

Tools for Bargaining - SFU's Ability to Pay
SFU Administrative & Professional Staff Association

Confidential Research

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Table of Contents

Executive Summary	page 3
Highlights of Research Findings	page 4
Section 1: SFU Budgets	page 5
Section 2: SFU Consolidated Financial Statements	page 16
Section 3: SFU Government Business Enterprises GNWCT & SFU Community Trust	page 31
Section 4: SFU Foundation	page 35
Appendix A - Difference between FRF and PSAS	page 37
Source Documents	page 38

Executive Summary

The Tools for Bargaining report completed in January 2023 opened with this statement: This Report refutes SFU's claims that its finances are tight. This conclusion was based on SFU's claims that it was on top of its finances. SFU reported no evidence that the coming fiscal year would be any different than past years. SFU's lack of transparency and failed budget process catapulted the university into a year of turmoil.

Up until 2023/24, the audited operating surplus before restricted contributions was millions of dollars higher at year-end than what was projected in the Consolidated Budget. In 2015, and between 2017 and 2023 year-end surpluses were higher, some years much higher, than what was projected in the Consolidated Budget. The exceptions, in 2016 the projected operating surplus in the Consolidated Budget was higher than the actual operating surplus at year-end. In 2024, SFU's year-end deficit was almost \$5 million. SFU is projecting a surplus of \$11.8 million at fiscal year-end March 31, 2025.

With a new budget process in place including a change in oversight which is sometimes described as a collaboration between the VP Finance and the Provost, and at other times the Provost, who is also now SFU's Chief Budget Officer, is described as the "primary executive responsible for the university's budget." SFU is on the record describing last year's financial challenges as providing an "opportunity" to innovate.

SFU has attributed the 2023/24 deficit to declining international student enrolment, inflation, and divestment from fossil fuels. As well, Dilson Raiser, SFU's Chief Budget Officer, added "the costs associated with the university's commitment to a living wage, and increases in pension expenses" to the list, as reported in a February 2024 Vancouver Sun article.

Like in 2008/09, when SFU did face significant international pressures, SFU is confident that it will recover from its recent challenges in one year. Innovation at SFU includes a hiring freeze, another new budget process, and a new international student recruitment strategy.

SFU is "predicting a balanced budget over the next five years" according to the 2024/25 Budget and Financial Plan (page 6).

Highlights of Research Findings

- Since 2007, SFU has reported, in its Consolidated Financial Statements an annual operating surplus before restricted contributions for all but 2 years, 2009 and 2024. In 2024, the annual operating deficit before restricted contributions was \$5 million (page 16-18).
- Between 2019 and 2024 tuition revenue for credit courses climbed from \$250.7 million to \$290.4 million, or by 15.8%. Total tuition revenue has been flat for the last 2 years at \$315 million, but up by \$38.6 million over 2019 total tuition revenue levels (page 23-25).
- In comparing salary and benefits expenses as a percentage of total university expenses, SFU spent 67.7% of its revenue on salaries and benefits in 2024 which was also the case in 2021 and 2022 (page 20-21)
- Over the last 11 years, the value of SFU's total financial assets has grown considerably. In 2024, SFU's total financial assets reached \$883.6 million up from \$469 million in 2014 (page 28-29).
- SFU's total investments have more than doubled in value between 2012 and 2024, from \$498.7 million to \$1.1 billion. In 2020, as the pandemic set in SFU's total investments dropped in value, but rebounded in one year. Since 2021, SFU's total investments are valued at more than one billion dollars (page 30).
- SFU's endowment has grown significantly in value between 2012 and 2024, from \$236.1 million to \$520.4 million, or by 120%. The endowment took a big jump in one year from \$392.9 million in 2021 to \$470.6 million in 2022, a 19.8% increase (page 30).

Section 1: SFU Budgets

“While budget challenges are top-of-mind at our university and across the sector, I am pleased that SFU’s long-term financial outlook remains favourable...”

-Joy Johnson, President’s Message,
2024-25 Budget and Financial Plan

“The current financial situation presents an *opportunity* for SFU to innovate and establish processes that will support our long-term stability.”

-Executive Summary, 2024-25
Budget and Financial Plan

What went wrong at SFU in the 2023-24 fiscal year? At the close of the previous fiscal year in March 2023 members of SFU’s leadership team talked about “challenges,” it did not forewarn that SFU would soon be facing revenue shortfalls, expense overages, a deficit, and a hiring freeze.

The March 31, 2023 Annual Financial Report in no way indicated that SFU was facing its worst financial performance in years. Martin Pochurko, SFU’s VP Finance, in his Message to readers of the financial report stated: “Despite some of these setbacks, SFU remains resilient and spirited, delivering services to support our students, faculty and staff across SFU and making a difference to communities in the process” (page 2). In the opening paragraph of her Message, President Joy Johnson shared: “I am pleased to present SFU’s Annual Financial Report for 2022/23, a testament to our commitment to financial accountability and transparency. I am proud of what we have accomplished and the progress we have made as a community this past year despite the challenges we faced” (page 1).

2023-24 Budget and Financial Plan and a New Model

The 2023-24 SFU Budget and Financial Plan explained in detail the budgeting process at SFU. The university announced “newly established this year” an Integrated Planning Committee with a mandate to “ensure that long-range planning and budgeting is aligned with the strategic priorities and the mission, vision, and values of the university” (page 8). As well, SFU highlighted the important role that the Budget Planning Committee, along with the Integrated Planning Committee, plays in setting SFU’s budget.

The membership of both committees, as well as a flow chart explaining the reporting structure, was shared. Both committees were co-chaired by the Provost and the VP Finance. Both committees reported directly to the Executive Team. The Budget Planning Committee would conduct a “budget review process for all administrative support units across all VP portfolios. The Budget Planning Committee considered the opportunities, risks and priorities submitted by each of the support units, ensuring alignment with the priorities discussed by the Integrated Planning Committee. The Budget Committee also considered each unit’s budgetary and administrative staff growth over the last ten years, carry forward funding levels, as well as any non-operating funding sources that could supplement operational support” (page 9).

SFU also identified 5 stages in its annual budget process starting in March and through June with number 1. Fiscal Year End & Outlook Updated: “Financial results from the previous year are reported, and financial projects for the next year are updated based upon year-end results, approved commitments and changes in economic factors.” In July through August, SFU considered 2. Options and priorities and the “need to balance the budget”. In September and October, stage 3. Rolled out - Campus discussions. Over 3 months, November through December stage 4. involved developing “detailed budgets” by departments which were reviewed and approved by “those with fiscal responsibility for the areas.” Lastly in the final, 5th stage, SFU reviewed and approved the budget between January and March (page 10).

So practically speaking at a macro level how does this work? To build the 2023-24 budget at SFU, the university would have used the March 31, 2022 year-end audited numbers reported in the Consolidated Financial Statements as the starting point. And then compared these audited line items with the Q3 or more updated data that SFU was monitoring in the 2022-23 fiscal year. This combined data would have provided the financial foundation for the stages to unfold as described in the process above, resulting in the 2023-24 budget.

