
	114,276	—	—	—	—	—	—	114,276	71,165
Student bursaries	51,000	—	310,435	—	—	—	—	361,435	306,079
Total activity, programs and grants	1,669,908	—	310,435	—	4,875,634	16,379	55,440	6,927,796	6,171,575
Amortization - building and other	—	1,543,161	—	—	—	—	—	1,543,161	976,527
Interest expense	—	—	1,690,387	—	—	—	—	1,690,387	881,995
Stadium contribution [note 13(f)]	—	—	8,760,676	—	—	—	—	8,760,676	—
Total expenses	2,840,061	1,543,161	11,473,433	15,265	4,875,634	16,379	55,440	20,819,373	9,593,647
Excess of revenues for the year	22,555	(1,543,161)	(5,752,319)	332,329	289,646	41,355	(4,173)	(6,613,768)	7,301,762
Fund balances, beginning 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
Interfund transfers									
Purchase of tangible capital assets and intangible assets	(106,154)	536,971	(320,949)	(109,868)	—	—	—	—	—
Transfer of funds for loan principal repayment	—	1,310,380	(1,310,380)	—	—	—	—	—	—
Health Plan Reserve [note 10(a)(i)]	(104,104)	—	—	—	104,104	—	—	—	—
SFSS administration fee	51,572	—	—	—	(51,572)	—	—	—	—
Fund balances, end of year	4,251,020	17,720,026	(1,085,411)	3,604,796	1,251,832	244,891	419,123	26,406,277	33,020,044

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended April 30

	2022							2021	
	General Fund	Capital Asset Fund	Build SFU Fund	Space Expansion Fund	Undergraduate Health Plan Fund	Nations, Metis and Inuit Students	Accessibility Fund	Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING ACTIVITIES									
Excess of revenues for the year	22,555	(1,543,161)	(5,752,319)	332,329	289,646	41,355	(4,173)	(6,613,768)	7,301,762
Items not involving cash									
Gain on surrender of leased space	—	—	—	—	—	—	—	—	(2,853,880)
Amortization of capital assets	—	1,543,161	—	—	—	—	—	1,543,161	976,527
Increase in market value of marketable securities (net)	260,391	—	—	—	—	—	—	260,391	(37,301)
Changes in non-cash working capital balances									
Accounts receivable	23,396	—	(27,826)	—	(983,673)	—	—	(988,103)	(771,836)
Prepaid amounts	59,675	—	6,040	—	(52,998)	—	—	12,717	(382,381)
Repair and replacement reserve fund	—	—	(300,000)	—	—	—	—	(300,000)	(162,500)
Accounts payable and accruals	38,587	—	365,203	—	20,447	—	—	424,237	(5,014,825)
Deferred revenue	18,166	—	300,000	—	9,443	—	—	327,609	102,743
Stadium contribution payable	—	—	7,478,550	—	—	—	—	7,478,550	—
Cash provided by (used in) operating activities	422,770	—	2,069,648	332,329	(717,135)	41,355	(4,173)	2,144,794	(841,691)
FINANCING ACTIVITIES									
Interfund transfers	(158,686)	536,971	(320,949)	(109,868)	52,532	—	—	—	—
Interfund loans	722,800	—	(264,670)	(55,796)	(53,632)	6,270	(354,972)	—	—
Net purchase of investments - marketable securities	(1,054,278)	—	—	—	—	—	—	(1,054,278)	(4,015,121)
Bank loan repayments	—	—	(1,310,380)	—	—	—	—	(1,310,380)	(1,000,000)
Cash provided by (used in) financing activities	(490,164)	536,971	(1,895,999)	(165,664)	(1,100)	6,270	(354,972)	(2,364,658)	(5,015,121)
INVESTING ACTIVITIES									
Purchase of tangible and intangible capital assets	—	(536,971)	—	—	—	—	—	(536,971)	(23,571)
Purchase of pre-acquisition and development costs	—	—	—	—	—	—	—	—	(2,055,937)
Cash provided used in investing activities	—	(536,971)	—	—	—	—	—	(536,971)	(2,079,508)
Increase (decrease) in cash for the year	(67,394)	—	173,649	166,665	(718,235)	47,625	(359,145)	(756,835)	(7,936,320)
Cash, beginning of year	1,428,807	—	7,141,970	1,097,644	1,797,435	189,805	401,405	12,057,066	19,993,385
Cash, end of year	1,361,413	—	7,315,619	1,264,309	1,079,200	237,430	42,260	11,300,231	12,057,065

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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, 2021 and 2022, the contribution increased by \$10 per year to \$20, \$30, \$40, \$50, \$60, \$70, \$80 and \$90, respectively, per full-time student and by \$5 per year to \$10, \$15, \$20, \$25, \$30, \$35, \$40 and \$50, respectively, per part-time student per semester.

