SFU

ANNUAL FINANCIAL REPORT

MARCH 31, 2024

SFU acknowledges the xʷməθkʷəy̓əm (Musqueam), Sḵwx̱wú7mesh Úxwumixw (Squamish), səlilwətaɬ (Tsleil-Waututh), q̓íc̓əy̓ (Katzie), kʷikʷəƛ̓əm (Kwikwetlem), Qayqayt, Kwantlen, Semiahmoo and Tsawwassen peoples on whose traditional territories our three campuses reside.

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MESSAGE FROM THE PRESIDENT

Although we faced many challenges this past year, *What's Next: The SFU Strategy* provides a roadmap for our future and continues to guide our decision-making processes as we make progress towards our priorities. What's Next was approved in March 2023, after community input from our students, faculty, staff, alumni and community partners. The strategy outlines a new vision for the university and four priorities for our community to advance together in service of a more inclusive and sustainable future.

Four priorities represent our areas of collective focus and investment: We will uphold truth and Reconciliation, engage in global challenges, make a difference for B.C. and transform the SFU experience. Aligned with these priorities; we advanced student funding and living wage commitments; continued to build new student housing; the Marianne and Edward Gibson Art Museum and the First Peoples' Gathering House; and are working towards digital transformation initiatives to modernize our IT systems. Many more initiatives continue to move forward as well, to support the needs of our community.

This year, we also made internal changes to strengthen SFU's academic and research mission. This included appointing SFU's provost and vice-president academic, Dilson Rassier, as Chief Budget Officer to ensure that all financial decisions are considered through an academic, research and student-focused lens.

I am grateful to our entire community for advancing our university vision, and I look forward to what the future holds as SFU continues to make progress as a leading research university, advancing an inclusive and sustainable future.

Dr. Joy Johnson
President and Vice-Chancellor

MESSAGE FROM THE VICE PRESIDENT, FINANCE AND ADMINISTRATION

I am pleased to present SFU's Annual Financial Report for 2023–24.

I want to acknowledge that this is a challenging time for the post-secondary sector. However, our strategic planning and revenue-generation initiatives, complemented by a proactive approach to fiscal management, will ensure that SFU’s institutional vision and priorities are fully supported in the long term.

The 2023–24 fiscal year was challenging for universities across the sector, and SFU projected a revenue shortfall for due to external factors. We have moved quickly to address this deficit through proactive measures, including finding new revenue sources, budget reductions within each portfolio area and faculty, an administrative hiring freeze and restructuring areas of the university’s operations to increase efficiency and reduce duplication. These early adjustments have realized considerable cost-savings for the university, which helped reduce our projected deficit. We are grateful to the SFU community for their support as we work to ensure SFU’s long-term sustainability.

SFU's long-term financial outlook continues to remain stable. I am confident that we will emerge stronger together by making strategic decisions that prioritize our community's needs while strengthening our financial position.

Thank you for your continued dedication and support—our community is what makes SFU such a special place.

Martin Pochurko
Vice-President, Finance and Administration

SFU FAST FACTS

3 VIBRANT CAMPUSES

8 FACULTIES

31,900+
UNDERGRADUATES

5,700+
GRADUATES

CANADA'S FIRST
FAIR TRADE GOLD CAMPUS
(Fairtrade Canada and the Canadian Fairtrade Network)

#1 CANADIAN COMPREHENSIVE UNIVERSITY
Source: Maclean's University Rankings 2015-2023, 2008-2013

TOP 100
IN THE WORLD FOR GLOBAL IMPACT
Source: 2023 Times Higher Education Impact Rankings

#1 IN CANADA
FOR INNOVATIVE UNIVERSITY
(13th in the world)
FOR INDUSTRIAL APPLICATION
(20th in the world)
Source: 2023 World University Rankings for Innovation (WURI)

60+ RESEARCH CENTRES AND INSTITUTES

180,000+
ALUMNI

↓

145
COUNTRIES

FISCAL 2024 FACTS

$975 MILLION
TOTAL REVENUES

$2 BILLION
TOTAL ASSETS
(financial and non-financial)

$520 MILLION
ENDOWMENT CAPITAL

STRATEGIC PRIORITIES AND PROGRESS

Guided by our shared vision to be a leading research university advancing an inclusive and sustainable future, SFU invests in key projects aligned with the four priorities outlined in What's Next: The SFU Strategy.

TRANSFORM THE SFU EXPERIENCE

To achieve our priorities, we need to put students at the heart of all we do, create the conditions for faculty and staff to flourish and actively embrace possibilities and new ways of doing things.

Highlights

SFU continues to **enhance the student experience** by providing modern and affordable on-campus housing options with the opening of the new Courtyard Residence. This new residence features 369 single-occupancy rooms for first-year students and amenities to support student life, including open-air gathering spaces, a house lounge and kitchen, and 24/7 front desk support. The Courtyard Residence further celebrates the history of SFU's first residence, Madge Hogarth House, which opened in 1965. A garden named in Madge Hogarth's honour is designed to reflect local Indigenous culture and pays tribute to her legacy at the university.

The university maintains our commitment to **becoming a certified Living Wage Employer**. An Implementation Plan has been submitted to Living Wages for Families BC, following a phased approach to establish a living wage environment for employees and contractors. SFU has also concluded bargaining with several unions and associations, committing to pay a Living Wage and address gaps.

Enhancing the community experience through ongoing digital transformation continues and projects include the implementation of Microsoft 365 across all SFU-managed computers to promote greater collaboration and enable impactful research. This cloud-based platform provides powerful tools to enhance productivity and efficiency. As part of the move, by the end of 2024, faculty and staff will transition to Exchange Online, a cloud email system that fully supports academic, research and administrative work. SFU is also exploring automation to optimize resources, improve operations, and support SFU's future growth.

UPHOLD TRUTH AND RECONCILIATION

Simon Fraser University continues to advance reconciliation efforts and respond to the Calls to Action outlined in the 2017 Walk This Path With Us report. Construction continues on the First Peoples' Gathering House, which is anticipated to open in 2025. Through new spaces, resources, scholarships, representation, faculty hiring and leadership, SFU remains committed to reconciliation and supporting Indigenous students, faculty, and staff. There is still work to be done, and these steps are moving us in the right direction.

Indigenous Garden and Outdoor Classroom.

Highlights

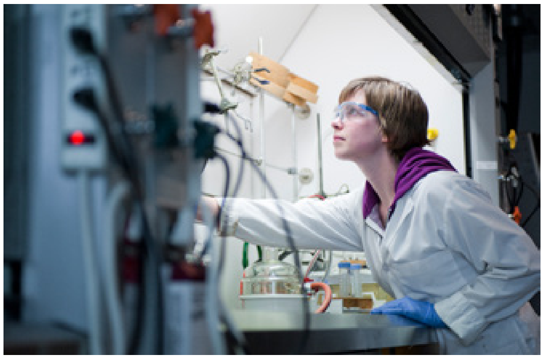
The **Indigenous Curriculum Resource Centre (ICRC)** space launched in Spring 2023. The ICRC supports decolonizing and Indigenizing course curriculum and pedagogy. It includes a physical collection of resources for instructors to borrow as well as an online resource guide.

SFU's new **Indigenous Garden and Outdoor Classroom** opened this year at the Burnaby campus. This welcoming place-based learning space honours Indigenous pedagogy and ways of knowing. The Garden is open to all SFU students, staff, and faculty as a space for learning, reflection, and healing. It was created to honour residential school survivors, intergenerational survivors, their families, and communities.

Strengthening **Indigenous staff recruitment and retention** remains a priority. In July 2023, the B.C. Human Rights Commissioner approved SFU's Special Program application, allowing the university to conduct a limited and preferential hiring of at least 15 Indigenous staff. Scholarships like the Aboriginal Student Entrance Award provide essential financial assistance for Indigenous students.

ENGAGE IN GLOBAL CHALLENGES

Through global partnerships, cross-disciplinary collaboration, and ground-breaking discoveries, SFU continues to tackle the most pressing issues facing our world. In 2023, we advanced key projects to accelerate clean energy innovation, studies in genetics, cancer cell behavior and responses, disease development and more.



$2.6+ MILLION IN NEW CIHR PROJECT GRANT FUNDING

Highlights

To support research-based PhD students in their work, SFU introduced the **PhD Research Scholarship** in the summer of 2023. This $5,400 annual award is available to eligible PhD students within their first four years of study. SFU recognizes that graduate students make valuable contributions to research and knowledge, and this scholarship demonstrates the university's commitment to providing funding and support for research students.

Biomedical research at SFU received a boost in the 2023–24 fiscal year thanks to over **$2.6 million in new CIHR Project Grant funding**. The Project Grant funding will support various research projects proposed and conducted by individual researchers or groups of researchers in the Faculty of Science. The funded projects are focused on advanced studies in genetics, cancer cell behavior and responses, and disease development. This support will propel SFU's world-leading health and life sciences research and improve health outcomes in Canada and beyond.

MAKE A DIFFERENCE FOR B.C.

SFU continues to invest in projects that will transform the lives of people in British Columbia.

Highlights

While several approvals are still required, including by the SFU Board of Governors and Senate, SFU is making progress toward **establishing its first medical school** and several key milestones were achieved in the 2023–24 fiscal year to bring this vision closer to reality. In Budget 2024, the British Columbia government reaffirmed its commitment to provide funding for the SFU School of Medicine. This investment will cover all expenses needed to prepare for the school's first incoming class in 2026. The government's ongoing support marks a key step forward in SFU's mission to deliver socially accountable medical education focused on the health needs of B.C. communities.

Community engagement brings the university and local communities together through impactful projects and partnerships. In 2023, **SFU provided grants for 23 projects** developed jointly by SFU staff, faculty, and community partners to support efforts that create positive change. Funded projects included a scholarship for equity-seeking leaders, an Indigenous-led event decolonizing academic research, cleaner air workshops, support for accessible learning and more.

The B.C. Centre for Agritech Innovation (BCCAI), led by Simon Fraser University, recently announced funding for 13 new projects aimed at **strengthening food production** in British Columbia. These projects demonstrate SFU's commitment to agriculture and will help build a robust agritech ecosystem in the province, benefiting businesses, communities, and food system sustainability. The BCCAI brings together universities, businesses, and government to find solutions to challenges in B.C.'s agriculture sector.

Other investments include continued construction on the Marianne and Edward Gibson Art Museum at Burnaby campus, in addition to supporting initiatives and partnerships that bring SFU researchers and the community together.

MANAGEMENT DISCUSSION AND ANALYSIS

(unaudited)

Cautionary note on forward-looking statements

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.

ABOUT SFU

Simon Fraser University (the university, SFU) is a post-secondary institution with campuses in Burnaby, Vancouver and Surrey, British Columbia. The university operates under the University Act of British Columbia and in accordance with the mandate provided by the Ministry of Post-Secondary Education and Future Skills (the Ministry). SFU is governed by the Board of Governors, the majority of which are appointed by the Province of British Columbia, and the academic governance of SFU is vested in the Senate. The university operates under the mandate provided by the Ministry.

SFU is a comprehensive university that offers a wide range of undergraduate, graduate and continuing education programs. The university is focused on the pursuit of its academic and research missions which are outputs of the university's long-term strategic plan outlined in *What's Next: The SFU Strategy*. The university has established a new budget model that is more connected to its academic mission. Multi-year projections have been prepared to assess long-term financial sustainability. This revised planning process brings enhanced financial scrutiny, investment in systems, ongoing savings and efficiency and stronger reporting and oversight to support an excellent teaching, research, learning and work environment. The annual budget process informed by *What's Next: The SFU Strategy* works within the mandates established by the Province of British Columbia. The process culminates in the submission of the budget to the Board of Governors for approval prior to the start of the new fiscal year. Additional information can be found in SFU's fiscal 2024–25 Budget and Financial Plan.

CONTEXT OF FINANCIAL ACCOUNTABILITY

SFU is part of the Government Reporting Entity (GRE) of the Province of British Columbia, and as such, is required to present its financial statements on the same basis as the provincial government. Those standards are based on Canadian Public Sector Accounting Standards (PSAS) issued by the Public Sector Accounting Board of Canada (PSAB) as described in Note 2 of the Consolidated Financial Statements. The Ministry requires SFU to maintain a balanced budget and the university may not take on additional debt without the approval of the Ministry.

The university is committed to financial accountability, and allocating and utilizing resources based on the university's strategic priorities. Empowerment of university personnel is key to achieving financial targets. Personnel are provided with accessible, reliable and relevant information, as well as are equipped with business processes and financial transaction procedures to effectively manage finances. Internal controls, established by management in the context of their roles, supports internal oversight and accountability structures in place to support assurance of reliable and effective financial operations and financial reporting.

OPERATING ENVIRONMENT

Post-secondary education is an increasingly competitive sector where universities compete to attract top students, faculty and staff from around the world. The majority of SFU's revenue is earned by delivering on its core academic mission which results in tuition revenue from domestic and international students along with an operating grant from the Province of British Columbia.

The Province of British Columbia has mandated that annual tuition increases for domestic students are capped at 2%. Tuition rates for international students are determined by the global supply and demand for education. The Provincial operating grant is for credit courses for eligible students that the Ministry sets targets for (Full Time Equivalent domestic undergraduate and graduate students including co-op students). In January 2024, the federal government announced a cap on international student visa permits for a period of two years. The full implications of these restrictions remain uncertain.

Expanding research and related services is one of SFU's core priorities. SFU faculty members, supported by the university, compete for research funding with other post-secondary institutions. The level of research funding received each year can vary considerably depending on the research priorities of sponsors and the success rate of SFU's research proposals.

SFU offers a range of ancillary services to enhance the student experience, such as student housing, dining and parking that provide additional revenue sources for the university. The university receives funds from donors and corporations to support activities such as funding bursaries and scholarships, or specific projects which are considered restricted as those funds may only be used for the purposes outlined by the contributor. SFU maintains an endowment fund where donors can make contributions that are invested in perpetuity to support programs and activities within the university. Each year, a portion of the income earned on endowment funds is made available for spending with the residual being maintained in the endowment fund to support future growth.

