



# **VP FINANCE REPORT**

**2022-2023**

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VP Finance & Services

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# INTRODUCTION

Each year the SFSS strives to support the needs of undergraduate students at SFU through services and resources provided by the collected student activity fees. We work closely with well-established organizations to facilitate the health and wellbeing of members. The SFSS aims to be transparent in sharing its financial information with members so that they are aware of how the collected fees are being spent, and so that they may advocate to make changes in their best interests and preserve the financial health of the organization.

This report for the 2023-2024 fiscal year summarizes the revenue and expenditures for various SFSS funds in the 2022-2023 fiscal year. Comparisons are also made to previous years to highlight the changes that have occurred and some of the reasons for those changes, in addition to key concerns.

## 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 (currently \$180.40 per semester). The Student Activity Fee full-time threshold is set at 4 credits and above, which is in line with SFU's Student Services Fee threshold. The full activity fee breakdown is shown below.

Name of SFSS Fee	Full-Time Student Fee	Part-Time Student Fee
SFSS Membership Fee	\$42.74	\$21.38
SFSS Building Fund/Capital Levy	\$5.00	\$2.50
Build SFU Levy (Effective until December 31, 2023)	\$94.32	\$47.16
Build SFU Levy (January 1, 2024)	\$100.26	\$50.13
Accessibility Fund	\$0.75	\$0.38
FNMISA Fund	\$1.50	\$0.75
SOCA Black Student Support Fund	\$1.00	\$0.50
DNA Disability and Neurodivergent Support Fund	\$1.00	\$0.50
SFSS Food Bank Program	\$0.25	\$0.13

## 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 Fee	Part-Time Student Fee
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

## Health and Dental Plan Fees

Through our vendors that we work with, the SFSS offers both basic & extended dental health plan coverage. Below are the figures for what the plan entails:

Enhanced Health and Dental Plan: \$267.08

- Enhanced Health: \$90.49
- Enhanced Dental: \$176.59

Basic Health and Dental Plan: \$207.40

- Basic Health: \$65.89
- Basic Dental: \$141.51

## General Fund

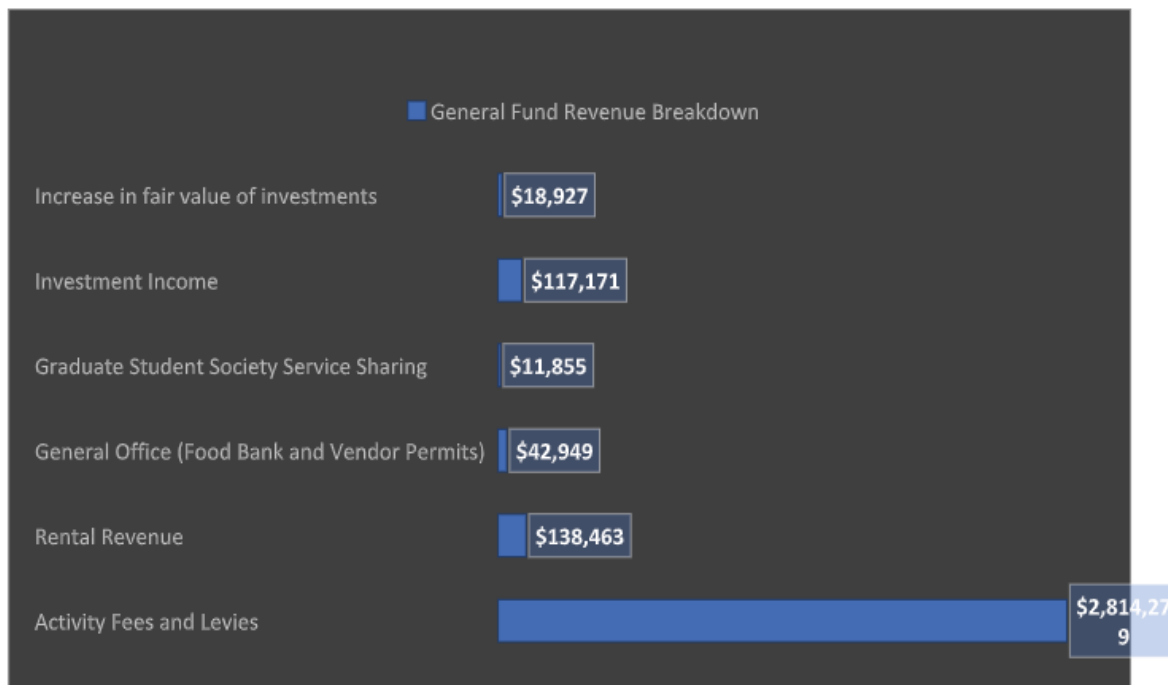
The General Fund serves as the principal operational fund for the SFSS, covering most of its programs, services, personnel costs, student group funding, and various other expenditures. During the period from 2015 to 2021, the SFSS consistently generated operating surpluses, which was bolstered by a one-time revenue boost from the sale of space in the Maggie Benston Centre back to SFU, as well as a decrease in expenditures from student activities and programs during the COVID-19 pandemic in 2020 and 2021.

