



VP FINANCE REPORT

2021-2022

VP Finance & Services

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October 27, 2022

INTRODUCTION

The SFSS had a year with many milestones but also some struggles in some areas due to cost increases. In Fall 2021, the Student Union Building (SUB) was finally open for students to use and has become a major social hub for students. Despite a two week closure of the building, the SUB continues to be the Society's single greatest asset. No other SFSS space is able to provide multi-use space, bookable rooms or the plethora of services available through the SUB. With this space getting utilized, there is also a significant increase in salaries to be paid. The pandemic resulted in a combination of fewer events and cheaper events; hence quite a bit of core funds were not spent, which increased the total assets under the Club and Student Union Fund compared to previous years. As such, the Society has continued to add to its unrestricted surplus, which sits at just over \$3.2 million.

With SFU's completion of the stadium, the SFSS incurred the entire remaining balance of the payments in this fiscal year. Additionally, the inflation rate is putting pressure on the student health and dental plan. Action needs to be taken to prevent future cutting of services or major deficits.

We were expecting a deficit in the revenue in the next fiscal year due to low enrollment rates of students during the pandemic. This will be a particular issue with FIC seeing lower enrollment for consecutive years due to international students having Covid, visas, political and other issues.

OVERVIEW OF REVENUE AND EXPENSES

SFSS Fees

All undergraduate students contribute funds to the SFSS in the form of the Student Activity Fee and the Health and Dental Plan. These fees are collected from undergraduate students every semester they are enrolled in classes at SFU. The UPass, while negotiated by the SFSS, is administered by SFU (\$173.40 per semester). The Student Activity Fee full-time threshold is set at 4 credits and above. This is in line with SFU's Student Services Fee threshold. These fees collected over \$6.8 (current assets)/ \$15.5 (total current assets) million this year, with about thirty percent of that going towards our General Fund, twenty-three percent going towards the Health and Dental Plan and the Build SFU fund. The remaining twenty-four percent is split between the Build SFU fund and a couple of other smaller funds. You can view the full activity fee breakdown below.

Fee	Full time student cost	Part time student cost
SFSS membership fee	\$42.74	\$21.38
SFSS building fund/capital levy	\$5.00	\$2.50
Build SFU Levy (May 2021-December 2021)	\$80.00	\$45.00
Build SFU Levy (January 2022)	\$90.00	\$50.00
Accessibility Fund	\$0.75	\$0.38
FNSA (now FNMISA) fund	\$0.75	\$0.38

SFSS Food Bank Program	\$0.25	\$0.13
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Independent Student Societies

The SFSS collects fees for multiple independent student societies. These are “pass through” fees in that we do not withhold these fees as the membership has approved them through a referendum. In simpler terms, SFU collects tuition + SFSS fees + Independent Student society fees. They then give the SFSS the SFSS fees and the Independent Student society fees. The SFSS then distributes the Independent Student society fees to each organization. The independent Student society fees are all refundable if you request it during each organization’s refund period, often within the first week or two of each term. Please review each organization’s website for further details.

Organization	Full time student fees	Part time student fees
The Peak: Student Newspaper (Peak)	\$4.90	\$2.45
Simon Fraser Campus Community Radio Society (CJSF)	\$3.75	\$1.88
Simon Fraser Public Interest Research Group (SFPIRG)	\$3.00	\$1.50
World University Services of Canada Student Refugee Program (WUSC)	\$5.00	\$2.50
Embark Sustainability Society	\$3.50	\$1.75

Extended Health and Dental Plan Fees

For students (part time and full time) beginning Fall 2021 –

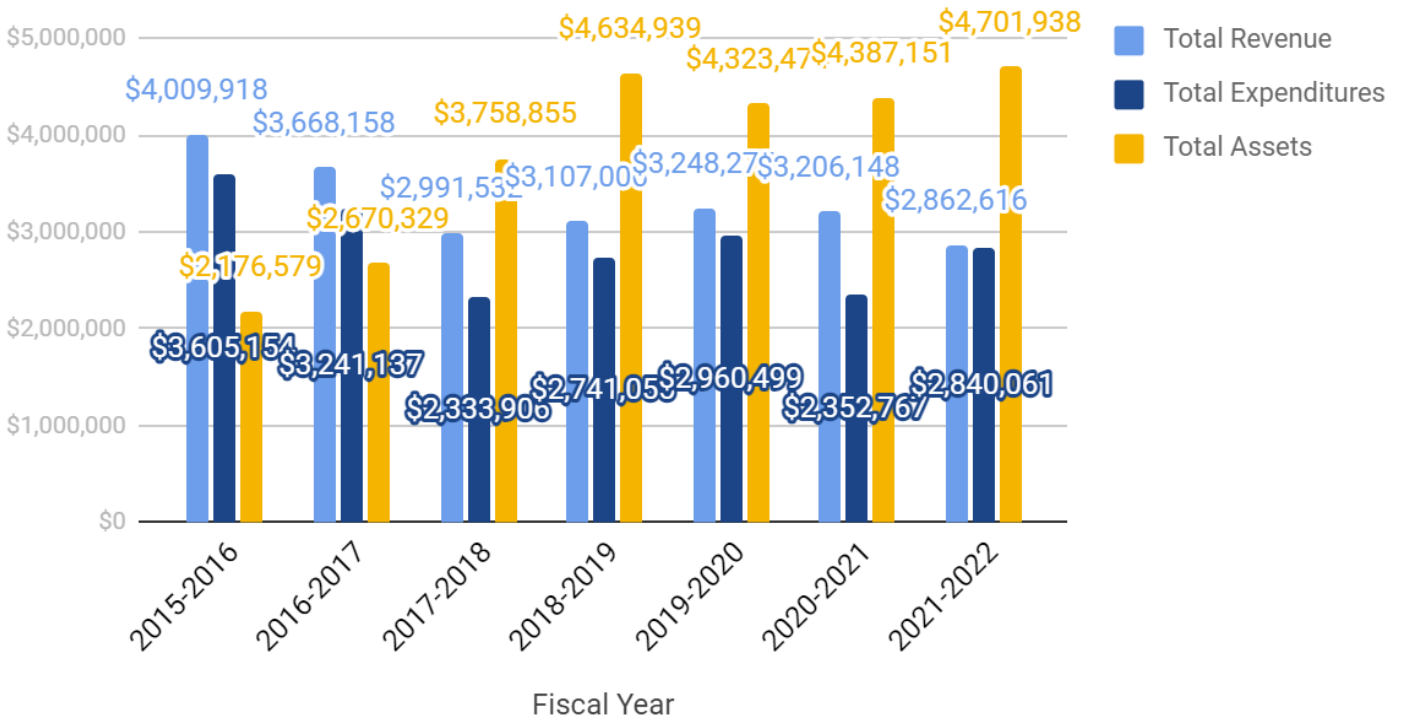
Enhanced Health and Dental Plan		\$254
Health Plan	\$86.18	
Dental Plan	\$168.18	
Basic Health and Dental Plan		\$198
Health Plan	\$57.46	
Dental Plan	\$112.12	

