

ANNUAL FINANCIAL REPORT

MARCH 31, 2022

CANADA'S ENGAGED UNIVERSITY

Find out more at sfu.ca

SFU acknowledges the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh Úxwumixw (Squamish), sə́lilwətaʔl (Tsleil-Waututh), qíćəy̓ (Katzie), kʷíkʷə́ləm (Kwikwetlem), Qayqayt, Kwantlen, Semiahmoo and Tsawwassen peoples on whose traditional territories our three campuses reside.

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MESSAGE FROM THE PRESIDENT

The 2021/22 fiscal year was another challenging year and I could not be more proud of all that we have accomplished together as a community. All members of the university demonstrated exceptional commitment and resilience to ensure a safe return to campus and to provide the best learning experiences possible for our students.

SFU took tangible actions toward fighting climate change by joining the United Nations-backed Race-to-Zero campaign in support of global effort to achieve net zero emissions by 2050. We also announced our commitment to fully divest from fossil fuels by 2025.

The university signed on to the Scarborough Charter on Anti-Black Racism and Black Inclusion in Canadian Higher Education, taking an important step towards creating a more equitable and inclusive university community for Black faculty, staff, students, alumni and visitors. In addition, as part of our commitment to creating a community where all feel welcome, safe, accepted and appreciated in learning, teaching, research, and work, SFU appointed Dr. Yabome Gilpin-Jackson as the first Vice-President People, Equity and Inclusion to help achieve our shared equity, diversity and inclusion (EDI) goals and advance this work.

We continued to make progress on reconciliation efforts, showing our design plans for the long-awaited First People's Gathering House which were shared with the SFU community. The Faculty of Education began creating the Truth and Reconciliation Memorial Garden and Indigenous Outdoor Classroom, and plans are underway for expanding the Indigenous Student Centre. The Indigenous

Curriculum Resource Centre (ICRC) has now been created as part of a number of initiatives across the university to decolonize and Indigenize curriculum and resources. We stood in solidarity with Indigenous communities across the country during the discoveries at the Indian Residential Schools and we continue to work towards serving as an instrument for reconciliation.

There were also other remarkable accomplishments during the past year. SFU continues to hold its position as Canada's top comprehensive university in *Maclean's* annual ranking. The Times Higher Education (THE) World University Impact Rankings once again placed SFU among the world's top 10 universities for our commitment to tackling climate change. In January 2022, Burnaby City Council voted in favour of the gondola project for Burnaby Mountain, which will provide a shorter, more cost-effective, reliable and sustainable commute for the community. In addition, plans and preparations for the development of a medical program at SFU continue in partnership with both the First Nations Health Authority and Fraser Health Authority.

At SFU we have demonstrated our ability to engage with communities and partners to overcome the challenges of our time while continuing to attract talented faculty and staff, to inspire students and to provide world-class educational programs. Over the next year, we will continue to focus on enhancing our student experience, advancing reconciliation and promoting equity, diversity and inclusion across the university.

Thank you

Joy Johnson
President & Vice-Chancellor

MESSAGE FROM THE VICE PRESIDENT, FINANCE AND ADMINISTRATION

SFU continues to deliver sound fiscal management and active stewardship to support the university's teaching, research and community engagement mission. Our key priorities include advancing reconciliation with Indigenous peoples, implementing sustainable practices and embedding the values of equity, diversity and inclusion across the institution.

Although the COVID-19 pandemic has challenged all of us over the past two years, we are proud of the way the SFU community has risen to the challenge of transitioning to online working, research, teaching and learning.

In September, SFU welcomed students, staff and faculty back to its three campuses for the university's first primarily in-person semester since the start of spring 2020. Residence and Housing is operating at 80 to 100 per cent occupancy, with SFU and provincial health and safety guidelines in place.

A new Phase 1 residence, built to LEED Gold certification standards, opened this past summer, adding 482 spaces to increase single-occupancy housing to a total of 2,000 spaces for students. Work also continues on various capital projects, including the Phase 2 Residence building, First Peoples' Gathering House, SFU Art Museum and Indigenous Student Centre expansion.

In 2021, SFU achieved significant progress on climate action in a number of areas, including joining the United Nations' Race to Zero initiative to achieve net zero greenhouse gas emissions by 2050. Our own ambitious carbon-emission reduction targets will see us decreasing our greenhouse gas emissions by 85 per cent by 2030, with net zero reductions of direct emissions by 2035, and all emissions by 2050.

As a leader in responsible investment, the university committed to full divestment last fall. SFU's Global equity portfolio, valued at \$450 million as of December 2021, is 100 per cent fossil-fuel free and the university has already achieved the 2025 target to cut the investment portfolio's carbon footprint by 45 per cent from 2016's baseline. SFU's Socially Responsible Investment (SRI) funds were also increased by \$30 million to \$53 million in December 2021.

In fall 2021, we signed the Canadian Investor Statement on Climate Change as a founding member. This is our pledge to integrate climate-related risk and opportunities into our investment processes and to support the move to a net-zero economy.



SFU has also been recognized by Fairtrade Canada and the Canadian Fair Trade Network (CFTN) for the second year in a row as the only educational institution in Canada to attain the highest Fair Trade Campus designation – the Fair Trade Gold Campus status. This designation reflects the noteworthy efforts of SFU Ancillary Services and our student Fair Trade Ambassadors.

SFU continues to make an impact across Canada and around the world. We are among the world's Top 10 universities for climate action; for sustainable cities and communities; and for peace, justice and strong institutions (fifth worldwide for peace, justice and strong institutions; sixth worldwide for sustainable cities and communities; and seventh worldwide for climate action) according to Times Higher Education 2021 rankings.

In addition, the World's Universities with Real Impact ranked SFU first in innovation across Canadian universities, third in the world for entrepreneurial spirit and eighth among Canadian universities for research impact.

These successes could not have been achieved without the hard work and dedication of our staff and faculty. The university has, once again, been selected as one of Canada's Top 100 Employers, Canada's Top Family-Friendly Employers and BC's Top Employers.

As we look to the future, we will continue our efforts to ensure financial sustainability, support exceptional academic programming, deliver an outstanding student experience, achieve cutting-edge research and develop transformative community engagement activities.

A handwritten signature in black ink, reading "M. Pochurko".

Martin Pochurko
Vice-President, Finance and Administration

SFU FAST FACTS

CANADA'S FIRST FAIR TRADE GOLD CAMPUS

(FAIRTRADE CANADA AND THE CANADIAN FAIRTRADE NETWORK)

3

VIBRANT
CAMPUSES

8

FACULTIES

37,000+

STUDENTS ENROLLED

8,500+

INTERNATIONAL STUDENTS

↓
137

COUNTRIES

#1

CANADIAN
COMPREHENSIVE
UNIVERSITY

(2021 Maclean's University Rankings)

#3

UNIVERSITY IN
WORLD FOR
ENTREPRENEURIAL
SPIRIT

(WURI 2021)

#1

CANADIAN
UNIVERSITY
FOR INNOVATION

(WURI 2021)

#8

AMONG CANADIAN
UNIVERSITIES FOR
RESEARCH IMPACT

(WURI 2021)

170,000+

PROUD ALUMNI



145

COUNTRIES

AMONG THE WORLD'S TOP 10 UNIVERSITIES FOR:

- PEACE, JUSTICE AND STRONG INSTITUTIONS (#5),
- FOR SUSTAINABLE CITIES AND COMMUNITIES (#6),
- AND CLIMATE ACTION (#7)

(THE 2021)

FISCAL 2022 FACTS

\$859

MILLION
TOTAL REVENUES

\$2

BILLION
TOTAL ASSETS

(financial and non-financial)

\$471

MILLION
ENDOWMENT CAPITAL

BUILDING A CLEANER, NET-ZERO FUTURE

With decades of sustainability work behind us, our commitment to acting on climate change, and to building healthy, resilient and sustainable communities, continues to grow stronger each year.

We have empowered our entire institution to embed climate action throughout our research, academics and community engagement. Our five-year sustainability plan includes 16 targets to reduce our carbon footprint. These targets include a shift to renewable resources, more aggressive energy conservation measures, and support for moving to electric commuter and fleet vehicles.

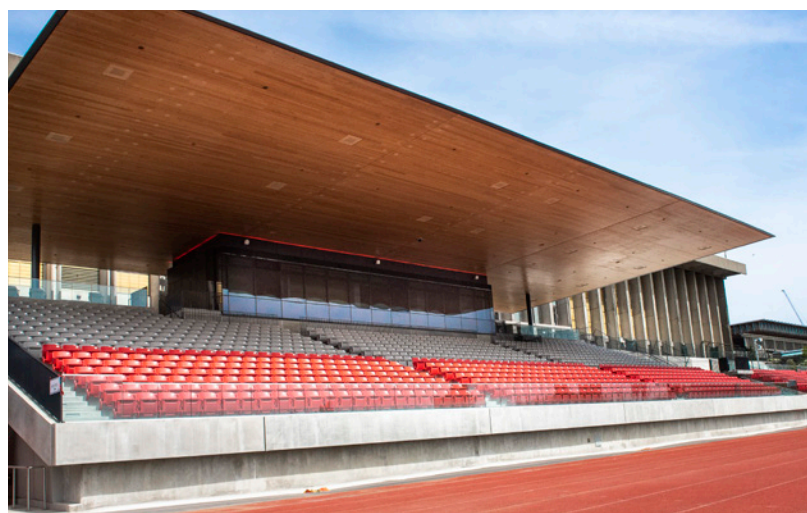
In 2021, we achieved significant progress on climate action:

RACE TO ZERO

We joined the United Nations' Race to Zero initiative to achieve net zero greenhouse gas emissions by 2050. Our own ambitious carbon-emission reduction targets will see us reducing our emissions by 85 per cent by 2030, with net zero reductions of direct emissions by 2035, and all emissions by 2050.

- In 2021, we opened the Corix biomass plant, which transforms clean wood waste (once destined for landfills) into a low carbon energy source. We expect this plant to reduce our GHG emissions from heating by 80 per cent on our Burnaby campus.
- As a leader in responsible investment, the university committed to full divestment last fall. SFU's Global equity portfolio, valued at \$450 million as of December 2021, is 100 per cent fossil-fuel free and we have already achieved our 2025 target to cut the carbon footprint of our investment portfolio by 45 per cent from 2016's baseline. We also increased SFU's Socially Responsible Investment (SRI) funds by \$30 million to \$53 million in December 2021.
- In fall 2021, we signed the Canadian Investor Statement on Climate Change as a founding member. This is our pledge to integrate climate-related risk and opportunities into our investment processes and to support the move to a net-zero economy.

- We launched a Sustainable Development Goals website to share progress across SFU as we work to meet the United Nations' Sustainable Development Goals, which task the world with ending poverty, protecting the planet and leaving no-one behind.
- We built our new student residence buildings, a new stadium and a new Student Union Building to LEED gold certification standards.
- The SFU Renewable Cities Program established a regional, \$21.7M Low Carbon Cities Canada Innovation Centre to help regional municipalities meet their carbon reduction goals. Collaborating with the non-profit, private and public sectors, this centre helps to identify, finance and scale-up local climate solutions, such as electrifying transportation modes and designing retrofits for reducing building emissions.
- SFU currently ranks 10th among the world's top 50 universities for our commitment to sustainability, according to Times Higher Education's 2021 University Impact Rankings. The rankings measure environmental, social and economic contributions toward meeting the UN's 17 sustainable development goals.



SFU Stadium at Terry Fox Field

BUILDING COMMUNITY RESILIENCE

READY TO HELP

Whether on campus or off, SFU students, faculty and staff are ready to act when community members are struggling.

In the aftermath of the November 2021 massive flooding in the Fraser Valley, the entire SFU community, along with many in the UniverCity community, connected with local and regional agencies to help devastated families and businesses.

We mounted a food, toiletries and toy drive to collect essentials, while our food services partner, Chartwells, generously matched community donations pound for pound. Polaris Realty, which manages the Harbour Centre, also stepped up. Donation boxes overflowed at our new Student Union Building and across campuses, totaling more than 2,000 items and approximately \$26,000 in cash donations from community partners and the Simon Fraser Student Society.



NURTURING A SENSE OF BELONGING

When students returned to the Burnaby campus in September 2021, they discovered new pop-up patios, picnic tables, public pianos, games and groupings of comfortable furniture. It's all part of our new Community Vibrancy initiative to create a more welcoming, inspiring and animated campus environment where everyone can feel a strong sense of belonging.



Corix biomass plant



INSPIRING POSITIVE SOCIAL AND ECONOMIC CHANGE

A new social procurement guide adopted at SFU in 2021 empowers our procurement professionals to incorporate social and environmental factors, not just quality and economy, into their purchasing practices and decisions. This helps local communities to reduce poverty, advance economic and social inclusion, and grow their economy.

The guide, developed by the BC Collaborative for Social Innovation (BCSCI) in partnership with BC Institute of Technology, University of Northern BC and Vancouver Island University, is the result of research conducted over two years into higher education procurement practices in Canada, the U.S., the U.K. and Australia. *Social Procurement: Amplify Your Purchasing Dollars For A Better World*, aligns with the United Nations' Agenda 2030 for Sustainable Development. It calls for re-imagining the purpose and practices of public procurement to ease increasing social and economic inequalities.

The guide features some examples of SFU's social procurement practices. These include our Aboriginal Procurement Program, which aims to increase the number of Indigenous-owned businesses supplying the university, and our innovative approach to sourcing catering services from Indigenous and social-purpose catering organizations. As well, we require our suppliers to pay higher wages than industry standard—a commitment to help improve worker welfare.

Overall, we want our procurement practices to generate better economic opportunities for disadvantaged individuals and groups; support small, local, diverse businesses and social enterprises; and contribute to the wellbeing of local community members and organizations.