The Annual Surplus has two components, namely the surplus or deficiency of annual revenues over expenses from all activities related to academic program delivery, research and community engagement, which is reported as the Annual Surplus/Deficit from Operations (unrestricted surplus) and Net Restricted Endowment Contributions (restricted surplus) which increase SFU's endowment fund.

Management may allocate a portion of the unrestricted surplus toward the acquisition and renewal of capital assets which is recognized in the Investment in Tangible Capital Assets portion of Net Assets. The costs of building and maintaining physical assets is significant, SFU does not generate sufficient unrestricted surplus to fund large capital projects on its own. When SFU constructs a new building, SFU will contribute a portion of the funding along with a combination of funding sources including provincial and federal governments, and corporate and non-corporate donors. The Ministry also provides an annual grant, that is combined with funds from SFU, to complete deferred maintenance projects.

SFU maintains cash and liquid assets to meet short-term obligations such as operating expenses and planned capital expenditures. The university invests the remaining funds to support long-term obligations. These invested funds are managed by professional investment managers.

HIGHLIGHTS OF FINANCIAL HEALTH

A comprehensive perspective of the university's financial health is provided in this unaudited Management Discussion and Analysis (MD&A). SFU's financial health is based on its ability to meet statutory requirements, to save for the future, and to manage long-term obligations.

At the end of fiscal 2023–24:

- Annual Deficit from Operations is $5.0 million;
- Net Assets remains within the target range of 4-9%;
- Spendable Cash to Debt exceeds target ratio of 2.0; and
- Endowment net assets grew by $34.9 million to reach $520.4 million.

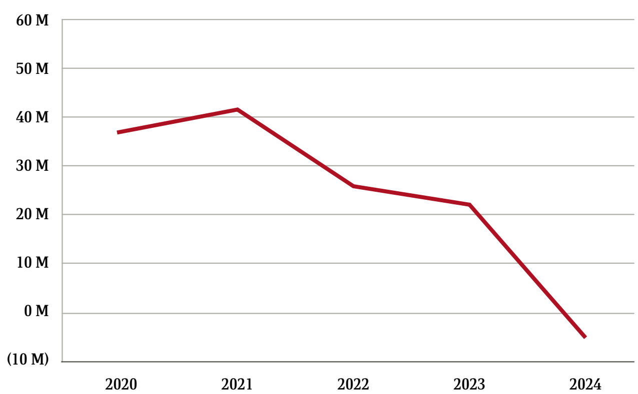
The Financial Health Overview and Comparative Information sections of this report provide further information.

FINANCIAL HEALTH OVERVIEW

1. Annual Surplus/Deficit from Operations

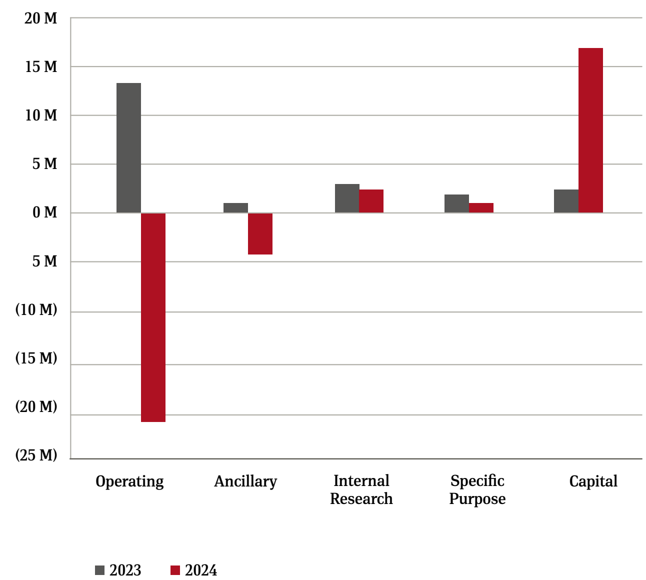
SFU strives to generate sufficient revenue to fund operating commitments for academic program delivery and university administration, as well as research, community engagement and strategic initiatives. In surplus years, excess funds are allocated to support operational improvements and infrastructure renewal that is essential for the university to achieve its vision.

Annual Surplus/Deficit from Operations



In fiscal 2024, the university realized an Annual Deficit from Operations of $5 million compared to a surplus of $22.2 million in fiscal 2023. To ensure long-term financial sustainability and a balanced budget, SFU has implemented several cost-saving measures, including budget reductions within each portfolio area and faculty, an administrative hiring freeze and restructuring areas of the university's operations to increase efficiency and reduce duplication. The annual deficit from operations includes an accrual for restructuring initiatives approved by the Board. SFU also continues to explore new forms of revenue generation and efficiencies and to strategically allocate resources to ensure our institution's long-term financial stability and growth. These measures helped to reduce the projected year-end deficit from previous projections. Expenses grew 12.3% outpacing revenue growth of 9%. The university's revenue growth has been negatively impacted by declining international enrolments and losses on divestments from fossil fuels, while high inflation has contributed to increasing operating expenses.

Annual Operating Results by Fund



The Annual Deficit from Operations is driven by $21 million and $4 million net deficits in the Operating fund and Ancillary funds respectively. This was mitigated by surpluses of $3 million in Specific Purpose and Internal Research, as well as $17 million in the Capital fund. The surplus in the Capital fund is primarily driven by transfers from Operating and Ancillary funds, which are allocated to cover costs for crucial infrastructure and deferred maintenance projects aimed at sustaining support for students and faculty.

The cost-saving measures implemented in fiscal 2024 will ensure financial stability and a balanced financial position in the future.

Revenue Growth and Diversification

Revenues by Fiscal Year

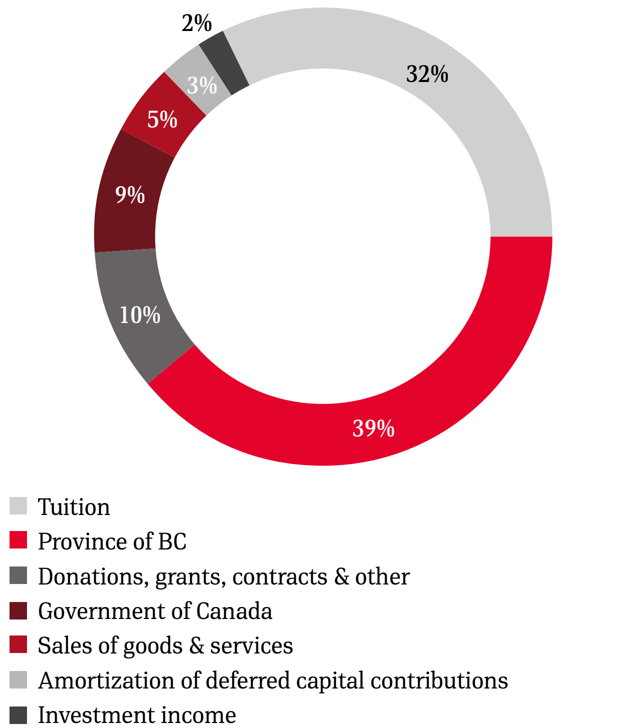
Dollars in Millions	2024	2023
Provincial Operating Grant	343.3	231.6
Other Grants and Government Contracts	122.2	102.2
Tuition	315.4	315.8
Sale of Goods and Services	47.9	39.8
Donations, Non-Government Grants & Contracts	74.2	71.1
Investment Income	21.1	70.9
Amortization of Deferred Capital Contributions	32.8	35.8
Other Revenue	18.6	27.9
Total	**975.5**	**895.1**
Year-over-year growth	9.0%	4.3%

Revenues increased by 9% in fiscal 2024, primarily driven by additional provincial operating grant for strategic program growth and salary settlements negotiated under the current Public Sector Bargaining Mandates & Agreements. Revenues earned from other grants and government contracts increased $20 million to fund increased research and specific purpose activities. These grants and contracts are critical to the university's financial health as they increase the university's impact by supporting research and other initiatives, that would otherwise need to be funded through SFU's limited unrestricted operating funding. SFU had higher sales of goods and services as the university welcomed more students to live on campus with the completion of a student housing project and more in-person activity on campus.

The Provincial operating grant and tuition are the primary sources of revenue for delivering credit courses and administration, and accounted for 71% of SFU's revenues in fiscal 2024.

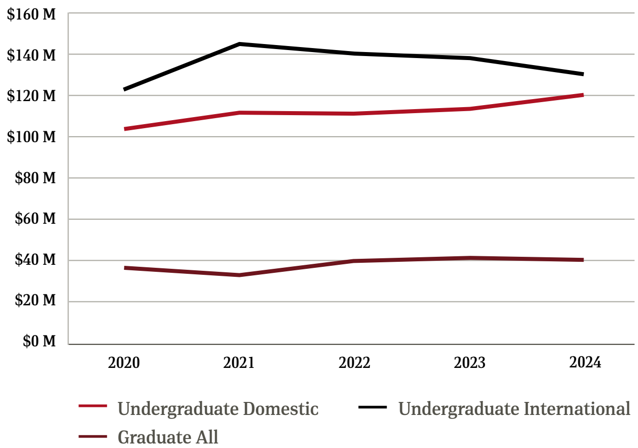
SFU reported investment income of $21 million in fiscal 2024 including a $20 million loss from the settlement of fixed income investments as the university continues its commitment to divest from fossil fuels. This divestment loss is a one-time loss and does not impact the on-going operations of the university.

Revenue Diversity



Revenue growth and diversification is essential to ensure that the university can fund its operating expenses and generate a surplus in support of future initiatives. With the softening of international enrolments, the university is moving forward on several revenue-generating initiatives including a refreshed international recruitment strategy and an institutional international strategy to better coordinate international research, engagement, advancement and recruitment activities. Other initiatives include exploring the potential for developing micro-credential programs, creating new programs and growing existing auxiliary revenues.

Credit Tuition Revenue by Type



Tuition revenue remained flat in fiscal 2024 as tuition increases were offset by declining international enrolments. SFU has consistently exceeded the Province of British Columbia's domestic enrolment targets. While domestic student numbers have grown in recent years, international enrolments have fallen, largely due to geopolitical events. It is anticipated that demand for domestic enrolments will continue to be strong as job growth in British Columbia is expected to be robust over the next 10 years and many of these new jobs will require post-secondary education or training. SFU is strategically directing its future growth towards programs that align with the Ministry's mandate, including planning and preparing for a new medical program.

International enrolments at SFU peaked in fiscal 2021 and have declined in the subsequent years as a result of the pandemic and other geopolitical events. Historically, the university has been effective at attracting and retaining international undergraduate students due to the high global demand for university education, SFU's international reputation and the desirable location of Metro Vancouver. The onset of the pandemic softened the demand for international education. Geopolitical events have created uncertainty and have contributed to escalating inflation that has increased the costs of studying abroad for international students. The federal announcements concerning a cap on international student visa permits may introduce additional challenges. The full implications of these restrictions remain uncertain. As a result, international enrolment is expected to continue to track lower than previous years but SFU is moving forward on several revenue-generating initiatives including a refreshed international recruitment strategy and an institutional international strategy to better coordinate all international research, engagement, advancement and recruitment activities.

Expense Management

SFU manages its financial expenditures through a system of setting goals and allocating budgets within the confines of the university's available revenue. When revenue falls short of expectations, the university can respond by reducing certain activities or by deferring discretionary expenditures. To manage rising expenses, the university implemented several cost-saving measures, including fiscal restraint across all units and an administrative hiring freeze.

Expenses by Fiscal Year

Dollars in Millions	2024	2023
Salaries	563.1	484.2
Employee Benefits	101.0	80.8
Supplies and Other Operational Expense	71.6	77.7
Amortization of Tangible Capital Assets	76.6	79.2
Professional Fees and Contracted Services	67.1	59.0
Scholarships and Bursaries	54.4	51.1
Travel and Personnel	18.9	15.6
Cost of Goods Sold	2.5	2.6
Interest on Debt	11.2	9.2
Utilities	14.0	13.5
Total	**980.4**	**872.9**
Year-over-year growth	12.3%	4.9%

Expense grew 12.3% from the previous year, exceeding the rate of revenue growth. Salaries increased as a result of salary settlements negotiated under the current Public Sector Bargaining Mandates & Agreements, general wage increases, and progression through the ranks. Employee benefits increased 25.0% in fiscal 2024 reflecting increases to health care premiums and increased costs of providing post-employment benefit programs as the result of wage increases. Salaries and employee benefits comprise approximately 68% of expenses, and have increased 18% from the prior year.

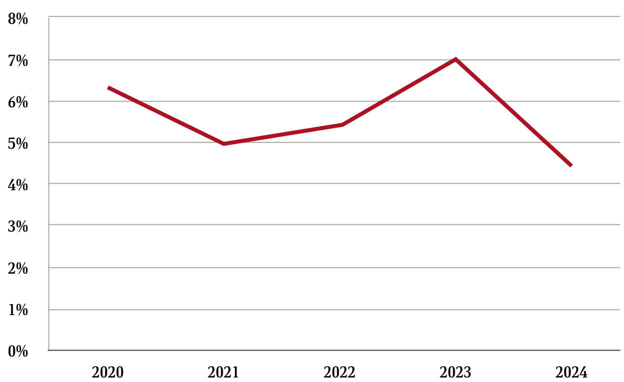
Non-salary related expenses increased slightly by 2.7%, in part due to rising inflation and higher professional fees and contracted services. The increase was mitigated by a reduction in supplies and other operating expense as the university implemented cost-saving measures to reduce the operating deficit.

2. Net Assets

Most of the university's net assets are restricted and are designated either for investment in tangible capital assets or for the endowment fund. Maintaining an unrestricted surplus is essential to protect operations from variability in revenue and expenses, and to fund commitments not completed by fiscal year end. At the same time, such reserves should not be excessive. The health of the university's reserve is measured as Net Operating Assets (operating reserve) as a Percentage of Total Consolidated Revenue. A positive operating reserve level of 4% to 9% of consolidated revenues is a reasonable operating reserve level for SFU.