However, the return to regular programming post-pandemic has resulted in the projection of large deficits in the operating budget. In 2021 and 2022, the SFSS rapidly expanded its services and staffing (unrelated to the Student Union Building), and incurred additional expenses from entering into bursary agreements and making various large donations.

## Revenue

Revenue for the SFSS General Fund comes from six main sources:

- Activity Fees and Levies: \$2,814,279
- Graduate Student Society Service Sharing: \$11,855
- General Office / Student Centre (Food Bank): \$42,949
- Rental Revenue: \$138,463
- Investment Income: \$117,171
- Increase in fair value of investments: \$18,927



The largest revenue source comes from the student activity fees at just under \$3,000,000. The Student activity fees will likely need to be increased over the next few years to keep up with inflation as well as the organization's growing operating costs.

## Expenditure

The General Fund provides for multiple expenditures that play a part in the Society's regular operations as listed below:

- Administration and Financial Office: \$830,403
- General Office: \$537,288
- Activity and Program Expenditures: \$1,693,630
- Student Union Grants: \$284,659
- Club Grants: \$296,355
- Student Bursaries: \$51,000

Below is a composition breakdown of the expenditures and the percentage that each type of expense contributes to the overall total.

### General Fund Expenditure



This year, the VP Finance has placed a high priority on the student experience at SFU. This has resulted in greater flexibility in awarding funding for student groups to host their events and to finance their special projects. Event and project proposals are reviewed thoroughly to ensure that the estimated expenses are legitimate and appropriate.

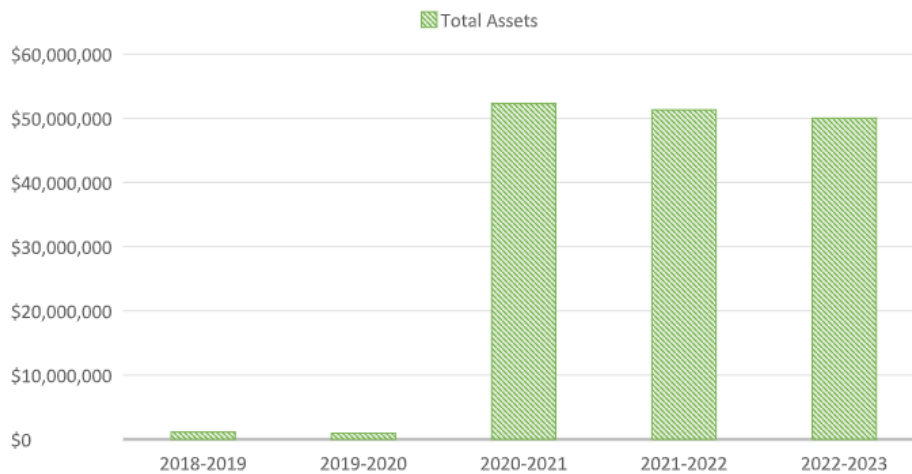
In order to monitor these expenses and track them easily, the SFSS credit card has been used to make some of the purchases on behalf of the student groups. All funding requests are reviewed in a timely manner and are approved if the party making the request can show how the money is to be spent.