HELPING PREPARE FOR FUTURE PANDEMICS

Throughout the pandemic, our researchers have shared their knowledge and insight to help navigate Canada through this public health crisis. In 2021, SFU mathematics professor Caroline Colijn, whose modelling and expertise has been central to informing Canada's COVID-19 response, was asked to lead the new Canadian Network for Modelling Infectious Diseases.

Colijn, who holds a Canada 150 Research Chair in Mathematics for Evolution, Infection and Public Health, works with the network's teams of modelers, statisticians, epidemiologists and public health decision-makers. Their work will improve the country's infectious disease modelling for supporting short-, medium- and long-term public health decisions.



Professor Caroline Colijn



Professor Paul Tupper

As well, math professor Paul Tupper and the SFU MAGPIE research group analyze the outcomes of key pandemic reduction strategies to determine best practices. And in our Containment Level 3 Lab, SFU scientists are investigating antibody responses to viruses.

BUILDING A BETTER FUTURE

Simon Fraser University is stepping up to help build a sustainable, resilient and inclusive economic recovery. Our faculty, students and staff are engaged with people and organizations in Canada and around the world to drive innovation, improve public health, fight climate change, promote democracy and create exciting new economic opportunities. In these, and so many other ways, we're here to help shape a better future for everyone.

DEVELOPING NEW TALENT

- A new cybersecurity stream in our Professional Master's Program in Computing Science trains the next generation of cybersecurity specialists.
- In the School of Mechatronic Systems Engineering, the Hybrid Thermal Electric Microgrid project trains students to design the green-power energy grids of the future.
- In the Faculty of Applied Science, our new professional Master of Smart Manufacturing and Systems addresses Canada's demand for advanced digital manufacturing professionals.

FOSTERING ENTREPRENEURIAL INNOVATION

- Professor Elicia Maine, who established the Beedie School of Business' popular Invention to Innovation (i2I) program, won the 2021 BC Cleantech Top Educator Award. The program teaches scientists and engineers how to turn their discoveries into viable companies.
- With start-up incubators like SFU's Coast Capital Savings Venture Connection, we help students, staff and community entrepreneurs take their ideas to market.
- The SFU Entrepreneurship Co-op awards students \$10,000 to work on their start-up companies while receiving university credit.
- And at the Charles Chang Institute for Entrepreneurship, students build their confidence while learning skills to become innovators, entrepreneurs and change-makers.

CHARTING A CLEAN-ENERGY FUTURE

- Canada Research Chair Erik Kjeang heads the SFU Fuel Cell Research Laboratory where he works with Ballard Power Systems on fuel-cell-powered buses.
- The Clean Energy Research Group advises decision-makers around the world about switching to clean energy systems.
- Engineering science professor Michael Adachi and his team develop new solar cell technologies.
- In 2021, SFU won the BC Cleantech Top Educational Institute award.



Professor Elicia Maine

Canada Research Chair Erik Kjeang

HELPING COMMUNITIES FIGHT CLIMATE CHANGE

- The SFU Adaptation to Climate Change Team works with B.C. communities to strengthen their climate-change resilience and reduce greenhouse gases.
- Geography professor Kirsten Zickfeld models climate-mitigation efforts to determine whether they can meet climate targets.
- Four SFU climate-change experts, who are members of the Canadian Institute for Climate Choices, are tackling national climate challenges.
- Taco Niet, a professor of sustainable energy engineering, works with governments around the globe, helping them to build capacity and expertise in the fight against climate change.

CHAMPIONING SUSTAINABILITY

- Sustainable energy engineering professor Sami Khan develops efficient systems to capture and convert carbon dioxide emissions.
- Health sciences professor Meghan Winters designs green transportation solutions to build healthier cities and communities.
- Sustainable energy engineering professor Zafar Adeel examines how expanding access to drinking water builds more resilient, and healthier communities.
- Environment professor Tammara Soma looks at how we can promote food security in resilient and thriving communities.

FOSTERING AN INCLUSIVE RECOVERY

- In 2021, we hired our first Vice President, People, Equity and Inclusion, Yabome Gilpin-Jackson, to advance equity and inclusion at SFU.
- We signed on to the Scarborough Charter on Anti-Black Racism and Black Inclusion in Canadian Higher Education, taking an important step toward creating a more equitable and inclusive university community for Black faculty, staff, students, alumni and visitors.
- We established a roadmap that creates better ways for Indigenous students to access and pursue an SFU education.
- Indigenous Business Leadership Program director Alexia McKinnon works with Indigenous peoples and communities to support economic innovation.

- In fall 2021, the first 10 Uggla scholarships were awarded to emerging scholars who have demonstrated strong academic and leadership potential. The scholarships, donated by SFU alumnus Lance Uggla and his family, support those who are members of the LGBTQ2S+ community, those living with a disability and those who identify as Indigenous or a person of colour. These scholarships are helping SFU to address social mobility, equity, diversity and inclusion.



Tammara Soma



Sami Khan

Joy Johnson



Yabome Gilpin-Jackson

Alexia McKinnon

DISCOVERING A BETTER FUTURE

Our faculty members fuel research discoveries, drive social innovations and devise solutions for fostering a more innovative, inclusive and sustainable economy.

OUR 2021 RSC FELLOWS ARE:



Jasmina Arifovic

JASMINA ARIFOVIC,
PROFESSOR, DEPARTMENT OF ECONOMICS;
BANK OF CANADA FELLOW.

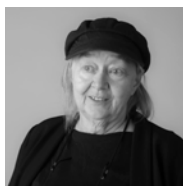
A leading researcher in macroeconomics and behavioural economics, her work in computational modelling and artificial intelligence furthers our understanding of financial markets and monetary policy.



John Bechhoefer

JOHN BECHHOEFER,
PROFESSOR, DEPARTMENT OF PHYSICS.

He has tested and investigated fundamental theories that unite notions of information, feedback control, nonequilibrium statistical physics and thermodynamics.



Sheelagh Carpendale

SHEELAGH CARPENDALE,
PROFESSOR AND TIER 1 CANADA RESEARCH CHAIR
IN INFORMATION VISUALIZATION, SCHOOL OF
COMPUTING SCIENCE.

Using her expertise in information visualization and interactive technologies, she creates accessible, comprehensible and empowering data visualizations.



Catherine Dauvergne

CATHERINE DAUVERGNE,
PROFESSOR, SCHOOL FOR INTERNATIONAL STUDIES;
SFU VICE-PRESIDENT, ACADEMIC AND PROVOST.

An internationally recognized socio-legal scholar, her feminist analyses have changed our perceptions of borders as places to contest human rights and citizenship.



Robert Hogg

ROBERT HOGG,
DISTINGUISHED PROFESSOR AND ASSOCIATE DEAN
OF RESEARCH, FACULTY OF HEALTH SCIENCES; MEMBER,
ORDER OF CANADA.

An eminent demographer, Hogg's work to understand the health disparities among people living with HIV has influenced HIV approaches worldwide.



Steven Holdcroft

STEVEN HOLDCROFT,
PROFESSOR, DEPARTMENT OF CHEMISTRY;
CO-FOUNDER, IONOMR—AN SFU SPINOFF COMPANY.
A leading authority on polymer chemistry, Holdcroft led the discovery of revolutionary ionic polymer membranes, which are transforming the clean energy sector.

In 2021, the Royal Society of Canada (RSC) recognized nine more of our faculty members with Canada's highest academic honour—RSC fellowships—and named two early-career faculty members to the College of New Scholars, Artists and Scientists.



Murray Munro

MURRAY MUNRO,
PROFESSOR, DEPARTMENT OF LINGUISTICS.

An applied linguist, Munro refuted the assumption that successful speech learning is impossible in adulthood, with implications for psychology and language teaching.



Gerardo Otero

GERARDO OTERO,
PROFESSOR, SCHOOL OF INTERNATIONAL STUDIES;
PRESIDENT, LATIN AMERICAN STUDIES ASSOCIATION.

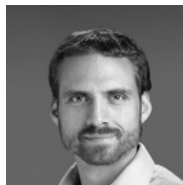
A leading authority in development sociology and the political economy of food and agriculture, Otero's work informs global food-security policy and practice.



Betty Schellenberg

BETTY SCHELLENBERG,
PROFESSOR, DEPARTMENT OF ENGLISH.

An internationally recognized scholar of 18th century book history, Schellenberg showcases women's contributions to British literary culture and champions feminist literary scholarship.



Jonn Axsen

OUR 2021 RSC COLLEGE MEMBERS ARE:

JONN AXSEN,
PROFESSOR, SCHOOL OF RESOURCE AND ENVIRONMENTAL
MANAGEMENT AND DIRECTOR, SUSTAINABLE
TRANSPORTATION ACTION RESEARCH TEAM.

His research on low-carbon technology, consumer behaviour and policy design helps to advance a more sustainable Canadian transportation system.



Steve DiPaola

STEVE DIPAOLO,
PROFESSOR, SCHOOL OF INTERACTIVE ARTS
AND TECHNOLOGY.

A leader in human-centric approaches to artificial intelligence (AI) and cognitive-based computer graphics, DiPaola has pioneered 3D facial modelling techniques and AI creativity systems.

CONSTRUCTING A BETTER FUTURE

When students, staff and faculty returned to the Burnaby campus in September 2021, they discovered a rejuvenated campus and new amenities.

SFU's Facilities Services completed \$50 million of deferred maintenance and campus renewal projects in 2021, including the rebuilding of South Campus Road. The Student Union Building and Phase 1 of our new student residence buildings opened as well as, our first stadium.

Also during the past year, the department signed off on designs for the new Marianne and Edward Gibson Art Museum and for the new 14,000-square-foot First Peoples' Gathering House.

Facilities Services' 155 staff members are responsible for managing more than five million square feet of campus buildings and approximately 157 hectares of land.



Marianne and Edward Gibson Art Museum



Exterior rendering of the First Peoples' Gathering House (front entrance).



Phase 1 of our new student residence buildings



Exterior rendering of the First Peoples' Gathering House (facing towards the north).

MANAGEMENT DISCUSSION AND ANALYSIS

(unaudited)

INTRODUCTION

Our vision to be Canada's 'engaged university' drives the strategic planning, budgeting and fiscal management processes we use to allocate finite financial resources and optimize service results. Our governance context, as described in the following pages, culminates with a description of the accountability methods we use. This Annual Financial Report is an important measure of the university's financial accountability.

Achievement of our vision hinges on SFU's financial health. A comprehensive perspective of the university's financial well-being is provided by this Annual Financial Report, which includes this unaudited Management Discussion and Analysis (MD&A) as management's perspective on SFU's financial condition. The MD&A is to be read in conjunction with the audited Consolidated Financial Statements.

KEY FINANCIAL PERFORMANCE INDICATORS

- Revenue grew 4.0% to \$859 million reflecting sustained demand.
- Expense grew 6.1% to \$832 million as activity on-campus picked up following the lock-down.
- Debt burden remains low, bond rating remains high and financial assets fully cover all liabilities.
- Operating reserves grew and are within the prudent range to support operational stability.
- Employee benefit obligations are challenging but manageable.
- Endowment capital grew 19.8% to \$471 million as prior years' investment earnings were added to capital.

The Financial Health and Comparative Financial Information sections of this report provide substantive information on the foregoing.

The university's revenues are based on a number of factors, including government funding levels and the strength of the global economy. Historically, these factors have remained relatively stable; however, over the past three years, the COVID-19 global pandemic has interrupted this pattern. Financial markets initially contracted sharply, but subsequently rebounded, at the same time the university made a rapid transition to online learning, and is now transitioning back to a primarily in-person teaching model. While there is evidence of a broad based recovery, there are going to be sustained impacts to SFU's operating model including the increased prevalence of remote work arrangements.

This year's revenue of \$859 million exceeded expense of \$832 million, resulting in an Annual Operating Surplus Before Restricted Contributions of \$27 million for the year

ended March 31, 2022. These funds are utilized to support the university's operational plans, including academic, research and support plans, as well as to sustain and enhance its facilities. By executing its operational and capital plans, SFU can sustain and improve service delivery. The university also maintains prudent financial reserves to ensure long-term financial sustainability, to respond to unforeseen challenges and to maintain operations in the face of growth and inflationary pressures.

Capital plans include:

- *Renewal of the university's existing facilities infrastructure:* SFU's 472,000 square metres of owned and leased facilities (insured replacement value of \$2 billion). Since capital borrowing is effectively prohibited, significant upfront funds must be generated from operations to maintain the university's infrastructure. SFU-generated funds paid for \$43 million of building renewal expenditures in 2022.
- *Development of new facilities infrastructure:* Externally restricted capital contributions often only cover a portion of the costs necessary to develop new facilities, necessitating funding from operations.

CONTEXT OF FINANCIAL ACCOUNTABILITY

As described in the preceding pages, the university's vision, mission and underlying principles drive strategic and operational planning, including financial planning. The university's Budget and Financial Plan advances SFU's vision through allocating and utilizing resources based on the university's strategic priorities.

The Budget and Financial Plan assists in guiding service delivery within the framework of financial accountability. Empowerment of the university's personnel is key to achieving results and is provided through delegation of authority, responsibility and accountability pursuant to financial management roles. To this end, personnel are informed with accessible, reliable and relevant information, as well as equipped with effective business processes and financial transaction standards. Internal controls of finances are established by management in the context of their roles, with internal oversight and accountability as the means to achieve reasonable assurance of the reliability and effectiveness of the university's financial operations.

SFU is accountable for its service performance against standards including government-identified indicators and external university rankings systems. The university must also provide accountability in terms of its finances, both internally and externally. This Annual Financial Report is set in the overall context of the university's vision, goals, plans, budgets and service accountability as described in the accompanying chart.