The university's ratio is currently at 4.5%, which is within the target range. While the net operating assets is trending lower, it is expected that the cost containment initiatives will allow the university to maintain its ratio within the desired target range of 4 to 9%.

Net Operating Assets as a Percentage of Total Consolidated Revenues



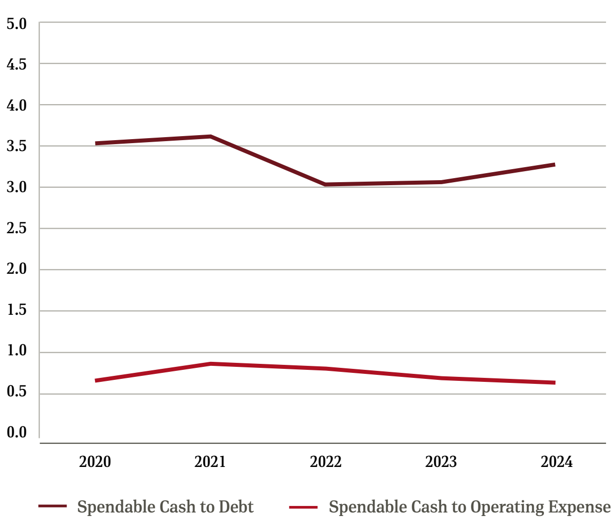
3. Long-Term Obligations

An important indication of financial health is the ability to meet long-term obligations. SFU's operations must generate sufficient cash flow to cover annual expenses and contribute to the repayment of long-term debt, to meet future employee benefit obligations and to fund deferred maintenance projects.

Capital markets utilize independent credit rating agencies to assess an organization's ability to manage debt. Moody's Investors Service has provided a credit rating of Aa1 with a negative outlook on SFU's senior unsecured debt. This rating is the highest among SFU's comprehensive university peers, as assessed by Moody's Investors Service.

The following graph shows SFU's ratio of spendable cash and investments (excluding endowments) to total debt, and SFU's ratio of spendable cash to expense. The ratio of spendable cash to expense remained consistent at 0.7 during the year and spendable cash to debt continues to exceed the target ratio of 2.0.

Spendable Cash to Debt and Spendable Assets Coverage Ratio



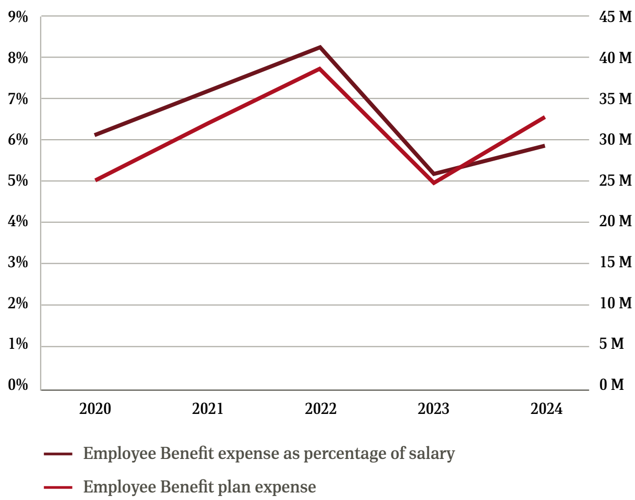
The university invests its excess liquidity with a goal of achieving strong returns over the long-term. SFU's investment portfolio includes financial instruments, the fair value of which is impacted by changes in financial markets. Financial markets have been unusually volatile over the past few years, however during fiscal 2024 many asset classes experienced gains, while at the same time inflation increased substantially. The university did not incur additional debt in 2024.

Employee Benefits

SFU offers a range of post-employment benefit plans for current faculty and staff, including pension plans for the Administrative/Union Staff and additional non-pension retiree benefits, early retirement benefits and long-term disability benefits. These plans create obligations for the university to meet future funding commitments. Plan expenses recognized in the Consolidated Statement of Operations are impacted by actuarial valuations and can vary considerably from year-to-year. The total expense to provide these benefits in fiscal 2024 was $32.5 million, an increase from $24.9 million in the prior year.

The university administers formula retirement benefit (FRB) plans for administrative staff and for certain retired faculty members. On an annual basis, the actuary determines the annual accounting expense which is based on the annual service cost to support faculty and staff members and actuarial gains and losses for the year. The expenses for these plans increased by $9.3 million from the prior year.

Post-Employment Benefit Expense



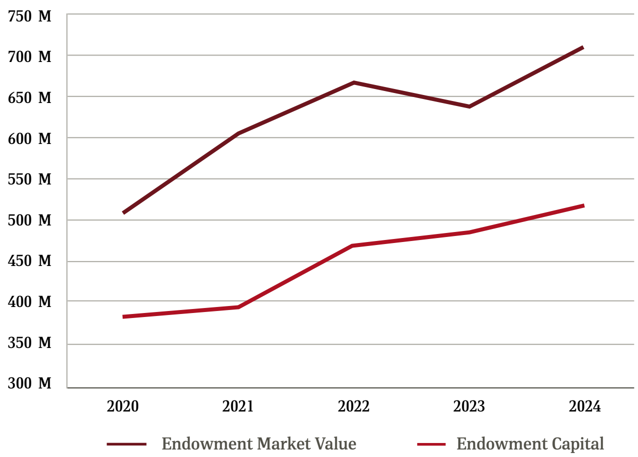
Members of the academic staff participate in the College Pension Plan of British Columbia which is a multi-employer pension plan. As the investment holdings of this plan are pooled and cannot be attributed to individual sponsors, SFU accounts for this plan using defined contribution accounting and recognizes its contributions to the plan as expense. As a result, expense recognized in the Consolidated Statement of Operations for this plan are predictable and was $17.5 million in calendar year 2023.

Long-term disability benefits expenses are fully recognized in the year in which the event occurs. As an event-driven compensated absence benefit, immediate recognition results in greater variances and less predictability year to year as the number and nature of claims occur. Expenses for Non-pension Retiree Benefit, Early Retirement, and Long-term Disability plans decreased by $1.9 million in the year.

4. Endowment Growth

The university holds endowment and non-endowment investments. The growth of University's endowment fund is an important financial health indicator because the endowment investment portfolio assures reliable funding for the long-term for donor-directed purposes, now and in perpetuity.

Endowment Growth



Endowment capital increased by 7.2% to $520.4 million at end of fiscal 2024, continuing a strong growth in endowments over the past several years.

SFU's endowment portfolio include financial instruments, the fair value of which are impacted by changes in financial markets. The combined income on the fund is composed of realized income, which includes interest and dividends on fixed income and equity investments, as well as unrealized income, which is the change in fair value of investments during the year. Endowment portfolio earnings were $70.0 million in fiscal 2024, compared to $1.0 million in fiscal 2023.

Each year, the annual spending allocation is withdrawn from the endowment portfolio and made available to endowment holders to fund their activities. During fiscal 2024, $27 million was withdrawn compared to $26 million in the previous year.

COMPARATIVE FINANCIAL INFORMATION

The following tables summarize SFU's financial results, variance analysis compared to prior year and compared to budget.

Dollars in Thousands	Ref	Budget	2024	2023
Revenue				
Government grants and contracts				
Province of British Columbia	1	286,638	374,637	296,025
Less: portion restricted for capital				(44,000)
Government of Canada	2	61,221	84,547	77,883
Other governments		3,392	6,336	3,892
Tuition				
Credit courses	3	299,712	290,394	291,932
Non-credit courses and other student fees		26,544	25,024	23,840
Sales of goods and services	4	45,662	47,862	39,819
Donations, non-government grants and contracts	5	58,151	74,182	71,137
Investment income	6	30,715	20,235	71,440
Investment income - Great Northern Way Campus Trust			838	(571)
Amortization of deferred capital contributions		37,250	32,789	35,781
Other revenue	7	14,680	18,611	27,871
		863,965	**975,455**	**895,049**
Expense				
Salaries	8	473,525	563,074	484,168
Employee benefits	9	93,501	100,973	80,824
Supplies and other operational expense	10	68,781	71,715	77,684
Amortization of tangible capital assets (note 16c)		79,097	76,570	79,159
Professional and contracted services	11	51,027	67,052	58,954
Scholarships and bursaries	12	49,224	54,412	51,141
Travel and personnel	13	15,126	18,884	15,648
Cost of goods sold		2,567	2,497	2,608
Interest on long-term debt		11,138	11,211	9,213
Utilities		13,799	14,033	13,465
		857,785	**980,421**	**872,864**
Annual (Deficiency) Surplus from Operations		**6,180**	**(4,966)**	**22,185**

Summary of Variances to Prior Year

Ref	Revenue/Expense Category	Year over Year Actual Variance	Description of Variance
1	Province of British Columbia	122,612	Provincial grants in fiscal 2024 included funding for general wage increase and one-time retroactive payment associated with the Shared Recovery Mandate, as well as funding for the SFU Medical School. Prior year's provincial grant was net of an operating grant restriction for capital purposes.
2	Government of Canada	6,664	The positive variance related to the execution of research and specific purpose projects and contributed to corresponding increases in salaries and professional and contracted services.
4	Sales of goods and services	8,043	The positive variance was due to increased on-campus activities including residence and dining housing fees, parking fees and income from ceremonies and events.
6	Investment income	(51,205)	SFU incurred a loss of $20M associated with the divestment from fossil fuels in fiscal 2024. In prior year SFU realized a $26M gain on settlement of a derivative.
7	Other revenue	(9,260)	Prior year's revenue was higher due to a one-time gain of $10M from discharging an option to purchase a lot in Surrey.
8	Salaries	(78,906)	Salaries were higher in fiscal 2024 due to general wage increase and retroactive payment associated with the Shared Recovery Mandate and the collective agreements, as well as increments related to career progression and step increases.
9	Employee Benefits	(20,149)	Increases in general wage, pension and benefit premium rates contributed to higher overall benefit costs in fiscal 2024.
10	Supplies and other operational expenses	5,969	The positive variance was due to decreased purchase of supplies and materials in response to fiscal restraints. Prior year's expenses included costs associated with specific non-recurring programs.
11	Professional and contracted services	(8,098)	Increase in contracted services was due to the Courtyard Residence opening in spring of 2023 and the living wage initiative.
12	Scholarships and bursaries	(3,271)	SFU implemented a new PhD funding program in the fall of 2023.
13	Travel and personnel	(3,236)	Travel and associated activities continued to increase since the lifting of pandemic-related restrictions.

Summary of Variances to Budget

Ref	Revenue/Expense Category		Description of Variance
1	Province of British Columbia	87,999	Provincial grants in fiscal 2024 included funding for general wage increase and one-time retroactive payment associated with the Shared Recovery Mandate. There was also larger than expected revenues related to the Specific Purpose fund.
2	Government of Canada	23,326	The favorable variance was due to larger than anticipated Sponsored Research grant revenues from increased research activities.
3	Student fees credit courses	(9,318)	International enrolment levels fell short of target due to ongoing geopolitical uncertainaties and visa challenges. However, increased domestic undergraduate student enrolment mitigated the impact.
5	Donations, non-government grants and contracts	16,031	Specific Purpose and Research funds received larger than anticipated grants, which also contributed to increased compensation cost and professional contracted services expenses.
6	Investment income	(10,480)	The unfavorable variance was due to a loss from the execution of the Fossil Fuel Divestment Plan, which was partly mitigated by greater than anticipated investment gains.
8	Salaries	(89,549)	Salaries were higher due to an increase in general wages and retroactive payments associated with the Shared Recovery Mandate. Additionally, Specific Purpose and Research funds incurred higher than expected salary costs due to increased activities.
9	Employee benefits	(7,472)	The unfavorable variance was primarily driven by increase in salaries.
11	Professional Contracted Services	(16,025)	Contracted Services included living wage initiative, and higher than anticipated legal fees and technical support for IT projects. Specific Purpose and Research funds also incurred additional costs in this category.

CONSOLIDATED FINANCIAL STATEMENTS

STATEMENT OF MANAGEMENT RESPONSIBILITY

The university is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it. The regulations require the consolidated financial statements to be prepared in accordance with Canadian Public Sector Accounting Standards except that the contributions received or receivable by the university for the purpose of acquisition of tangible capital assets are accounted for as deferred capital contributions as described in note 2c(v) of the consolidated financial statements. The consolidated financial statements present the financial position of the university as at March 31, 2024 and the results of its operations, changes in net financial assets, remeasurement gains and losses, and its cash flows for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the university has developed and maintains a system of internal controls designed to provide reasonable assurance that university assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of the consolidated financial statements.

The Board of Governors carries out its responsibility for review of the consolidated financial statements and oversight of management's performance of its financial reporting responsibilities principally through the Board's Audit Committee. The Committee members are neither officers nor employees of the university.

The Committee meets with management, the internal auditor and the external auditors to discuss the results of the audit and other financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of management.

The audited consolidated financial statements for the year ended March 31, 2024 have been reported on by BDO Canada LLP. The Independent Auditor's Report outlines the scope of the examination and provides the firm's opinion on the presentation of the information in the statements in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Burnaby, BC
May 23, 2024

[signed]

Dr. Joy Johnson
President and Vice-Chancellor

[signed]

Martin Pochurko
Vice-President,
Finance and Administration

Tel: 604 688 5421
Fax: 604 688 5132
vancouver@bdo.ca
www.bdo.ca

BDO Canada LLP
Unit 1100 - Royal Centre
1055 West Georgia Street
Vancouver BC V6E 3P3 Canada

Independent Auditor's Report

To the Board of Governors of Simon Fraser University, and
To the Minister of Post-Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of Simon Fraser University and its controlled entities (the "Consolidated Entity"), which comprise the Consolidated Statement of Financial Position as at March 31, 2024, and the Consolidated Statements of Operations, Remeasurement Gains and Losses, Changes in Net Financial Assets (Net Debt), and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Consolidated Entity as at and for the year ended March 31, 2024 are prepared, in all material respects, in accordance with the accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia (the "Act").