Let’s look at one line item to test SFU’s budget process. The Budget Planning Committee would look at credit course tuition revenue actuals for the 2021/22 fiscal year, at \$288 million. Then SFU would have referenced the forecast for 2022/23 which was \$291.2 million. SFU would have then reviewed enrolment data and consulted with senior managers. All of this, and likely more, would have led SFU to set the 2023/24 credit course revenue line item in the budget. So why did SFU set this line item at \$299.7 million in the 2023/24 budget? This is millions of dollars higher than credit

course revenue forecast for 2022/23. At year-end 2023/24 credit course tuition revenue actuals are reported at \$290.4 million - \$9 million less than the budget projected.

The 2023-24 Consolidated Budget

Let's have a look at the 2023/24 budget and compare it to March 31, 2024 actuals reported in the Consolidated Financial Statements. We now know that total revenue at March 31, 2024 was \$975.5 million and total expenses were \$980.4 million, resulting in a deficit. As the following Table indicates, and with hindsight we have learned that the 2023/24 budget process produced line items that were way off - both over and under budget compared to actuals.

When you examine individual revenue line items government revenue was significantly higher at year-end than reflected in the budget. The budget plan set BC government revenue at \$286.6 million, while at year-end this revenue totalled \$374.6 million. On the other hand, SFU over estimated credit course tuition revenue by \$9 million. Sales of goods and services, donations, etc., and other revenue were all budgeted lower than actuals at year-end, while investment income and amortization revenues were lower at year-end than budgeted.

On the expenses side, as the Table below reveals, most expense line items came in over budget. Salaries and benefits expenses were much higher than budgeted. As well, supplies, professional and contracted services, scholarships and bursaries, and travel expenses were all over budget. Professional and contracted services expenses was \$16 million over budget.

Overall, based on SFU's audited financial statements for 2023/24, it is impossible not to conclude that something really went wrong with the 2023/24 budget process. Contrary to the claims made by SFU, checks and balances were not in place to safeguard against deficit. SFU's budgeting was \$11 million off in 2023/24 - the Consolidated Budget projected a \$6.2 million surplus, but at year-end SFU ran a \$5 million deficit. It appears that internal controls were lacking. SFU's leadership team failed to carrying out the important financial oversight role expected of it.

REVENUE \$	2023/24 Budget	2024
Government grants and contracts: Province of BC	286,638,000	374,637,000
Government of Canada	61,221,000	84,547,000
Other governments	3,392,000	6,336,000
Tuition: Credit Courses	299,712,000	290,394,000
Non-credit courses and other student fees	26,544,000	25,024,000
Sales of goods and services	45,662,000	47,862,000
Donations, non-government grants and contracts	58,151,000	74,182,000
Investment income	30,715,000	20,235,000
Investment Income - GNWCT		838,000
Amortization of deferred capital contributions	37,250,000	32,789,000
Other Revenue	14,680,000	18,611,000
TOTAL Revenues	863,965,000	975,455,000
EXPENSES		
Salaries	473,525,000	563,074,000
Employee benefits	93,501,000	100,973,000
Supplies and other operational expenses	68,781,000	71,715,000
Amortization of tangible capital assets	79,097,000	76,570,000
Professional and contracted services	51,027,000	67,052,000
Scholarship and bursaries	49,224,000	54,412,000
Travel & personnel	15,126,000	18,884,000
Cost of goods sold	2,567,000	2,497,000
Interest on long-term debt	11,138,000	11,211,000
Utilities	13,799,000	14,033,000
TOTAL Expenses	857,785,000	980,421,000
Operating Surplus <i>before</i> Restricted Contributions	6,180,000	(4,966,000)

Source: Consolidated Budget, Budget and Financial Plan 2023-24; and 2024 Consolidated Financial Statements, Consolidated Statement of Operations and Expenses by Object.

Annual Operating Surplus/Deficit - Projected and Year-End

The annual operating surplus reported in SFU's Consolidated Financial Statements at year-end, has for all but the 2024 fiscal year, been significantly higher than the operating surplus projected at the beginning of the fiscal year in the Consolidated Budget. In other words, SFU's budgeted operating surplus at the beginning of the fiscal year, is mostly consistently understated and has been over the last decade.

As the following Table indicates, in 2015, and between 2017 and 2022 year-end surpluses were much higher than what was projected in the Consolidated Budget. In 2023, the year-end surplus was more modest but still \$7 million more than the budget projected. Only in 2016 and 2024, was the projected operating surplus in the Consolidated Budget higher than the actual operating surplus at year-end. In 2024, the year-end deficit was almost \$5 million.

Year	Consolidated Financial Statements Annual Operating Surplus before Restricted Contributions \$	Year	Consolidated Budget Operating Surplus before Restricted Contributions \$
2025	N/A	2024/25	11,830,000
2024	(4,966)	2023/24	6,180,000
2023	22,185,000	2022/23	15,171,000
2022	27,111,000	2021/22	15,381,000
2021	41,324,000	2020/21	32,486,000
2020	41,292,000	2019/20	21,587,000
2019	49,845,000	2018/19	18,182,000
2018	46,229,000	2017/18	15,071,000
2017	30,360,000	2016/17	13,169,000
2016	14,850,000	2015/16	16,379,000
2015	35,361,000	2014/15	10,761,000

Source: Consolidated Statement of Operations, SFU Consolidated Financial Statements; and Statement of Operations, SFU Consolidated Budget and Financial Plan.

2024-25 Budget and Financial Plan and Another New Model

Ironically, SFU's 2024-25 Budget and Financial Plan is only 21 pages in length, compared to the 2023-24 Budget and Financial Plan which runs 114 pages. SFU has reduced the budget plan by almost 100 pages, while at the same time introducing a new budget model and stressing the transparent budget process at the university.

SFU's 2024-25 Budget and Financial Plan refers to a number of changes to the budget process. According to the March 28, 2024 BOG meeting draft minutes, budgeting changes at SFU grew out of the "challenges" the university experienced in the 2023/24 fiscal year. The Budget Plan expands some information and disappears other data. SFU is no longer providing information in the Budget and Financial Plan about SFU faculty budgets and other budgets including the General University Requirements portfolio. SFU is not providing details about expenses in the Consolidated Budget; expenses are now presented in broad categories. While in the Operating Budget, the opposite is true, SFU has provided more detail about expenses and more detail across funds.

One example of less, not more, transparency is reporting about the General University Requirements Portfolio budget. As has been discussed in previous Reports to APSA, in the 2023/24 fiscal year the GUR budget totalled \$64.6 million, of which \$12.8 million was "set aside to mitigate against risks resulting from unanticipated financial consequences." These monies are available to SFU for operating expenses for a range of university-wide costs that are "not readily attributable to specific units, or are highly variable and uncertain." The 2024-25 SFU Financial Plan provides no details about the budget related to the General University Requirements portfolio. Rather on page 7 of the 2024-25 Budget and Financial Plan in a sentence, the following appears: "SFU includes a contingency budget at just under 2% of total operating revenues."