STRATEGIC VISION

1

- Mission and Values Core Themes and Goals:
 - Engaging Students
 - Engaging Research
 - Engaging Communities
- Fundamental Goal:
 - Leveraging Institutional Strength

STRATEGIC PLAN

2

- University Planning Framework
- Academic Plan
 - Faculty and Department Plans
 - Enrolment Plan
- Strategic Research Plan
- Community Engagement Plan
- Other Supporting Plans

UNIVERSITY BUDGET

3

- University Strategic Initiatives
- University Principles
 - Equity, Diversity & Inclusion (EDI)
 - Reconciliation
 - Student Experience
- Budget Model

SERVICE DELIVERY

4

- Delegation of Authority and Resources
- Expenditure Transaction Standards
- Internal Oversight and Accountability

FINANCIAL ACCOUNTABILITY

5

- **Annual Financial Report**
- Budget and Financial Plan
- Sponsor and Government Reports
- Sponsor and Government Audits
- Bond Ratings

SERVICE ACCOUNTABILITY

- Accreditation Reviews
- Peer Reviews
- Government Letter of Expectations
- University Rankings

FINANCIAL HEALTH PERSPECTIVE AND PROSPECTS

1. DO REVENUES COVER EXPENSES AND PROVIDE FOR STRATEGIC INVESTMENTS AND INFRASTRUCTURE RENEWAL?

SFU's ability to generate sufficient revenue to cover expenses and fund strategic operational improvement and infrastructure renewal is essential for the university to achieve its mandate. This is best evidenced by the university's

annual financial results. SFU achieved an Annual Operating Surplus Before Restricted Contributions of \$27 million in 2022.

The university is in compliance with the Province of British Columbia's no annual deficit requirement.

2. IS REVENUE RESILIENT?

Revenue growth, as well as diversity and stability of revenue sources, are primary indicators of revenue resiliency. These factors will be considered in the following discussion.

Revenue growth

Revenue growth is essential to consistent multi-year service delivery and financial health. The university has experienced steady, modest growth of total revenue over the past five years. Total annual revenue has grown from \$727 million in 2018 to \$859 million in 2022.

2022 Revenue by Type

- Tuition
- Province of British Columbia
- Donations, grants, contracts and other
- Government of Canada
- Sales of goods and services
- Amortization of deferred capital contributions
- Investment income

Revenue stability

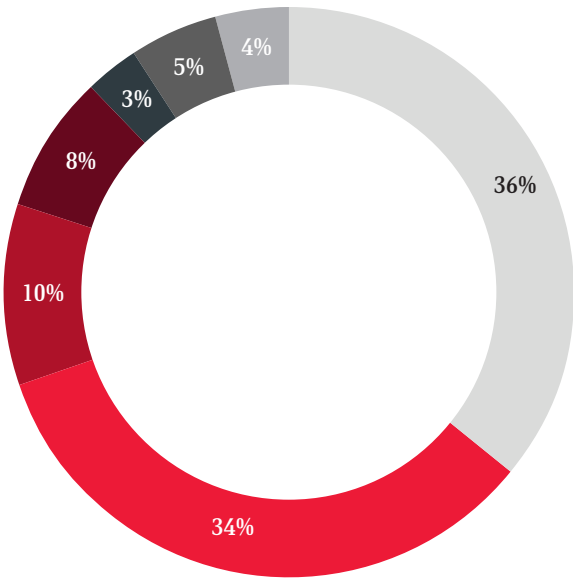
Government funding

The Province of British Columbia provides operating funding to deliver credit courses to eligible students and sets enrolment targets for Full Time Equivalent domestic undergraduate and graduate students (including co-op students). Both of these types of enrolments are stable and consistently exceed the targets.

Historically, prospects to achieve target requirements have been strong, considering there is a large diverse population adjacent to SFU's campuses in British Columbia's three largest cities: Vancouver, Surrey and Burnaby.

Revenue diversity

Multiple sources of revenue minimize dependency risk and contribute to financial stability. The university's diverse revenue sources are summarized in the following chart.



Continuity of provincial government funding is dependent on achieving alignment with the Ministry of Advanced Education and Skills Training's mandate for post-secondary education. The provincial government anticipates robust job growth in British Columbia over the next 10 years and that most of these new jobs will require post-secondary education or training. SFU is strategically directing its future growth towards programs and operations that align with the Ministry's mandate, including planning and preparing for a new medical program.

Tuition revenue

Domestic undergraduate and graduate enrolment growth has been relatively flat for the past several years. The provincial government mandates that annual domestic tuition increases be capped at 2%.

After several years of strong growth, international undergraduate enrolments contracted slightly in 2022 in light of the COVID-19 global pandemic. 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 emergence of virus variants, along with evolving vaccination requirements and travel restrictions have softened the demand for international education.

Tuition fees for international students are higher than those for domestic students, as there is no associated provincial government funding provided for international students. The fees are set in the context of a competitive global market and are not subject to government restrictions.

Overall, tuition revenue increased by 2.4% in 2022. Income from graduate programs and non-credit courses and student fees offset declines in domestic and international tuition revenue.

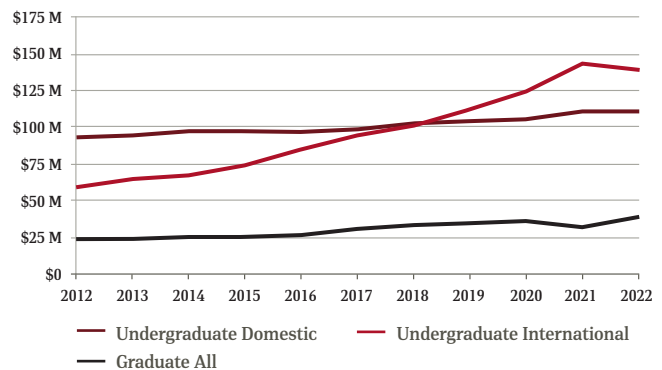
Research revenue

SFU maintained its position as one of Canada's top 20 research universities on Research Infosource's 2021 Top Research Universities List. Among Canadian comprehensive universities, SFU placed within the top three in total sponsored research income and second in terms of its publication impact (2021 Research Infosource ranking). The Government of Canada is the leading funder of research at the university, contributing 71% of SFU's total research funding in 2022.

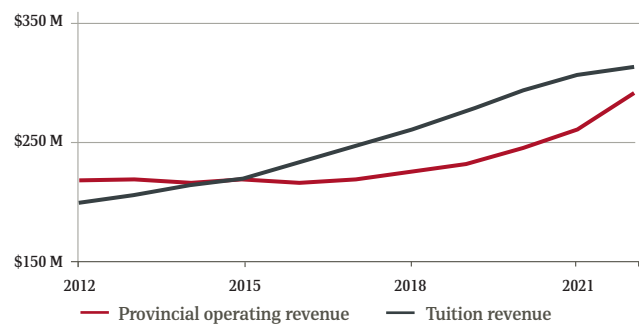
The university's future funding is further influenced by the success rate of SFU faculty in research competitions and its ability to source matching funds from corporations, governments and institutions. The operational model of research is designed to adapt quickly to variable funding levels.

Future research funding is anticipated to remain strong given the federal government's goal to cement Canada's position as a world leader in research and innovation. In its 2021 budget,

Credit Tuition Revenue by Type



Provincial Operating and Total Tuition Revenue



the federal government has promised an additional \$7.2 billion over seven years, starting in fiscal 2022, for Canada's Strategic Innovation Fund (SIF). The SIF's objective is to spur innovation for a better Canada. The federal government will also be providing funding in support of research initiatives and strategies around artificial intelligence, quantum, and photonics technologies.

3. IS THE COMPOSITION OF EXPENSE BY TYPE STABLE?

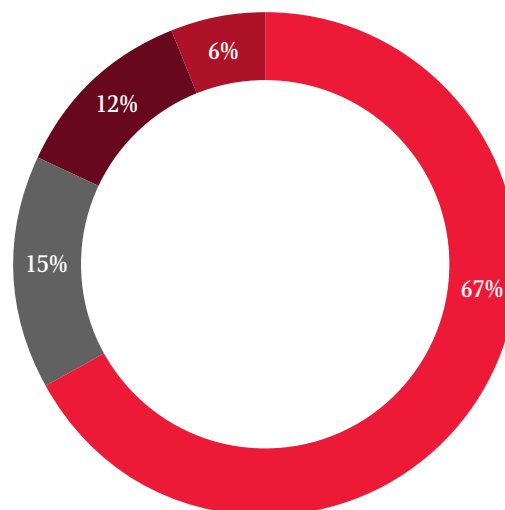
SFU's fiscal management system of setting goals, allocating budgets, and streamlining operations is intended to achieve optimal expenditure of financial resources within the confines of the university's available revenue. Expenditure budgets required to deliver the associated services are linked to key revenues, such as tuition, research awards and contracts revenue.

Salary and employee benefits are SFU's largest expense. Salary and benefit expenses reported in SFU's financial statements are subject to changes in collective agreement and to applicable accounting standards. Over the past two years, base salaries have increased by over 12% reflecting increases in staff complement, general wage increases and progression through the ranks. At that same time, benefits as a percentage of salaries increased from 16.8% to 19.9% reflecting increases to health care premiums and increased costs of providing post-employment benefit programs. Historically salary and employee benefits accounted for 60% to 65% of total expense, but that peaked at 68% in 2021 and declined to 67% in 2022.

Prior to the pandemic travel, supplies and services expense represented 20% of total expense. Those expenditures contracted during the pandemic and only accounted for 14% of total expense in 2021. As on-campus activity and travel increased in 2022 those expenditures have been increasing and contributed to 15% of total expenses in 2022.

2022 Expense by Type

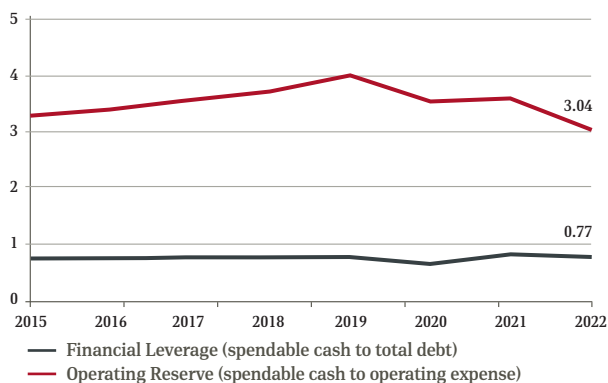
- Salaries and employee benefits
- Supplies and services
- Amortization, interest and utilities
- Scholarships and bursaries



4. CAN FINANCIAL OBLIGATIONS BE MET?

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 stable 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.

Debt Burden Ratio and Spendable Assets Coverage of Expense Ratio



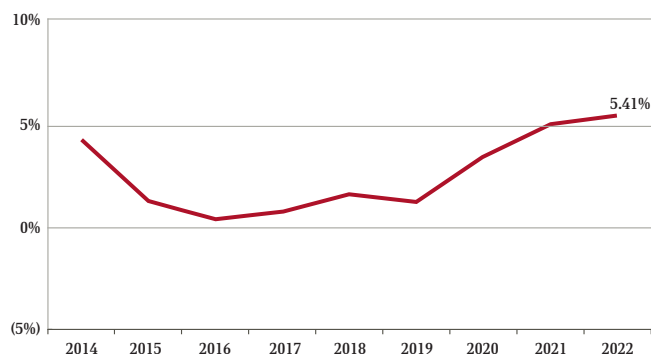
The accompanying graph shows SFU's calculated ratio of expendable cash and investments (excluding endowments) to total debt, and ratio of expendable cash and investments (excluding endowments) to operating expense. Expendable cash was relatively stable year-over-year, but SFU borrowed an additional \$31 million under the province of British Columbia's commercial loan program to fund the construction of a student housing facility. As a result, both the ratio of expendable cash and investments to debt and the ratio of expendable cash and investments to operating expense declined in 2022, but these results continue to demonstrate that the university maintains sufficient funds to meet its financial obligations.

As at March 31, 2022, SFU's tangible capital assets net book value is effectively financed 15.9% (2021: 14.5%) by debt. This means that future students will benefit from access to assets with low associated debt obligations. Interest on long-term debt, at 1.1% of total revenue for the year ended March 31, 2022 (2021: 1.1%), is sufficiently low so as not to restrict the flexibility of operations.

5. ARE OPERATING RESERVES REASONABLE?

Reserves are essential to protect operations from variability in revenue and expenses, and to follow through on commitments not completed by the fiscal year end. At the same time, reserves should not be excessive such that they are detrimental to the delivery of current services. The university's operating reserve financial performance measure is Net Operating Assets as a Percentage of Total Consolidated Revenue. A positive operating reserve level of approximately 4% to 9% of consolidated revenues represents a reasonable operating reserve level for SFU. The ratio has improved in recent years and is now within the target range.

Net Operating Assets as a Percentage of Total Consolidated Revenue



6. ARE OBLIGATIONS ASSOCIATED WITH ONGOING EMPLOYEE BENEFITS SUSTAINABLE?

Employee compensation includes defined benefit pensions, post-retirement benefits, and long-term disability benefits, which the university is obligated to provide after active service. The expenses of providing these plans are determined through actuarial measurements. As there is a financial risk to the university related to the obligation to make future payments, it is relevant to review the financial sustainability of these contractual commitments.

Defined benefit pensions plans

SFU Administers the Administrative/Union Plan and Academic Formula Retirement Benefit Plan, which have Boards of Trustees who manage the plans' investment assets and administer the benefits. The university is responsible for funding these pension plans. Members of the Academic Staff participate in the College Pension Plan of British Columbia, which is a multi-employer defined benefit plan, administered by the B.C. Pension Corporation.

The university's net pension asset increased \$8 million during the year to reach \$77 million at year end. The university's contributions to the plans of \$25 million, determined pursuant to the B.C. Pension Benefits Standards Act, exceeded the current period pension expense of \$17 million.

The funding level is determined by the most recent actuarial valuation whereas the accounting expense is based on current assumptions. This has resulted in contributions exceeding expenses, and thus an increase in the pension asset. The manner in which actuarial gains and losses are applied in determining contributions and expenses further impacts these amounts.

