

# BUDGET AND FINANCIAL PLAN

2024-25



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# Introduction

## President's message

In March 2023, we officially launched *What's Next: The SFU Strategy*—our roadmap at Simon Fraser University for the years ahead. Since then, the SFU community has rallied around the vision and priorities outlined in the strategy, and we have stepped into our own as a leading research university, advancing an inclusive and sustainable future.

While budget challenges are top-of-mind at our university and across the sector, I am pleased that SFU's long-term financial outlook remains favourable and our Board of Governors has approved this 2024–25 consolidated budget. As we move forward, we will continue to be guided by our values, including innovation and adaptability, resilience and sustainability and equity and belonging.

I am grateful to our outstanding students, faculty and staff who continue to lean in, contribute ideas and support our community during this time. Thanks to you, SFU is an excellent university poised for a bright future, and I am confident that we will successfully navigate this transition period together.

### Joy Johnson

President & Vice-Chancellor  
Simon Fraser University

## Provost's message

Since joining SFU in 2023, I have been continually impressed by the strength of our vision and our community's drive to achieve academic and research excellence. Simon Fraser University is a growing university with an exciting future ahead.

As we look to the 2024–25 fiscal year and the continuation of economic and environmental financial pressures, having a strong, sustainable budget to help us achieve our priorities is more important than ever. Our goal is simple: we need a budget to handle current economic challenges and prepare us for the future.

To ensure we are working effectively towards our shared goals, we have established a new budget model with stronger ties to the academic priorities of the university. As the Chief Budget Officer and the leading executive now overseeing academics and budgetary matters, I am accountable for developing a budget strategy and realizing investment and revenue-generation opportunities that support our research, teaching, and learning mandate. This year's budget reflects our commitment to ensuring SFU's future stability and growth, while upholding academic excellence, supporting our community and finding new ways to deliver services more efficiently. Together, we can keep moving SFU toward an academically vibrant and financially sustainable future.

### Dilson Rassier, Ph.D

Provost and Vice-President Academic and Chief Budget Officer  
Simon Fraser University

## Executive Summary

Simon Fraser University (SFU) presents its annual budget for the fiscal year 2024–25, which is aligned with the university's long-term vision outlined in *What's Next: The SFU Strategy*. Despite financial challenges facing the post-secondary sector, SFU's 2024–25 budget is balanced, a testament to our thorough planning and budget management processes. The university also maintains a strong financial position with a stable outlook, reflected in its Aa1 credit rating.

As one of Canada's leading research universities, SFU has a plan to continue growing, providing the best programs for our students and contributing significantly to academic research and knowledge. Like other leading universities, SFU is navigating lower international enrolments, high inflationary times and overall financial market volatility. Additional budget pressures unique to SFU include increases in pension costs, divestment from fossil fuels and investments in strategic areas like our living wage commitment and graduate student supports.

SFU is estimating an annual deficit for the 2023–24 fiscal year due to a decline in international student enrolments, losses on divestments due to rising interest rates and inflationary cost pressures. Since 2023, the university has implemented several cost-saving measures, including encouraging fiscal restraint and an administrative hiring freeze.

The annual operating deficit was expected to rise to an estimated \$49.9 million during the 2024–25 fiscal year and as a result, SFU is taking further remedial measures to balance the budget. The university has formed a Budget Committee and a budget working group under the leadership of the Provost, who assumed the role of Chief Budget Officer of the University, to guide necessary and strategic budget reductions across units. The university will also restructure certain areas of its operations with an aim to increase efficiency and reduce duplication. This will allow us to improve cost efficiencies and continue supporting staff, faculty and students to succeed at SFU.

The current financial situation presents an opportunity for SFU to innovate and establish processes that will support our long-term financial stability. The university has established a new budget model that is more connected to our academic mission. We have prepared multi-year projections for the first time to assess long term financial sustainability. This revised planning process bring enhanced financial scrutiny, investment in systems, ongoing savings and efficiency and stronger reporting and oversight to support an excellent teaching, research, learning and work environment.