General Fund

The General Fund is the primary operating fund for the SFSS and pays for the majority of its programs, services, staff, student group funding, and other things. After the SFSS closed down its two main retail services (the Food and Beverage Services and the Copy Center), the vast majority of its revenue came from student fees (92.6% in 2019-2020). From 2015 - 2021, the SFSS has seen regular operating surpluses as well as one-off revenue increases due to selling off of space back to SFU. However, our revenue dipped last fiscal year due to low enrollments and a decrease in fair value of investments. This could lead to a much smaller than normal surplus and could mean deficits are to come in future years.

General Fund

7-Year History - Revenues, Expenditures, and Assets



Revenue

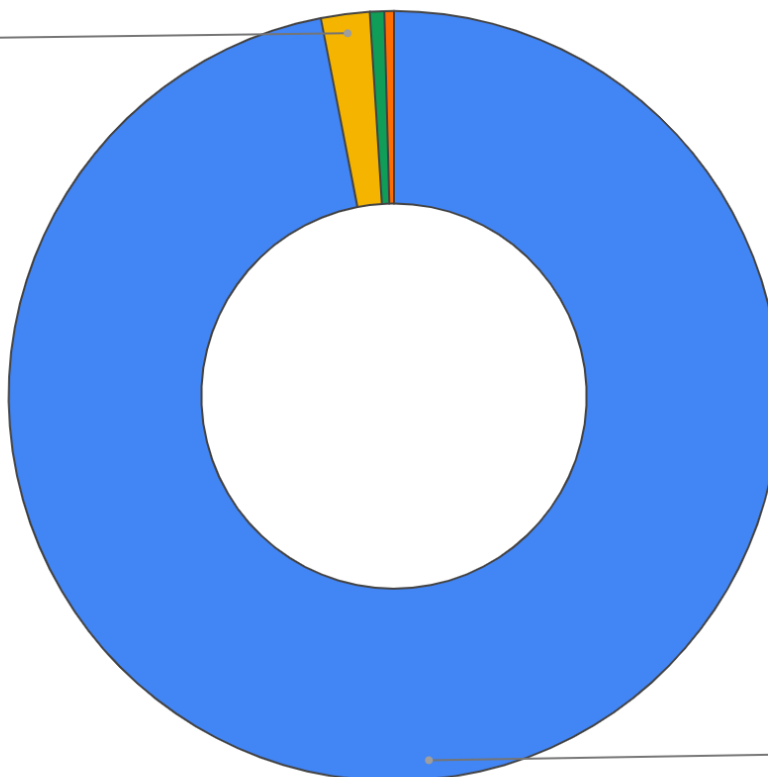
Revenue received was less than previous years. The Activity fees and fund levies were by far our largest income source. Both SFU and FIC's enrollments were lower than expected. This is largely due to lower international enrollment stemming from Visa, political and other issues. As will be mentioned later, we have also had an issue with collecting a portion of the Fees owed by FIC. Another reason for the lower revenue in the general fund is the decrease in fair value of investments.

Additionally, The stock market had a massive dip during the pandemic. This affected the stock portion of the general fund's portfolio. Further, an increase in the interest rate for bonds has lowered the values of the bonds owned by the society contributing to the decrease to fair value of the investment. On the positive side, rental revenue nearly doubled from last year thanks to the opening of the SUB. Overall, our revenue can have significant change depending on enrollments and the eco-political climate of the world. The 2021-2022 fiscal year suffered from both of these factors being in decline.