Basis for Opinion

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the consolidated financial statements which describes the basis of accounting. The consolidated financial statements are prepared in order for the Consolidated Entity to meet the reporting requirements of the Act referred to above. Note 17 to the Consolidated Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information, other than the consolidated financial statements and our auditor's report thereon, included in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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

Management is responsible for the preparation of the consolidated financial statements in accordance with the Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 24, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2024

Dollars in Thousands	Note	2024	2023
Financial Assets			
Cash and cash equivalents	4	49,167	54,009
Accounts receivable	5	64,367	56,636
Inventories for resale		455	957
Due from related parties	6	29,534	17,483
Pensions	7	112,208	97,279
Portfolio investments	8	619,175	569,065
Investment in government business enterprises	9	8,655	25,697
Total Financial Assets		**883,561**	**821,126**
Liabilities			
Accounts payable and accrued liabilities	10	174,124	142,404
Employee future benefits	11	70,534	78,465
Debt	12	203,404	202,626
Deferred tuition		27,912	27,137
Asset retirement obligations	13	25,948	27,413
Deferred revenue	14	253,420	230,567
Deferred lease proceeds	15	162,598	154,238
Total Liabilities		**917,940**	**862,850**
Net Debt		**(34,379)**	**(41,724)**
Non-Financial Assets			
Tangible capital assets	16	1,543,879	1,492,212
Less: deferred capital contributions	17	(717,069)	(689,359)
Restricted investments	8	521,400	486,471
Prepaid expense		7,563	6,815
Inventories held for use		723	677
Total Non-Financial Assets		**1,356,496**	**1,296,816**
Net Assets	18	**1,322,117**	**1,255,092**
Net Assets is comprised of			
Internally restricted for operating commitments		86,131	108,163
Investment in tangible capital assets		619,814	602,748
Endowment		520,400	485,471
Accumulated Operating Surplus		**1,226,345**	**1,196,382**
Accumulated Remeasurement Gains		95,772	58,710
Net Assets		**1,322,117**	**1,255,092**

The accompanying notes are an integral part of these consolidated financial statements.

Approved on behalf of the Board of Governors:

[signed]

Angie Lamarsh
Chair, Board of Governors

[signed]

Neelam Sahota
Chair, Audit Committee

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2024

Dollars in Thousands	Note	Budget Note 27	2024	2023
Revenue				
Government grants and contracts	19			
Province of British Columbia		286,638	374,637	296,025
Less: portion restricted for capital	19			(44,000)
Government of Canada		61,221	84,547	77,883
Other governments		3,392	6,336	3,892
Tuition				
Credit courses		299,712	290,394	291,932
Non-credit courses and other student fees		26,544	25,024	23,840
Sales of goods and services		45,662	47,862	39,819
Donations, non-government grants and contracts		58,151	74,182	71,137
Investment income	20	30,715	20,235	71,440
Investment income - Great Northern Way Campus Trust	9b		838	(571)
Amortization of deferred capital contributions	17	37,250	32,789	35,781
Other revenue		14,680	18,611	27,871
		863,965	**975,455**	**895,049**
Expense				
Instruction		590,641	635,998	565,336
Research		123,727	154,640	147,359
Specific purpose and trust		67,655	102,509	84,215
Facilities		50,870	60,688	52,215
Community engagement		24,892	26,586	23,739
	21	**857,785**	**980,421**	**872,864**
Annual (Deficiency) Surplus from Operations		**6,180**	**(4,966)**	**22,185**
Net restricted endowment contributions	22	23,700	34,929	14,861
Annual Surplus		**29,880**	**29,963**	**37,046**
Accumulated Surplus, Beginning of Year		1,196,382	1,196,382	1,159,336
Accumulated Surplus, End of Year		**1,226,262**	**1,226,345**	**1,196,382**
Annual Surplus was allocated to (decrease) increase Net Assets				
Internally restricted for operating commitments			(22,032)	19,645
Investment in tangible capital assets	18		17,066	2,540
			(4,966)	**22,185**
Endowment	22		34,929	14,861
Annual Surplus			**29,963**	**37,046**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31, 2024

Dollars in Thousands	2024	2023
Accumulated Remeasurement Gains, Beginning of Year	**58,710**	**101,007**
Unrealized Gains (Losses) Attributable to		
Portfolio investments	25,685	(245)
Designated fair value financial instruments	2,087	(1,650)
Foreign currency translation	321	406
Realized (Gains) Losses Reclassified to Consolidated Statement of Operations		
Portfolio investments	(11,523)	(16,612)
Designated fair value financial instruments	20,235	(24,822)
Foreign currency translation	257	626
Increase (Decrease) in Accumulated Remeasurement Gains for the Year	**37,062**	**(42,297)**
Accumulated Remeasurement Gains, End of Year	**95,772**	**58,710**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET DEBT

For the year ended March 31, 2024

Dollars in Thousands	Note	Budget Note 27	2024	2023
Annual Surplus		**29,880**	**29,963**	**37,046**
Net restricted endowment contributions	22	(23,700)	(34,929)	(14,861)
Net effect of remeasurement gains (losses)		9,260	37,062	(42,297)
		(14,440)	**2,133**	**(57,158)**
Acquisition of tangible capital assets	16	(116,300)	(128,237)	(169,155)
Amortization of tangible capital assets	16	79,097	76,570	79,159
Deferred capital contributions	17	34,419	60,499	89,894
Amortization of deferred capital contributions	17	(37,250)	(32,789)	(35,781)
		(40,034)	**(23,957)**	**(35,883)**
Net effect of prepaid expense		2,714	(748)	8,010
Net effect of inventories held for use		(18)	(46)	(101)
		2,696	**(794)**	**7,909**
Increase (Decrease) in Net Debt in the Year		**(21,898)**	**7,345**	**(48,086)**
Net (Debt) Financial Assets, Beginning of Year		(41,724)	(41,724)	6,362
Net Debt, End of Year		**(63,622)**	**(34,379)**	**(41,724)**

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2024

Dollars in Thousands	2024	2023
Operating Transactions		
Annual surplus	29,963	37,046
Items not involving cash		
Amortization of tangible capital assets	76,570	79,159
Amortization of deferred capital contributions	(32,789)	(35,781)
Employee future benefits	(7,931)	(5,470)
Gain on sale of tangible capital asset		(10,600)
(Income) loss from Investment in Government Business Enterprises	(1,714)	571
Amortization of deferred lease proceeds	(2,107)	(1,917)
(Decrease) increase in asset retirement obligations	(1,465)	2,422
Amortization of debt discount	778	280
	61,305	**65,710**
Changes in non-cash operating balances		
(Increase) decrease in accounts receivable	(7,731)	10,987
(Increase) decrease in due from related parties	(228)	5,171
Increase in pensions	(14,929)	(20,326)
Decrease (increase) in inventories for resale and held for use	456	(545)
(Increase) decrease in prepaid expense	(748)	8,010
Increase in accounts payable and accrued liabilities	31,720	3,259
Increase (decrease) in deferred revenue	22,853	(28,246)
Increase (decrease) in deferred tuition	775	(1,363)
Cash Provided by Operating Transactions	**93,473**	**42,657**
Investing Transactions		
(Increase) decrease in investments, net of remeasurement gains/losses	(47,977)	36,686
Distribution proceeds received from SFU Community Trust	17,400	13,468
Cash (Used in) Provided by Investing Transactions	**(30,577)**	**50,154**
Financing Transactions		
Deferred lease proceeds received		13,000
Debt proceeds received		58,280
Debt repayment		(78,000)
Deferred capital contributions received	60,499	89,894
Cash Provided by Financing Transactions	**60,499**	**83,174**
Capital Transactions		
Acquisition of tangible capital assets	(128,237)	(169,155)
Proceeds on sale of tangible capital assets		10,600
Cash Used in Capital Transactions	**(128,237)**	**(158,555)**
Net (Decrease) Increase in Cash and Cash Equivalents	**(4,842)**	**17,430**
Cash and Cash Equivalents, Beginning of Year	54,009	36,579
Cash and Cash Equivalents, End of Year	**49,167**	**54,009**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2024

1. Authority and purpose

Simon Fraser University (the university) operates under the authority of the University Act of British Columbia. It is a comprehensive research university engaged in research and delivering a full range of Undergraduate, Graduate and Lifelong Learning programs from campuses in Burnaby, Vancouver and Surrey, BC. Simon Fraser University is a not-for-profit entity governed by a Board of Governors, the majority of whom are appointed by the Province of British Columbia. The academic governance of the university is vested in its Senate. The university is a registered charity and is exempt from income taxes under section 149 of the Income Tax Act.

2. Summary of significant accounting policies

a. Basis of accounting

Financial Reporting Framework

The consolidated financial statements have been prepared in accordance with section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it; the Financial Reporting Framework (FRF).

The Budget Transparency and Accountability Act requires that the consolidated financial statements be prepared in accordance with Canadian Public Sector Accounting Standards (PSAS) except as modified by regulation 198/2011. The regulation requires that contributions received or receivable by the university for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are to be accounted for as deferred capital contributions as described in note 2c(v). Note 17c summarizes the impact of FRF versus PSAS on the consolidated financial statements.

Revenue recognized in the Consolidated Statement of Operations and certain related deferred capital contributions are recorded differently under FRF as described herein than under PSAS.

b. Basis of consolidation

Consolidated entities

The consolidated financial statements reflect the assets, liabilities, revenues and expenses of organizations that are controlled by the university. Other controlled organizations are consolidated or proportionately consolidated and inter-organizational transactions, balances and activities have been eliminated on consolidation.

The following organizations are consolidated or proportionately consolidated in the financial statements to the degree of interest in each:

- Consolidation: SFU Foundation (100%); SFU Community Corporation (100%); and SF Univentures Corporation (100%).
- Proportionate consolidation: Western Canadian Universities Marine Sciences Society (20% interest); I-INC Foundation (25% interest); and Civic Innovation Lab (50% interest).

Investment in government business enterprises

Government business enterprises are accounted for by the modified equity method. Under this method, the university's investment in the business enterprise and its net income and other changes in equity are recorded as earned. No adjustment is made to conform the accounting policies of the government business enterprise to those of the university. Other comprehensive income is accounted for as an adjustment to net assets of the university. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions involving assets that continue to be controlled by the university.

The following organizations are government business enterprises and are accounted for by the modified equity method. These entities have fiscal years ending December 31 and adjustments are made to recognize any significant transactions between their fiscal year end and the university's March 31 fiscal year end.

- SFU Community Trust (SFUCT) (100% interest).
- Great Northern Way Campus Trust (GNWCT) (25% interest).

c. Revenue recognition

(i) Operating government grants not restricted in use are recognized when received or receivable. Operating grants, restricted for a future period, are deferred and reported as deferred revenue until that future period.

(ii) Tuition and sales of goods and services, is reported as revenue at the time the service or product is provided. Amounts received in advance of services provided or products delivered are recorded and included in deferred tuition or accounts payable and accrued liabilities.

(iii) Unrestricted contributions and donations are recognized as revenue when received.

(iv) Gifts-in-kind are recorded at fair market value on the date of their donation or at nominal value if the fair market value cannot be reasonably determined.

(v) Externally restricted contributions (grants and donations) are recorded as deferred revenue and then recognized as revenue when the restrictions specified by the contributors are satisfied.

- Contributions for specific purposes other than endowment or the acquisition of tangible capital assets are recorded as deferred revenue and recognized as revenue in the year in which the related expenses are incurred.
- Contributions restricted for capital purposes by external restrictions or the Restricted Contribution Regulation described in note 2a are recorded as deferred revenue until the amount is spent:
  - If the tangible capital asset acquired is land or property rights, the amount is recorded as revenue in the period of acquisition and as an increase to tangible capital assets.
  - If the tangible capital asset has a limited life, the amount invested is recorded as a deferred capital contribution and amortized on a straight-line basis over the useful life of the asset. Amortization commences once the asset is put into use.
- Endowment contributions and associated investment income allocated for preservation of endowment capital purchasing power are recognized in the Consolidated Statement of Operations in the period in which they are received or earned.

(vi) Investment income includes interest recorded on an accrual basis, declared dividends, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other than temporary. For operating investments and derivatives recorded at fair value, unrealized gains and losses are recorded in the Consolidated Statement of Remeasurement Gains and Losses until realized when they are reclassified to the Consolidated Statement of Operations.

(vii) Income earned on externally restricted investments is deferred and recognized when the related expenditure is made or stipulations are met.

d. Financial instruments

Financial instruments are classified into two categories: (i) fair value and (ii) cost/amortized cost.

(i) Fair value category: portfolio instruments that are quoted in an active market and derivative financial instruments are reflected at fair value as at the reporting date. Other investments held by the university that are managed on a fair value basis have been designated to be recorded at fair value, with the exception of the residual interest in real property. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are immediately recorded as an expense. Unrealized gains and losses on unrestricted financial assets are recognized in the Consolidated Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to sale or impairment. At the time of derecognition, the related realized gains and losses are reversed from the Consolidated Statement of Remeasurement Gains and Losses.

Financial instruments are classified as level 1, 2 or 3 for the purposes of describing the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category, as described below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

(ii) Cost/amortized cost category: cash and cash equivalents are recorded at cost. Other financial instruments including residual interest in real property, accounts receivable, due from related parties, accounts payable and accrued liabilities, and debt are measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Consolidated Statement of Operations upon derecognition or impairment.

e. Inventories for resale

Inventories of merchandise for resale are recorded at the lower of cost and net realizable value.

f. Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Non-financial assets includes deferred capital contributions as no cash is required to dispose of this contra-asset that is required to be recorded pursuant to the Budget Transparency and Accountability Act (note 2a). Presentation of deferred capital contributions as a part of non-financial assets also enables net financial assets to be presented in accordance with Canadian PSAS.

g. Foreign currency translation

The university's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities that were designated in the fair value category under the financial instrument standard are reflected in the consolidated financial statements in equivalent Canadian dollars at the exchange rate in effect on the date of the consolidated financial statements. Any gain or loss resulting from a change in rates between the transaction date and the consolidated financial statement date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Consolidated Statement of Remeasurement Gains and Losses, and is recognized in the Consolidated Statement of Operations.

h. Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements, and that affect the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include: the useful life of tangible capital assets and related deferred capital contributions, asset retirement obligations, estimated pension, employee future benefits and restructuring liabilities, liabilities for contaminated sites, and impairment of assets.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these consolidated financial statements. Actual results could differ from these estimates.