Pre-acquisition, development and construction costs were included as an asset of Build SFU Fund until the complex was ready for occupancy and at that time, the costs were allocated to the Capital Asset Fund and are amortized appropriately. The building was deemed completed on October 1, 2020 and amortization commenced at that time.

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.

First Nations, Metis and Inuit 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, Metis and Inuit Students Fund ("FNISA").

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, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

In 2021, \$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.

Investments - Marketable Securities

Investments in marketable securities are recorded at market value.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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, stadium contribution payable 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.

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

3. CASH

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

	2022	2021
	\$	\$
Health Plan Reserve account [note 10(a)(i)]	—	109,640
Future Contingency Reserve account [note 10(a)(ii)]	171,618	170,462
	171,618	280,102

4. INVESTMENTS - MARKETABLE SECURITIES

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

	2022		2021	
	Market \$	Cost \$	Market \$	Cost \$
Fixed income	3,121,465	3,434,458	2,498,751	2,540,393
Canadian Equities	1,724,844	1,634,941	1,553,671	1,474,728
	4,846,309	5,069,399	4,052,422	4,015,121

5. ACCOUNTS RECEIVABLE

	2022	2021
	\$	\$
General Fund		
Operations	18,948	10,974
SFU	79,226	110,596
	98,174	121,570
Allowance for doubtful accounts	—	—
	98,174	121,570
Build SFU Fund		
SFU	13,981	16,155
Fraser International College Ltd.	19,150	19,150
Other	30,000	—
	63,131	35,305
Undergraduate Health Plan Fund		
Pacific Blue Cross - premium adjustment	1,656,994	673,321
	1,656,994	673,321
	1,818,299	830,196

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

6. PREPAID AMOUNTS

Current prepaid amounts consist of the following items:

	2022	2021
	\$	\$
General Fund	9,669	69,344
Build SFU Fund		
Deposit	—	6,040
	—	6,040
Undergraduate Health Plan Fund		
Insurer's Premiums - Undergraduate Health Plan	2,000,264	1,947,319
SFU administrative fees - Undergraduate Health Plan	17,627	17,574
	2,017,891	1,964,893
	2,027,560	2,040,277

7. TANGIBLE CAPITAL ASSETS

	Rate	Cost \$	Accumulated Amortization \$	Net Book Value \$
2022	Estimated life			
Leasehold interest - SUB building	39 to 40 years	52,068,486	2,053,212	50,015,274
Leasehold interest - MBC building	10 to 30 years	932,782	805,707	127,075
		53,001,268	2,858,919	50,142,349
Other Capital				
Computers, software and data processing equipment	4 years	107,827	30,690	77,137
Other furniture and equipment	5 & 7 years	1,379,769	292,647	1,087,122
		1,487,596	323,337	1,164,259
		54,488,864	3,182,256	51,306,608
2021	Estimated life			
Leasehold interest - SUB building	40 years	51,734,068	751,286	50,982,782
Leasehold interest - 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

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

7. TANGIBLE CAPITAL ASSETS (CONT'D)

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 \$
2022			
Finite-life intangible assets			
- Website	16,543	16,543	—
- Software	18,249	10,683	7,566
	34,792	27,226	7,566
Finite-life intangible assets			
- Website under construction	16,543	14,556	1,987
- Software	18,249	6,120	12,129
	34,792	20,676	14,116

9. ACCOUNTS PAYABLE AND ACCRUALS

	2022 \$	2021 \$
General Fund		
Operations	153,484	179,082
SFU	33,101	1,650
Cash and deposits held in trust	140,444	110,539
Government remittances - GST/PST	2,860	237
- Payroll	24,737	24,531
	354,626	316,039
Build SFU Fund		
SFU	1,184,141	818,938
	1,184,141	818,938
Undergraduate Health Plan Fund		
Health and dental plan premiums	584,840	564,393
	584,840	564,393
	2,123,607	1,699,370

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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

	2022 \$	2021 \$
Health Plan Reserve		
Balance, beginning of year	109,512	521,265
Expenses [schedule 3]	(5,409)	—
Interfund transfer to the Undergraduate Health Plan Fund	(104,103)	(411,753)
Balance, end of year	—	109,512

ii) Future Contingency Reserve

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

iii) COVID-19 Emergency Funding Reserve

In 2021, \$400,000 was internally restricted for a COVID-19 Emergency Funding. During the year, \$5,757 (2021 - \$Nil) was spent from this 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, Metis and Inuit Students Fund, Accessibility Fund, Future Contingency Reserve and COVID-19 Emergency Funding Reserve are disclosed in note 2.