SFU discusses its new budget process, on page 4 and 5 of the SFU 2024-25 Budget and Financial Plan. This new approach involves a "collaborative effort" led by two offices - the Vice-President Finance, and the Provost and Vice-President Academic. The Provost, Dilson Rassier, is also now SFU's Chief Budget Officer. The Provost webpage suggest a hierarchy rather than a collaborative effort; Dilson is now the "primary executive responsible for the university's budget." As well, a Budget Committee and a budget working group have been established, under the leadership of the Chief Budget Officer, to "guide necessary and strategic budget reductions

across units” (page 3). There is no information about who will sit on the Budget Committee or budget working group.

The new budget process, according to SFU, also follows a “set of principles for transparency, accountability and consistency” (page 3). As well, SFU will provide “quarterly monitoring of actual results, against the approved budget with multi-year projections updated semi-annually to assess long term financial sustainability.” It’s not obvious how this differs from Quarterly reporting when SFU shared Operating Variances Reports - the report which provides actuals-to-date for the fiscal year - at Board Meetings.

With time, it will be possible to assess the effectiveness of this “new” budget process and how it differs from the 2023/24 budget processes - by delivering a better outcome; a budget surplus at year-end March 31, 2025.

2024-25 Operating Budget

In the past, SFU has consistently focused on the Operating Budget in its Budget and Financial Plan and drawn conclusions based on its Operating Budget that are accurate, but include less available financial information. The 2024-25 Budget and Financial Plan provides more detail in its Operating Budget’s Statement of Operations including expense breakdowns that more-or-less conform to fiscal year-end reporting, rather than vague overarching categories.

In the 2024-25 operating budget, total budgeted operating revenue exceeds total operating expenses by \$20 million. This budget is based on a number of “conservative” key assumptions according to SFU. Including more realistic tuition revenue estimates and more detailed information about line items and across funds. The 2024-25 Budget and Financial Plan includes a Statement of Operations by Fund on page 14. This includes the operating fund (operating, ancillary operations and internal research), specific purpose fund, research, capital and endowment funds. The SFU 2024-25 budget across all funds, projects total revenue will exceed total expenses by about \$12 million, before restricted endowment contributions.

2024-25 Consolidated Budget

In the past the consolidated budget was the comparator at year-end for actual SFU expenses and the focus of Reports to APSA. The 2024-25 consolidated budget no longer provides a breakdown of data that conforms to year-end reporting. Up until this fiscal year, expenses in the consolidated budget were reported as: salaries; employee benefits; supplies and other operational expenses; amortization of tangible capital assets; professional and contracted services; scholarship and bursaries; travel and personnel; cost of goods sold; interest on long-term debt; and utilities. Comparable to year-end actual expenses.

As the following Table indicates, SFU's 2024/25 consolidated budget is projecting revenue at \$980 million and expenses outlined in broad categories, at \$968.6 million. Projecting a surplus of \$11.8 million. SFU has again estimated credit course tuition revenue at \$10 million higher than actuals reported at March 31, 2024.

Revenue \$	2024/25 Budget
Government grants and contracts:	
Province of BC	371,159,000
Government of Canada	79,301,000
Other governments	3,970,000
Tuition:	
Credit Courses	300,338,000
Non-credit Courses and other student fees	26,108,000
Sales of goods and services	51,489,000
Donations, non-government grants and contracts	64,803,000
Investment income	37,415,000
Amortization of deferred capital contributions	31,228,000
Other Revenue	14,575,000
TOTAL Revenues	980,386,000
Expenses	
Instruction	639,024,000
Research	158,306,000

Community Engagement	25,845,000
Facilities	55,774,000
Specific Purpose and Trust	89,607,000
TOTAL Expenses	968,556,000
Operating Surplus <i>before</i> Restricted Contributions	11,830,000

Source: Consolidated Budget, Statement of Operations, SFU 2024-25 Consolidated Budget and Financial Plan.

2024-25 New Initiatives at SFU

Even as SFU has maintained a hiring freeze and continues to explore “efficiencies” and eliminate duplications to reduce costs, SFU is spending more and expanding into new programming. The BOG March 28 draft meeting minutes outlined “several new investments in the coming months that are reflected in the budget projections - a significant increase in the cost for libraries as funding is based on US dollars, innovation and investments in IT, and SFU’s commitment to being a living wage employer” (page 3 of 3).

At its May 2024 meeting, the Board discussed a number of Memoranda which sought BOG approval to eliminate or establish new programs at SFU. There was no costing attached to these program changes.

The first 66 pages of the 225 page document shared at the May BOG meeting discussed the following:

- Eliminate - The Latin American Studies Graduate Certificate, effective Summer 2024. According to SFU There are no active students in the program and the program has not received students since Fall 2020;
- Eliminate - The Post Baccalaureate Diploma in Police Studies, effective Fall 2024. “There is no demand for this program. There are no active students” in the program;
- Eliminate - The Indigenous Studies and Linguistics Joint Major, effective Fall 2024. There are currently no students in the program; and
- Eliminate - The Latin American Studies Co-operative Education Program, effective Fall 2024. There are no students in the program, or instructors and staff specific to the program.

The Board was also presented with a proposal to establish a Research Centre for Multidisciplinary Studies on the French-Speaking World for a 5-year term, effective Fall

2024; and another proposal for the Certificate in Sound program, effective Fall 2024. As well, on page 222 of a 225 page document, a brief summary of timelines and the process for establishing the School of Medicine at SFU was outlined. SFU hopes to welcome the first cohort of undergraduate medical students to campus by August 2026.

There is no mention of the costs associated with undertaking any of these new initiatives: a new Research Centre; a new Certificate in Sound program; and a School of Medicine at SFU.

SFU's Cautionary Note

The Management Discussion and Analysis section contained in March 31, 2024 Annual Financial Report (page 10 - 21) starts off with a paragraph entitled: "Cautionary note on forward-looking statements." This "cautionary note" seems to relate to the 2024/25 Budget and Financial Plan discussed briefly in the 2024 Financial Report and reads as follows:

"Some statements in this Management Discussion and Analysis (MD&A) are forward-looking statements, based on assumptions and addressing future events and conditions, and by their nature involve risks and uncertainties. Actual results could differ materially from those anticipated in forward-looking statements. Readers should not place undue reliance on any forward-looking statements. Factors that could cause results to differ materially from expectations include, but are not limited to the performance of financial markets, interest rate fluctuations, changes in legislation and regulations, the effects of competition, and business continuity risks. SFU does not undertake any obligation to update or revise these forward-looking statements to reflect events or circumstances after the date of this report, or to reflect the occurrence of unanticipated events, except as required by law" (page 10).

This "Cautionary note on forward-looking statements" is not a particularly ringing endorsement of SFU's new and improved budgeting process. It also potentially undermines confidence in the SFU 2024-25 budget.

Into the Future

SFU references its new course - What's Next: The SFU Strategy - in recent financial documents including the 2024-25 Budget Plan and the 2024 Annual Financial Report. The SFU website lists the 4 priorities of What's Next: The SFU Strategy including: Uphold Truth and Reconciliation; Make a Difference for B.C.; Transform the SFU Experience; and Engage in Global Challenges. This new aspirational SFU strategy, without mentioning a budget or costs committed to these priorities, will be implemented in the coming months.