General Fund - SFSS Revenue Breakdown

2021-2022

Rental Revenue
2.0%



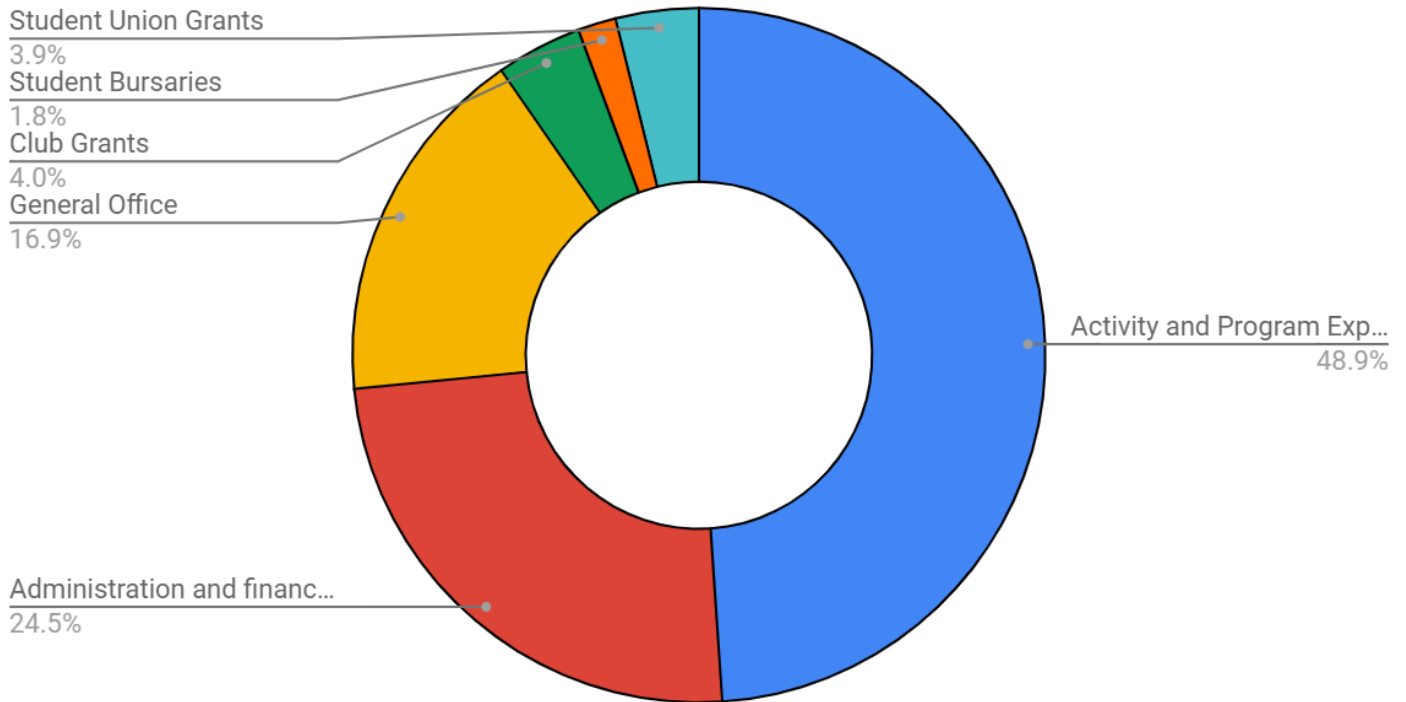
Activity Fees and Fund Le...
97.0%

Expenditure

This year saw an increase in expenses in multiple areas compared to last year. Significant areas of expenditure included student engagement (up \$161,677.00), Advocacy and representation (up \$42,416.00) and Other student programs and services (up \$223,477.00). These increases in expenditure resulted in more spending on grants for Departmental Student unions, clubs, bursaries and other important areas. This period saw the first year of operating the SUB and the new management model, which included the new Operations Organizer and Board Organizer. In fiscal 2021-2022, we saw an increase to the general office of just under \$40,000. Overall, activity and program expenditures made up nearly half of the expenditures under the general fund; just under a quarter fall under the administration and finance office, with the remaining quarter or so being divided between the general office, grants and bursaries.

General Fund - SFSS Expenditure Breakdown

2021-2022

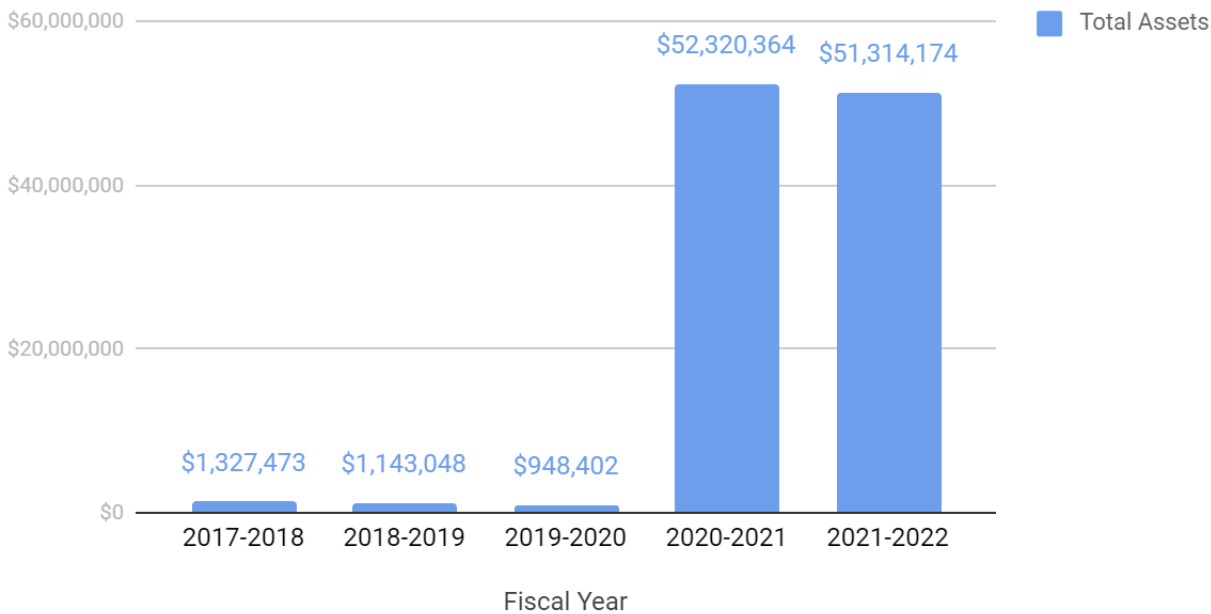


Capital Asset Fund

The Capital Assets Fund tracks the value (and depreciation) of the SFSS's physical assets, like equipment and buildings, as well as intangible assets, like software and website costs. The fund saw a significant decrease in value in 2017-2018 due to the SFSS selling their Food and Beverage Services space (the Pub and coffee shop space) as well as their control over the MBC cafeteria. However, this year with the SUB reaching substantial completion in August and the SFSS occupying the building in October, the building now counts as a capital asset rather than a liability. Therefore the Capital Asset Fund now tracks over \$50,000,000 in assets (SUB building, furniture, equipment, etc.). However, there is still a significant bank loan attached to this fund. This brings the overall value of the fund down significantly. Additionally, every year the SUB will have a portion of its book value amortized according to accounting practices. The fund is in a similar position to last year, having increased slightly (\$17,720,026).