The unamortized net actuarial gain for accounting purposes as at March 31, 2022 is \$34 million. When amortized, this will decrease future pension expenses.

SFU is exposed to the financial and actuarial risks associated with the defined benefit pension plans. For those plans administered by SFU, the plan Trustees engage actuaries, investment managers and other external subject matter experts to assist the Trustees in performing their duties.

As the College Pension Plan is a multi-employer plan, SFU accounts for its interest in this plan using the defined contribution method of accounting. It records its contributions to the College Pension Plan as expense, but does not recognize an actuarial asset or liability. The contribution rate for SFU and the employees who are members of the College Plan may fluctuate based on actuarial valuations of the College Plan which are conducted every three years.

Post-retirement and long-term disability benefits

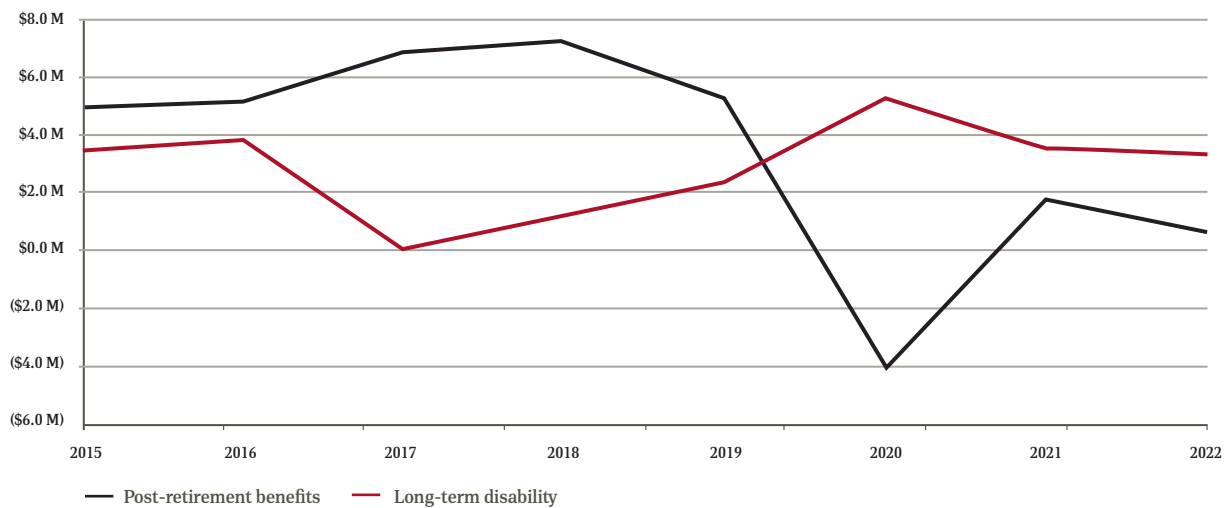
The university provides employee future benefits in the form of post-retirement (medical and early retirement) and long-term disability benefits, for which the expenses, obligations and liabilities are determined by actuarial methods. These plans are unfunded, but the university has sufficient liquid assets to cover the recognized liabilities.

The 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.

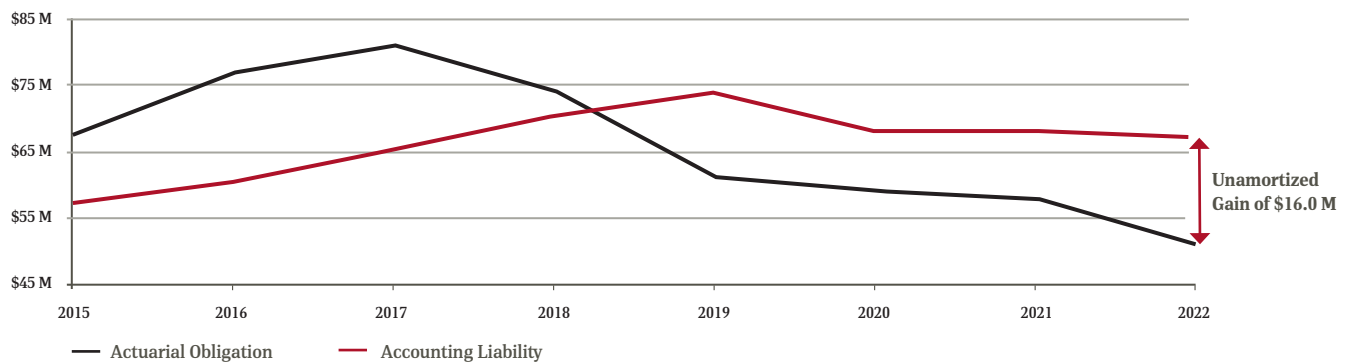
Accounting for post-retirement benefits involves the deferral and amortization of actuarial gains and losses. This accounting method generally results in a more predictable recognition of expenses and an unamortized actuarial gain or loss.

The difference between the post-retirement accrued benefit obligation of \$51 million and the liability of \$67 million at year end is a \$16 million unamortized gain, which will be recognized by the university as revenue over the Expected Average Remaining Service Lifetime (EARS�) of active employees.

Post-Retirement and Long-Term Disability Benefits Expense



Post-Retirement Benefits Unamortized Gain



7. ARE FACILITIES BEING SUSTAINED?

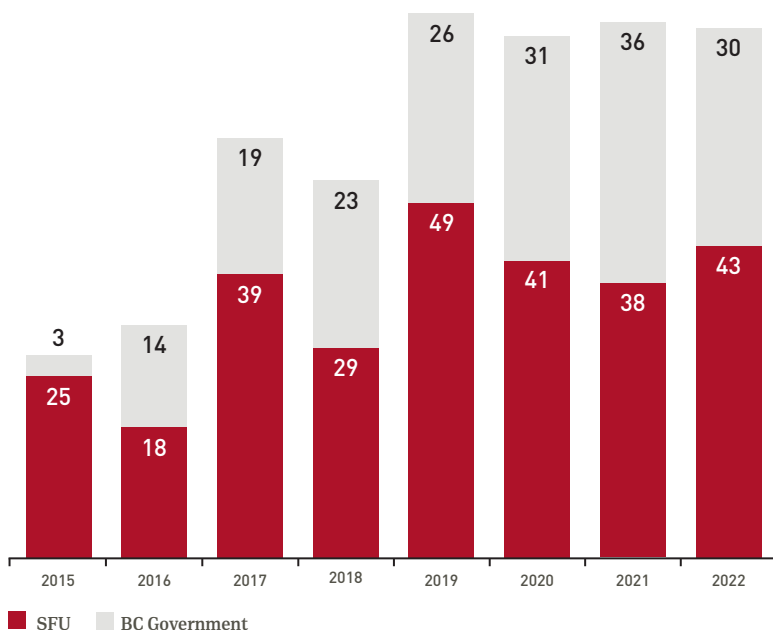
The university has substantial facilities across its three campuses to support high-quality education and research. SFU's Burnaby campus has an aging physical infrastructure that is experiencing physical deterioration and functional obsolescence, resulting in deferred maintenance requirements.

In recent years, with increased routine capital support from the Province of British Columbia (\$30 million in 2022) along with SFU's efforts toward building renewal, the university is beginning to make significant progress on the deferred maintenance issue.

Extending the useful lives and updating the functional utility of buildings and related infrastructure involves considerable cost. Significant funding challenges arise from limitations on acquiring debt, availability of government capital contributions and capacity of the university to fund capital renewal from operations.

Building Renewal Expenditures

Dollars in Millions



The remainder of the MD&A provides five-year comparative analyses of key aspects of the university's financial position and operations.

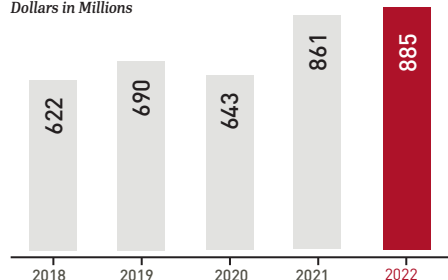
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

Some statements in this 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.

COMPARATIVE FINANCIAL INFORMATION

FINANCIAL ASSETS

Dollars in Millions



Financial Assets increased 2.7% to \$885M.

Dollars in Thousands	2022	2021
Cash and cash equivalents	36,579	57,852
Accounts receivable	67,623	47,578
Inventories for resale	513	614
Due from related parties	18,722	17,647
Pensions	76,953	69,479
Portfolio investments	641,983	630,448
Derivatives	20,926	17,638
Investment in Great Northern Way Campus Trust	13,740	13,086
Investment in SFU Community Trust	7,741	6,842
Total Financial Assets	884,780	861,184

Cash and cash equivalents declined \$21M on anticipation of grant funding to be received in the first quarter of SFU's 2023 fiscal year. SFU maintains a cash and cash equivalents balance to meet expected short-term obligations and transfers amounts to portfolio investments if the cash and cash equivalents balances exceeds forecasted short term operating requirements.

Accounts receivable increased \$20M as grant funding due from the provincial government was higher than at the previous year-end. In addition, the Simon Fraser Student Society committed \$9M toward the construction costs for the new stadium.

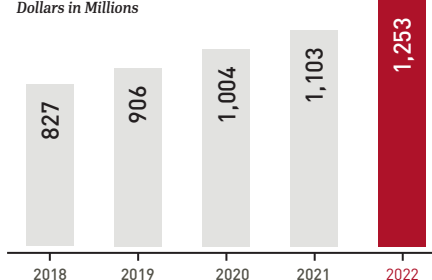
Pensions reflect the funded status of defined benefit plans, which improved during 2022 as determined by the plans' actuaries. SFU's pension expense for these plans is lower than SFU's required contributions to the plans, which in turn has contributed to the growth in the pension assets recognized in the financial statements.

Portfolio investments increased as a result of the financial returns on the investment portfolio during the year.

Derivatives are the fair value of SFU's derivatives with external parties. The fair value of the derivative contract in place to hedge SFU's exposure to interest rate risk related to its commitment to borrow \$73M increased during the year.

NON-FINANCIAL ASSETS

Dollars in Millions



Non-Financial Assets increased 13.7% to \$1,253M.

Dollars in Thousands	2022	2021
Tangible capital assets	1,401,724	1,313,928
Less Deferred capital contributions	(635,246)	(611,977)
Restricted investments	471,610	393,917
Prepaid expense	14,825	6,330
Inventories held for use	576	637
Total Non-Financial Assets	1,253,489	1,102,835

Tangible capital assets include land, buildings, leasehold improvements, library acquisitions, computers, and equipment and furnishings. The increase in the net book value of tangible capital assets of \$88M is the result of \$167M of capital additions, partially offset by \$79M of amortization. During the year, the first phase of SFU's Residence and Housing Master Plan was completed along with construction of the new stadium. Capital additions also include work in progress on the second phase the Student Housing plan and the Dining Commons.

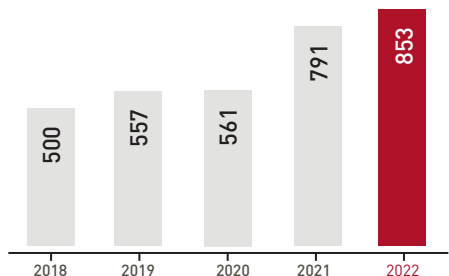
Deferred capital contributions increased by \$23M, being the net of \$63M received during the year and amortization of \$40M. Most of the University's deferred capital contributions came from the Provincial Government which contributed a total of \$44M during the year.

Restricted investments relate primarily to the endowment, and these investments are not available for use in university operations. The \$78M increase from the prior year includes \$8M in new endowment contributions as well as capitalized income of \$70M. Investment income earned on endowment holdings is recognized initially in a reserve account and a portion of those earnings are added to individual endowment accounts.

Prepaid expense increased by \$8M as SFU made a deposit that will be applied against the purchase price of tangible capital assets that will close in the 2023 fiscal year.

LIABILITIES

Dollars in Millions



Liabilities increased 7.8% to \$853M.

Dollars in Thousands	2022	2021
Accounts payable and accrued liabilities	139,145	146,097
Employee future benefits	83,935	83,468
Debt	222,066	190,888
Deferred Tuition	28,500	26,400
Deferred revenue	258,813	286,002
Deferred lease proceeds	120,968	58,464
Total Liabilities	853,427	791,319

Accounts payable and accrued liabilities declined by \$7M due to changes in the timing of when payroll and other liabilities are due.

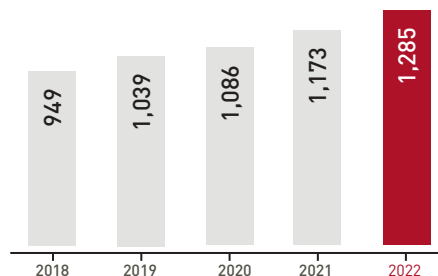
Debt increased by \$31M as the university accessed the Province of British Columbia's commercial paper borrowing program to fund a portion of the second phase of the Student Housing renewal plan.

Deferred revenue fluctuates depending on the timing of when funds are received for specific projects or activities, and when the university utilizes the funds to perform those activities. During the year, the Endowment Income Stabilization Account declined \$28M as realized and unrealized gains on investments of \$60M were offset by transfers to endowment capital of \$69M and recognized investment income of \$19M.

Deferred lease proceeds increased by \$63M largely due to the university transferring its interests in certain cash flows on phase one of the Residence and Housing Master Plan to a third party in exchange for \$59M.

NET ASSETS

Dollars in Millions



Net Assets increased 9.6% to \$1,285M.

Dollars in Thousands	2022	2021
Internally restricted for operating commitments	88,518	81,766
Invested in tangible capital assets	624,707	604,348
Endowment	470,610	392,917
Total Accumulated Operating Surplus	1,183,835	1,079,031
Accumulated rereasurement gains	101,007	93,669
Total Net Assets	1,284,842	1,172,700

Internally restricted for operating commitments is the portion of Net Assets available to fund projects and initiatives which cannot be completed within the university's annual operating cycle. This balance increased by \$7M during the year, which is the unrestricted portion of SFU's Annual Operating Surplus.