In the longer term, SFU's 2024/25 Budget and Financial Plan is "predicting a balanced budget over the next five years" (page 6).

Section 2: SFU Consolidated Financial Statements

In its year-end 2024 highlights of the university's financial health, SFU's Management Discussion and Analysis reported a mixed bag regarding its finances including an annual deficit of \$5 million; net assets within target; spendable cash to debt which exceeds the targeted (and desirable) ratio of 2.0; and growth in endowment assets by almost \$35 million (page 11).

SFU again shared that Moody's Investors Service, an independent credit rating agency, continues to provide SFU with a credit rating of Aa1 "with a negative outlook on SFU's senior unsecured debt." According to SFU, its rating is "the highest among SFU's comprehensive university peers." SFU doesn't elaborate on the "negative outlook" regarding its unsecured debt, but the university does report that it did "not incur additional debt in 2024" (page 16). As well, in the previous fiscal year, SFU repaid \$78 million in loans, as reported in Note 12. Debt (page 48).

A. Annual Operating Surplus/Deficit

SFU did not project a deficit in its 2023/24 budget, in fact, the university presented a 2023/24 budget with a modest surplus of \$6.2 million. Rather as the year progressed, SFU released its Q2 report which projected a deficit of \$0.4 million. Based on 7 months of data to October 31, 2023, SFU's Q3 report was projecting a deficit of \$20.9 million. As well, in a letter dated February 29, 2024, the BC government's Minister of Finance and the Minister of Post-Secondary Education granted SFU's request for "deficit approval" in 2023/24 at \$20,900,000. A twenty million dollar deficit never materialized.

According to Associate Vice-President Finance, Karamjeet Heer, a \$5 million deficit was a testimony to SFU's hard work - Heer shared that the deficit could have been higher." Furthermore, the difference between a projected \$21 million deficit and actual \$5 million deficit at year-end is described as "significantly favourable" and the result of "lower than anticipated restructuring costs, temporary resolution of the pension valuation issue and effectiveness of the cost saving measures like the hiring freeze."

Only SFU leadership would have had access to the financial information to assess whether a \$21 million deficit was ever a possibility. Furthermore, in the Executive Summary of the 2024/25 Budget and Financial Plan an even higher deficit was floated. Again, without providing evidence SFU stated that "the annual operating deficit was

expected to rise to an estimated \$49.9 million during the 2024-25 fiscal year and as a result, SFU is taking further remedial measures to balance the budget.”

Martin Pochurko, Vice-President Finance & Administration, in his 2024 Message attributed SFU’s 2023/24 “revenue shortfall” to “external factors” (page 2). The factors that negatively affected SFU’s “revenue growth,” which various SFU leaders reference over and over again, include “declining international enrolments and losses on divestments from fossil fuels, while high inflation has contributed to increasing operating expenses” (page 12).

As the following Table indicates, back to 2007 SFU has run an annual operating surplus before restricted contributions for all but two years - 2009 and 2024. In 2023, the annual operating surplus before restricted contributions was \$22.2 million and in the previous year, 2022, it was \$26.3 million. From 2018 through 2021, the surplus was in excess of \$40 million, each year. Until the 2024 fiscal year, 2009 stood out as the only year that SFU had an operating loss, which it recovered from in one year. SFU again expects to recover from its \$5 million deficit in one year.

The annual operating surplus, including net restricted endowment contributions, was \$30 million in 2024. Year-over-year, SFU runs a significant annual operating surplus, although some monies are restricted.

Year	Annual Operating Surplus/Deficit before Restricted Contributions \$	Net Restricted Endowment Contributions \$	Annual Operating Surplus \$
2024	(4,966)	34,929,000	29,963,000
2023	22,185,000	14,861,000	37,046,000
2022*	26,320,000	77,693,000	104,013,000
2021	41,324,000	12,161,000	53,485,000
2020	41,292,000	20,603,000	61,895,000
2019	49,845,000	23,442,000	73,287,000
2018	46,229,000	19,023,000	65,252,000
2017	30,360,000	19,068,000	49,428,000
2016	14,850,000	17,001,000	31,851,000
2015	35,361,000	22,678,000	58,039,000

2014	24,631,000	9,750,000	34,381,000
2013	31,286,000	17,327,000	48,613,000
2012	59,541,000	27,071,000	86,612,000
2011	52,320,000	-	-
2010	54,998,000	-	-
2009	(62,211,000)	-	-
2008	6,716,000	-	-
2007	23,602,000	-	-

*Note: 2022 data restated in 2023.

Source: Consolidated Statement of Operations, SFU Consolidated Financial Statements.

Annual Operating Surplus - Revenue and Expenses

Let's take a closer look at SFU's annual operating surplus before restricted contributions. The following Table provides a bit more detail about SFU's revenue, expenses, and operating surplus, back to 2012. In most years, SFU has seen revenue increase year-over-year, to more than meet expenses. In 2024, SFU's total revenue, its highest level ever, was \$975.5 million. In 2024, total expenses also jumped considerably, by over \$100,000,000 from the previous year, to \$980.4 million. Overall, SFU maintained healthy annual operating surpluses between 2012 and 2023 - revenue exceeded expenses each and every year for 12 years. 2024 is the outlier.

Year	Revenue \$	Expenses \$	Annual Operating Surplus before Restricted Contributions \$
2024	975,455,000	980,421,000	(4,966)
2023	895,049,000	872,864,000	22,185,000
2022*	858,512,000	832,192,000	26,320,000
2021	825,369,000	784,045,000	41,324,000
2020	806,996,000	765,704,000	41,292,000
2019	780,656,000	730,811,000	49,845,000
2018	726,738,000	680,509,000	46,229,000
2017	688,746,000	658,386,000	30,360,000

2016	651,549,000	636,699,000	14,850,000
2015	653,301,000	617,940,000	35,361,000
2014	634,825,000	610,179,000	24,631,000
2013	622,814,000	591,533,000	31,286,000
2012	627,876,000	568,095,000	59,541,000

*Note: 2022 data restated in 2023.

Source: Consolidated Statement of Operations, SFU Consolidated Financial Statements.

Recalling the discussion about SFU’s new and newer models for budgeting, in a previous section of this Report, SFU is on the record stating the following: “SFU manages its financial expenditures through a system of setting goals and allocating budgets within the confines of the university’s available revenue. Internal controls are designed to ensure that *funding is secured before expenditures are incurred, minimizing the risk that operating units will incur deficits*. When revenue falls short of expenditures, the university can respond by reducing certain activities or by deferring discretionary expenditures” (page 18). In 2023/24 fiscal year, SFU clearly did not secure funding before expenditures were incurred.

SFU’s Annual Operating Surplus and Capital Projects

In past years, SFU allocated significant amounts, sometimes 100%, of its annual operating surplus before restricted contributions, to capital projects. In most years, SFU spent some or all of its surplus on capital projects. Between 2019 and 2022, SFU spent \$49 million in 2019, \$41 million in 2020, \$38 million in 2021 and \$43 million in 2022 on capital projects. In 2023, SFU doesn’t provide a dollar figure for capital projects, rather SFU indicates that 11% of the \$22.2 million annual surplus from operations was allocated to capital projects (page 16).