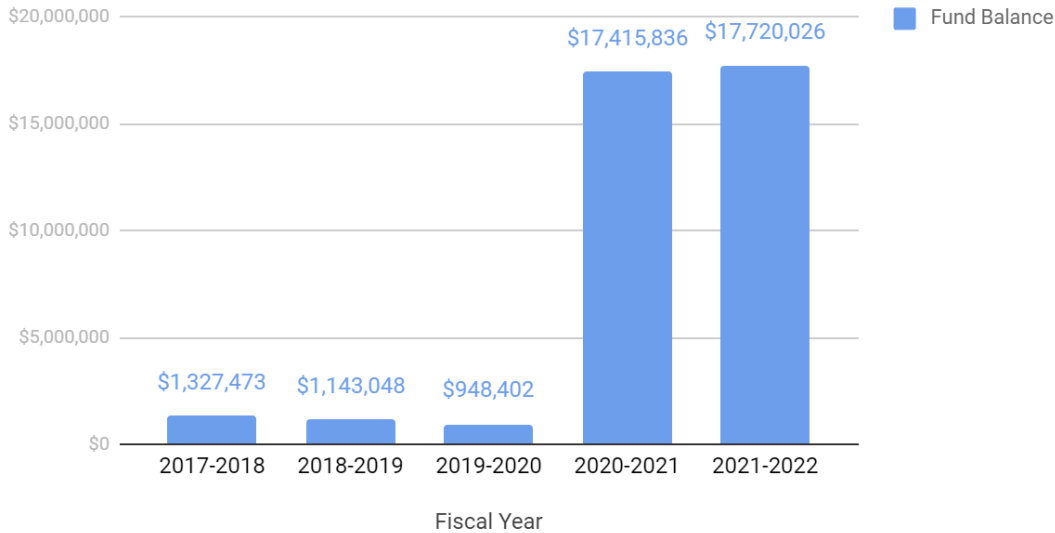
Capital Assets Fund

5-Year History - Assets



Capital Assets Fund

5-Year History - Fund Balance

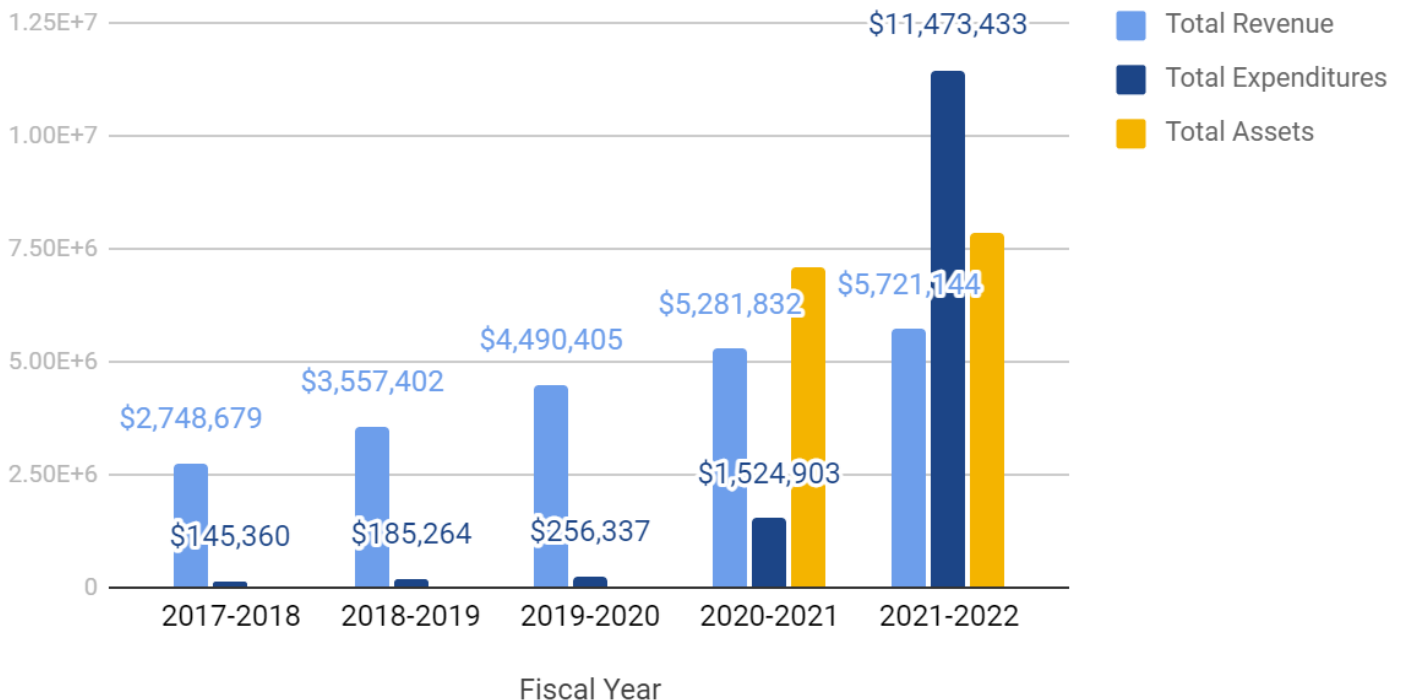


Build SFU Fund

The Build SFU Fund tracks the ongoing costs of the SUB and Stadium project, including the construction costs, office operating costs, and other such expenditures. With the Stadium project being complete, the entire remaining balance of paying for the stadium is expensed in this fiscal year (as per our accounting policy). This stadium payment makes up over three-quarters of the total Build SFU expenditures this year. The SUB is now an asset as the building is complete. This also includes the furniture housed in the SUB. Staff hired to maintain the building (including the building manager) are paid through this fund.

Build SFU Fund

5-Year History - Revenue (Levy) and Expenditures (Dept.)