SFU is also moving forward on several revenue-generating initiatives, including a refreshed international recruitment strategy and an institutional international strategy to better coordinate all international research, engagement, advancement and recruitment activities. Other initiatives include exploring the potential for developing micro-credential programs, creating new programs and growing existing auxiliary revenues.

As the university navigates these challenging times, we continue to maintain a balanced approach to budgeting: one that ensures financial stability while reinforcing our commitment to being a leading research university, advancing an inclusive and sustainable future.

## Budget Process

The budget process at SFU is a collaborative effort led by the Offices of the Vice-President, Finance and Administration and the Provost and Vice-President, Academic. Informed and influenced by the institutional strategy and other university-wide plans, our yearly budget guides SFU's academic program delivery, research initiatives and administration.

Budget development follows a set of principles for transparency, accountability and consistency. These guiding principles are available for reference on the SFU Finance website.

Every year during budget planning, the Budget Office engages with department heads, academic units and research teams to assess their financial health and strategic needs. Under SFU's decentralized model, faculties and administrative units oversee their own budgets. This approach is intended to align each unit's academic and financial goals, promote effective resource distribution and support SFU's financial sustainability.

SFU holds an annual budget information session for faculty and staff to provide insight into budget planning, challenges and roles in the fiscal process. This process enables teams to collaborate with the budget leads in their units. Similarly, we engage with student societies and encourage participation through online consultations and surveys, allowing SFU students an opportunity to be involved in the budget planning process.

After collecting insights and submissions from stakeholders, the Budget Office drafts a financial plan that accounts for academic, administrative and strategic needs. This plan, detailing projected income, expenses and fund allocations for SFU's strategic goals, is then presented to the Board for approval.

Upon approval, the budget guides yearly financial decisions and is regularly reviewed for compliance. For 2024–25, we will establish quarterly monitoring of actual results against the approved budget with multi-year projections updated semi-annually. End-of-year financial performance is analyzed against the budget to refine the plan for the following year, ensuring SFU's continued financial health and optimum resource usage.

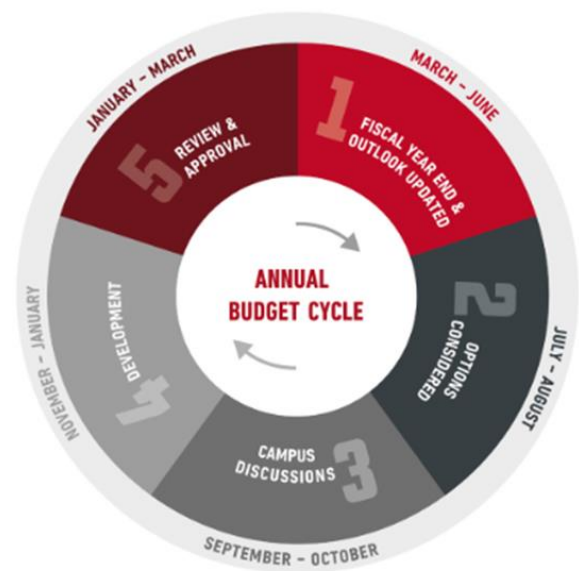
## Budget Cycle

### Preparation (April–October)

- Fiscal Year-End & Outlook Update (April–June): Finances reviewed and projections updated. Leaders are engaged to ensure alignment with our strategic goals.
- Multi-Year Projections Developed (July–August): A balanced budget approach is considered, focusing on stability and prioritizing value and necessary trade-offs.
- Campus Discussions (September–October): Information sessions and surveys with faculty, staff and students.
- Budget Development (November–January): Fiscal planners including Chairs, Directors, Deans and VPs approve departmental budgets. The multi-year budget outlook is updated with these submissions and changes in key budget drivers.

### Approval (January - March)

- The detailed budgets and multi-year budget projections are reviewed and approved by the Board.



## Implementation (Throughout the Fiscal Year)

- Approved budgets are implemented, managing resource distribution and tracking finances across all departments.