Up until 2024, SFU allocated its surplus to building renewal projects in part because infrastructure expenses must be covered through operational funds, due to prohibition of capital borrowing - acquiring debt. There was no surplus to contribute to capital projects in 2024, rather in the Management Discussion section of the 2024 Financial Report, the surplus in the capital fund, \$17 million, “mitigated” SFU’s operating and ancillary deficits. (Page 12). So the surplus in the capital fund offset SFU’s deficit.

B. Expenses

SFU's accounting for expenses in the Consolidated Statement of Operations is not transparent. SFU groups expenses together into broad categories. In 2021, there were only 3 categories which included: instruction; research; and community engagement. Since 2022, the categories expanded to 5: instruction; research; specific purpose and trust; facilities; and community engagement. SFU doesn't define these categories.

More details are provided about SFU expenses in Note 21. Expense by Object (page 55) in the Consolidated Financial Statements. In the Expense by Object table, expenses include: salaries; employee benefits; supplies and operating; amortization of tangible capital assets; professional and contracted services; scholarships and bursaries; travel and personnel; cost of goods sold; interest on long-term debt; and utilities. Let's have a look at a couple of the employment-related expense categories including salaries, benefits, and contracted services as reported in Expense by Object.

SFU Salaries and Employee Benefits

Like most universities, at SFU, salaries and benefits constitute the largest single expense in the university's budget. As the following Table indicates, between 2014 and 2020 salaries and benefits accounted for less than two thirds of total expenses at SFU. Since 2021, SFU salaries and benefits moved above 2/3 of total expenses with the exception of 2023.

Year	Salaries	Benefits	Total Salaries and Benefits	Total Expenses \$	S & B as a % of Total Expenses
2024	563,074,000	100,973,000	664,047,000	980,421,000	67.7
2023	484,168,000	80,824,000	564,992,000	872,864,000	64.7
2022	465,051,000	92,452,000	557,503,000	831,401,000	67.1
2021	448,325,000	83,266,000	531,591,000	784,045,000	67.8
2020	413,651,000	69,646,000	483,297,000	765,704,000	63.1
2019	387,462,000	62,681,000	450,143,000	730,811,000	61.6
2018	364,316,000	59,727,000	424,043,000	680,509,000	62.3
2017	354,614,000	58,515,000	413,129,000	658,386,000	62.7

2016	344,628,000	60,067,000	404,695,000	636,699,000	63.6
2015	329,200,000	68,804,000	398,004,000	617,940,000	64.4
2014	324,201,000	70,787,000	394,988,000	610,179,000	64.7

Source: Expense by Object, SFU Consolidated Financial Statements.

Professional and Contracted Services

SFU spends money on consultants and contractors to get work done at the university. As the following Table indicates, between 2014 and 2024 SFU’s budget for these services has more than doubled. This expense has skyrocketed to \$67 million in 2024. Between 2023 and 2024 these expenses grew by \$8 million and by \$10 million between 2022 and 2023.

Year	Professional and Contracted Services \$
2024	67,052,000
2023	58,954,000
2022	48,910,000
2021*	43,412,000
2020	49,858,000
2019	48,659,000
2018	42,221,000
2017	42,142,000
2016	42,329,000
2015	36,052,000
2014	30,852,000

*Note: In 2021 expenses dropped due to the pandemic.
 Source: Expense by Object, SFU Consolidated Financial Statements.

C. Revenue

In the past, for example in the 2022 Annual Financial Report, SFU’s Management Discussion and Analysis explored revenue growth, type, stability and diversity in very

favourable terms (pages 14 to 15). In 2023 and again in 2024 SFU shifted its language when discussing revenue to “growth and diversification.”

A closer look at SFU revenue by source over the last six fiscal years, illustrates that SFU’s revenue sources are diverse, however, more than 2/3 of revenue is from two sources - tuition fees and BC government monies. In 2024, tuition revenue - credit and non-credit course combined - constituted 32% of overall SFU revenue.

As the following Table indicates, provincial government funding increased between 2019 and 2024, from \$244.2 million to \$374.6 million, or by 53.4%. Federal government revenue increased from \$77.1 million to \$84.5 million. During that period, tuition revenue for credit courses climbed by almost \$40 million. Non-credit courses and other student fees remained constant with the exception of 2021, due to COVID. Sales of goods and services has fully recovered from the pandemic, generating almost \$47.9 million for SFU in 2024. Donations are also on the rise and at \$74.2 million the highest ever. Investment income has fluctuated over the years, jumping dramatically in 2023 to \$71.4 million due to a “realized gains transfer” and then dropping to \$20.2 million in part, according to SFU because of its commitment to diversifying from fossil fuels. Overall, total revenue at SFU has climbed steadily between 2019 and 2024 to \$975.5 million this fiscal year.

Revenue \$	2024	2023	2022	2021	2020	2019
Government Grants & Contracts						
Province of BC	374,637,000	296,025,000	301,484,000	277,499,000	259,953,000	244,188,000
Less: portion restricted for capital		(44,000,000)	(10,000,000)			
Government of Canada	84,547,000	77,883,000	66,032,000	73,501,000	56,043,000	77,120,000
Other Governments	6,336,000	3,892,000	4,127,000	3,777,000	4,878,000	2,233,000
Tuition						
Credit Courses	290,394,000	291,932,000	288,014,000	286,810,000	266,442,000	250,669,000
Non-credit Courses etc.	25,024,000	23,840,000	25,119,000	19,095,000	26,437,000	26,172,000

Sales of goods and services	47,862,000	39,819,000	26,594,000	13,102,000	40,157,000	41,737,000
Donations, non-government grants and contracts	74,182,000	71,137,000	66,539,000	65,433,000	68,902,000	58,287,000
Investment Income	20,235,000	71,440,000	38,739,000	33,892,000	29,694,000	28,017,000
Investment Income - Great Northern Way Campus Trust	838,000	(571,000)	737,000	333,000	581,000	2,988,000
Amortization of Deferred Capital Contributions	32,789,000	35,781,000	39,607,000	42,597,000	40,227,000	34,079,000
Other Revenue	18,611,000	27,871,000	11,520,000	9,330,000	13,682,000	15,166,000
Total Revenue	975,455,000	895,049,000	858,512,000	825,369,000	806,996,000	780,656,000

Source: Consolidated Statement of Operations, SFU Consolidated Financial Statements.

1. Tuition Revenue

Given SFU's focus on tuition revenue as a contributor to its revenue challenges, let's have a more detailed look at tuition revenue and enrolment at SFU over the last few years.

Recent federal government announcements about international students caused some uncertainty in the post-secondary sector which appears to have been favourably resolved. SFU's President, in her Report to the March 28, 2024 BOG meeting shared that "SFU is pleased with the approach the provincial government has taken in distributing the undergraduate study permits (for international students) that were allocated for B.C., with 53% of the permits going to public post-secondary institutions" (page 2 of 3).