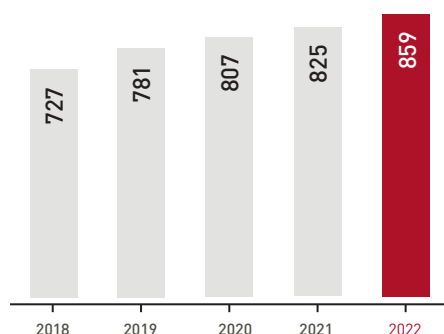
Investment in tangible capital assets represents the amount of Net Assets related to the university's physical infrastructure.

Endowment increased by \$78M reflecting donations of \$8M received during the year and transfers from the Endowment Income Stabilization Account of \$69M.

Accumulated rereasurement gains includes unrealized gains on portfolio investments and derivatives. This balance increased by \$7M reflecting the net increase in the fair value of these portfolios based on the performance of financial markets.

REVENUE

Dollars in Millions



Revenue increased 4% to \$859M.

Dollars in Thousands	2022	2021
Government grants and contracts	361,643	354,777
Tuition	313,133	305,905
Sale of goods & services	26,594	13,102
Donations, non-government grants and contracts	66,539	65,433
Investment income	38,739	33,892
Investment income - GNWCT	737	333
Amortization of deferred capital contributions	39,607	42,597
Other revenue	11,520	9,330
Total Revenue	858,512	825,369

Government grants and contracts increased by \$7M as the provincial operating grant increased by \$14M, while grant revenue from the federal government declined by \$7M. The provincial operating grant increased in part to cover general wage increases in accordance with collective agreements. During 2021, SFU recognized grant revenues from the Government of Canada for a national youth employment program that did not recur in 2022.

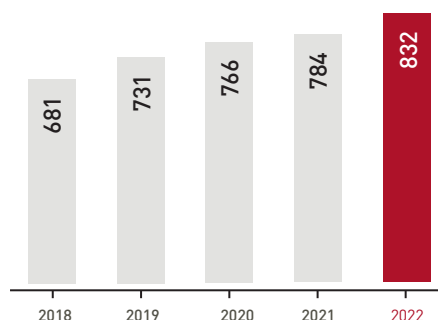
Tuition increased \$7M in 2022 as increases in graduate tuition, non-credit courses and student fees offset declines in undergraduate tuition.

Sales of goods & services improved as the university resumed in-person instruction which resulted in increased residence, dining and other ancillary revenues.

Investment income increased \$5M over 2021 reflecting increased realized gains on disposal of financial instruments.

EXPENSE

Dollars in Millions



Expense increased 6% to \$832M.

Dollars in Thousands	2022	2021
Salaries	465,051	448,325
Employee benefits	92,452	83,266
Supplies and operating	65,921	57,859
Amortization of tangible capital assets	79,281	78,769
Professional and contracted services	48,910	43,412
Scholarships and bursaries	49,054	46,721
Travel and personnel	6,790	3,391
Cost of goods sold	1,952	2,099
Interest on long-term debt	9,164	9,152
Utilities	12,826	11,051
Total Expense	831,401	784,045

Salaries increased by \$17M due primarily to general wage increases and progression through the ranks of continuing employees.

Employee benefits increased by \$9M and represent 19.9% of salaries in 2022, compared to 18.6% in 2021. Overall employee benefits costs have increased relative to salaries due to increased extended health premiums, and increased actuarially determined expenses for defined benefit pension plans.

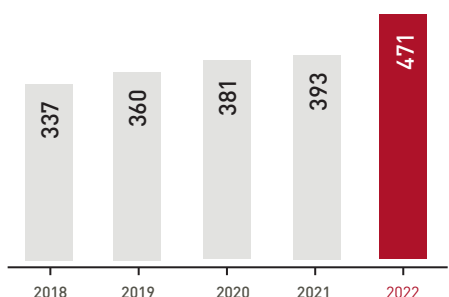
Supplies and operating expense increased \$8M as the return to in-person classes resulted in increased demand.

Professional and contracted services also bounced back due to increased activity on campus. This includes the costs of food and other contracts which were curtailed during the pandemic.

Travel and personnel increased as COVID-19 related travel restrictions began to ease.

ENDOWMENT

Dollars in Millions



Endowment increased 19.8% to \$471M.

Dollars in Thousands	2022	2021
Faculty, academic & other programs	166,259	134,154
Student financial aid	142,632	119,487
Research chairs	116,782	100,735
Professorships	32,286	27,690
Library collections	8,109	6,975
Athletics	4,542	3,876
Total Endowment	470,610	392,917

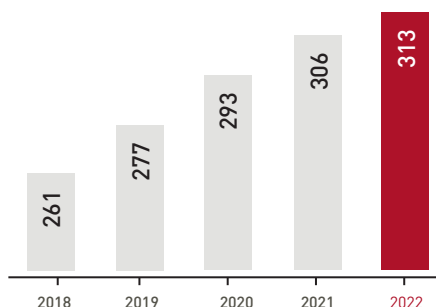
Endowments consist of externally restricted donations received by the university, the principal of which is required to be maintained intact in perpetuity to support the activities of the university. The investment income generated from endowments must be used in accordance with the various purposes stipulated by the donors. There were 996 (2021: 978) individual endowment funds that provided \$24M (2021: \$21M) in funding support during the year.

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 capitalizing a portion of investment income in order to maintain purchasing power. Donations of \$8M, reinvestment of \$51M of earnings, capitalization of \$19M, helped the endowment grow to \$471M.

The income stabilization account which is a component of deferred revenue, protects endowment spending against market fluctuations and has a surplus of \$118M (2021: \$146M surplus).

TUITION

Dollars in Millions



Tuition increased 2.4% to \$313M.

Dollars in Thousands	2022	2021
Undergraduate - domestic	110,133	110,985
Undergraduate - international	139,584	143,007
Graduate	38,297	32,818
Credit courses	288,014	286,810
Non-credit courses and other student fees	25,119	19,095
Total Tuition	313,133	305,905

Undergraduate domestic tuition relates to student revenue, including co-op students. Current year enrolment exceeds the Province of B.C. targets. The undergraduate domestic tuition rate has increased 2% per year since government established a tuition limit policy in 2005.

Undergraduate international tuition revenue has declined due to softening demand as a result of the global pandemic. International undergraduate students are not supported by government funding and, as a result, tuition rates cover the cost of education at competitive rates in the international education market.

Graduate tuition revenue is derived from students enrolled in a range of academic and professional graduate programs which have different rates based on the types of program. Graduate students are supported by government funding and tuition rates for domestic graduate students are subject to the 2% tuition limit policy. Demand for graduate programs has increased during the pandemic contributing to the overall increase in tuition revenue.

Non-credit courses and other student fees includes fees for a wide range of continuing study programs, as well as application, athletics and other fees, some of which were suspended during the pandemic.

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, 2022 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, Risk and Compliance 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, Risk and Compliance Committee, with and without the presence of management.

The audited consolidated financial statements for the year ended March 31, 2022 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 19, 2022



Dr. Joy Johnson
President and Vice-Chancellor



Martin Pochurko
Vice-President,
Finance and Administration



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Independent Auditor's Report

To the Board of Governors of Simon Fraser University, and
To the Minister of Advanced Education and Skills Training, 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, 2022, and the Consolidated Statements of Operations, Remeasurement Gains and Losses, Changes in Net Financial Assets, 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, 2022 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.

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



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 25, 2022

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2022

		2022	2021
Dollars in Thousands	Note		Restated (Note 2i)
Financial Assets			
Cash and cash equivalents	4	36,579	57,852
Accounts receivable	5	67,623	47,578
Inventories for resale		513	614
Due from related parties	6	18,722	17,647
Pensions	7	76,953	69,479
Portfolio investments	8	641,983	630,448
Derivatives	8d	20,926	17,638
Investment in Great Northern Way Campus Trust	9	13,740	13,086
Investment in SFU Community Trust	10	7,741	6,842
Total Financial Assets		884,780	861,184
Liabilities			
Accounts payable and accrued liabilities	11	139,145	146,097
Employee future benefits	12	83,935	83,468
Debt	13	222,066	190,888
Deferred tuition		28,500	26,400
Deferred revenue	14	258,813	286,002
Deferred lease proceeds	15	120,968	58,464
Total Liabilities		853,427	791,319
Net Financial Assets		31,353	69,865
Non-Financial Assets			
Tangible capital assets	16	1,401,724	1,313,928
Less: deferred capital contributions	17	(635,246)	(611,977)
Restricted investments	8	471,610	393,917
Prepaid expense		14,825	6,330
Inventories held for use		576	637
Total Non-Financial Assets		1,253,489	1,102,835
Net Assets	18	1,284,842	1,172,700
Net Assets is comprised of			
Internally restricted for operating commitments		88,518	81,766
Investment in tangible capital assets		624,707	604,348
Endowment		470,610	392,917
Accumulated Operating Surplus		1,183,835	1,079,031
Accumulated Remeasurement Gains		101,007	93,669
Net Assets		1,284,842	1,172,700

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

Approved:



Angie Hall
Chair, Board of Governors



Martin Pochurko
Vice-President, Finance and Administration

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2022

Dollars in Thousands	Note	Budget Note 28	2022	2021 Restated (Note 2i)
Revenue				
Government grants and contracts	19			
Province of British Columbia		277,355	301,484	277,499
Less: portion restricted for capital			(10,000)	
Government of Canada		61,671	66,032	73,501
Other governments		3,391	4,127	3,777
Tuition				
Credit courses		296,202	288,014	286,810
Non-credit courses and other student fees		22,296	25,119	19,095
Sales of goods and services		21,755	26,594	13,102
Donations, non-government grants and contracts		57,369	66,539	65,433
Investment income	20	27,567	38,739	33,892
Investment income - Great Northern Way Campus Trust	9b		737	333
Amortization of deferred capital contributions	17	43,500	39,607	42,597
Other revenue		8,811	11,520	9,330
		819,917	858,512	825,369
Expense				
	21			
Instruction		549,106	551,062	501,990
Research		118,870	130,838	131,716
Specific purpose and trust		64,100	71,678	78,641
Facilities		49,300	50,896	46,874
Community engagement		23,160	26,927	24,824
		804,536	831,401	784,045
Annual Operating Surplus Before Restricted Contributions		15,381	27,111	41,324
Net restricted endowment contributions	22	19,489	77,693	12,161
Annual Operating Surplus		34,870	104,804	53,485
Accumulated Operating Surplus, Beginning of Year		1,079,031	1,079,031	1,025,546
Accumulated Operating Surplus, End of Year		1,113,901	1,183,835	1,079,031
Annual Surplus was allocated to increase Net Assets	18			
Internally restricted for operating commitments			6,752	6,882
Investment in tangible capital assets			20,359	34,442
			27,111	41,324
Endowment	22		77,693	12,161
Annual Operating Surplus			104,804	53,485

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, 2022

<i>Dollars in Thousands</i>	2022	2021
Accumulated Remeasurement Gains, Beginning of Year	93,669	33,702
Unrealized Gains (Losses) Attributable to		
Portfolio investments	26,923	47,215
Designated fair value financial instruments	(6,277)	23,503
Foreign currency translation	174	(50)
(Gains) Losses Reclassified to Consolidated Statement of Operations		
Portfolio investments	(11,445)	(2,993)
Designated fair value financial instruments	(2,272)	(7,702)
Foreign currency translation	235	(6)
Increase in Remeasurement Gains for the Year	7,338	59,967
Accumulated Remeasurement Gains, End of Year	101,007	93,669

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

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31, 2022

<i>Dollars in Thousands</i>	Note	Budget Note 28	2022	2021
Annual Operating Surplus		34,870	104,804	53,485
Net restricted endowment contributions	22	(19,489)	(77,693)	(12,161)
Net effect of remeasurement gains (losses)		4,329	7,338	59,967
		(18,930)	47,806	47,806
Acquisition of tangible capital assets	16	(139,165)	(167,077)	(176,338)
Amortization of tangible capital assets	16	78,239	79,281	78,769
Deferred capital contributions	17	51,543	62,876	55,262
Amortization of deferred capital contributions	17	(43,500)	(39,607)	(42,597)
		(52,883)	(64,527)	(84,904)
Net effect of prepaid expense			(8,495)	(1,629)
Net effect of inventories held for use			61	(115)
			(8,434)	1,744
(Decrease) Increase in Net Financial Assets in the Year		(33,173)	(38,512)	14,643
Net Financial Assets, Beginning of Year		69,865	69,865	81,622
Impact of adoption of new accounting standard				(26,400)
Net Financial Assets, End of Year		36,692	31,353	69,865

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended March 31, 2022

<i>Dollars in Thousands</i>	2022	2021
Operating Transactions		
Annual operating surplus	104,804	53,485
Items not involving cash		
Amortization of tangible capital assets	79,281	78,769
Amortization of deferred capital contributions	(39,607)	(42,597)
Employee future benefits	467	1,796
Income from investment in Great Northern Way Campus Trust	(737)	(333)
(Income) loss from investment in SFU Community Trust	(4,411)	5,064
Amortization of deferred lease proceeds	(1,163)	(652)
Amortization of debt discount	285	286
	138,919	95,818
Changes in non-cash operating balances		
Increase in accounts receivable	(20,045)	(31,044)
(Increase) decrease in due from related parties	(1,075)	56
Increase in pensions	(7,474)	(15,056)
Decrease in inventories for resale and held for use	162	671
Increase in prepaid expense	(8,495)	(1,629)
(Decrease) increase in accounts payable and accrued liabilities	(6,952)	39,613
(Decrease) increase in deferred revenue	(27,189)	120,904
Increase in deferred tuition	2,100	
Increase in deferred lease proceeds - SFU Community Trust	4,411	
Cash Provided by Operating Transactions	74,362	209,333
Investing Transactions		
Increase in investments, net of remeasurement gains/losses	(85,178)	(120,333)
Net distribution from (contribution to) Great Northern Way Campus Trust	83	(110)
Distribution from SFU Community Trust	3,512	
Cash Used in Investing Transactions	(81,583)	(120,443)
Financing Transactions		
Deferred lease proceeds - Student Housing	59,256	
Loan proceeds	30,893	42,069
Deferred capital contributions received	62,876	55,262
Cash Provided by Financing Transactions	153,025	97,331
Capital Transactions		
Acquisition of tangible capital assets	(167,077)	(176,338)
Cash Used in Capital Transactions	(167,077)	(176,338)
Net (Decrease) Increase in Cash and Cash Equivalents	(21,273)	9,883
Cash and Cash Equivalents, Beginning of Year	57,852	47,696
Cash and Cash Equivalents, End of Year	36,579	57,852

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2022

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. Government business enterprises are accounted for by the modified equity method. 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 TRIUMF (2022: 0% and 2021: 7.14% 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 as deferred revenue 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) 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.