Space Expansion Fund

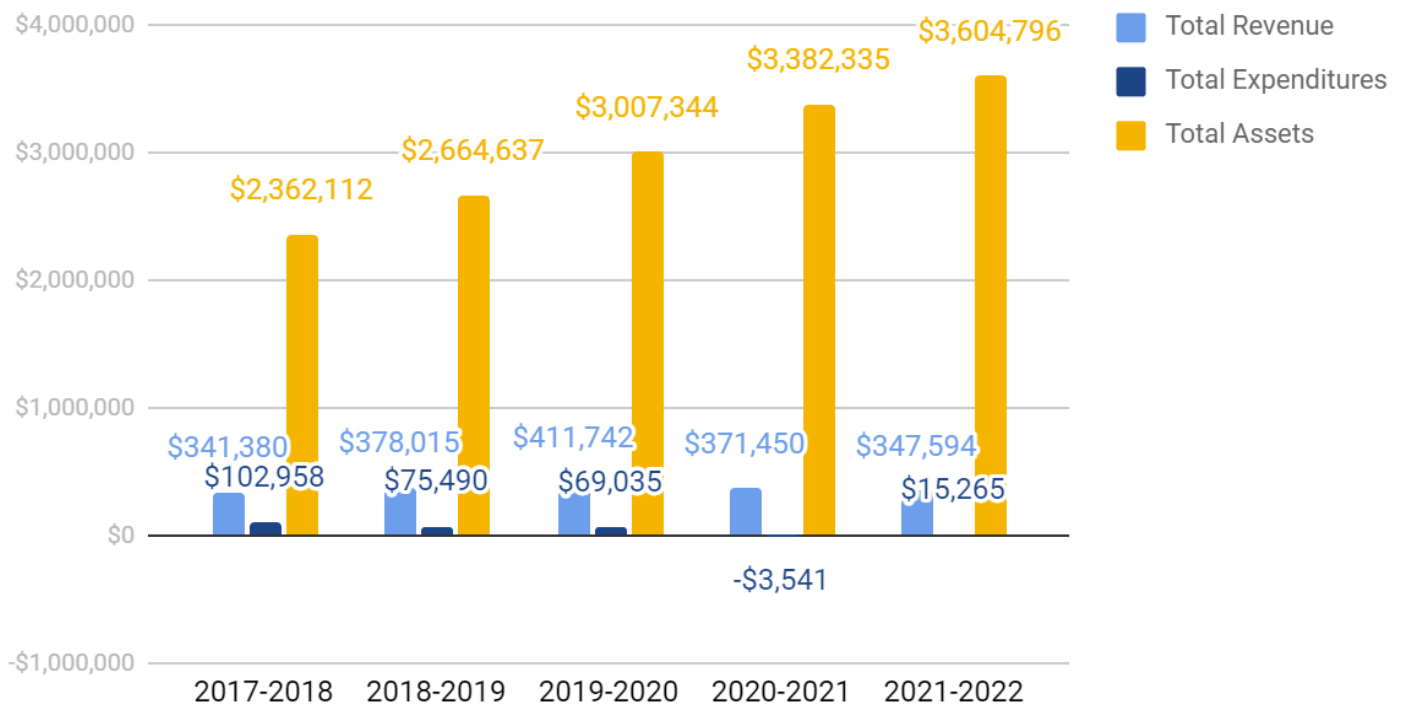
Historically, this fund was used to pay for the maintenance and renovations of leased SFSS space, which for many years included the MBC cafeteria, MBC 0000-level study space, and the MBC offices. But, as the SFSS does not hold these spaces anymore, these funds shall be used for SFSS Surrey Campus spaces and any spaces on other SFU campuses that are useful for students. The Space Oversight Committee will evaluate which of these spaces need improvements in the 2022-2023 year.

Students used to contribute \$20/term (full-time) or \$10/term (part-time) to this fund, but starting in 2011-2012, the fund has seen a few reallocations to the general fund to pay for increased programming. It now collects \$5.00/term (full-time), \$2.50/term (part-time) which, including interest, generated \$347,594 in 2021-2022. The fund itself has seen a sizable surplus, and The Space Oversight Committee will need to discuss how the fund should be used in the future, be it to save up for another building (Surrey or Vancouver) or another project. A considerable amount of the funds (2.3 million dollars) from here were allocated to investments for the organization.

Note: The net result of paying out expenses (the Society initially overcharged for building maintenance) and recovering back that money, therefore shown as negative on the figure for total expenditures in the 2020-2021 year.

Space Expansion Fund

5-Year History - Revenues, Expenditures, and Assets



Undergraduate Health Plan Fund

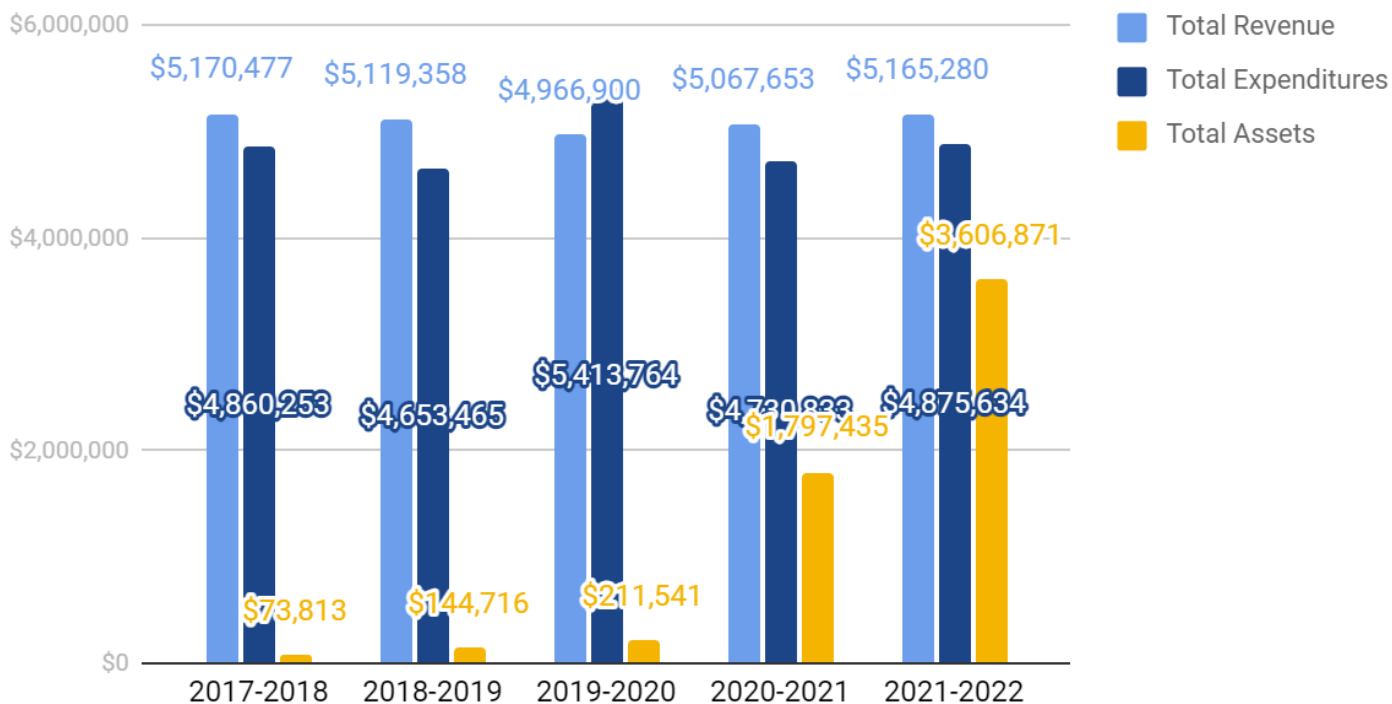
Students contribute around \$5,150,000 annually to this fund to pay for extended health and dental benefits. These plans help reduce or eliminate physical and mental health care, vision, dental, and prescription costs.