A reminder that tuition revenue calculations are complicated. Revenue generated through tuition fees where international students pay more, sometimes much more than domestic students, means calculating tuition revenue is based on type of student and number enrolled. SFU doesn't make enrolment data by student type readily available, so it's difficult to independently substantiate SFU's claims.

a. Total Tuition Revenue

As the following Table indicates, when you combine credit course revenue with non-credit course and other student fee revenues, SFU has seen total tuition revenue between 2019 and 2024, climb by 14% from \$276.8 million to \$315.4 million. In the last 2 years total revenue has been flat and sits at about \$315 million. Tuition revenue from credit courses has also flattened out in recent years - stuck at between \$288 and \$290 million over 3 years.

\$000 Total Revenue	2024	2023	2022	2021	2020	2019
Credit Courses	290,394	291,932	288,014	286,810	266,442	250,669
Non-credit courses & other student fees	25,024	23,840	25,119	19,095	26,437	26,172
Total	315,418	315,772	313,133	305,905	292,879	276,841

Source: Consolidated Statement of Operations, SFU Consolidated Financial Statements.

b. Tuition Revenue from Credit Courses by Type of Student

When you explore tuition revenue by type of student, as the following Table does, tuition revenue from domestic undergrads has mostly increased year-over-year, between 2019 and 2024 this revenue has grown by \$16.4 million. All graduate student tuition revenue has also grown by \$5.4 million. Its international undergraduate student tuition revenue that has been up and down.

The university saw undergrad international revenue rise to \$143 million in 2021 and it seems to be measuring international undergrad tuition revenue by that base line. Since 2021 SFU tuition revenue for undergrad international students has dropped off - by \$3 or \$13 million. However, 2024 levels at \$130 million has surpassed pre-COVID international undergraduate tuition revenue at \$112.4 million.

Revenue fluctuations from international undergraduate tuition revenue has been offset by domestic and graduate student revenue resulting in flat total tuition revenue over the last few years at SFU.

\$000 Tuition Revenue Credit Courses	2024 Estimates*	2023 Estimates*	2022	2021	2020	2019
Undergrad - Domestic	120,000	117,000	110,133	110,985	105,320	103,614
Undergrad - International	130,000	140,000	139,584	143,007	124,354	112,414
Graduate	40,000	40,000	38,297	32,818	36,768	34,641
Total Revenue	290,394	291,932	288,014	286,810	266,442	250,669

*Note: SFU presents credit tuition revenue by type of student in a line graph for 2023 and 2024; hence the data is difficult to read and has been estimated.

Source: Credit Tuition Revenue by Type, Management Discussion and Analysis 2023-24; and Comparative Information, Tuition, Management Discussion and Analysis 2019-22, SFU Annual Financial Report.

c. Enrolment Plan

Getting a handle on actual SFU enrolment data is difficult. SFU is not particularly forthcoming with comparable and consistent enrolment data over time. For example, the President, in her May 2024 Report to SFU’s Board of Governors during the open session of the meeting, shared that international student enrolments were down in 2023/24 while domestic program FTE enrolments exceeded targets by 8%. The President did not provide actual data to substantiate this.

In the SFU Fast Facts section of the 2024 Financial Report, SFU reported 31,900+ undergraduates and 5,700+ graduates (page 3). Conflating undergraduates - international and domestic - poses challenges and makes enrolment comparisons impossible - the numbers just don’t add up.

The following Table gives us a sense of enrolment at SFU since 2019/20 academic year. Total enrolment has stalled at SFU at around 27,000 students. For the 3 years that there is enrolment data by type of student, undergraduate domestic makes up the bulk of SFU student enrolment at around 18,000+ and SFU’s graduate student enrolment is stalled. But let’s remember that the 2023/24 data is not finalized and the data for this year is a projection, so the numbers could change. Based on the 2024-25 projections, undergraduate international student enrolment is expected to drop slightly.

Enrolment Plan (FTE)	2024-25 Plan/Projections	2023-24 Forecast	2022-23 Actuals	2021-22 Actuals	2020-21 Actuals	2019-20 Actuals
Undergraduate Domestic	18,484	18,669	18,161	?	?	?
Undergraduate International	4,436	4,401	4,924	?	?	?
Graduate	3,524	3,525	3,703	?	?	?
Total	26,445	26,595	26,788	27,339	27,344	27,080

Source: Academic, 2023/24 Budget and Financial Plan; and Note 2, University Enrolment Plan, 2024/25 Budget and Financial Plan.

When SFU claims that “declining international student enrolment” is one of the external factors to explain SFU’s revenue shortfall one could counter that enrolment has been flat for 3 years and SFU’s expectation that enrolment should have kept increasing from 2020/21 when total enrolment hit 27,344 was not based in the reality of present domestic and international factors such as Vancouver’s high cost of living, housing shortages and costs, and international turmoil and uncertainty.

2. Investment Income

Investment income is a smaller revenue line item, but investment income offers growth potential beyond other revenue sources. As the following Table indicates, SFU’s investment income is a constant source of revenue for SFU. In 2023, SFU’s investment income jumped dramatically due to “realized gains transfer” and then dropped to \$20.2 million in 2024. This decline in investment income is in part due to SFU’s efforts to divest from fossil fuels (Note 6, page 20).

SFU outlined its “journey” to divest in a report entitled Investment Portfolio Carbon Footprint Document produced by VP Finance and Administration. In 2022, when the document was released, SFU was “well on its way to its target...” and is committed to “full divestment from fossil fuel investments” by 2025. It’s not unreasonable to wonder whether SFU could have better planned its divestment journey. SFU has been working on divesting from fossil fuels for a decade, but SFU investments took a \$20 million “one-time loss” due to divestments in fossil fuels in 2024 (page 13).

Year	Investment Income \$
2024	20,235,000
2023*	71,440,000

2022	38,739,000
2021	33,892,000
2020	29,694,000
2019	28,017,000
2018	20,834,000
2017	30,002,000
2016	30,245,000
2015	26,428,000
2014	21,533,000
2013	13,265,000
2012	20,879,000
2011	20,735,000
2010	24,194,000
2009	(37,048,000)
2008	19,185,000
2007	20,492,000

*Note: Note 20. Investment Income attributes the increase to “realized gains” transfer.

Source: Consolidated Statement of Operations / Statement of Operations, SFU Consolidated Financial Statements.

D. Financial Assets and Investments

Operating Reserves

The Management Discussion and Analysis section of the 2024 SFU Annual Financial Report, explains that “The health of the university’s reserve is measured as Net Operating Assets (operating reserve) as a Percentage of Total Consolidated Revenue.” For SFU, a “positive operating reserve level of 4% to 9% of consolidated revenues is a reasonable operating reserve level” (page 15).