## Evaluation & Review (Ongoing)

- Regular evaluation, adjustments and monitoring are essential throughout the budget cycle to respond to performance, needs and financial changes.

## Budget Model

SFU uses a decentralized budget model, which is overseen by the Chief Budget Officer. This model requires each portfolio to develop a sustainable and balanced operating budget for the future. Fund allocation is tailored to the unit type—faculty, support or research departments—demonstrating a customized strategy towards financial management.

While the budget includes operating and ancillary funds, it's important to note there are also "restricted funds." These funds are specific to particular projects or initiatives, meaning they are allocated for specified uses and cannot be freely assigned across other budget areas. Operating funds cover day-to-day operational costs of the institution, such as salaries and utilities, and are the focus of our budget.

**Faculties:** Budget allocations depend on student enrolments, faculty position support and additional departmental income like non-credit fees and service revenues. Tri-Council awards influence the allocation from the Research Support Fund.

**Support units:** Budgets are set by incrementally building on the previous year's budget.

**Research units:** Funding tied to research-related revenue is directed toward specific research activities and SFU's strategic research focuses.

**University-wide expenses:** Certain volatile or compliance-related costs managed centrally are funded from the provincial grant, tuition fees and central revenues like investment earnings.

## Budget Context

Over the past five years, the university has had a steady yet moderate increase in total revenues. The combined total annual revenues have risen from \$635 million in 2013–14 to a projected \$980 million by 2024–25. However, financial challenges facing the post-secondary sector have affected SFU and other leading universities, and these are expected to continue into the 2024–25 fiscal year.

## Provincial Funding

The Province of British Columbia provides operating funding for credit courses for domestic students and sets enrolment targets for full-time domestic undergraduate and graduate students. The 2024–25 provincial operating grant is expected to be a little over \$344M, changing over time to reflect strategic program growth and salary settlements negotiated under the present Public Sector Bargaining Mandates & Agreements. The provincial operating grant does not cover international student assistance.

The provincial operating grant also does not fully account for all annual pay raises in the collective agreements—specifically, increments related to career progression and step increases. The recent inflation rates above 2%, not offset by provincial grants, pose further financial challenges for SFU, requiring increased revenues or improved cost-efficiency to cover expenses.

The university must align its expansion of programs and activities with the Ministry of Post-Secondary Education and Future Skills. This ensures that growth is responsive to the provincial funding model and contributes to the ministry's educational and economic objectives.

### **Tuition and Fee as Revenue Sources**

Tuition and student fees represent a substantial part of the university's income and are expected to contribute just above \$326 million in 2024–25. This revenue line has grown over time due to a combination of enrolment growth and changes in tuition fees. However, although domestic student numbers have grown in recent years, internal enrolments have fallen, largely due to geopolitical events. Consequently, total revenues have remained relatively flat.

### **Tuition Limit Policy**

Domestic tuition increases are capped at 2% by the government, while international fees are set based on market conditions and cost recovery, requiring SFU to strategically manage international tuition rates to maintain financial stability.

SFU remains dedicated to improving student affordability. \$4.3 million in annual support for graduate students was approved as part of the 2023–24 budget, and we are following through on that commitment, with the full amount included in the 2024–25 budget.

The "Student Affordability Working Group," comprised of SFU, Simon Fraser Student Society (SFSS), and Graduate Student Society (GSS) members, targets cost reduction and improved financial support for students. Initiatives to date include advancing open educational resources, stabilizing student costs and fortifying food security. Upcoming efforts will focus on expanding financial aid, dismantling inequitable barriers and minimizing expenses around housing and health plans.

### **International Student Visa Cap**

The recent federal announcements concerning a cap on international student visa permits may introduce additional challenges. The full implications of these restrictions remain uncertain.

Our overarching strategic enrolment planning will be crucial in mitigating any potential impact of these changes on our 2024–25 budget.