Surplus funds are saved in a Health Plan reserve fund in case there is an unexpected increase in plan costs. Due to increased usage of the plan and service costs, there was an almost \$700,000 deficit that was owed to our insurance provider in the years 2020-2021. Due to the pandemic, we now have a surplus of \$673,000 (which is paid by Pacific Blues Cross into SFSS Claims fluctuation Reserve) for the current fiscal year. This was due to a reduction in the dental plan usage, which is more expensive than other components of the plan (dentists were closed for the majority of 2020). In Summer 2021, the council approved to switch from retention accounting to a fully insured model.

While in 2022, revenue was greater than expenses, this is unlikely to continue, given the rate of inflation. Without an increase to the Health and Dental fee, expenses will surpass revenue. This concern will be highlighted in the final part of the report.

Undergraduate Student Health Plan

5-Year History - Revenues, Expenditures, and Assets



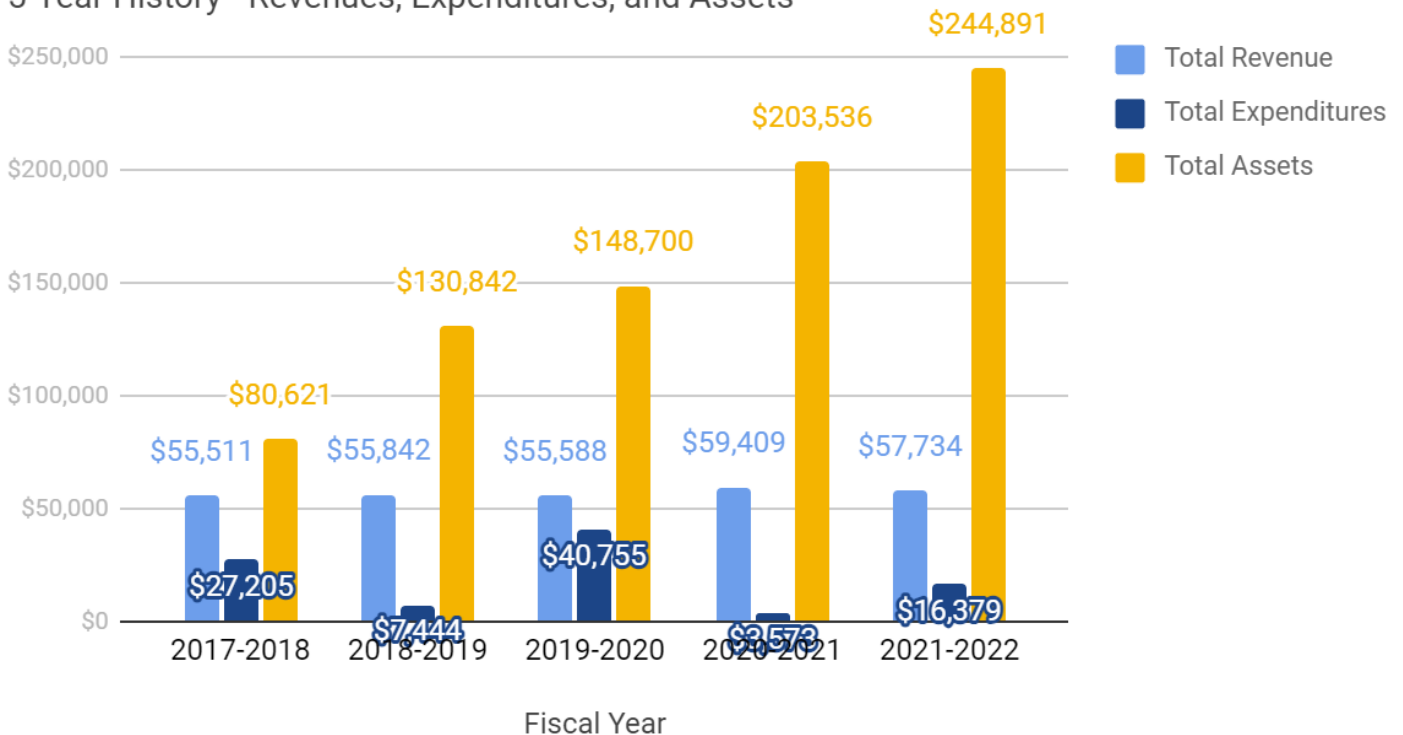
First Nations Metis and Inuit Students Fund

This fund supports the activities and programming of the First Nations, Metis, and Inuit Student Association (formerly known as the First Nations Student Association), which supports indigenous students at SFU. They have reduced program spending over the last few years to save up funds for when they move into the SUB. The FNMISA board contributed \$40,000 in spring 2020 to support indigenous students with unexpected expenses due to the COVID-19 pandemic.

The First Nations, Metis and Inuit Student Association did not have access to space over the last year to run major events (and the events were inexpensive as the majority of them were online due to COVID-19). This allowed them to save funds and hence the surplus in 2020-2021. In 2021-2022, FNMISA continued to support indigenous students as they returned to in-person learning.