(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, 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, estimated pension and employee future benefits, 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

i. New accounting standards

The university has adopted the following accounting standard effective for the current fiscal year beginning April 1, 2021:

PS3400 Revenue establishes a standard on how to account for and report on revenue, differentiating between revenue arising from transactions that include performance obligations, identified as exchange contracts, and transactions that do not have performance obligations, identified as non-exchange contracts.

For transactions within the scope of PS3400 the university has evaluated the composition and characteristics of the transactions:

- Transactions with no performance obligations are recognized as revenue when the university has the authority to claim or retain an inflow of economic resources and a past event has occurred.
- Transactions including performance obligations are recognized as revenue either at a point in time or over a period of time when individual performance obligations are satisfied.

The impact of adopting this standard was to allocate tuition revenue across each four month term for which it was collected. Previously, the entire tuition amount was recognized in the period in which it was determined that the refund eligibility had passed. The standard has been retroactively applied with restatement of prior periods summarized below:

Impact of adoption of PS3400 Revenue

	March 31, 2021 Previously stated	Adjustment	March 31, 2021 Restated
Liabilities			
Deferred tuition revenue		26,400	26,400
Net Financial Assets	96,265	(26,400)	69,865
Accumulated Operating Surplus - Beginning of Year	1,051,946	(26,400)	1,025,546
Accumulated Operating Surplus - End of Year	1,105,431	(26,400)	1,079,031

j. Future accounting standards

Effective April 1, 2022 the university will be required to adopt PS3280 Asset Retirement Obligations. This standard establishes when to recognize and how to measure an

asset retirement obligation. This standard may be applied retroactively or prospectively. The impact of adopting this standard on the university's financial results cannot be determined at this time.

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:

Financial Instrument	Credit Risk	Liquidity Risk	Market Risk		
			Foreign	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 Province of British Columbia is the largest single source of revenue receivable for the university.

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 SFU employee members of the College Pension Plan are anticipated future recoveries from employees to offset SFU's costs of joining the College Pension Plan. SFU employees are to contribute toward 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.

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 amounts receivable.

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, 2022: 94% quoted prices in active markets for identical investments (level 1) and 6% 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.

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, 2022 and March 31, 2021.

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 interest bearing assets, derivatives and its fixed income investments including bonds and debentures.

The university's cash and cash equivalents includes 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

<i>Dollars in Thousands</i>	2022	2021
SFU employee members of the College Pension Plan	36,474	35,510
Revenue receivable	20,058	8,995
SFSS receivable	8,640	76
GST receivables	1,048	2,167
Other receivables	2,752	1,978
Provision for doubtful accounts	(1,349)	(1,148)
Accounts receivable	67,623	47,578

The SFU employee members of the College Pension Plan receivable is related to the costs to be recovered from employees to join the College Pension Plan.

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

The SFSS receivable represents a commitment by the Simon Fraser Student Society to fund a portion of the stadium completed in 2022.

6. DUE FROM RELATED PARTIES

<i>Dollars in Thousands</i>	2022	2021
SFU Community Trust receivable		
Promissory note, interest at prime rate per annum, due on demand	3,314	3,233
Promissory note, interest commencing Jan 2022 at prime rate per annum, due on demand	9,657	9,593
Distribution receivable, non-interest bearing, to be settled within one year	662	
Parking agreement receivable, interest at prime rate, due June 30, 2022	4,474	4,474
Accrued interest receivable on parking agreement	532	177
Due from SFU Community Trust	18,639	17,477
Great Northern Way Campus Trust receivable		
Distribution receivable, interest commencing June 30, 2023 at prime rate plus 1%, due on demand	83	170
Due from Great Northern Way Campus Trust	83	170
Due from Related Parties	18,722	17,647

Pursuant to a parking agreement, the university and SFUCT have agreed to the total amount of the obligation of \$15,000,000, of which \$5,000,000 has been earned and recognized and \$526,000 (2021: \$526,000) has been received. Recognition of the receivable from SFUCT is conditional on the occurrence of certain future events; \$10,000,000 remains to be recognized.

distribution receivable, non-interest bearing, to be settled within one year.

During the year, GNWCT paid in full a non-interest bearing distribution of \$170,000 and declared a distribution of \$83,000 that is reported as a distribution receivable, interest commencing June 30, 2023 at prime rate plus 1%, due on demand.

During the year, SFUCT declared a distribution of \$3,512,000 of which \$2,850,000 has been paid and is reported as \$662,000

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 (Administrative/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 Plan of British Columbia (College Pension Plan), a multi-employer defined benefit FRB plan. Under the terms of the College 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 Plan, and all eligible members of the SFU Faculty Association (SFUFA) joined the College 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 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, SFU 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 recognizes the liability in its accounts payable and accrued liabilities (note 11). 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. 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, 2018, while the Administrative/Union Plan was prepared as at December 31, 2019.

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, 2021 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 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 2021 calendar year were at a rate of 14.41% (2020 calendar year: 14.41%) of pensionable earnings, totaling \$21,804,000 (2020 calendar year: \$21,460,000). In addition, contributions of \$1,479,000 (2020 calendar year: \$1,750,000) were made in respect of commuted value solvency holdbacks.

7a/ Net pension liability

<i>Dollars in Thousands</i>	Administrative / Union	Academic FRB	2022	2021
Accrued benefit obligation, beginning of year	374,509	23,912	398,421	349,624
Current period benefit cost (net of employee contributions)	22,255		22,255	20,703
Employee contributions / transfer from MPA	74		74	53
Interest cost	21,565	1,355	22,920	20,733
Benefit payments	(21,270)	(2,658)	(23,928)	(28,921)
Actuarial loss	-	1,472	1,472	36,229
Accrued Benefit Obligation, End of Year	397,133	24,081	421,214	398,421
Fair value of plan assets, beginning of year	436,623	29,030	465,653	438,440
Employer contributions	24,387	307	24,694	25,812
Employee contributions / transfer from MPA	74	-	74	53
Actual return on plan assets	62,416	3,380	65,796	30,268
Benefit payments	(21,270)	(2,657)	(23,927)	(28,920)
Fair Value Plan Assets, End of Year(*)	502,230	30,060	532,290	465,653
Funded Status, Pension Plan Surplus	105,097	5,979	111,076	67,232
Unamortized net actuarial gain, beginning of year	(7,234)	4,987	(2,247)	34,393
Actuarial gain on pension plan assets	37,218	1,709	38,927	4,053
Actuarial loss on pension plan obligation		(1,472)	(1,472)	(36,229)
Amortization of net actuarial gain	(798)	(418)	(1,216)	(4,464)
Unamortized Net Actuarial Gain (Loss), End of Year	29,186	4,806	33,992	(2,247)
Net Pension Asset before Valuation Allowance	75,911	1,173	77,084	69,479
Valuation allowance		(131)	(131)	
Net Pension Asset	75,911	1,042	76,953	69,479

* Defined benefit pension plan consists of:

	Administrative / Union		Academic FRB	
	2022	2021	2022	2021
Equity securities	65%	64%	66%	67%
Debt securities	35%	36%	34%	33%
	100%	100%	100%	100%

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 Consumer Price Index (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 12 years.

7b/ Defined benefit pension expense

<i>Dollars in Thousands</i>	Administrative / Union	Academic FRB	2022	2021
Current period benefit cost (including employee contributions)	22,329		22,329	20,756
Less: employee contributions	(74)		(74)	(53)
Amortization of net actuarial gain	(798)	(418)	(1,216)	(4,464)
Expected interest cost on pension obligation	21,565	1,355	22,920	20,733
Expected earnings on average pension assets	(25,198)	(1,671)	(26,869)	(26,215)
Change in valuation allowance		131	131	
Pension Expense (Income)	17,824	(603)	17,221	10,757

7c/ Significant actuarial assumptions

	Administrative/Union		Academic FRB	
	2022	2021	2022	2021
Effective date of most recent actuarial valuation report for funding purposes	31-Dec-19	31-Dec-19	31-Dec-18	31-Dec-18
Measurement date of plan assets / accrued benefit obligation	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Expected future inflation rate	2.00%	2.00%	2.00%	2.00%
Expected Average Remaining Service Lifetime of active employees (EARSLS)	10 yrs	10 yrs	n/a	n/a
Average remaining pension payment period	n/a	n/a	12 yrs	12 yrs
Beginning of period				
Discount rate	5.75%	6.00%	6.00%	6.00%
Expected long-term rate of return on plan assets	5.75%	6.00%	6.00%	6.00%
Rate of compensation increase	2.50%	2.50%	n/a	n/a
End of period				
Discount rate	5.75%	5.75%	5.75%	6.00%
Expected long-term rate of return on plan assets	5.75%	5.75%	5.75%	6.00%
Rate of compensation increase	2.50%	2.50%	n/a	n/a

Actual return on plan assets

	December 31, 2021	December 31, 2020
Administrative / Union	12.43%	6.22%
Academic FRB	11.25%	10.70%

7d/ Life Expectancy Assumptions

<i>Years</i>	December 31, 2021				December 31, 2020			
	Life expectancy at 65 for a member currently				Life expectancy at 65 for a member currently			
	Age 65	Age 45	Age 65	Age 45	Age 65	Age 45	Age 65	Age 45
	Male	Female	Male	Female	Male	Female	Male	Female
Administrative/Union and Academic (FRB)								
2014 Private Sector Mortality Table	21.9	24.3	22.9	25.2	21.8	24.2	22.9	25.2

Defined benefit pension plan solvency

Pursuant to the BC Pension Benefits Standards Act, instead of making solvency deficiency payments, the university chose to arrange Letters of Credit (LOC) to satisfy solvency contribution requirements (note 23).

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

<i>Dollars in Thousands</i> Calendar Year	Cumulative Letter of Credit Requirements		
	Administrative / Union	Academic FRB	Total
2021	87,088	10,640	97,728
2022	89,178	10,970	100,148
2023	*	*	*
2024	*	*	*
2025	*	*	*

* 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, 2021

<i>Dollars in Thousands</i>	Administrative / Union Obligation		Academic FRB Obligation	
	\$	%	\$	%
Estimated increase				
0.5% decrease in discount rate	33,730	8.5	800	3.3
0.5% increase in inflation on post retirement	21,640	5.5	774	3.2
0.5% increase in compensation	6,900	1.7		
10% reduction to mortality rates (0.8 years for a 65 year old)	7,950	2.0	1,031	4.2

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 trustee 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, 2021, the College Pension Plan has about 16,500 active members, and approximately 9,500 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, 2018, indicated a \$303,000,000 surplus for basic pension benefits on a going concern basis.

The university paid \$8,565,000 for employer contributions to the plan in calendar year 2021 (2020: \$nil).

The next valuation for the College Pension Plan will be as at August 31, 2021, with results available in 2022.

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 Plan, SFU and its employees who are members of the College Plan must contribute additional amounts equal to 1.68% of pensionable earnings until June 30, 2041. Both SFU and the members of the College Plan are required to submit 0.84% of pensionable earnings to the College Plan in addition their regular employer contributions and employee contributions respectively. Pursuant to its collective agreement, SFUFA members reimburse SFU 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 individual Money Purchase Accounts (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, additional 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 2021 calendar year, contributions made by the university to the Academic MPA Pension Plan were 9.7% (2020 calendar year: 9.7%) of pensionable earnings, totaling \$8,366,000 (2020 calendar year: \$15,516,000).

8. INVESTMENTS

8a/ Consolidated Statement of Financial Position presentation of investments

	Reported Value	
	2022	2021
<i>Dollars in Thousands</i>		
Financial assets presentation category		
Portfolio investments	641,983	630,448
Non-financial assets presentation category		
Endowment investments (note 18a)	470,610	392,917
Non-endowment investment	1,000	1,000
Restricted investments	471,610	393,917
Total Investments	1,113,593	1,024,365

8b/ Investments

	Reported Value		Cost
	2022	2021	2022
<i>Dollars in Thousands</i>			
Investments Recorded at Fair Value			
Designated to the fair value category (level 1)			
Fixed income investments			
Federal bonds	66,902	55,209	72,414
Provincial and municipal bonds	78,538	80,965	85,035
Corporate bonds	166,204	187,121	176,490
	311,644	323,295	333,939
Sinking fund investments	3,727	3,683	2,732
Term deposits		1,156	
Total Fixed Income Investments	315,371	328,134	336,671
Equity instruments quoted in an active market (level 1)			
Canadian equities	309,285	247,843	189,783
Foreign equities	427,625	397,050	306,579
Total Level 1 Category Financial Instruments	1,052,281	973,027	833,033
Designated to the fair value category (level 3)			
Private equities	26,986	22,557	20,264
Other investments	33,326	27,781	26,610
Total Level 3 Category Financial Instruments	60,312	50,338	46,874
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	1,113,593	1,024,365	880,907

The fixed income investments are benchmarked to the FTSE Canada Universe Bond Index. Bonds held in the portfolio mature between 2022 and 2082 and the yields to maturity range between 0.3% and 5.4% (2021: 0.01% and 4.7%).