In 2009, as SFU recovered from the global financial crisis, it still met this level, at 4%. In 2020, SFU’s net operating assets as a percentage of total consolidated revenue was 6.3%, In 2022, it was 5.4%. In 2023, it was at 7%. SFU explained that maintaining larger reserves at 7% was good financial management: “It is prudent to maintain larger

reserves in periods of financial uncertainty and as the university faces increasing cost pressures the reserve has trended upward over the last few years” (page 19). Regardless of this, the ratio dropped in 2024 to 4.5%.

Total Financial Assets

Although SFU has described the financial markets over the last few years as “unusually volatile,” SFU has benefited - seen its investments grow through this market volatility.

SFU’s financial assets include 9 categories: cash and cash equivalents; accounts receivable; inventories for resale; due from related parties; pensions; portfolio investments; derivatives; investment in GNWCT; and investment in SFUCT. However, one category - portfolio investments - makes up the bulk of SFU’s financial assets. In 2024, portfolio investments made up 70% of total financial assets.

As the following Table indicates, portfolio investments grew from \$381.8 million in 2014 to \$642 million in 2022, and then dropped in value in 2023, recovering in 2024. Between 2014 and 2024, portfolio investments increased in value by 62%.

The value of SFU’s total financial assets has also grown considerably, over the last 11 years. In 2024, as the following Table illustrates, the value of SFU’s total financial assets is \$883.6 million. SFU reported a decline in the value of its total financial assets between 2022 and 2023 - total financial assets dropped in value by \$63.7 million in part because of new accounting practices (PS3280 Asset Retirement Obligations). In 2024, total financial assets have recovered to 2022 levels. Between 2020 and 2021 SFU saw a huge boost in the value of its total financial assets, a \$219 million increase.

Year	Portfolio Investments \$	Total Financial Assets \$
2024	619,175,000	883,561,000
2023	569,065,000	821,126,000
2022	641,983,000	884,780,000
2021	630,448,000	861,184,000
2020	479,947,000	642,525,000
2019	560,690,000	689,845,000

2018	480,289,000	621,955,000
2017	494,791,000	581,479,000
2016	440,585,000	544,464,000
2015	453,990,000	530,643,000
2014	381,785,000	469,023,000

Source: Consolidated Statement of Financial Position, SFU Consolidated Financial Statements.

E. Total Investments

Another measure of SFU’s robust financial health is the growth of its total investments. SFU’s investments include portfolio investments, discussed above, and endowment investments. Portfolio investments are “financial assets” while endowment investments are “non-financial assets” and are restricted.

The following Table indicates that SFU’s total investments have more than doubled in value between 2012 and 2024, from \$498.7 million to \$1.1 billion. In 2020, as the pandemic set in SFU’s total investments dropped in value, but rebounded in one year. Since 2021, SFU’s total investments are valued at more than one billion dollars.

When you look at SFU’s endowment monies in isolation you see significant growth. It is important to remember that the endowment is a non-financial asset - it is restricted and must be used in “accordance with purposes established by donors.” This means that SFU receives these donations which must be maintained “intact in perpetuity.”

As the following Table indicates, the endowment has grown significantly in value between 2012 and 2024, from \$236.1 million to \$520.4 million, or by 120%. The endowment took a big jump in one year from \$392.9 million in 2021 to \$470.6 million in 2022, a 19.8% increase in value. Clearly the last few years were good for SFU’s endowment. In 2024 fiscal year, the \$35 million increase in the value of SFU’s endowment enabled SFU to withdraw \$27 million from the endowment portfolio and make it “available to endowment holders to fund their activities” (page 18).

Year	Endowment \$	Total Investments \$
2024	520,400,000	1,140,575,000
2023	485,471,000	1,055,536,000
2022	470,610,000	1,113,593,000
2021	392,917,000	1,024,365,000
2020	380,756,000	861,703,000
2019	360,153,000	921,843,000
2018	336,711,000	818,000,000
2017	317,688,000	813,479,000
2016	302,870,000	744,455,000
2015	285,869,000	740,801,000
2014	263,191,000	644,976,000
2013	253,441,000	549,777,000
2012	236,114,000	498,738,000

Source: Note 8. or Note 7. Investments, SFU Consolidated Financial Statements.

Section 3: SFU Government Business Enterprises

The SFU Community Trust and Great Northern Way Campus Trust are SFU’s two government business enterprises. The SFU Community Trust is a significantly greater earner - makes far larger financial distributions - to SFU than the GNWCT.

It is difficult, however, to fully assess the financial advantage to SFU in operating these Trusts because SFU is unwilling to make the financial statements available for either of its businesses. What is in the public domain is only what is reported in the SFU Consolidated Financial Statements. Let’s have a look at the financial information available about SFU’s two businesses.

A. Great Northern Way Campus Trust

Great Northern Way Campus Trust Ltd. is a consortium of four academic institutions: SFU, UBC, BCIT, and Emily Carr University. It was established in 2021. SFU has a 25% proportionate interest in GNWCT. Great Northern Way Campus Ltd. is the trustee of the Great Northern Way Campus Trust. The Trust has two “principal activities” operating the Centre for Digital Media and revitalizing its land. As reported in SFU’s 2024 Consolidated Financial Statements in Note 9, GNWCT earns revenue from property management and property development of the land that was “80% gifted by Finning International Inc.” to SFU and the other academic institution that comprise the consortium (page 42).

Data available about the finances of GNWCT is found in Note 6 - Due from Related Parties - in 2015, 2018 and 2024 GNWCT distributed millions of dollars to SFU. The distribution in 2024 was the greatest ever at \$15.6 million. In other years the amounts due have been modest.

Year	Due from GNWCT \$
2024	15,554,000
2023	83,000
2022	83,000
2021	170,000
2020	280,000

2019	194,000
2018	6,563,000
2017	438,000
2016	434,000
2015	1,176,000

Source: Note 6. Due from Related Parties (Financial Summary), SFU Consolidated Financial Statements.

B. SFU Community Trust

The SFU Community Trust was established in 2002 by SFU to oversee planning and development of UniverCity on Burnaby Mountain. The SFU Community Trust is a taxable business trust and must pay income taxes on any taxable income not allocated to beneficiaries. The beneficiaries of the Trust are Simon Fraser University and its Foundation. The Foundation’s beneficiary is also the University. SFUCT financial statements are not available to the public.

SFU Community Trust, in partnership with private-sector developers, has built numerous residential buildings at UniverCity on leased land owned by SFU. The UniverCity website boasts that it is home to “5,000 residents and counting!”

The SFU Community Corporation, a company wholly owned by SFU and the Trustee of the SFU Community Trust, is governed by an independent Board of Directors. The longtime CEO and President of the SFU Community Trust, Gordon Harris, is gone. His 13 years as CEO ended in October 2020. The leadership structure of the Trust also seems to have changed. There is no longer a President/CEO listed on the Trust website. The 7-person Board acts as Trustee of the land owned by SFU and sets policy for the SFU Community Trust; shaping the development of UniverCity. The Chair of the SFU Community Trust is Barry Macdonald, a recently retired PricewaterhouseCoopers LLP Tax Services Partner. Martin Pochurko, VP Finance is also on the Board.