The SFU Enrolment Plan is a multi-year enrolment strategy involving various groups, including Senate and Student Services, to manage expected enrolments and adjust for potential fluctuations that could impact tuition revenue. The plan prioritizes affordability, living costs and student support and pays special attention to international admissions, recognizing their vulnerability to geopolitical uncertainties, policy changes in immigration, study permits and the recently announced federal cap.

### **Key assumptions**

As part of the budget development process, the university outlines key assumptions used by units across the university to develop their budgets. This year, for the first time, we have also prepared multi-year projections to assess long-term financial sustainability. Although the assumptions in the multi-year budget are conservative, we are predicting a balanced budget over the next five years.

Major assumptions used in the development of the 2024–25 budget include:

**Provincial Operating Grant:** Revenue is based on the 2024 funding letter and assumes ongoing program funding for Tech Expansion and the 2022 Shared Recovery Mandate in 2024–25.

**Tuition:** A 2% increase in tuition fees for all domestic students and all regular fee graduate programs. International undergraduate students will see increases of 4% for continuing students and 6% for new students. International graduate students will see increases of 4% for all specialty fee programs except those with an existing international differential, which will increase by 6%. Student enrolment figures are based upon the enrolment plan reviewed by the Strategic Enrolment Management Committee (SEMC) in late October 2023 to finalize the 2024–25 Preliminary Enrolment Plan and subsequently approved by Senate in March 2024.

**Capital:** Capital asset additions will be based on the construction completion schedule of capital projects approved by the Board, as well as the planned capital priorities. General additions, such as computers and equipment, will be based on projections provided by the respective units across all campuses.

### Financial risks and mitigation strategies

Various internal and external factors may impact SFU's 2024–25 financial outcomes. The university monitors these risks as part of its ongoing financial and operational diligence. As part of its mitigation strategy, SFU includes a contingency budget at just under 2% of total operating revenues.

Some key risks include:

- **Enrolment:** SFU carefully manages its anticipated enrolment annually in separate processes that involve the Senate, Student Services, the faculties, the Institutional Research and Planning team and many others. However, unanticipated changes in the number of students enrolled or the number of courses taken on average per student can impact overall tuition revenues. International enrolment is particularly vulnerable to increased risk due to changing immigration or study permit policies and the international student visa cap. University senior leaders continue to engage the Ministry regarding the implications of this cap.
- **Inflationary risk:** The inflationary cost increases that impact operating expenses and capital costs are expected to continue for the year ahead. This represents a challenge for the university's operational model, which is limited in its ability to increase domestic tuition and subject to government policies on international enrolment.
- **Budget Efficiencies:** SFU is implementing processes and systems to monitor budgeted cost reductions closely and ensure that they are realized, as delayed implementation may lead to higher operational costs than planned in the 2024–25 budget.
- **Employment Market:** SFU is widely recognized as a leading employer in the province and beyond. Attracting and retaining talented individuals is crucial to SFU's continued success. However, there is growing competition in the labor market for key positions, and the higher cost of living in British Columbia may result in increased compensation costs overall.



## Strategic Investments

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

Key investments in the 2024–25 budget include:

### **Uphold Truth and Reconciliation**

- Support ongoing efforts to hire Indigenous staff and faculty.
- Complete the construction of the First People's Gathering House.
- Create Indigenous governance structures, including a new Indigenous caucus.

### **Engage in Global Challenges**

- Implement a new international student recruitment strategy.
- Develop a holistic international approach that combines research, engagement and recruitment to enhance our global presence.
- Create a strategy to increase undergraduate involvement in research.
- Advance the Hydrogen Hub project to provide world-class research infrastructure.

### **Make a Difference for B.C.**

- Confirm pathways for students from Indigenous and underserved communities into the prospective SFU Medical School (SFUMS).
- Complete the initial Undergraduate Medical Education (UGME) accreditation review, focusing on family practice in underserved communities.
- Finalize the design and plan for the SFUMS building, including a welcoming space for diverse communities.

### **Transform the SFU Experience**

- Support our Living Wage Employer status and progressive practices.
- Improve processes and technology through the next phase of the eTRACS faculty management system.
- Introduce additional mental health and culturally relevant supports.
- Develop an online learning strategy.
- Create an accessibility strategy.
- Deliver initial research space upgrades to support research and innovation.