Sinking fund investments are held and invested by the Province of British Columbia. These funds will provide for the retirement of debentures issued to the Province at maturity in 2022.

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% (2021: 59%) in U.S. markets and 38% (2021: 41%) 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

<i>Dollars in thousands</i>	2022	2021
Investments at cost	880,907	801,368
Unrealized amounts reported in the Consolidated Statement of Remeasurement Gains and Losses		
Balance, beginning of year	73,934	31,549
Fair value change in the year	3,642	42,385
Balance, End of year	77,576	73,934
Deferred revenue related to restricted endowments		
Balance, beginning of year	149,063	62,808
Fair value change in the year	6,047	86,255
Balance, End of year	155,110	149,063
Total Investments at Reported Value	1,113,593	1,024,365

8d/ Derivatives

<i>Dollars in Thousands</i>	2022	2021
Interest rate derivative designated as fair value category (level 2)	20,926	17,638
Total Derivatives	20,926	17,638

Province of BC interest rate swap with notional value of \$73 million terminating on February 1, 2053, whereby SFU pays a fixed rate of 1.506% and receives a floating rate based on the Three Month CDOR rate. The derivative has a mandatory early termination date of February 1, 2023.

9. INVESTMENT IN 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.

9a/ Investment in Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	2022	2021
Great Northern Way Campus Trust equity, December 31	54,959	52,342
SFU proportionate interest	25%	25%
Investment in GNWCT, End of Year	13,740	13,086

9b/ Change in investment in Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	2022		2021	
	100%	25%	100%	25%
Net income reported by GNWCT	2,947	737	1,332	333
Net contributions from (distributions to) institutions	(330)	(83)	438	110
Change in GNWCT	2,617	654	1,770	443
GNWCT, beginning of year	52,342	13,086	50,572	12,643
GNWCT, End of Year	54,959	13,740	52,342	13,086

9c/ Life-to-date investment in Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	2022	2021
Initial settlement upon GNWCT	33,787	33,787
GNWCT cumulative net income	78,396	75,449
Distributions from GNWCT	(77,149)	(76,819)
Contributions by partner institutions	19,925	19,925
	54,959	52,342
SFU proportionate interest	25%	25%
SFU Investment in GNWCT	13,740	13,086

9d/ Financial summary - Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	December 31, 2021	December 31, 2020
Financial Position		
Total assets	64,617	61,977
Total liabilities	9,658	9,635
Trust Balance, End of Year	54,959	52,342
Results of Operations & Trust Balance		
Revenue	8,791	7,516
Expense	5,844	6,184
Net Income for the Year	2,947	1,332
Net contributions from (distributions to) institutions	(330)	438
Net changes in the year	2,617	1,770
Trust balance, beginning of year	52,342	50,572
Trust Balance, End of Year	54,959	52,342
Cash Flows		
Operating transactions	1,356	556
Investing transactions	(959)	(913)
Financing transactions	(681)	
Decrease in Cash During the Year	(284)	(357)

10. INVESTMENT IN 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.

SFUCT is a taxable business trust and must pay income taxes on any taxable income not allocated to beneficiaries. The beneficiaries are the university and Simon Fraser University Foundation, whose beneficiary is also 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 as further described in note 15.

10a/ Investment in SFU Community Trust

<i>Dollars in Thousands</i>	2022	2021
Income (loss) income reported by SFUCT	4,007	(5,064)
Less: inter-entity gains	(107)	
Reduction in the cost of sales to reflect SFU's original cost of leases	511	
Interest in SFUCT Income for the Year	4,411	(5,064)
Distributions from SFUCT in the year	(3,512)	
Investment in SFUCT, beginning of year	6,842	11,906
Investment in SFUCT, End of Year	7,741	6,842

10b/ Trust equity reconciled to investment in SFU Community Trust

<i>Dollars in Thousands</i>	2022	2021
Trust equity as reported by SFUCT	11,822	11,327
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	13,570	13,059
Less: inter-entity gains	(107)	
	(4,081)	(4,485)
Investment in SFUCT, End of Year	7,741	6,842

10c/ Life-to-date investment in SFU Community Trust

<i>Dollars in Thousands</i>	2022	2021
Settled on formation at fair market value	14,339	14,339
Adjustment to eliminate the inter-entity gain on the 99-year lease rights	(9,418)	(9,418)
Settled upon SFUCT at University cost	4,921	4,921
Second settlement	8,126	8,126
Adjustment to eliminate the inter-entity gain on the 99-year lease rights	(8,126)	(8,126)
Settled upon SFUCT at University cost		
Cumulative income as reported by SFUCT	47,634	43,734
Lease rights recognized through sales to third parties	13,570	13,059
Interest in SFUCT cumulative income (note 15d)	61,204	56,793
Distributions from SFUCT:		
Applied to accounts receivable	(4,882)	(4,882)
Derived from SFUCT net income	(53,502)	(49,990)
	(58,384)	(54,872)
Investment in SFUCT	7,741	6,842

In addition to an equity interest in the net income of SFUCT, the university is entitled to base rent under certain conditions.

10d/ Life-to-date base rent continued

<i>Dollars in Thousands</i>	2022	2021
Balance, beginning of year	1,095	1,095
Base rent earned in the year		
Balance, End of Year	1,095	1,095

10e/ Financial summary - SFU Community Trust

<i>Dollars in Thousands</i>	December 31, 2021	December 31, 2020
Financial Position		
Total assets	82,352	72,319
Total liabilities	70,530	60,991
Trust Balance, End of Year	11,822	11,328
Results of Operations & Trust Balance		
Revenue	12,736	3,959
Expense	8,729	9,023
Net Income (Loss) for the Year	4,007	(5,064)
Distributions to beneficiaries	(3,512)	
Trust balance, beginning of year	11,327	16,392
Trust Balance, End of Year	11,822	11,328
Cash Flows		
Operating transactions	2,243	(11,723)
Investing transactions	2,844	(830)
Financing transactions	(1,218)	(235)
Increase (Decrease) in Cash During the Year	3,869	(12,788)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>Dollars in Thousands</i>	2022	2021
Trade payables and accruals	37,999	47,711
College Pension Plan transition liability	39,100	42,600
Salaries and benefits payable	27,429	26,750
Accrued vacation pay	13,130	12,090
Deferred revenue	18,873	14,299
Other	2,614	2,647
Accounts Payable and Accrued Liabilities	139,145	146,097

12. 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 (EARS�) 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 valuations for the retirement benefits plans and the compensated absence benefit plan was prepared as at December 31, 2018.

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 gain of \$6,748,000 (2021 gain: \$1,887,000) 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 gain of \$353,000 (2021: actuarial gain of \$9,000) 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.

12a/ Liability and benefit expense for employee future benefits

<i>Dollars in Thousands</i>	Retirement Benefits		Compensated Absence Benefit	2022	2021
	Non-Pension Retiree	Early Retirement	Long-Term Disability		
Accrued benefit obligation, beginning of year	55,042	2,858	15,225	73,125	72,629
Current period benefit cost	493	97	3,947	4,537	3,135
Interest cost	1,419	73	421	1,913	2,245
Benefit payments	(1,430)	(220)	(2,027)	(3,677)	(3,602)
Actuarial (gain) loss	(6,748)	(353)	(911)	(8,012)	(1,282)
Accrued Benefit Obligation, End of Year	48,776	2,455	16,655	67,886	73,125
Unamortized net actuarial gain (loss) on liability, beginning of year	10,661	(318)		10,343	9,043
Actuarial gain on liability	6,748	353	911	8,012	1,282
Amortization of net actuarial (gain) loss	(1,501)	106	(911)	(2,306)	18
Unamortized Net Actuarial Gain on Obligation, End of Year	15,908	141		16,049	10,343
Liability for Employee Future Benefits, End of Year	64,684	2,596	16,655	83,935	83,468

12b/ Employee future benefits expense

	Retirement Benefits		Compensated Absence Benefit	2022	2021
	Non-Pension Retiree	Early Retirement	Long-Term Disability		
<i>Dollars in Thousands</i>					
Current period benefit cost	493	97	3,947	4,537	3,135
Recognition of actuarial (gain) loss	(1,501)	106	(911)	(2,306)	18
Interest cost on unfunded benefit obligation	1,419	73	421	1,913	2,245
Employee Future Benefits Expense	411	276	3,457	4,144	5,398

12c/ Significant actuarial assumptions

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
	2022	2021	2022	2021	2022	2021
Measurement date of accrued benefit obligation	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Expected future inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expected Average Remaining Service Lifetime of active employees (EARSLS)	5 yrs	5 yrs	9 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	2.60%	3.10%	2.60%	3.10%	2.60%	3.10%
End of period discount rate	3.00%	2.60%	3.00%	2.60%	3.00%	2.60%
Assumed health care cost trend rates						
Dental	4.00%	4.00%	n/a	n/a	4.00%	4.00%
Extended Health Benefits (EHB)	6.20%	6.40%	n/a	n/a	6.20%	6.40%

12d/ Sensitivity to actuarial assumptions, as at December 31, 2021

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
	\$	% of Obligation	\$	% of Obligation	\$	% of Obligation
<i>Dollars in Thousands</i>						
Estimated increase in accrued benefit obligation/liability						
0.5% decrease in discount rate	3,942	8.1	149	6.1	542	3.3
0.5% increase in MSP, Dental and EHB cost trend rates	3,730	7.6				
10% reduction to mortality rates (0.8 years for a 65 year old)	2,151	4.4	125	5.1		
0.5% increase in inflation rate			98	4.0	528	3.2
0.5% increase in compensation			203	8.3		

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

13. DEBT

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

13a/ Debt

<i>Dollars in Thousands</i>	2022	2021
Debentures, senior unsecured	144,107	143,829
Commercial paper, Province of British Columbia	72,962	42,069
Debenture, Province of British Columbia	4,997	4,990
Total	222,066	190,888

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 90 day commercial paper is unsecured, bears interest at a rate of 0.32% and is due April 29, 2022. The university has entered into an agreement with the Province of British Columbia to borrow approximately \$73,000,000 to finance the construction of

the phase 2 student housing building that is expected to be completed in 2023. During construction, SFU can access the Province's commercial facility to make draws as construction progresses. At the time of substantial completion of the student housing, the university will borrow the funds for a period of 30 years at an interest rate to be based on the yield of the applicable Province of British Columbia debt instrument at that time. The university has entered into a derivative agreement with the Province to mitigate the risk of potential interest rate fluctuations on the 30 year debt during the intervening construction period. The fair value of the derivative is described in note 8d.

The Province of British Columbia debenture is unsecured, bears interest at a rate of 8.75% and is due in 2022.

Sinking fund investments are held and invested by the Province of British Columbia. These funds totaling \$3,727,000 (2021: \$3,683,000) will provide for the retirement at maturity of debentures issued to the Province. The amount forms part of the investment balance shown on the Consolidated Statement of Financial Position. Annual sinking fund payments due within the next five years are included in the annual payments table. Annual payments of principal, sinking fund installments and interest due over the next five years and thereafter are as follows:

13b/ Annual payments on debt

<i>Dollars in Thousands</i>	Principal	Sinking Fund	Interest	Total Payments
2023	72,962	44	8,638	81,644
2024			8,420	8,420
2025			8,420	8,420
2026			8,420	8,420
2027			8,420	8,420
2028 to 2042			126,292	126,292
2043	150,000		8,420	158,420

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

<i>Dollars in Thousands</i>	Sponsored Research	Endowment	Specific Purpose	2022	2021
Balance, beginning of year	92,937	153,305	39,760	286,002	165,098
Donations and grants received	84,927		50,520	135,447	151,785
Recognized as revenue	(87,571)		(34,591)	(122,162)	(117,116)
Transferred to deferred capital contributions	(2,301)		(10,000)	(12,301)	
Endowment investment income		60,418		60,418	113,129
Recognized as investment income (note 20)		(19,071)		(19,071)	(16,943)
Recognized as net endowment contributions (note 22)					
Endowment principal addition		(50,640)		(50,640)	(6,531)
Preserve purchasing power		(18,880)		(18,880)	(3,420)
Balance, End of Year	87,992	125,132	45,689	258,813	286,002

14b/ Sources of deferred revenue, end of year

<i>Dollars in Thousands</i>	Sponsored Research	Endowment	Specific Purpose	2022	2021
Province of British Columbia	1,004		28,703	29,707	29,034
Government of Canada	74,705		2,192	76,897	73,564
Endowment income stabilization account		117,688		117,688	145,605
Other	12,283	7,444	14,794	34,521	37,799
Balance, End of Year	87,992	125,132	45,689	258,813	286,002

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). Endowment investments are reported within restricted investments (note 8a).

Allocations are also made from the endowment income stabilization account to net restricted endowment contributions in order to preserve the purchasing power of the individual endowments.

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).

14c/ Endowment income stabilization account

<i>Dollars in Thousands</i>	2022	2021
Balance, beginning of year	145,605	57,148
Endowment investment income externally restricted for the year		
Realized income	54,370	26,873
Unrealized income (loss) (note 8c)	6,047	86,256
Endowment income allocated to		
Individual endowment spending accounts	(24,233)	(21,252)
One-time extraordinary principal addition (note 22)	(45,221)	
Preserve purchasing power (note 22)	(18,880)	(3,420)
(Decrease) Increase in the Year	(27,917)	88,457
Balance, End of Year	117,688	145,605

15. DEFERRED LEASE PROCEEDS**15a/ Deferred lease proceeds**

<i>Dollars in Thousands</i>	2022	2021
Student housing	58,789	
SFU Community Trust	62,179	58,464
Balance, End of Year	120,968	58,464

Student Housing

The university entered into a financing arrangement in September 2021 with a third party, under which it transferred its interest in certain cash flows of the phase 1 student housing building. The university received \$59,256,000 which will be amortized over the expected 60 year term of the agreement.