SFU’s Consolidated Financial Statements report on two pieces of financial information relevant to this Report: the total assets of the SFU Community Trust; and what is “Due from SFU Community Trust.” Total assets of the SFU Community Trust have increased in value over time. As the following Table indicates, in 2014, the Trust’s total assets were reported at \$54.3 million which climbed in value to \$82.4 million in 2021, a 51.7% increase. Notably the trust’s assets grew in value by \$10 million in one year, between 2020 and 2021. In 2023, the most recent year for which data is available, the SFU

Community Trust’s assets were valued at \$70.4 million after dropping in value to \$57 million in 2022.

Year	Total Assets \$
2023	70,362,000
2022	57,099,000
2021	82,352,000
2020	72,319,000
2019	75,862,000
2018	66,670,000
2017	68,045,000
2016	52,022,000
2015	57,621,000
2014	54,279,000

Source: Note 9. or 10. (Financial Summary) SFU Community Trust, SFU Consolidated Financial Statements.

SFU also reports transfers to the university from the SFUCT as “Due from Related Parties.” As the following Table indicates, the total amount due to SFU from the Trust was almost \$14 million in 2024 down from previous years and back to 2019 transfer levels. Year-over-year, SFU has seen a financial benefit from the SFU Community Trust of not less than \$12.2 million and as high as \$20.2 million.

Year	Due from SFUCT \$
2024	13,980,000
2023	17,400,000
2022	18,639,000
2021	17,477,000
2020	17,423,000
2019	13,023,000
2018	16,537,000

2017	12,281,000
2016	13,555,000
2015	13,492,000
2014	20,227,000

Source: Note 6. Due from Related Parties (Financial Summary), SFU Consolidated Financial Statements.

Section 4: SFU Foundation

The purpose of the SFU Foundation is to “encourage support for Simon Fraser University.” The Foundation reports revenue derived from rental and other income, interest income, donations and amortization of deferred capital contributions. The Foundation’s assets also include portfolio investments. The Foundation is exempt from income tax. BDO Canada LLP audits SFU Foundation’s financial statements.

In the last few years SFU has implemented a number of accounting and reporting charges, some required by government, others initiated by the university. Some of these changes include a shift to Consolidated Financial Statements from Financial Statements, and the adoption of PS3280 Asset Retirement Obligations and PS3400 Revenue. For more details see the January 2023 Tools for Bargaining Report.

SFU Foundation’s net financial assets, with the exception of the 2020 to 2023 period, are modest and have grown to \$453,090 in 2023, from \$104.6 million in 2017. SFU’s reporting about its Foundation’s finances could be more transparent. Following the paper trail regarding the Foundation’s net financial assets is confusing and changes from year-to-year are not really explained.

For example, in 2020 net financial assets increased in value by about \$10 million due to a donation from a trust to construct the Marianne and Edward Gibson Art Museum. This wasn’t recorded in 2020 as Net Financial Assets. Rather it was described as deferred revenue. The 2020 data was revised in the 2021 Foundation Consolidated Financial Statements and appears in the following Table as a revised entry. Recently, in 2023 Foundation Statements, in Note 3 the \$10 million donation and interest earned was redirected to Simon Fraser University (page 9).

Year	Net Financial Assets / Net Debt \$
2023	453,090
2022	10,861,912
2021	10,617,756
2020	10,411,042
2020	411,042
2019	156,810

2018	118,903
2017*	104,560
2016	(300,253)
2015	(597,558)
2014	(895,909)

*Note: In 2017, the SFU Foundation repaid in full a mortgage on its Verdant properties. Prior to that the Foundation was repaying its mortgage on the property and recorded a diminishing, but net debt. Source: Consolidated/Statement of Financial Position, SFU Foundation, Financial Statements.

The second piece of relevant financial information found in Foundation financial statements relates to the Trust’s accumulated surplus. As the following Table indicates, the Foundation’s accumulated surplus has grown steadily over more than a decade. Between 2012 and 2023, the Foundation’s accumulated surplus grew from \$2.6 million to \$4.6 million, or by 75%. The accumulated surplus declined in value between 2022 and 2023 by \$495,772. Note 7 accounts for this drop in the Foundation’s accumulated surplus due to an investment in TCA - tangible capital assets (page 11).

Year	Accumulated Surplus \$
2023	4,629,468
2022	5,125,240
2021	4,978,849
2020	4,849,445
2019	4,663,861
2018	4,652,004
2017	4,728,582
2016	4,419,414
2015	4,212,948
2014	3,005,383
2013	2,815,400
2012	2,644,575

Source: Consolidated/Statement of Financial Position, Simon Fraser University Foundation, Consolidated/Financial Statements.

Appendix A: Difference between FRF and PSAS

SFU, as well as other post-secondary institutions in BC, has diverged from the financial reporting framework adopted in 2012 by the BC government. Each year, since 2013, SFU has reported on this difference, in its Consolidated Financial Statements in Note 17c. Over the years, the Office of the Auditor General has publicly taken issue with universities regarding this matter. The AG favours Canadian Public Sector Accounting Standards (PSAS) and SFU and other universities favour FRF, or the Financial Reporting Framework.

SFU has not communicated in lay terms in its Annual Financial Report about this issue. Typically SFU talks about complex issues in accessible language in the “Management Discussion and Analysis” section of the Annual Financial Report. Regarding this matter, SFU has left it up to its Auditor, BDO Canada LLP, to report on these financial matters in its Consolidated Financial Statements, in accountant speak, in Note 2.a.

This accounting feud - FRF vs. PSAS - between SFU and the Office of the Auditor General results in a divergence of “opinion” about the value of SFU’s assets and surplus. The following Table illustrates the difference between FRF and PSAS as reported in the 2024 Consolidated Financial Statements. For example, the Annual Surplus is under reported by SFU by \$27.7 million; the difference between \$57.7 million and \$30 million.

2024	FRF	PSAS
Non-Financial Assets Deferred capital contributions	717,069,000	
Net Assets	1,322,117,000	2,039,186,000
Revenue Government grants and contracts Amortization of deferred capital contributions	465,520,000 32,789,000	526,019,000
Annual Surplus	29,963,000	57,673,000

Source: Note 17c Difference between FRF and PSAS, 2024 Consolidated Financial Statements.

Source Documents

- BC Government, Deficit Approval Letter to Martin Pochurko, Vice President, Finance and Administration, SFU, February 29, 2024.
- DeRosa, Katie. Vancouver Sun. "B.C. universities face budget cuts, staff layoffs as international student enrolment drops." February 12, 2024.
- SFU Consolidated Financial Statements/SFU Annual Financial Report, March 31, 2008 to March 31, 2024
- SFU Budget and Financial Plan / SFU Operating Budget & Financial Plan, 2013-14 to 2024-25
- SFU Foundation Consolidated/Financial Statements, March 31, 2012 to March 31, 2023
- SFU Investment Portfolio Carbon Footprint Document, VP Finance and Administration, 2022.
- SFU Open Session Board of Governors Meeting March 23, 2024 Document, including meeting agenda, minutes from various meetings, and numerous memos, 225 pages.
- SFU Provost and VP Academic, SFU website.
- univercity.ca, SFU Community Trust website.