3. Financial instruments risks

The fair value of a financial instrument is the estimated amount that the university would receive or pay to settle a financial asset or liability at the reporting date. The financial instruments of the university and the nature of risks that they may be subject to are as follows:

			Market Risk		
Financial Instrument	Credit Risk	Liquidity Risk	Foreign Exchange	Interest Rate	Other Price
Cash and cash equivalents	X		X		
Accounts receivable	X	X	X		
Due from related parties	X	X			
Investments - portfolio and restricted	X	X	X	X	X
Derivatives	X	X		X	
Accounts payable and accrued liabilities			X		
Long-term debt				X	X

Credit risk

The university is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The university does not directly hold any collateral as security for financial obligations receivable.

Cash and cash equivalents

Credit risk associated with cash and cash equivalents is minimized by ensuring that these assets are invested in Schedule 1 Canadian chartered banks.

Accounts receivable

The university maintains allowances for potential credit losses and such losses to date have been within the university's expectations. In making estimates in respect of the allowance for doubtful accounts, current economic conditions, historical information, reasons for the accounts being past due and line of business from which the receivable arose are all considered in the determination of when to allow for past due accounts. The same factors are considered when determining whether to write off amounts charged to the allowance account against the accounts receivable.

- Student accounts receivable is made up of a large population of limited amounts. The university has leverage to stop further enrolment and the granting of transcripts until payment is made. Additionally, the university personnel manage the collection of overdue accounts proactively.
- Accounts receivable for university employee members of the College Pension Plan are anticipated future recoveries from employees to offset SFU's costs of joining the College Pension Plan. These employees are to reimburse those costs through either provisions in the applicable collective agreements or provisions in their employment agreements.
- Other receivables, advances and tax recoveries are generally with governments, major institutions and other credit worthy institutions.

Due from related parties

The university believes its receivables from SFU Community Trust and Great Northern Way Campus Trust are collectible based on its understanding of the business plans of the Trusts.

Investments - portfolio and restricted

The university has investment policies to ensure investments are managed appropriately in order to balance preservation of capital, liquidity requirements and investment returns. The university retains several external investment management firms to invest funds in accordance with its investment policies, utilizing diverse agreed upon investment strategies primarily in active trading markets. The fair value hierarchy for fair value measurements provides an indication of the overall types of investments held at March 31, 2024: 95% quoted prices in active markets for identical investments (level 1) and 5% inputs that are not observable market data (level 3).

Derivatives

The university may enter into interest rate and foreign currency derivative contracts those expose the university to the risk of default by swap counter parties. This risk is mitigated by limiting exposure to derivative counter parties to highly rated financial institutions. There are no derivatives at March 31, 2024.

Liquidity risk
Liquidity risk is the risk that the university will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the university not being able to liquidate assets in a timely manner at a reasonable price.

The university meets its liquidity requirements by holding assets that can be readily converted into cash and preparing annual operating and capital expenditure budgets, which are monitored and updated as required. In addition, the university requires that funding for significant capital projects be secured before expenditures are incurred.

Market risk
Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual financial instrument or factors affecting financial instruments traded in the market. The significant market risks to which the university is exposed are foreign exchange risk, interest rate risk and other price risk.

Foreign exchange risk
Foreign exchange risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate in Canadian dollar value due to changes in foreign exchange rates.

The functional currency of the university is the Canadian dollar. The university transacts some revenue and expenditure activity in U.S. dollars and other currencies due to certain operating costs being denominated in U.S. dollars and other currencies. These transactions represent a small value of total transactions, resulting in minimal risk.

The university uses foreign exchange forward contracts only as a defensive strategy for any significant known future obligations to manage foreign exchange transaction exposures. There were no forward contracts outstanding at March 31, 2024 and March 31, 2023.

Interest rate risk
Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The interest rate exposure of the university arises from its fixed income investments including bonds and debentures.

The university's cash and cash equivalents include amounts on deposit that earn interest at market rates. The university manages its exposure to interest rate risk on cash in order to maximize the interest income earned on funds available for investment while maintaining the liquidity at levels necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the university's results of operations.

The primary objective of the university with respect to its investments in fixed income investments is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory investment return.

Other price risk
Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from foreign exchange risk or interest rate risk). The university is exposed to price risk through its investment in equities, hedge funds and real estate. The price risk associated with bonds is considered as part of interest rate risk for these purposes.

4. Cash and cash equivalents

Cash and cash equivalents are demand deposits in Schedule 1 Canadian chartered banks, held primarily in Canadian currency, and are presented net of outstanding items including cheques written but not cleared by the bank as at the date of the Consolidated Statement of Financial Position.

5. Accounts receivable

Dollars in Thousands	2024	2023
SFU employee members of the College Pension Plan	36,542	36,439
Revenue receivable	18,536	8,737
SFSS receivable	7,070	7,905
GST receivable	1,423	1,139
Other receivables	2,662	4,049
Provision for doubtful accounts	(1,866)	(1,633)
Accounts Receivable	**64,367**	**56,636**

The SFU employee members of the College Pension Plan receivable is related to the costs to be recovered from employees to fund SFU's obligation on joining the College Pension Plan.

The SFSS receivable represents an agreement by the Simon Fraser Student Society to fund a portion of the stadium renovation completed in 2022. The receivable will be repaid by November 2031.

Revenue receivable relates to services to students, ancillary services and government grants. Other receivables relate to employee travel advances and third-party billings.

6. Due from related parties

Dollars in Thousands	2024	2023
SFU Community Trust receivable		
Distribution receivable, non-interest bearing, to be settled within one year	10,229	17,400
Base rent receivable	3,751	
Due from SFU Community Trust	**13,980**	**17,400**
Great Northern Way Campus Trust receivable		
Promissory note, interest commencing December 31, 2023 at 6%, due on demand	15,243	
Interest on promissory note commencing December 31, 2023 at 6%	228	
Distribution receivable, non-interest bearing, due on demand	83	83
Due from Great Northern Way Campus Trust	**15,554**	**83**
Due from Related Parties	**29,534**	**17,483**

In the current fiscal year SFUCT paid outstanding receivables totaling $17,400,000 and declared a distribution of $10,229,000 that is reported as a distribution receivable, non-interest bearing, to be settled within one year. In addition, the university has a receivable for $3,751,000 for base rent pursuant to an agreement with SFUCT.

During the year GNWCT declared a distribution of $15,243,000 related to the 21-year deemed distribution of the trust which is reported as a promissory note on demand, with 6% interest commencing December 31, 2023.

7. Pensions

Description of pension plans

The university participates in three registered pension plans on behalf of its employees.

Members of the administrative staff are enrolled in the Pension Plan for Administrative/Union Staff (Administration/Union Plan), a defined benefit, formula retirement benefits (FRB) plan. The Board of Trustees represents both the plan members and the university. The trustees are responsible for the management of the plan including the investment of assets and administration of benefits. The university administers the plan and is responsible for funding the plan. Members of the plan are not required to make regular contributions. The plan rules stipulate that the university has no formal claim to any plan surplus or asset.

Members of the academic staff are enrolled in the College Pension Pension Plan of British Columbia (College Pension Plan), a multi-employer defined benefit FRB plan. Under the terms of the College Pension Plan, employees and employers must both make regular contributions to the plan as determined by the Plan's actuary. The College Pension Board of Trustees is comprised of ten individuals appointed by the Plan's partners - British Columbia General Employees' Union, the Federation of Post- Secondary Educators of BC, the Post-Secondary Employers' Association and the Province of British Columbia. The plan is administered by the BC Pension Corporation and its investments are managed by the BC Investment Management Corporation.

Prior to July 1, 2021 members of the academic staff were enrolled in the Pension Plan for Members of the Academic Staff (Academic Plan), which includes a defined benefit plan and a grandfathered FRB plan. The Board of Trustees represents both plan members and the university. The trustees are responsible for the management of the plan including investment of assets and administration of benefits. The university administers the plan and is responsible for funding the plan. Members of the plan are not required to make regular contributions. The plan rules stipulate that the university has no formal claim to any plan surplus or asset.

Effective July 1, 2021 the university joined the College Pension Plan, and all eligible members of the SFU Faculty Association (SFUFA) joined the College Pension Plan and ceased to be active members of the Academic Plan. Certain non-SFUFA members of the academic staff chose not to enroll in the College Pension Plan at that time, and remain active members of the Academic Plan. The academic plan was closed to new members as of July 1, 2021.

As a condition of joining the College Pension Plan, the university is required to pay transition costs as determined by the College Pension Plan's actuaries. At the time of joining, the actuarially determined present value of future cash flows was $44.1 million. The university recognized the liability in its accounts payable and accrued liabilities (note 10). Under the terms of a collective agreement, SFUFA members are required to reimburse the university for SFU's portion of the transition costs attributed to SFUFA members through a cost sharing arrangement which is recognized as a receivable. Non-SFUFA members reimburse the university for SFU's portion of transition costs attributable to them directly.

Accounting policy

The university accounts for the Administrative/Union Plan and the FRB portion of the Academic Plan using defined benefit method of accounting. The non-FRB portion of the Academic Plan and SFU's participation in the College Pension Plan are accounted for using the defined contribution method of accounting. The College Pension Plan is multi-employer joint trustee pension plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding. As the assets of the plan are not segregated by institution, the plan is accounted for as defined contribution plan and any contributions of the university are expensed as incurred.

For the plans accounted for as defined benefit plans, the defined benefit FRB pension obligations and cost of pension benefits earned by employees in the plans are recognized using annual accounting valuations from each of the plans' tri-annual actuarial funding valuations. A variety of assumptions factor into the results including expected investment performance, inflation rates, compensation levels, retirement age and life expectancy. The resulting actuarial gains and losses arising from changes in assumptions are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees for the Administrative/Union Plan and Average Remaining Pension Payment Period for the Academic FRB plan.

Actuarial valuations are required by the B.C. Pension Benefits Standards Act (PBSA) for each of the defined benefit FRB Plans at intervals of not more than three years. Such valuations determine the employer contribution rate necessary to provide adequate funding of the plan liabilities. The valuations are prepared using the projected unit cost method, pro-rated on service. The Plans' actuaries prepare both going concern and solvency valuations for each plan. The most recent actuarial valuation for the Academic FRB Plan was prepared as at December 31, 2021, while the Administrative/Union Plan was prepared as at December 31, 2022.

Annual accounting valuations are prepared for the purposes of determining the present value of the accrued pension benefit obligation and pension expense to be recorded in the financial statements. An extrapolation is performed from the most recent actuarial valuation of each FRB plan, using assumptions determined by management in consultation with the Plans' actuaries and in accordance with PSAS. Accounting valuations are prepared on a going concern basis that assumes the plans will continue indefinitely. Assets are measured at market value, and liabilities measured using an appropriate discount rate. Accounting valuations were performed for both FRB plans as at December 31, 2023 using data from each of their most recent actuarial valuations.

Defined benefit pension plan liability and expense
The liabilities of the FRB pension plans and current service costs for the year have been based on accounting valuations performed from the most recent actuarial valuation of each plan.

Pension expense is allocated to the appropriate function, within the Consolidated Statement of Operations, while the accrued pension asset is reported on the Consolidated Statement of Financial Position.

Pension plan for administrative/union staff (Administrative/Union Plan)
The Administrative/Union Plan is a defined benefit FRB plan based on a combination of years of service and the average of the plan member's highest sixty consecutive months' salary. Pensions are indexed to the CPI up to a maximum of 3% per annum. Additional voluntary contributions to the Administrative/Union Plan may be made to an employee's Money Purchase Accounts (MPA). Pursuant to an agreement between the university and the employee organizations, in certain circumstances, a portion of assets in excess of liabilities may be payable to plan members. If applicable, these payments would be directed to the individual MPA. No contributions were directed to the Administrative/Union MPA Plan by the university in the current or prior year. A summary

of changes in net pension asset is included in note 7a and contributions to the plan are summarized in note 7b.

Contributions to the Administrative/Union Pension Plan made by the university during the 2023 calendar year were at a rate of 15.00% (2022 calendar year: 14.41%) of pensionable earnings, totaling $28,554,000 (2022 calendar year: $25,227,000). In addition, contributions of $4,053,000 (2022 calendar year: $3,558,000) were made in respect of commuted value solvency holdbacks.

The gains and losses are recognized by the university over EARSL, currently 10 years.

FRB Portion of the Academic Plan
The Academic Plan also includes a grandfathered FRB plan. The Academic FRB Plan is a defined benefit plan which provides benefits based on earnings and years of service at SFU, indexed relative to the increase in the CPI up to a maximum of 3% per annum. A summary of changes in net pension asset is included in note 7a and contributions to the plan are summarized in note 7b.

The gains and losses are recognized by the university over the Average Remaining Pension Payment Period, currently 9 years.