11. NON-DISCRETIONARY ALLOCATIONS

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

	2022 \$	2021 \$
Peak Publications Society	308,177	316,912
Simon Fraser Campus Radio Society (CJSF)	235,895	242,571
Simon Fraser Public Interest Research Group (SFPIRG)	188,680	194,028
Embark Sustainability Society	220,127	226,365
World University Services of Canada	314,467	281,309
	1,267,346	1,261,185

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

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

12. BUILDING MAINTENANCE AND RENOVATION COSTS

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

	2022	2021
	\$	\$
Building maintenance (recovery)	—	(4,537)
Repairs and renovations	15,265	996
	15,265	(3,541)

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 February 19, 2021, the Society extended its agreement for the premiums with the coverage being revised annually and cancelled the retention account underwriting model. This agreement extension is effective until August 31, 2023. The health and dental plan benefits are provided to all undergraduate students at a cost of \$233 per student per year (enhanced plan \$288 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 \$7,738 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 2021. 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

13. COMMITMENTS (CONT'D)**(d) 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.

As at April 30, 2021, the Society has a receivable from SFU in the amount of \$462,500 [2021 - \$162,500] relating to the Major Repair and Replacement Fund described above. The \$462,500 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 monthly repayment increased to \$127,673 on October 29, 2021. 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.

	2022	2021
	\$	\$
Total bank loan	33,594,148	34,904,528
Less: current portion	1,532,081	1,000,000
	32,062,067	33,904,528

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

	\$
2022	1,532,081
2023	1,532,081
2024 and on	30,529,986
	33,594,148

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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

13. COMMITMENTS (CONT'D)**(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.

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. As at April 30, 2022, \$300,000 [2021 - \$Nil] has been received and is included in deferred revenue - Build SFU Fund.

The \$10,000,000 will be payable to SFU from the date the stadium is substantially complete which was deemed to be June 9, 2021.

The \$10,000,000 is payable to SFU as follows:

	\$
Date of substantial completion (paid in the year)	845,000
October 15, 2021 (paid in the year)	515,000
November 15, 2022	735,000
November 15, 2023	835,000
November 15, 2024	845,000
November 15, 2025	855,000
November 15, 2026	870,000
November 15, 2027	880,000
November 15, 2028	890,000
November 15, 2029	900,000
November 15, 2030	910,000
November 15, 2031	920,000
Total stadium contribution payable	10,000,000

As the stadium reached substantial completion in the year, the total expense (see below) was recorded as an expense to the Build SFU Fund in 2022.

In addition, as the \$10,000,000 obligation is non-interest bearing, the total obligation was discounted on a net present value at the Society’s incremental cost of borrowing at June 2021 which was determined to be 2.575%. As a result:

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

13. COMMITMENTS (CONT'D)**(f) Stadium Project Contribution Agreement (Cont'd)**

	\$
The \$10,000,000 obligation discounted on a net present value	8,760,676
Amount paid to SFU in the year, net of interest expense of \$77,874	(1,282,126)
Balance owing at April 30, 2022	7,478,550
Less: current portion	(520,796)
Total	6,957,754

14. RELATED PARTY TRANSACTIONS

For the year ending April 30, 2022, the Society paid stipends and benefits to executive board members and other elected personnel in the amount of \$405,952 [2021 - \$284,606]. Of the amount, \$367,502 [2021 - \$276,873] is included in stipends expense [schedule 2] and \$38,450 [2021 - \$7,733] is included in elections expense [schedule 2].

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:

	2022	2021
	\$	\$
Council members [2022 - 61 Council members (2021 - 61)]	186,801	26,605
Vice-President - Finance and Services	25,725	21,292
Vice-President - Equity and Sustainability	25,525	437
Vice-President - University and Academic Affairs	25,445	241
Vice-President - Internal and Organisation Development	25,383	—
Vice-President - External Relations and Community Affairs	25,297	21,900
Vice-President - Events and Student Affairs	24,895	437
President	17,391	21,000
Vice-President - Student Life	—	21,000
Vice-President - University Relations	—	20,563
Vice-President - Student Services	—	20,563
Communication, Art and Technology Faculty Representative	—	11,375
Applied Sciences Representative	—	11,300
Science Representative	—	11,181
Education Representative	—	10,500
Environment Representative	—	10,500
At-large Representative	—	10,475
Health Sciences Faculty Representative	—	10,475
Business Representative	—	10,450
Arts and Social Sciences Representative	—	10,450
At-large Representative	—	10,450
Board parking, U-pass and mileage reimbursement	—	5,447
	356,462	266,641

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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, 2022.

Credit Risk

The Society is exposed to credit risk in the event of non-payment of its accounts receivable. The Society does not obtain collateral or other security to support its accounts receivable but mitigates credit risk by dealing mainly with Simon Fraser University and, accordingly, does not anticipate significant credit loss.

The Society is also exposed to credit risk with respect to its cash 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.

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

15. FINANCIAL INSTRUMENTS (CONT'D)

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.