## Capital Asset Fund

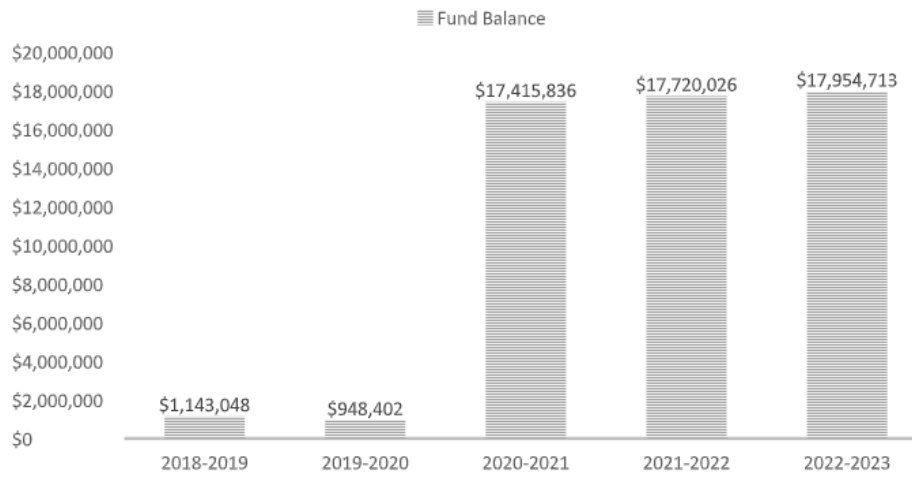
The Capital Assets Fund tracks the value (and depreciation) of the SFSS's physical assets, like equipment and buildings, as well as intangible assets, like software and website costs. The fund saw a significant decrease in value in 2017-2018 due to the SFSS selling their Food and Beverage Services space (the Pub and coffee shop space) as well as their control over the MBC cafeteria. The capital assets remained low in 2018-2020.

However, with the SUB reaching completion in August of 2021 and with the SFSS occupying the building in October that year, the building now counts as a capital asset rather than a liability. Therefore the Capital Asset Fund now tracks just slightly 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. Last year the fund was valued at \$17,720,026. As of April 30, 2023, the overall value increased to \$17,954,713.

### Capital Assets



### Capital assets



## Build SFU Fund

The Build SFU Fund tracks the ongoing costs of the SUB, 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 was expensed in the last fiscal year (as per our accounting policy). Expenses included in this fund consist of the furniture housed in the SUB as well as staff hired to maintain the building (including the Facilities Manager).

The exact numbers for this fund include:

- Total Revenue: \$6,337,391
- Total Expenditures: \$3,542,700
- Total Assets: \$9,373,024

## 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.

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).

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 (\$2,300,000 dollars) from here were allocated to investments for the organization.

In the 2022-2023 fiscal year, the Space Expansion Fund generated \$379,605 in revenue, including interest earned, and the expenses totalled \$27,810. The total assets are \$3,881,718, which is up from \$200,000 in the 2021-2022 fiscal year.



## Undergraduate Health Plan Fund

Students contributed around \$5,550,000 in the 2022-2023 year towards 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. In Summer 2021, the council approved to switch from retention accounting to a fully insured model.

In 2022, revenue was greater than expenses, which is unlikely to continue given the rate of inflation. Without an increase to the Health and Dental fee, expenses will surpass revenue. Despite this, revenue towards this area has also increased about \$400,000 since 2021. The increased revenue alongside converting to a fully insured model has resulted in approximately \$1,200,000 more in total assets towards the Undergraduate Health Plan Fund.

## 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 surplus during the COVID-19 years was also put into investments.

In 2022-2023, the Accessibility Department changed its name to "DNA Resource Centre". The DNA Resource Centre also received an increase in Levy funding, which allowed them to fund more initiatives and services. Overall, they gained \$51,623 in revenue this year with expenditures totalling \$15,291. The total assets in this fund amount to \$455,455.