7a/ Net pension liability

Dollars in Thousands	Administrative / Union	Academic FRB	2024	2023
Accrued benefit obligation, beginning of year	406,656	23,205	429,861	421,214
Current period benefit cost (net of employee contributions)	24,248		24,248	22,895
Employee contributions / transfer from MPA	134		134	104
Interest cost	24,794	1,329	26,123	23,990
Benefit payments	(24,781)	(2,820)	(27,601)	(31,005)
Actuarial loss (gain)	34,773	686	35,459	(7,337)
Accrued Benefit Obligation, End of Year	**465,824**	**22,400**	**488,224**	**429,861**
Fair value of plan assets, beginning of year	461,177	24,308	485,485	532,290
Employer contributions	32,741		32,741	28,887
Employee contributions / transfer from MPA	134		134	104
Actual return on plan assets	60,681	2,971	63,652	(44,791)
Benefit payments	(24,781)	(2,820)	(27,601)	(31,005)
Fair Value Plan Assets, End of Year(*)	**529,952**	**24,459**	**554,411**	**485,485**
Funded Status, Pension Plan Surplus	**64,128**	**2,059**	**66,187**	**55,624**
Unamortized net actuarial (loss) gain, beginning of year	(41,798)	(960)	(42,758)	33,992
Actuarial gain (loss) on pension plan assets	32,303	1,574	33,877	(75,340)
Actuarial (loss) gain on pension plan obligation	(34,773)	(686)	(35,459)	7,338
Amortization of net actuarial (gain) loss	(3,812)	150	(3,662)	(8,748)
Unamortized Net Actuarial (Loss) Gain, End of Year	**(48,080)**	**78**	**(48,002)**	**(42,758)**
Net Pension Asset before Valuation Allowance	**112,208**	**1,981**	**114,189**	**98,382**
Valuation allowance		(1,981)	(1,981)	(1,103)
Net Pension Asset	**112,208**		**112,208**	**97,279**

* Defined benefit pension plan consists of:

	Administrative / Union		Academic FRB	
	2024	2023	2024	2023
Equity securities	62%	63%	64%	66%
Debt securities	38%	37%	36%	34%
	100%	100%	100%	100%

7b/ Defined benefit pension expense

Dollars in Thousands	Administrative / Union	Academic FRB	2024	2023
Current period benefit cost (including employee contributions)	24,382		24,382	22,999
Less: employee contributions	(134)		(134)	(104)
Amortization of net actuarial (gain) loss	(3,812)	150	(3,662)	(8,748)
Expected interest cost on pension obligation	24,794	1,329	26,123	23,990
Expected earnings on average pension assets	(28,379)	(1,397)	(29,776)	(30,549)
Change in valuation allowance		878	878	972
Pension Expense	**16,851**	**960**	**17,811**	**8,560**

7c/ Significant actuarial assumptions

	Administrative/Union		Academic FRB	
	2024	2023	2024	2023
Effective date of most recent actuarial valuation report for funding purposes	31-Dec-22	31-Dec-19	31-Dec-21	31-Dec-21
Measurement date of plan assets / accrued benefit obligation	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Expected future inflation rate	2.25%	2.25%	2.25%	2.25%
Expected Average Remaining Service Lifetime of active employees (EARSL)	10 yrs	10 yrs	n/a	n/a
Average remaining pension payment period	n/a	n/a	9 yrs	10 yrs
Beginning of period				
Discount rate	6.10%	5.75%	6.10%	5.75%
Expected long-term rate of return on plan assets	6.10%	5.75%	6.10%	5.75%
Rate of compensation increase	2.75%	2.50%	n/a	n/a
End of period				
Discount rate	6.15%	6.10%	6.20%	6.10%
Expected long-term rate of return on plan assets	6.15%	6.10%	6.20%	6.10%
Rate of compensation increase	2.50%	2.75%	n/a	n/a

Actual return on plan assets

	December 31, 2023	December 31, 2022
Administrative / Union	11.45%	(9.02%)
Academic FRB	12.15%	(13.10%)

7d/ Life Expectancy Assumptions

	December 31, 2023 Life expectancy at 65 for a member currently				December 31, 2022 Life expectancy at 65 for a member currently			
	Age 65		Age 45		Age 65		Age 45	
Years	Male	Female	Male	Female	Male	Female	Male	Female
Administrative/Union and Academic (FRB)								
2014 Private Sector Mortality Table	22.0	24.4	23.0	25.3	22.0	24.3	23.0	25.3

Defined benefit pension plan solvency

Pursuant to the BC Pension Benefits Standards Act, if the pension solvency deficiency ratio does not meet required levels, the university must arrange Letters of Credit (LOC) or make solvency special payments.

Recent valuation reports disclosed the university solvency deficiency ratio exceeded required levels. The LOC in place for the 2023 calendar year to secure the solvency deficit resulting from the prior valuation is no longer required and was allowed to expire.

7e/ Defined benefit pension plans: solvency deficiency payment and Letter of Credit requirements

Dollars in Thousands	Cumulative Letter of Credit Requirements		
Calendar Year	Administrative / Union	Academic FRB	Total
2023	91,318		91,318
2024			
2025		*	*
2026	*	*	*
2027	*	*	*

* The next actuarial valuation reports of the plans will establish the future Letter of Credit (LOC) and solvency payment requirements.

7f/ Sensitivity to actuarial assumptions, as at December 31, 2023

	Administrative / Union Obligation		Academic FRB Obligation	
Dollars in Thousands	$	%	$	%
Estimated increase				
0.5% decrease in discount rate	37,415	8.6	681	3.0
0.5% increase in inflation on post retirement	23,588	5.4	657	2.9
0.5% increase in compensation	8,237	1.9		
10% reduction to mortality rates (0.8 years for a 65 year old)	8,768	2.0	1,035	4.6

The amounts above have been determined assuming all other assumptions remain unchanged.

College pension plan

The university and its employees contribute to the College Pension Plan (jointly trusteed pension plan). The board of trustees for this plan, representing plan members and employers, is responsible for administering the pension plan, including investing assets and administering benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at August 31, 2023, the College Pension Plan has about 17,200 active members, and approximately 10,700 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation from the College Pension Plan as at August 31, 2021, indicated a $202,000,000 surplus for basic pension benefits on a going concern basis.

The university paid $17,548,000 for employer contributions to the plan in calendar year 2023 (2022: $17,126,000).

The next valuation for the College Pension Plan will be as at August 31, 2024, with results available in 2025.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

As a condition of joining the College Pension Plan, the university and its employees who are members of the College Pension Plan must contribute additional amounts equal to 1.68% of pensionable earnings until June 30, 2041. Both the university and the members of the College Pension Plan are required to submit 0.84% of pensionable earnings to the College Pension Plan in addition to their regular employer contributions and employee contributions respectively. Pursuant to its collective agreement, SFUFA members reimburse the university for their share of SFU's incremental employer contributions through a cost sharing arrangement. Non-SFUFA members reimburse SFU directly for their share of SFU's incremental employer contributions directly through payroll deductions.

Non-FRB portion of the Academic Plan
The Academic Plan provides pension benefits primarily on a defined contribution basis whereby funding is directed to MPA. Benefit payments are based upon the asset value within the individual MPA at the time of retirement. While all required contributions to the Plan are made by the university, voluntary contributions may also be made by employees to their individual MPA. As the Academic MPA Plan is not an FRB plan, an actuarial valuation is not required.

Some members of the Academic Plan were not eligible or did not choose to transition to College Pension Plan. The university continues to make contributions to the plan on their behalf.

During the 2023 calendar year, contributions made by the university to the Academic MPA Pension Plan were 9.6% (2022 calendar year: 10.6%) of pensionable earnings, totaling $262,000 (2022 calendar year: $450,000).

8. Investments

8a/ Consolidated Statement of Financial Position presentation of investments

Dollars in Thousands	Reported Value 2024	Reported Value 2023
Financial assets presentation category		
Portfolio investments	**619,175**	**569,065**
Non-financial assets presentation category		
Endowment investments (note 18a)	520,400	485,471
Non-endowment investment	1,000	1,000
Restricted investments	**521,400**	**486,471**
Total Investments	**1,140,575**	**1,055,536**

8b/ Investments

Dollars in Thousands	Reported Value 2024	Reported Value 2023	Cost 2024
Investments Recorded at Fair Value			
Designated to the fair value category (level 1)			
Fixed income investments			
Federal bonds	112,087	104,001	111,590
Provincial and municipal bonds	93,942	73,784	93,561
Corporate bonds	122,609	142,654	121,229
	328,638	**320,439**	**326,380**
Term deposits	10,000	10,000	10,000
Total Fixed Income Investments	**338,638**	**330,439**	**336,380**
Equity instruments quoted in an active market (level 1)			
Canadian equities	250,537	233,378	165,656
Foreign equities	496,010	429,639	304,189
Total Level 1 Category Financial Instruments	**1,085,185**	**993,456**	**806,225**
Designated to the fair value category (level 3)			
Private equities	20,043	27,166	26,888
Other investments	34,347	33,914	27,858
Total Level 3 Category Financial Instruments	**54,390**	**61,080**	**54,746**
Investments Valued at Cost/Amortized Cost			
Residual interest in real property	1,000	1,000	1,000
Total Investments Valued at Cost/Amortized Cost	**1,000**	**1,000**	**1,000**
Total Investments	**1,140,575**	**1,055,536**	**861,971**

The fixed income investments are benchmarked to the FTSE Canada Universe Bond Index. Bonds held in the portfolio mature between 2024 and 2083 and the yields to maturity range between 3.4% and 9.5% (2023: 2.8% and 8.0%).

The term deposit is invested with the Vancity Community Investment Bank, is non-redeemable, paying 5.8% per annum, maturing on November 17, 2024.

Canadian equities are managed by two investment management firms, each with their own investment strategy. One uses a blend of fundamental analysis and quantitative models, while the other is strictly based on a fundamental bottom-up approach.

Foreign equities are invested approximately 62% (2023: 61%) in U.S. markets and 38% (2023: 39%) outside of the U.S.

Private equities consist of six pooled private equity funds in which the university participates.

Other investments consist of real estate, multi-strategy funds and mortgages. There are two multi-strategy funds: one follows a Canada-focused diversified strategy, and the other is a globally diversified fixed income portfolio. Real estate and mortgages consist of pooled real estate funds and direct mortgages secured by real estate.

Other investments valued at cost/amortized cost include the residual interest in a charitable gift of real property.

8c/ Reconciliation of investment cost to reported value

Dollars in thousands	2024	2023
Investments at cost	**861,971**	**863,199**
Unrealized gains reported in the Consolidated Statement of Remeasurement Gains and Losses		
Balance, beginning of year	55,173	77,576
Fair value gain (loss) in the year	36,484	(22,403)
Balance, End of year	**91,657**	**55,173**
Deferred revenue related to restricted endowments		
Balance, beginning of year	137,164	155,110
Fair value gain (loss) in the year	49,783	(17,946)
Balance, End of year	**186,947**	**137,164**
Total Investments at Reported Value	**1,140,575**	**1,055,536**

9. Investment in Government Business Enterprises

9a/ Investment in government business enterprises

Dollars in thousands	2024	2023
Great Northern Way Campus Trust	(1,236)	13,169
SFU Community Trust	9,891	12,528
Total Investment in Government Business Enterprises	**8,655**	**25,697**

Great Northern Way Campus Trust

GNWCT was established under the laws of the Province of British Columbia for the benefit of the British Columbia Institute of Technology, Emily Carr University of Art + Design, Simon Fraser University and the University of British Columbia. GNWCT offers a Masters of Digital Media degree program. Additionally, GNWCT is engaged in short-term property management and site development of land in the City of Vancouver that was 80% gifted by Finning International Inc. to the partner institutions in 2001.

Great Northern Way Campus Ltd., a company 25% proportionately owned by the four beneficiaries of GNWCT, has the sole purpose of being the Trustee of GNWCT and has no business operations.

The university's proportionate interest in GNWCT is accounted for on the modified equity basis utilizing the annual audited financial statements of GNWCT prepared as at December 31. As the fiscal periods of GNWCT and the university are not coterminous, any significant financial transactions that occur between December 31 and March 31 are recorded in these consolidated financial statements.

SFU Community Trust

SFUCT was established in 2002 to develop land adjacent to the Burnaby campus. This development is known as UniverCity. The university granted SFUCT the ability to sell to real estate developers rights to enter into 99-year leases on land that is owned by the university.

SFU Community Corporation, a company wholly owned by the university, has the sole purpose of being Trustee of SFUCT and has no business operations.

The university's 100% interest in SFUCT is accounted for on the modified equity basis utilizing the annual audited financial statements of SFUCT prepared as at December 31. As the fiscal periods of SFUCT and the university are not coterminous, any significant financial transactions that occur during the intervening period are recorded in these consolidated financial statements based on the fiscal year of the university.

In applying the modified equity basis of accounting to its interest in SFUCT, the university makes adjustments for related party transactions where the underlying assets remain under the university's control. The inter-entity rights to grant 99-year leases that were recorded by the SFUCT at fair market values are eliminated from equity/investment in SFUCT until realized by third party transactions. The ultimate sale to developers of these 99-year lease rights represents the culmination of the transaction for SFUCT who then report such amounts as sales. The university, as the grantor of the 99-year leases, adjusts these sales to amortize the net sales revenue on a straight-line basis over a 99-year lease period.