First Nations Student Fund

5-Year History - Revenues, Expenditures, and Assets



Accessibility Fund

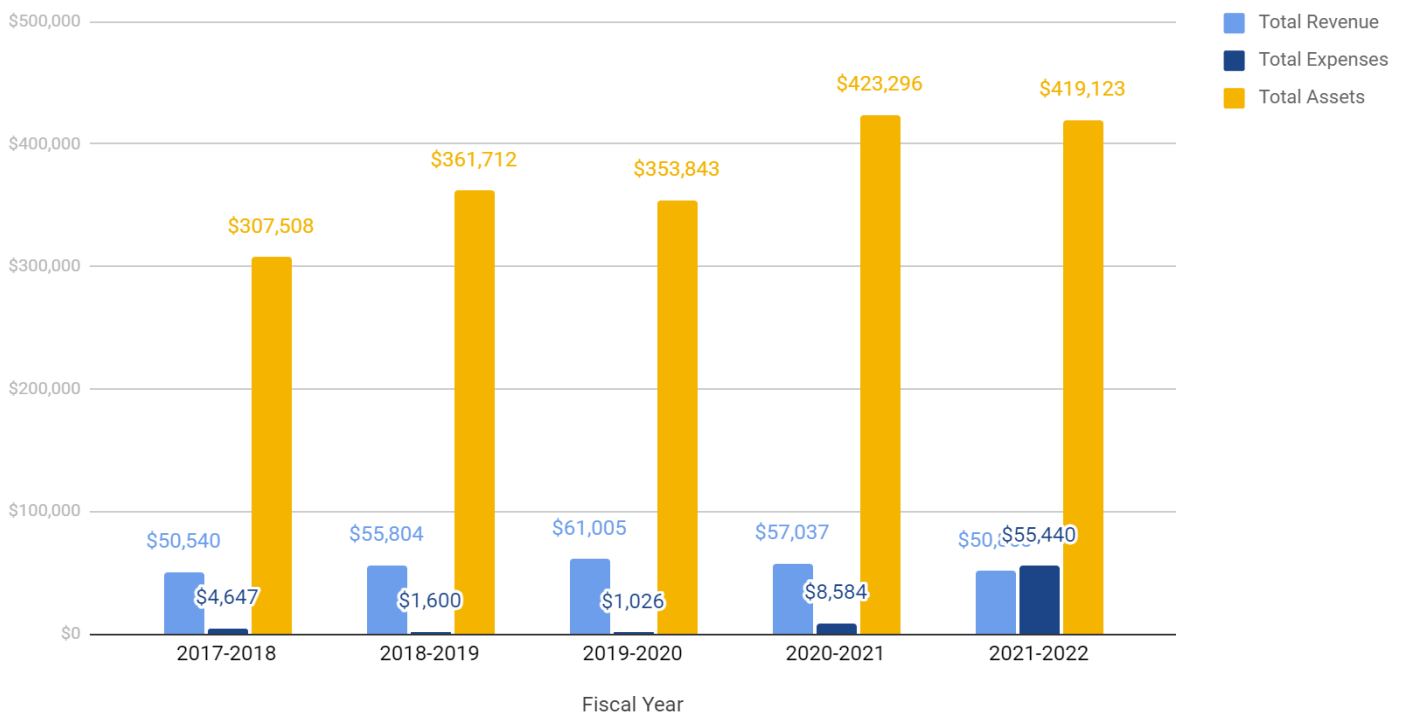
Students contribute to the Accessibility Fund to help reduce barriers for students to attend events and activities in SFSS and at SFU. Students can access the fund by applying for an accessibility grant which is reviewed and approved by the Accessibility Advisory Committee. Past grants have gone to pay for ASL interpreters and purchase technological aids. Additionally, the fund has been used by the SFSS to improve accessibility in the SUB, with the purchase of a second elevator in 2016 (\$220,000) and emergency lighting in 2019 (\$67,848). Historically, the fund has been underutilized, with some years only just a few thousand dollars spent.

In 2020, this fund was used by the Accessibility Committee to support DNA to pay for their events where transcription and captioning services were required, as a lot of them were online. A part of last year's surplus has also been put into investments. The 2022-2023 Accessibility Committee is looking at additional ways to use the fund to reduce barriers for students, including an accessibility bursary.

The accessibility department will go under the new name "DNA Resource Centre" in the next fiscal year." The DNA resource centre will also receive an increase in Levy funding, allowing them to fund more initiatives and services.

Accessibility Fund

5-Year History - Revenues, Expenditures, and Assets



KEY HIGHLIGHTS

Investments Build SFU

With the SUB complete, the Build SFU fund has seen a significant change from tracking the construction costs of the SUB to paying for the operations and maintenance of the SUB. For the term, Spring 2022 term, the Build SFU Levy came out at \$90/term (full-time), and \$45/term (part-time). Starting in Spring 2023 and going forward, the Build SFU fee will be adjusted by the consumer price index. This means starting January 1, 2023, the Build SFU levy will be adjusted to \$94.32 for full-time students and \$47.16 for part-time students. The money generated from this can be used for paying down the bank loan, hiring building staff and covering maintenance costs for the SUB. It will take approximately 17 years to pay off the loan.

Assets related to the SUB are now being tracked in the Capital Asset Fund.