# 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 Spring 2022 term, the Build SFU Levy came out at \$90/term (full-time), and \$45/term (part-time). In Spring 2023, the fee was adjusted by the consumer price index to \$94.32/term (full-time) and \$47.16/term (part-time).

Starting January 1, 2024, the Build SFU Levy will be \$100.26/term (full-time) and \$50.13/term (part-time). The money generated from this can be used for paying down the bank loan, paying the wages and benefits of building staff and covering operating and maintenance costs for the SUB. It will take approximately 15 years to pay off the loan.

## Club, Student Union, and Bursary Funding

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. Groups had a larger budget to spend in the succeeding year.

In 2022-2023, student groups were operating at pre-pandemic levels so expenses increased to match their activity. Funding approved and spent for Student Unions was \$284,659, and for Clubs it was \$296,355. These expenditures exceeded the amounts budgeted by approximately \$76,000 and \$30,000 respectively.

In order to keep up with the rising costs for student groups - due to inflation and increased activity, the funding allocated for their grants will need to be increased, either by reallocating funds from other departments, or by increasing the Student Activity Fee. If there is no increase in the budgeted grant funding, there will have to be a reduction in the amount of grants approved to subsidize student group costs, and they will have to find alternative means of funding their events and projects. If the amount of disbursed grant funding continues to exceed the budgeted amounts, this will continue to increase the deficit in the Operating/General Fund.

The SFSS also contributes annually toward bursaries for SFU to disburse, for a total of \$51,000. The University is given \$30,000 to distribute to students struggling with financial hardship, \$20,000 specifically for Black students and refugees, and \$1000 for the SFSS Undergraduate Award.

## FIC

This was the fifth 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 revenue from the collected FIC fees is split between Build SFU, the Space Expansion Fund, and the General Fund. The fees to the General Fund have gone towards paying for additional Member Services and Administrative staff. Previously FIC had owed \$19,000 to the SFSS and had promised to pay it by the end of the 2022-2023 fiscal year; this debt has been ratified.

## CONCERNS

### Health and Dental Plan

A persistent issue with the Health & Dental Plan is that the fees collected from the membership have not kept up with the costs of actually maintaining the plan. If a motion to increase the Health and Dental plan fee is not passed, the Health and Dental Plan Reserve Fund will be exhausted in order to continue running the plan. Once the reserve is depleted, the SFSS will be unable to pay for the current plan and may have to opt for a cheaper plan that will not provide the same quality of benefits to the membership.

One of the main objectives of the 2023-2024 VP Finance is to pass a motion to increase the Health and Dental Plan fee to ensure that students continue to have their health and dental needs met under the current plan with StudentCare. This referendum did not pass in the previous year, and if it does not pass again in the 2023-2024 year, the plan coverages will not last and will need to be reviewed by the VP Finance in 2024-2025.

## Conclusion

There was much concern initially regarding the state of the Society heading into the 2023-2024 year. After the audit was completed, SFSS staff was consulted and the account balances were reviewed. The SFSS is currently in a satisfactory financial position, with the total fund balances at year end equaling just over \$26,000,000 - however this may not be the case in the future.

The \$549,397 deficit in the General Fund in 2022-2023 can be partially attributed to lower enrollment from SFU students, and therefore lower revenue, as well as overspending in many departments.

The Society has currently budgeted for a deficit of \$997,686 in 2023-2024. If actual spending matches this projected deficit, the \$3,100,000 unrestricted surplus will be used to offset the extra expenditures. If this pattern continues over the next few years, the surplus will be entirely depleted and the Society will begin to experience cash flow issues, including the inability to pay service providers, meet payroll obligations, and fulfill other contractual obligations.

The SFSS aims to reduce or eliminate the deficit in the General Fund so that it does not recur in 2023-2024 - either by reducing expenditures or raising fees to increase revenue. Increased enrollment in 2024 may help mitigate a portion of the estimated deficit.

Continual efforts will be made to ensure student groups still receive the funding they ask for, within reason. In the latter half of the Spring 2024 semester, the incoming VP Finance for the 2024-2025 year will begin onboarding and training so that they can transition into their new position starting on May 1, 2024.