9b/ Change in government business enterprises

Great Northern Way Campust Trust

Dollars in Thousands	2024		2023	
	100%	25%	100%	25%
Investment, beginning of year	52,674	13,169	54,959	13,740
Net income (loss) reported by GNWCT	3,352	838	(2,285)	(571)
Net contribution/distribution GNWCT to institutions	(60,972)	(15,243)		
GNWCT, End of Year	**(4,946)**	**(1,236)**	**52,674**	**13,169**

SFU Community Trust

Dollars in Thousands	2024	2023
Investment in SFUCT, beginning of year	12,528	7,741
Income reported by SFUCT	7,067	27,795
Less: inter-entity gains		(8,801)
Reduction in the cost of sales to reflect SFU's original cost of leases	525	3,193
Distributions from SFUCT in the year	(10,229)	(17,400)
Investment in SFUCT, End of Year	**9,891**	**12,528**

9c/ Trust equity reconciled to investment in SFU Community Trust

SFU Community Trust

Dollars in Thousands	2024	2023
Trust equity as reported by SFUCT	19,055	22,217
Less: adjustment to eliminate the inter-entity gain on the 99-year lease rights		
First rights settlement	(9,418)	(9,418)
Second rights settlement	(8,126)	(8,126)
Lease rights recognized through sales to third parties	17,288	16,763
Less: inter-entity gains	(8,908)	(8,908)
Investment in SFUCT, End of Year	**9,891**	**12,528**

9d/ Financial summary of government business enterprises

Great Northern Way Campust Trust

Dollars in Thousands	December 31, 2023	December 31, 2022
Financial Position		
Total assets	63,951	61,108
Total liabilities	68,897	8,434
Trust Balance, End of Year	**(4,946)**	**52,674**
Results of Operations & Trust Balance		
Revenue	10,089	4,065
Expense	6,737	6,350
Net (Loss) Income for the Year	**3,352**	**(2,285)**
Distributions to institutions	(60,972)	
Trust balance, beginning of year	52,674	54,959
Trust Balance, End of Year	**(4,946)**	**52,674**
Cash Flows		
Operating transactions	1,206	157
Investing transactions	(1,275)	(963)
Decrease in Cash During the Year	**(69)**	**(806)**

SFU Community Trust

Dollars in Thousands	December 31, 2023	December 31, 2022
Financial Position		
Total assets	70,362	57,099
Total liabilities	51,307	42,664
Trust Balance, End of Year	**19,055**	**14,435**
Adjustment for significant transaction to align SFUCT with SFU fiscal year end		7,782
Trust Balance, End of Year	**19,055**	**22,217**
Results of Operations & Trust Balance		
Revenue	27,497	62,698
Expense	12,648	42,685
Net Income for the Year	**14,849**	**20,013**
Distributions to beneficiaries	(10,229)	(17,400)
Adjustment for significant transaction to align SFUCT with SFU fiscal year end	(7,782)	7,782
Trust balance, beginning of year	22,217	11,822
Trust Balance, End of Year	**19,055**	**22,217**

10. Accounts payable and accrued liabilities

Dollars in Thousands	2024	2023
Trade payables and accruals	29,232	33,853
College Pension Plan transition liability	38,570	39,040
Salaries and benefits payable	59,779	30,411
Accrued vacation pay	14,460	12,730
Unearned revenue	28,913	23,197
Other	3,170	3,173
Accounts Payable and Accrued Liabilities	**174,124**	**142,404**

11. Employee future benefits

Accounting policy

The university provides retirement and compensated absence benefits to employees.

For accounting purposes, the university measures the accrued benefit obligation, liability and expense of the fiscal period through actuarial and accounting valuations. Adjustments arising from changes in actuarial assumptions and actuarial gains and losses are amortized over the Expected Average Remaining Service Lifetime (EARSL) of active employees, except for long-term disability which, as an event driven compensated absence benefit, is recognized immediately.

The university does not segregate assets to specifically offset this liability.

Description of benefit plans

The university operates three employee future benefit plans providing: non-pension retiree medical, extended health and dental benefits; early retirement benefits; and provisions for long-term disability.

Actuarial Valuations are performed for both of the retirement benefit plans at least every three years, while the event driven compensated absence benefit plan is performed annually. Such valuations determine the employer contribution rate necessary to provide adequate funding of the plan liabilities and are prepared using the projected benefit method, pro-rated on services. The most recent actuarial valuation for the retirement plan was at December 31, 2021.

Annual accounting valuations have the primary purpose of determining the liability and expense to be recorded in the financial statements. Assumptions are determined congruent with relevant PSAS on a best estimate basis and are reviewed on an annual basis. This valuation assumes the plan will continue indefinitely and extrapolates the present value of accrued liabilities and benefit expenses from the most recent actuarial valuations. Given the absence of plan assets, the discount rate applied is equal to the relevant cost of borrowing.

Retirement benefits

Retirement benefits represent the liabilities of the university to provide non-pension retiree benefits and early retirement benefits to the employees in return for their services. As employees render services, the value of the retirement benefits are attributed to those services and recorded as liabilities and expenses. Gains or losses resulting from accounting valuations are amortized over EARSL using the straight line method, commencing the following fiscal year.

Non-pension retiree benefits

Non-pension retiree benefits represent the liabilities for portions of future premiums payable on behalf of eligible current employees and retirees for medical, extended health and dental benefits. Only employees hired before dates between July 1, 2001 and May 1, 2003, depending on employee group, are eligible for this benefit. The most recent accounting valuation reported an actuarial loss of $674,000 (2023 actuarial gain: $8,973,000) to be amortized over EARSL.

Early retirement benefits

Early retirement benefits represent the liabilities to employees who took early retirement in the mid 1990’s and other employees who receive supplementary pensions. The most recent accounting valuation reported an actuarial loss of $127,000 (2023 actuarial gain: $802,000) to be amortized over EARSL.

Event driven liabilities

Compensated absence and long-term disability benefits represent liabilities that are created when events that obligate the university occur. Actuarial valuations are performed each year for these event driven liabilities. The expected costs of providing the benefits are recognized immediately in the period when such events occur. An insurance company administers the long-term disability plans and is reimbursed for disability claim payments plus service fees.

11a/ Liability and benefit expense for employee future benefits

Dollars in Thousands	Retirement Benefits: Non-Pension Retiree	Retirement Benefits: Early Retirement	Compensated Absence Benefit: Long-Term Disability	2024	2023
Accrued benefit obligation, beginning of year	39,983	1,612	17,647	59,242	67,886
Current period benefit cost	173	56	1,735	1,964	4,441
Interest cost	2,000	80	871	2,951	2,040
Benefit payments	(1,714)	(144)	(2,889)	(4,747)	(4,144)
Actuarial loss (gain)	674	127	(156)	645	(10,981)
Accrued Benefit Obligation, End of Year	**41,116**	**1,731**	**17,208**	**60,055**	**59,242**
Unamortized net actuarial gain on liability, beginning of year	18,278	945		19,223	16,049
Actuarial (loss) gain on liability	(674)	(127)	156	(645)	10,981
Amortization of net actuarial gain	(7,864)	(79)	(156)	(8,099)	(7,807)
Unamortized Net Actuarial Gain on Obligation, End of Year	**9,740**	**739**		**10,479**	**19,223**
Liability for Employee Future Benefits, End of Year	**50,856**	**2,470**	**17,208**	**70,534**	**78,465**

11b/ Employee future benefits expense

Dollars in Thousands	Retirement Benefits: Non-Pension Retiree	Retirement Benefits: Early Retirement	Compensated Absence Benefit: Long-Term Disability	2024	2023
Current period benefit cost	173	56	1,735	1,964	4,441
Amortization of net actuarial gain	(7,864)	(79)	(156)	(8,099)	(7,807)
Interest cost on unfunded benefit obligation	2,000	80	871	2,951	2,040
Employee Future Benefits (Income) Expense	**(5,691)**	**57**	**2,450**	**(3,184)**	**(1,326)**

11c/ Significant actuarial assumptions

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
	2024	2023	2024	2023	2024	2023
Measurement date of accrued benefit obligation	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Expected future inflation rate	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Expected Average Remaining Service Lifetime of active employees (EARSL)	4 yrs	4 yrs	10 yrs	8 yrs	n/a	n/a
Weighted average remaining years until last payment	n/a	n/a	n/a	n/a	5 yrs	5 yrs
Beginning of period discount rate	5.10%	3.00%	5.10%	3.00%	5.10%	3.00%
End of period discount rate	4.60%	5.10%	4.60%	5.10%	4.60%	5.10%
Assumed health care cost trend rates						
Dental	4.00%	4.00%	n/a	n/a	4.00%	4.00%
Extended Health Benefits (EHB)	5.80%	6.00%	n/a	n/a	5.80%	6.00%

11d/ Sensitivity to actuarial assumptions, as at December 31, 2023

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
Dollars in Thousands	$	% of Obligation	$	% of Obligation	$	% of Obligation
Estimated increase in accrued benefit obligation/liability						
0.5% decrease in discount rate	2,749	6.7	104	6.0	523	3.0
0.5% increase in MSP, Dental and EHB cost trend rates	2,848	6.9				
10% reduction to mortality rates (0.8 years for a 65 year old)	1,715	4.2	72	4.1		
0.5% increase in inflation rate			74	4.3	509	3.0
0.5% increase in compensation			49	2.8		

The amounts above have been determined assuming all other assumptions remain unchanged.

12. Debt

Debt reported on the Consolidated Statement of Financial Position is recorded at amortized cost and is comprised of the following:

12a/ Debt

Dollars in Thousands	2024	2023
Debentures, senior unsecured	144,663	144,385
Debentures, Province of British Columbia unsecured	58,741	58,241
Total	203,404	202,626

Senior unsecured debentures issued at a discount by the university in 2003 for $150,000,000 with a coupon rate of 5.613%, interest paid semi-annually, due June 10, 2043, and are recorded using the effective interest method. Net proceeds of the issue were used to finance capital projects. The debentures are neither obligations of, nor guaranteed by, the Province of British Columbia.

The Province of British Columbia unsecured debenture for $73,000,000 issued at a discount, with a coupon rate of 2.75%, interest paid semi-annually, due June 18, 2052. The university will contribute to a sinking fund investment beginning in 2025 that will provide for the retirement of the debt at maturity.

In 2023, the university repaid $78,000,000, in loans, including a $73,000,000 commercial paper loan and a $5,000,000 Province of BC debenture.

Annual payments of principal and interest due over the next five years and thereafter are as follows:

12b/ Annual payments on debt

Dollars in Thousands	Principal	Sinking Fund	Interest	Total Payments
2025		1,171	10,427	11,598
2026		1,171	10,427	11,598
2027		1,171	10,427	11,598
2028		1,171	10,427	11,598
2029		1,171	10,427	11,598
Thereafter	223,000	26,933	164,046	413,979
Total	223,000	32,788	216,181	471,969

13. Asset retirement obligations

Accounting policy

Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets. The liability is initially recorded at fair value, which is an amount that is the best estimate of the expenditure required to retire a tangible capital asset. It is determined using present value methodology, and the resulting costs are capitalized as part of the carrying amount of the related tangible capital asset. In subsequent periods, this liability is reviewed and adjusted for the passage of time and for any revisions to the timing and the amount required to settle the obligation or the discount rate. The changes in the liability for the passage of time are recorded as accretion expense in the Statement of Operations, and all other changes are adjusted to the tangible capital asset. This cost is amortized over the useful life of the tangible capital asset. If the related tangible capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

The university's financial statements include an asset retirement obligation for remediation of asbestos related to wood and concrete building assets.

Dollars in Thousands	2024	2023
Opening balance	27,413	24,991
Accretion expense	103	116
Settled in the year	(2,722)	
Change in estimate	1,154	2,306
Total	**25,948**	**27,413**

The liability has been estimated using a net present value technique with a discount rate of 3.49% (2023: 3.13%) and inflation rate of 2.85% (2023: 3.13%). The estimated total undiscounted future expenditures are $27,985,000 (2023: $27,401,000), which are to be incurred over 30 years from 2025 to 2055.

14. Deferred revenue

Contributions subject to external restrictions pursuant to legislation, regulation or agreement, are deferred and recognized as revenue in the period in which the stipulations are met.

The nature of such contributions, restrictions and recognition criteria vary, and include:

- Sponsored research and specific purpose amounts received are restricted to specific expenditures or class of expenditure.
- Endowment investment earnings are restricted until expended per donor terms of reference.

14a/ Changes in deferred revenue

Dollars in Thousands	Sponsored Research	Endowment	Specific Purpose	2024	2023
Balance, beginning of year	88,399	100,854	41,314	230,567	258,813
Donations, grants and investment income	112,127	69,658	54,138	235,923	148,270
Recognized as revenue	(106,323)	(21,680)	(52,600)	(180,603)	(159,777)
Recognized as net endowment contributions (note 22)		(23,100)		(23,100)	(4,440)
Transferred to deferred capital contributions (note 17a)	(9,367)			(9,367)	(12,299)
Balance, End of Year	**84,836**	**125,732**	**42,852**	**253,420**	**230,567**

14b/ Sources of deferred revenue, end of year

Dollars in Thousands	Sponsored Research	Endowment	Specific Purpose	2024	2023
Province of British Columbia	5,746		25,429	31,175	28,441
Government of Canada	75,777		2,548	78,325	76,665
Endowment income stabilization account		116,927		116,927	92,573
Other	3,313	8,805	14,875	26,993	32,888
Balance, End of Year	**84,836**	**125,732**	**42,852**	**253,420**	**230,567**

Endowment deferred revenue

Endowment contributions are recorded in the Consolidated Statement of Operations as net restricted endowment contributions (note 22). The related net assets are separately accounted for (note 18b). The endowment investments related to donor contributions and recapitalized amounts are non-financial in nature, not available for use in operations, and are reported as restricted investments on the Consolidated Statement of Financial Position.

Endowment investment returns are initially recorded as deferred revenue in the endowment income stabilization account. Allocations are then made to individual endowment spending accounts for expenditure pursuant to the donor terms. When expenditures occur, the related investment income is recognized in the Consolidated Statement of Operations (note 20).

15. Deferred lease proceeds

Dollars in Thousands	SFU Community Trust	Student Housing	2024	2023
Balance, beginning of year	96,436	57,802	154,238	120,968
Additions	10,467		10,467	35,187
Amortization	(1,119)	(988)	(2,107)	(1,917)
Deferred Lease Proceeds	**105,784**	**56,814**	**162,598**	**154,238**

Student Housing
In September 2021, the university entered into a lease agreement with a third party and received an upfront lease payment of $59,256,000. This payment will be amortized over the expected 60-year term of the agreement.

SFU Community Trust
SFUCT deferred land lease revenue represents the unamortized gains from transfer of lease rights to SFUCT and revenues from 99-year land leases in relation to UniverCity.

16. Tangible capital assets

16a/ Tangible capital assets - net book value

Dollars in Thousands	Cost	Accumulated Amortization	2024	2023
Buildings - concrete	1,484,031	363,359	1,120,672	1,071,558
Premises leased to others	68,301	3,301	65,000	66,138
Buildings - wood	68,668	11,704	56,964	58,447
Site services	107,985	26,649	81,336	72,260
Leasehold improvements	15,140	5,373	9,767	7,311
Computer equipment	35,838	18,901	16,937	20,063
Equipment & furnishings	129,844	72,463	57,381	55,565
Library books	96,592	49,328	47,264	47,566
Land	33,080		33,080	33,080
Assets under construction	55,478		55,478	60,224
Total	**2,094,957**	**551,078**	**1,543,879**	**1,492,212**

Accounting policy
Tangible capital assets are initially recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset. Contributed tangible capital assets are recorded at fair market value at the date of contribution. Amortization is recorded on a straight-line basis over the estimated useful life of the asset.