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, 2022, the Society has incurred \$52,068,486 [2021 - \$51,734,068] of pre-acquisition, development, construction and interest costs which have been capitalized and had been included in the Build SFU Fund. During 2021, 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. In 2022, an additional \$320,949 of costs were incurred and funded by the Build SFU Fund and \$13,469 of new renovations costs were funded by the Space Expansion Fund.

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)].

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

	2022	2021
	\$	\$
Cash held in trust, beginning of year	4,406,523	8,520,934
Cash transfers from SFU to SFSS plus interest on trust funds	4,979,628	4,535,881
Costs incurred on Society's behalf	(3,609,191)	(7,650,292)
Bank loan principal repayment	(1,310,780)	(1,000,000)
Cash in trust, end of year	4,466,580	4,406,523

NOTES TO FINANCIAL STATEMENTS

April 30, 2022

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, \$310,608 [2021 - \$220,108] was paid to three employees [2021 - two employees]. Of this amount, \$193,283 [2021 - \$127,164] is recorded in wages and benefits - Administration and Financial office [schedule 2], \$117,325 [2021 - \$56,368] is recorded in wages and benefits - Build SFU Office and \$Nil [2021 - \$36,576] 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 September 1, 2021, the Society opened the new SUB building for student use but still practiced safe physical distancing practicing as advised under the provincial health guidelines when required. As of April 30, 2022, the Society has received \$Nil [2021 - \$25,000] of government subsidies under the 10% Temporary Wage Subsidy program.

20. COMPARATIVE FIGURES

Certain prior year comparative figures have been reclassified to conform to the current year presentation.

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

Year ended April 30

	2022	2021
	\$	\$
GENERAL OFFICE		
Revenues		
Advertising and other	624	729
Conference room rental (refund)	—	(130)
Vendor permits, net of SFU food bank donations (refund)	—	(1,989)
Foodbank	17,537	18,371
	18,161	16,981
Expenses		
Telephone and fax	42.7 2,113	2,244
Craft Fair and other	42.6 176	—
Office supplies, bank charges and other	42.2, 42.3 & 42.4 18,464	14,874
Foodbank	42.10 41,940	33,967
Wages and benefits	42.8 417,951	391,519
	480,644	442,604
ADMINISTRATION AND FINANCIAL OFFICE		
Expenses		
Negotiations and consulting	43.1 532	1,009
Legal services	43.9 25,109	18,896
Professional fees	43.2 22,470	23,998
Insurance	43.4 39,023	71,209
Office, information technology, bank charges and other	43.5 104,208	61,236
Wages and benefits	43.6 & 43.23 507,403	601,546
Total administration and financial office expenses	698,745	777,894
BUILD SFU OFFICE		
Expenses		
Advertising and other	48.1 20,451	10,071
Insurance	48.1.1 99,150	—
Legal services	48.1.2 15,934	5,017
Wages and benefits	48.2 336,165	56,368
Total Build SFU administration and office expenses	471,700	71,456

ACTIVITIES AND PROGRAMS SCHEDULE OF EXPENSES

Year ended April 30

		2022	2021
		\$	\$
Student engagement			
Activity days, events and other initiatives	<i>43.12 & 43.22</i>	79,978	56,624
Donations	<i>43.12.1</i>	16,987	—
Elections <i>[note 14]</i>	<i>43.8</i>	41,071	8,413
Stipends and benefits <i>[note 14]</i>	<i>43.13</i>	367,502	276,873
Office, printing and other	<i>43.16 & 43.18</i>	8,652	10,603
		514,190	352,513
Advocacy and representation			
Student Union office	<i>44.1</i>	107,622	98,935
Ombuds office	<i>44.2</i>	—	1,238
Communications office	<i>44.3</i>	123,444	131,894
Campaigns, Research and Policy	<i>44.4</i>	123,913	80,496
		354,979	312,563
Other student programs and services			
Health Plan Reserve expenses <i>[note 10(a)(i)]</i>	<i>40.9</i>	5,409	—
Accessibility Office	<i>40.5 & 40.5.1</i>	48,117	5,160
SOCA Black Student Support Centre	<i>40.11 & 40.11.1</i>	69,833	—
First Nations, Metis and Inuit Student Association coordinator	<i>40.6</i>	44,923	40,439
Women's Centre	<i>40.3 & 40.3.1</i>	134,452	99,088
Out on Campus	<i>40.4 & 40.4.1 & 40.2</i>	103,596	94,076
Student Advocate	<i>40.10 & 40.10.1</i>	64,608	—
Surrey Campus	<i>40.7</i>	54,104	62,802
		525,042	301,565
Total general fund activity and program expenses		1,394,211	966,641

The above expenses include wages and benefits of \$1,184,423 [2021 - \$839,486].