Club, Student Union, and Bursary Funding

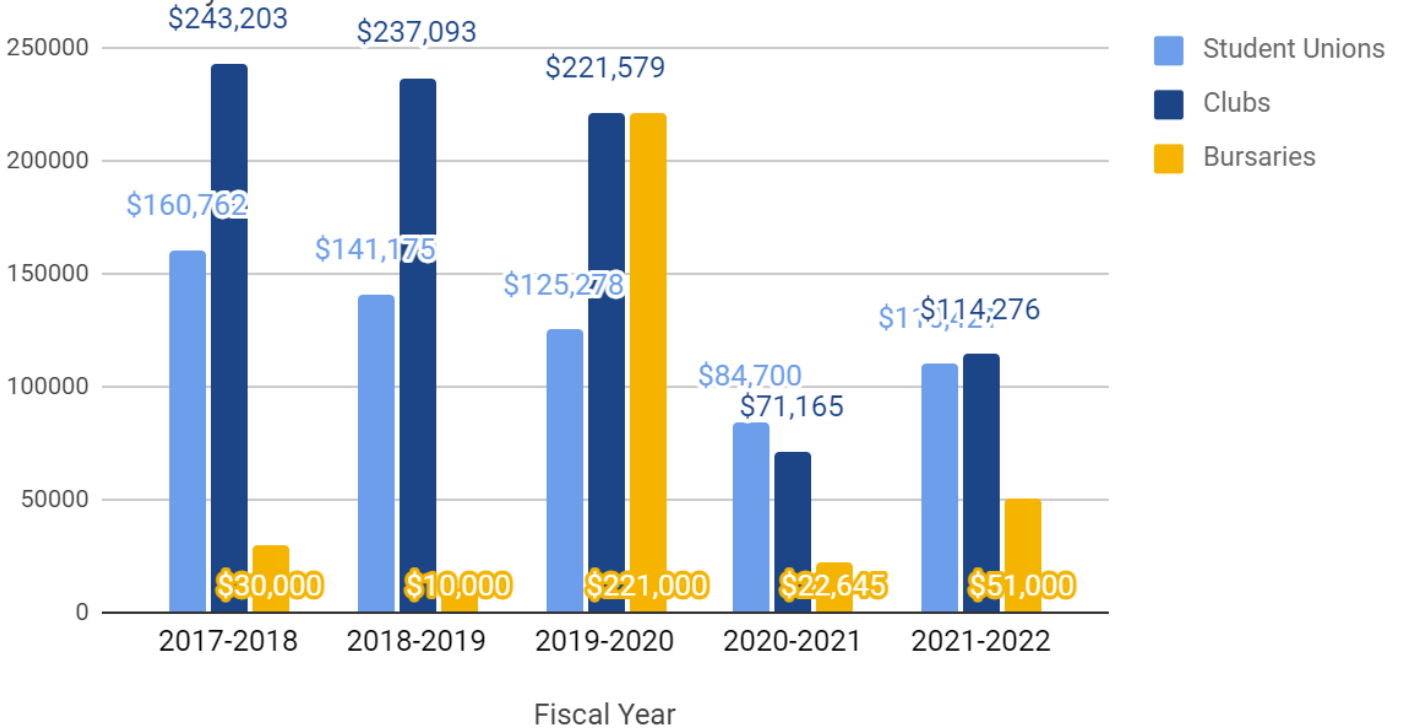
In the fiscal year 2020-2021, the pandemic halted all in-person events. No large-scale events were held, and clubs/ student unions hosted online events during the year. This significantly decreased the funding used by these groups.

At the end of the fiscal year 2021-2022, a motion was passed to grant Departmental Student Unions, Faculty Student unions and Constituency Groups a 50% increase in their core funding. This means these groups will have a larger budget to spend for the Fall 2022 and Spring 2023 on events and student engagement.

The Board of Directors from 2020-2021 put aside \$400,000 for bursaries. They wanted to have their own system for dispersing bursaries (unlike 2019-2020, where they liaised with SFU to provide funding for bursaries through their system). This was a crucial step to make sure that bursaries could be made available for part-time students (SFU provides bursaries to students taking 9 or more credits). This program is now successfully being administered by SFU while being funded by the SFSS.

General Fund - Student Union, Club, and Bursary Funding

5-Year History



FIC

This was the fourth year where FIC students paid service fees to the SFSS for the whole fiscal year. A service agreement was negotiated in December 2020 and signed for a 5-year extension with FIC. The pandemic hit the number of international students enrolling at FIC in 2021-2022. Lesser enrollment impacted the revenue sourced from them for back-to-back years.

In 2019-2020, this generated around \$700,000 in revenue split between Build SFU, Space Expansion Fund, and our General Fund. The fees to the general fund have gone towards paying for additional Member Services and Administrative staff. Additionally, around \$19,000 of fees are still owed to the SFSS for the 2021-2022 fiscal year. FIC has agreed to pay these fees by the end of the 2022-2023 fiscal year.

CONCERNS

Health and Dental Plan

Big swings of deficits and surpluses have been an issue with the Health and Dental Plan. While we wish to lobby for more coverage and services, we need to make sure that the fee costs are well negotiated to get a decent fee for our students. To deal with these fluctuations, we switched from a retention accounting model to a fully insured model in 2020-2021.

Another issue is that the health and dental plan fee has not kept up with the costs of running the plan. An increase to the health and dental plan is on the agenda for later. If this fee increase does not pass, running the plan will use all remaining reserves in place over the next year. For context, the reserve at the beginning of 2021 for the health plan was \$521,265. This dropped to \$109,512 by the beginning of 2022.

In the event the referendum to increase the health and dental fee fails, major portions of the health and dental plan will have to be cut to have the costs balance with what students are paying. This means students will lose many services or will have lower coverage for their health and dental plan.

Consistency in Reporting Costs

In the process of compiling this report, I found a large number of inconsistencies in previous VP Finance reports. This ranged from minor items like having the revenue category “investment income” listed as “interest” to more major issues where numbers stated on the report did not match the audited financial statements. There needs to be a stricter set of requirements on future AGM VP Finance reports to ensure that the correct numbers are being used. This is important as one of the core principles of creating financial reports is being able to compare them to previous years. Being able to compare statements helps to identify trends between years and see the areas the society can improve financially. Additionally, having an accurate representation of our financial position is crucial for transparency to the membership. If the same items are being calculated differently or called different names, it can create confusion for the membership. Going forward, a set of standard practices should be in place regarding the creation of this report.

SUB Staffing and Operating Costs

The SUB has plans to open rooms like the nap room and Gamer’s lounge opening up in the fiscal year 2022-2023. We do not know what effect opening these spaces will have on the foot traffic of the sub (although we can likely assume it will lead to a moderate increase at the very least). There may be a need to hire more building staff to help operate these spaces. Additionally, if usage of the SUB during non-peak hours increases, this would also require the hiring of more staff. At the same time, the costs of employing this many staff members is very high. It will have to be a balancing act going forward to ensure that services are adequately provided to the membership while still maintaining reasonable operating costs. Looking at the data of what services students utilize most and when will be key to keeping this balance.