Estimated useful life of tangible capital assets

Life in Years	
Buildings - concrete	50
Premises leased to others	60
Buildings - wood	30
Site services	50
Leasehold improvements	9-13
Computer equipment	3
Equipment and furnishings	8
Library books	10

Land is not amortized as it is considered to have an unlimited useful life. Assets under construction are not amortized until the asset is put into productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the university's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets is less than their net book value. There were no write downs of tangible capital assets in 2024 (2023: nil).

Works of art and cultural assets, which include the university's art collection and the SFU Bill Reid Gallery collection, are not recognized as assets in the Consolidated Financial Statements. In 2024, additional donated works of art with an appraised value of $403,000 (2023: $518,000) were received. The art collections are insured at a replacement value of $50,124,000.

Prepaid lease expense is capitalized and amortized over the term of the related lease.

Contributed tangible capital assets have been recognized at fair market value at the date of contribution. Where an estimate of value could not be made, contributed tangible capital assets are recognized at a nominal value. The value of contributed assets received during the year is approximately $825,000 (2023: $1,701,000).

Additions to buildings during the year include capitalized interest of $2,000 (2023: $1,532,000).

16b/ 2024 Tangible capital asset cost - opening and closing balances

Dollars in Thousands	Opening	Additions (Transfers)	Disposals	2024
Buildings - concrete	1,406,187	78,159	(315)	1,484,031
Premises leased to others	68,301			68,301
Buildings - wood	68,171	779	(282)	68,668
Site services	96,854	11,131		107,985
Leasehold improvements	11,346	3,794		15,140
Computer equipment	43,681	10,368	(18,211)	35,838
Equipment & furnishings	120,176	19,433	(9,765)	129,844
Library books	95,849	9,319	(8,576)	96,592
Land	33,080			33,080
Assets under construction	60,224	(4,746)		55,478
Total	**2,003,869**	**128,237**	**(37,149)**	**2,094,957**

16c/ 2024 Tangible capital assets amortization - opening and closing balances

Dollars in Thousands	Opening	Amortization	Disposals	2024
Buildings - concrete	334,629	29,045	(315)	363,359
Premises leased to others	2,163	1,138		3,301
Buildings - wood	9,724	2,262	(282)	11,704
Site services	24,594	2,055		26,649
Leasehold improvements	4,035	1,338		5,373
Computer equipment	23,618	13,494	(18,211)	18,901
Equipment & furnishings	64,611	17,617	(9,765)	72,463
Library books	48,283	9,621	(8,576)	49,328
Total	**511,657**	**76,570**	**(37,149)**	**551,078**

16d/ 2023 Tangible capital asset cost - opening and closing balances

Dollars in Thousands	Opening	Additions (Transfers)	Disposals	2023
Buildings - concrete	1,258,791	148,491	(1,095)	1,406,187
Premises leased to others	68,301			68,301
Buildings - wood	43,183	38,101	(13,113)	68,171
Site services	88,383	8,471		96,854
Leasehold improvements	10,189	1,157		11,346
Computer equipment	65,134	13,104	(34,557)	43,681
Equipment & furnishings	118,506	24,525	(22,855)	120,176
Library books	94,625	10,282	(9,058)	95,849
Land	33,080			33,080
Assets under construction	135,200	(74,976)		60,224
Total	**1,915,392**	**169,155**	**(80,678)**	**2,003,869**

16e/ 2023 Tangible capital assets amortization - opening and closing balances

Dollars in Thousands	Opening	Amortization	Disposals	2023
Buildings - concrete	307,317	28,407	(1,095)	334,629
Premises leased to others	1,025	1,138		2,163
Buildings - wood	20,784	2,053	(13,113)	9,724
Site services	22,735	1,859		24,594
Leasehold improvements	2,919	1,116		4,035
Computer equipment	39,752	18,423	(34,557)	23,618
Equipment & furnishings	70,827	16,639	(22,855)	64,611
Library books	47,817	9,524	(9,058)	48,283
Total	**513,176**	**79,159**	**(80,678)**	**511,657**

16f/ Assets under construction by asset class

Dollars in Thousands	2024	2023
Buildings - concrete	33,830	47,628
Buildings - wood	13,520	1,910
Site services	2,616	4,265
Leasehold improvements	1,396	4,100
Computer equipment	2,005	78
Equipment & furnishings	2,111	2,243
Assets Under Construction	**55,478**	**60,224**

17. Deferred capital contributions

Accounting policy

Funding received or contributed for the acquisition of depreciable tangible capital assets is recorded as deferred capital contributions and is amortized to income at the same rate that the related tangible capital assets are amortized to expense. This is not consistent with the requirements of Canadian Public Sector Accounting Standards which require that government transfers be recognized when approved and eligibility criteria have been met, unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized over the period that the liability is extinguished. Note 17c quantifies the impact of this difference.

This accounting for deferred capital contributions is in compliance with the requirements of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it.

As described in notes 2a and 2c(v), contributions restricted for capital purposes are deferred and amortized to revenue over the estimated life of the related assets.

17a/ Change in deferred capital contributions

Dollars in Thousands	2024	2023
Balance, beginning of year	689,359	635,246
Capital contributions received	51,132	77,595
Transfer from deferred revenue for contributions spent (note 15a)	9,367	12,299
Amortized to revenue	(32,789)	(35,781)
Balance, End of Year	**717,069**	**689,359**

17b/ Source of deferred capital contributions, end of year

Dollars in Thousands	2024	2023
Province of British Columbia	554,127	530,632
Government of Canada	84,199	86,677
Other	78,743	72,050
Balance, End of Year	**717,069**	**689,359**

The impact of the difference between FRF and PSAS on the consolidated financial statements of the university would be as follows:

17c/ Difference between FRF and PSAS

	FRF	PSAS	FRF	PSAS
Dollars in Thousands	2024		2023	
Non-financial assets				
Deferred capital contributions	717,069		689,359	
Net Assets				
Net Assets	1,322,117	2,039,186	1,255,092	1,944,451
Revenue				
Government grants and contracts	465,520	526,019	333,800	423,694
Amortization of deferred capital contributions	32,789		35,781	
Annual Surplus				
Annual surplus	29,963	57,673	37,046	91,159

18. Net assets

18a/ Net assets

Dollars in Thousands	2024	2023
Internally restricted for operating commitments		
Departmental operating budget carryover	18,566	40,860
Internal advance for tangible capital assets	(23,000)	(24,000)
	(4,434)	**16,860**
Internally funded research	48,365	45,942
Net operating	**43,931**	**62,802**
Ancillary operations	7,607	11,641
Specific purpose	34,593	33,720
Internally Restricted for Operating Commitments	**86,131**	**108,163**
Investment in tangible capital assets, before internal advance	596,814	578,748
Internal advance for tangible capital assets	23,000	24,000
Investment in tangible capital assets	**619,814**	**602,748**
Endowment (note 8a)	**520,400**	**485,471**
Accumulated Operating Surplus, End of Year	**1,226,345**	**1,196,382**
Accumulated remeasurement gains	**95,772**	**58,710**
Net Assets, End of Year	**1,322,117**	**1,255,092**

18b/ Change in endowment

Dollars in Thousands	2024	2023
Balance, beginning of year	485,471	470,610
Net restricted endowment contributions in the year (note 22)	34,929	14,861
Balance, End of Year	**520,400**	**485,471**

18c/ Change in accumulated operating surplus

Dollars in Thousands	Internally Restricted for Operating Commitments	Investment in Tangible Capital	Restricted for Endowment Principal
Accumulated Surplus, beginning of year	108,163	602,748	485,471
Annual (deficit) surplus	(4,966)		34,929
Increase in investment in tangible capital assets	(17,066)	17,066	
Accumulated Operating Surplus, End of Year	**86,131**	**619,814**	**520,400**

Investment in tangible capital assets is comprised of	
Tangible capital assets	1,543,879
Debt	(203,404)
Deferred capital contributions	(717,069)
Other net assets invested in capital	(2,356)
Investment in GNWCT	(1,236)
Investment in Tangible Capital Assets	**619,814**

19. Government grants and contract revenue

Dollars in Thousands	2024	2023
Province of British Columbia		
Operating	343,307	275,607
Less: portion restricted for capital projects*		(44,000)
Sponsored research	6,873	10,516
Specific purpose	29,505	14,225
Minor maintenance and rehabilitation	4,180	980
Net deferred revenue	(9,228)	(5,303)
	374,637	**252,025**
Government of Canada		
Operating	9,752	8,986
Sponsored research	70,439	63,382
Specific purpose	11,467	8,456
Net deferred revenue	(7,111)	(2,941)
	84,547	**77,863**
Other governments		
Operating	113	12
Sponsored research	4,590	4,269
Specific purpose	465	213
Net deferred revenue	1,168	(602)
	6,336	**3,892**
Government Grants and Contract Revenue	**465,520**	**333,800**

*$44,000,000 of the original operating funding from the Province of British Columbia was later restricted for capital deferred maintenance projects and must be expended as stipulated by March 31, 2025 or be repaid to the Province. As a result, the funding has been recorded as a deferred capital contribution in the year and will, in the future, be amortized to revenue in alignment with the related amortization of tangible capital assets.

20. Investment income

Dollars in Thousands	Operating	Endowment	2024	2023
Interest and dividend income	7,524		7,524	9,790
Realized (losses) gains transferred from Consolidated Statement of Remeasurement Gains and Losses	(8,969)		(8,969)	40,808
Income from deferred contributions (note 14a)		21,680	21,680	20,842
Investment Income	**(1,445)**	**21,680**	**20,235**	**71,440**

21. Expense by object

Dollars in Thousands	Budget	2024	2023
Salaries	473,525	563,074	484,168
Employee benefits	93,501	100,973	80,824
Supplies and operating	68,781	71,715	77,684
Amortization of tangible capital assets (note 16c)	79,097	76,570	79,159
Professional and contracted services	51,027	67,052	58,954
Scholarships and bursaries	49,224	54,412	51,141
Travel and personnel	15,126	18,884	15,648
Cost of goods sold	2,567	2,497	2,608
Interest on long-term debt	11,138	11,211	9,213
Utilities	13,799	14,033	13,465
Expense	**857,785**	**980,421**	**872,864**

22. Net restricted endowment contributions

Endowment consists of restricted donations to the university. The investment income generated from endowments must be used in accordance with purposes established by donors. Donors, as well as university policy, stipulate that the economic value of the endowments must be protected by limiting the amount of income that may be expended and endowing a portion of investment income in order to maintain purchasing power.

Dollars in Thousands	2024	2023
Donations	10,110	9,736
Recapitalized investment income (note 14a)		
Endowment principal addition	4,783	4,365
Preserve purchasing power	18,317	75
Equity gain for the year from SFU Community Trust	1,719	685
Net Restricted Endowment Contributions (note 18b)	**34,929**	**14,861**

23. Contingent liabilities

From time to time, the university is involved in litigation or proceedings relating to claims arising out of its operations in the ordinary course of business. It is expected that the ultimate outcome of these claims will not have a material effect on the financial position of the university. The majority of these claims are covered by the university's insurance coverage. Any university payouts that may result from these claims will be recorded in the period when it becomes likely and determinable.

The university is a member in a self-insurance cooperative, in association with other Canadian universities, to provide property and general liability insurance coverage. Under the Canadian Universities Reciprocal Insurance Exchange (CURIE), the university is required to share in any net losses experienced by CURIE beyond the reserves that CURIE has accumulated from member premiums. Members of CURIE have exposure to retroactive premium assessments should the premiums be insufficient to cover losses and expenses. No provision has been made for this potential liability. The university is committed to this insurance arrangement until December 31, 2027.

At March 31, 2024 the university is liable for Letters of Credit in the amount of $360,000 (2023 $91,678,000). The 2024 amount includes Letters of Credit related to development arrangements while the 2023 amount is related to pensions and development arrangements.

24. Liability for contaminated sites

Accounting policy

Contaminated sites are a result of contamination of a chemical, organic or radioactive material or live organism that exceeds an environmental standard, being introduced into soil, water or sediment. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

(i) an environmental standard exists;
(ii) contamination exceeds the environmental standard;
(iii) the university is directly responsible or accepts responsibility; and
(iv) a reasonable estimate of the amount can be made.

The university recognized an estimated liability of $5,200,000 (2023: $4,600,000) for the remediation of two contaminated sites: 1) resulting from salt leaking from a salt shed into nearby groundwater and surface water and 2) salt contamination of soil. The estimated total future expenditures are $5,200,000. The balance is recorded in accounts payable and accrued liabilities.

25. Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in revenues and assets in the future.

The university has entered into multi-year research funding agreements whereby it has the opportunity to draw on these agreements and contracts to earn revenue as the university incurs eligible expenditures as defined within funding agreements: 2025 $3,411,000, 2026 to 2028 $2,569,000.

26. Contractual obligations

The university has entered into multi-year contracts for property leases, the delivery of services and construction projects. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure in the table below relates to the unperformed portion of the contracts.

Dollars in Thousands	2025	2026	2027	2028	2029	Thereafter
Long-term lease	5,460	4,952	4,617	3,482	799	1,343
Service contracts	9,700	1,202				
Construction contracts	61,758					
Total	**76,918**	**6,154**	**4,617**	**3,482**	**799**	**1,343**

27. Financial reporting framework budget

Accounting policy
Budget figures have been provided for comparative purposes and were approved by the Board of Governors on March 19, 2024.

28. Comparative amounts

Certain amounts on the consolidated financial statements for the year ended March 31, 2023 have been restated in order to conform to the presentation adopted in the current year.

CONTACT
www.sfu.ca/finance

Karamjeet Heer
Associate Vice-President Finance
778-782-7581

Sarah Lee
Director, Financial Services
778-782-4708

Printing
SFU Document Solutions