SFU Community Trust**15b/ Change in SFU Community Trust**

<i>Dollars in Thousands</i>	2022	2021
Balance, beginning of year	58,464	59,116
SFUCT income to be deferred and amortized over lease terms	4,007	
Less: inter-entity gains	(107)	
Adjustment of land value on transfer to the Trust realized through sale of leases	511	
Amortized and transferred to net restricted endowment contributions	(696)	(652)
Balance, End of Year	62,179	58,464

15c/ SFUCT income recognized as restricted endowment contributions

<i>Dollars in Thousands</i>	2022	2021
Interest in SFUCT loss for the year (note 10)		(5,064)
Amortized to income in the year	696	652
Income (Loss) Recognized in the Year as Restricted Endowment Contributions (note 22)	696	(4,412)

15d/ SFU Community Trust endowment component of net assets

<i>Dollars in Thousands</i>	2022	2021
Interest in SFUCT cumulative income (note 10c)	61,204	56,793
Less: deferred lease proceeds	(62,179)	(58,464)
Life-to-date SFUCT Income Recognized as Endowment Contributions	(975)	(1,671)
Base rent revenue earned (note 10d)	1,095	1,095
Initial settlement of investment into SFUCT	40	40
Life-to-date capitalized investment income	15,364	8,143
SFU Endowment Component of Net Assets	15,524	7,607
Total non SFUCT Endowment	455,086	385,310
Endowment	470,610	392,917

16. TANGIBLE CAPITAL ASSETS

16a/ Tangible capital assets - net book value

<i>Dollars in Thousands</i>	Cost	Accumulated Amortization	2022	2021
Buildings - concrete	1,257,356	306,373	950,983	914,657
Premises leased to others	68,301	1,025	67,276	
Buildings - wood	43,133	20,735	22,398	23,815
Site services	88,383	22,735	65,648	57,334
Leasehold improvements	10,189	2,919	7,270	6,817
Computer equipment	65,134	39,752	25,382	35,747
Equipment & furnishings	118,506	70,827	47,679	54,377
Library books	94,625	47,817	46,808	47,398
Land	33,080		33,080	33,080
Assets under construction	135,200		135,200	140,703
Total	1,913,907	512,183	1,401,724	1,313,928

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

<i>Life in Years</i>	
Buildings - concrete	50
Premises leased to others	60
Buildings - wood	30
Site services	50
Leasehold improvements	7-13
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 2022 (2021: 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 2022, additional donated works of art with an appraised value of \$96,000 (2021: \$117,000) were received. The art collections are insured at a replacement value of \$49,595,000.

Inventories held for use are recorded at the lower of cost and replacement cost. 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 \$768,000 (2021: \$896,000).

16b/ 2022 Tangible capital asset cost - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Additions (Transfers)	Disposals	2022
Buildings - concrete	1,197,809	61,028	(1,481)	1,257,356
Premises leased to others		68,301		68,301
Buildings - wood	43,131	2		43,133
Site services	78,632	9,992	(241)	88,383
Leasehold improvements	9,815	1,543	(1,169)	10,189
Computer equipment	72,803	13,088	(20,757)	65,134
Equipment & furnishings	122,156	9,741	(13,391)	118,506
Library books	94,862	8,885	(9,122)	94,625
Land	33,080			33,080
Assets under construction	140,703	(5,503)		135,200
Total	1,792,991	167,077	(46,161)	1,913,907

16c/ 2022 Tangible capital assets amortization - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Amortization	Disposals	2022
Buildings - concrete	283,152	24,702	(1,481)	306,373
Premises leased to others		1,025		1,025
Buildings - wood	19,316	1,419		20,735
Site services	21,298	1,678	(241)	22,735
Leasehold improvements	2,998	1,090	(1,169)	2,919
Computer equipment	37,056	23,453	(20,757)	39,752
Equipment & furnishings	67,779	16,439	(13,391)	70,827
Library books	47,464	9,475	(9,122)	47,817
Total	479,063	79,281	(46,161)	512,183

16d/ 2021 Tangible capital asset cost - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Additions (Transfers)	Disposals	2021
Buildings - concrete	1,128,978	73,691	(4,860)	1,197,809
Buildings - wood	42,893	238		43,131
Site services	74,444	4,188		78,632
Leasehold improvements	5,262	4,553		9,815
Computer equipment	76,541	19,518	(23,256)	72,803
Equipment & furnishings	110,614	20,427	(8,885)	122,156
Library books	94,744	9,156	(9,038)	94,862
Land	33,080			33,080
Assets under construction	96,136	44,567		140,703
Total	1,662,692	176,338	(46,039)	1,792,991

16e/ 2021 Tangible capital assets amortization - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Amortization	Disposals	2021
Buildings - concrete	264,563	23,449	(4,860)	283,152
Buildings - wood	17,901	1,415		19,316
Site services	19,761	1,537		21,298
Leasehold improvements	2,105	893		2,998
Computer equipment	34,744	25,568	(23,256)	37,056
Equipment & furnishings	60,239	16,425	(8,885)	67,779
Library books	47,020	9,482	(9,038)	47,464
Total	446,333	78,769	(46,039)	479,063

16f/ Assets under construction by asset class

<i>Dollars in Thousands</i>	2022	2021
Buildings - concrete	123,839	127,010
Buildings - wood	338	313
Site services	5,228	7,773
Leasehold improvements	4,412	4,422
Computer equipment	31	
Equipment & furnishings	1,352	1,185
Assets Under Construction	135,200	140,703

The largest concrete buildings under construction as at March 31, 2022: SFU Student Housing Phase 2, \$51,150,000, and the Dining Commons, \$27,765,000.

During the year the university completed construction on a student housing building and entered into a financial arrangement whereby a third party acquired the rights to certain future cash flows from this facility. The university received proceeds of \$59,256,000 that will be amortized over the expected term of the lease agreement of 60 years.

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 18c 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

<i>Dollars in Thousands</i>	2022	2021
Balance, beginning of year	611,977	599,312
Contributions received	62,876	55,262
Amortized to revenue	(39,607)	(42,597)
Balance, End of Year	635,246	611,977

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

<i>Dollars in Thousands</i>	2022	2021
Province of British Columbia	474,509	456,338
Government of Canada	87,682	97,678
Other	73,055	57,961
Balance, End of Year	635,246	611,977

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
<i>Dollars in Thousands</i>	2022		2021	
Non-financial assets				
Deferred capital contributions	635,246		611,977	
Accumulated Surplus				
Accumulated surplus	1,284,842	1,920,088	1,172,700	1,784,677
Revenue				
Government grants and contracts	361,643	424,519	354,777	410,039
Amortization of deferred capital contributions	39,607		42,597	
Annual Operating Surplus				
Annual operating surplus	104,804	128,073	53,485	66,150

18. NET ASSETS

18a/ Net assets

<i>Dollars in Thousands</i>	2022	2021
Internally restricted for operating commitments		
Departmental operating budget carryover	28,713	31,560
Internal advance for tangible capital assets	(25,000)	(26,000)
	3,713	5,560
Internally funded research	42,695	35,655
Net operating	46,408	41,215
Ancillary operations	10,589	15,940
Specific purpose	31,521	24,611
Internally Restricted for Operating Commitments	88,518	81,766
Investment in tangible capital assets, before internal advance	599,707	578,348
Internal advance for tangible capital assets	25,000	26,000
Investment in tangible capital assets	624,707	604,348
Endowment (note 8a)	470,610	392,917
Accumulated Operating Surplus, End of Year	1,183,835	1,079,031
Accumulated remeasurement gains	101,007	93,669
Net Assets, End of Year	1,284,842	1,172,700

18b/ Change in endowment

<i>Dollars in Thousands</i>	2022	2021
Balance, beginning of year	392,917	380,756
Net restricted endowment contributions in the year (note 22)	77,693	12,161
Balance, End of Year	470,610	392,917

18c/ Change in accumulated operating surplus

<i>Dollars in Thousands</i>	Internally Restricted for Operating Commitments	Investment in Tangible Capital	Restricted for Endowment Principal
Accumulated Surplus, beginning of year	108,166	604,348	392,917
Impact of adoption of new accounting standard	(26,400)		
Annual surplus	104,804		
Increase in investment in tangible capital assets	(20,359)	20,359	
Net restricted endowment contributions (note 22)	(77,693)		77,693
Accumulated Operating Surplus, End of Year	88,518	624,707	470,610
Investment in tangible capital assets is comprised of			
Tangible capital assets		1,401,724	
Sinking fund investment		3,727	
Debt		(222,066)	
Deferred capital contributions		(635,246)	
Other net assets invested in capital		62,828	
Investment in GNWCT		13,740	
Investment in Tangible Capital Assets		624,707	

19. GOVERNMENT GRANTS AND CONTRACT REVENUE

<i>Dollars in Thousands</i>	Budget	2022	2021
Province of British Columbia			
Operating		279,903	261,309
Less: portion restricted for capital projects*		(10,000)	
Sponsored research		6,705	17,256
Specific purpose		19,658	12,954
Minor maintenance and rehabilitation		980	980
Net deferred revenue		(5,762)	(15,000)
	277,355	291,484	277,499
Government of Canada			
Operating		9,314	8,236
Sponsored research		57,987	62,867
Specific purpose		4,712	20,252
Tangible capital assets			1,792
Net deferred revenue		(5,981)	(19,646)
	61,671	66,032	73,501
Other governments			
Sponsored research		3,991	3,601
Specific purpose		188	176
Net deferred revenue		(52)	
	3,391	4,127	3,777
Government Grants and Contract Revenue	342,417	361,643	354,777

* \$10,000,000 of the operating funding from the Province of British Columbia was restricted for capital deferred maintenance projects and must be expended as stipulated by March 31, 2024 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

<i>Dollars in Thousands</i>	Operating	Endowment	2022	2021
Interest and dividend income	6,186		6,186	6,248
Realized gains transferred from Consolidated Statement of Remeasurement Gains and Losses	13,482		13,482	10,701
Income from deferred contributions (note 14a)		19,071	19,071	16,943
Investment Income	19,668	19,071	38,739	33,892

21. EXPENSE BY OBJECT

<i>Dollars in Thousands</i>	Budget	2022	2021
Salaries	436,753	465,051	448,325
Employee benefits	83,985	92,452	83,266
Supplies and operating	86,264	65,921	57,859
Amortization of tangible capital assets (note 16c)	78,239	79,281	78,769
Professional and contracted services	39,421	48,910	43,412
Scholarships and bursaries	45,894	49,054	46,721
Travel and personnel	11,981	6,790	3,391
Cost of goods sold	1,397	1,952	2,099
Interest on long-term debt	9,078	9,164	9,152
Utilities	11,524	12,826	11,051
Expense	804,536	831,401	784,045

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.

<i>Dollars in Thousands</i>	2022	2021
Donations	7,477	6,622
Capitalized investment income (note 14a)		
Endowment principal addition	5,419	6,531
Preserve purchasing power	18,880	3,420
One-time extraordinary principal addition	45,221	
Equity gain (loss) for the year from SFU Community Trust (note 15c)	696	(4,412)
Net Restricted Endowment Contributions (note 18b)	77,693	12,161

During the year, a one-time principal addition of \$45,221,000 was recorded to individual endowment principal accounts from the endowment income stabilization account (note 14c), as required by the university's endowment management policy.

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, 2022.

At March 31, 2022 the university is liable for Letters of Credit in the amount of \$100,589,000 (2021 \$98,224,000) which includes Letters of Credit 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 and estimated a liability of \$4,000,000 (2021: \$4,000,000) for the remediation of a contaminated site resulting from salt leaking from a salt shed into nearby groundwater and surface water.

The estimated total future expenditures are \$4,000,000. The balance is recorded in accounts payable and accrued liabilities. No additional sites were identified in the year.

25. ASSET RETIREMENT OBLIGATIONS

Accounting policy

Liabilities are recognized for statutory, contractual or legal obligations, associated with the retirement of property, plant and equipment when those obligations result from the acquisition, construction, development or normal operation of the assets. The obligations are measured initially at fair value, determined using present value methodology, and the resulting costs are capitalized into the carrying amount of the related asset. In subsequent periods, the liability is adjusted for the accretion of the discount and any changes in the amount or timing of the underlying future cash flows. The capitalized asset retirement cost is amortized on the same basis as the related asset and the discount accretion is included in interest expense as part of determining the results of operations.

The university presently is unable to estimate future obligations related to the removal and disposal of asbestos which is believed to be prevalent throughout university owned buildings built prior to the mid 1980s. At present, such estimates can only be provided for buildings that are in the process of being decommissioned. Over the period to

the required implementation in 2023 of a new PSAS standard PS3280 Asset Retirement Obligations the university will be working towards establishing reliable estimates in respect of asbestos removal and disposal throughout all relevant university buildings.

26. 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 earn revenue as the university incurs eligible expenditures as defined within funding agreements: 2023 \$4,568,000, 2024 to 2026 \$2,228,000.

27. CONTRACTUAL OBLIGATIONS

The university has entered into multi-year contracts for property leases and the delivery of services. 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.

<i>Dollars in Thousands</i>	2023	2024	2025	2026	2027	Thereafter
Long-term lease	5,517	5,530	5,507	5,056	4,738	5,294
Service contracts	7,811	527				
Construction contracts	41,935					
Total	55,263	6,057	5,507	5,056	4,738	5,294

28. FINANCIAL REPORTING FRAMEWORK BUDGET

Accounting policy

Budget figures have been provided for comparative purposes and were approved by the Board of Governors on March 18, 2021.

29. COMPARATIVE AMOUNTS

Certain amounts on the consolidated financial statements for the year ended March 31, 2021 have been restated in order to conform to the presentation adopted in the current year.

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