## 2024-25 Budget

### Basis of Presentation

The consolidated budget aligns with the financial statements, ensuring consistency across different funds as shown in the diagram.



The Operating Statement of Operations includes activities related to academic program delivery and university administration. It highlights areas where management and leaders have discretion to impact outcomes, with details on the operating budget processes and distribution.

The Consolidated Statement of Operations includes all activities related to academic program delivery, research and community engagement.

### Financial Reporting Environment

SFU is part of British Columbia's Government Reporting Entity (GRE) and must align its financial reporting with section 23.1 of the Budget Transparency and Accountability Act and the Restricted Contribution Regulation 198/2011, collectively known as the Financial Reporting Framework (FRF).

The financial details in this document reflect forecasts for 2023–24 and budget projections for 2024–25. Actual results, as seen in SFU's Annual Financial Reports, may vary.

Additional information regarding the reporting requirements is available in SFU's Annual Financial Report.

## Operating Fund

The Operating Fund includes the unrestricted revenues used for academic program delivery and university administration. The principal revenue sources are the provincial operating grant, tuition and student fees.

<b>OPERATING BUDGET</b>				
<b>Statement of Operations</b>				
(\$ Thousands)	Notes	2022-23 Actuals	2023-24 Forecast	2024-25 Budget
<b>Revenues</b>				
Government grants and contracts	1			
Province of British Columbia		231,067	348,299	345,337
Government of Canada		8,950	9,515	12,063
Other governments		-	70	-
Tuition	2			
Credit courses		291,939	291,544	300,338
Non-credit courses and other student fees		23,686	25,987	25,136
Sales of goods and services		5,148	6,081	5,838
Donations, non-government grants and contracts		17,825	18,350	16,918
Investment income	3	19,579	(7,162)	9,587
Other revenue		4,677	5,343	4,721
<b>Total Revenues</b>		<b>602,872</b>	<b>698,027</b>	<b>719,938</b>
<b>Expenses</b>				
Salaries	4			
Academic and Instructional Salaries		207,726	230,149	239,154
Support Salaries		180,010	226,212	189,001
Employee benefits		70,072	97,295	106,881
Supplies and other operational expenses	5	59,916	65,122	81,143
Professional and contracted services	6	30,943	35,050	29,524
Scholarship and bursaries	7	29,560	32,441	34,802
Travel and personnel		7,787	7,677	7,153
Cost of goods sold		114	67	37
Interest on long-term debt		1,223	-	-
Utilities		12,433	12,401	12,186
<b>Total Expenses</b>		<b>599,784</b>	<b>706,414</b>	<b>699,881</b>
Interfund Transfers - to / (from)	8	10,059	(30,416)	(24,535)
<b>Annual Operating Surplus (Deficit)</b>		<b>13,147</b>	<b>(38,802)</b>	<b>(4,478)</b>
<b>Departmental Operating Budget Carry Forward, Ending</b>		<b>40,860</b>	<b>1,059</b>	<b>(4,419)</b>
<b>Internal Advance for Tangible Capital Assets, Ending</b>		<b>(24,000)</b>	<b>(23,000)</b>	<b>(22,000)</b>

## Notes to statement:

### 1. Government Grants

Provincial grants account for 48% of the total operating revenues in the 2024-25 budget. This projection is based on the August 22, 2023, provincial operating grant letter, which includes information regarding SFU's operating grant and student full-time equivalent (program FTE) target for 2023-24. Since 2022-23, additional increases in funding are associated with the 2022 Shared Recovery Mandate (SRM) and tech seat expansions. The provincial operating grant is relatively consistent compared to the current year's forecast, as one-time grant funding associated with the development of a business case for the SFU Medical School and one-time funding associated with retroactive payments related to the negotiated settlement are included in 2023-24. The 2022-23 actual provincial grant is net of a one-time operating grant restriction for capital purposes.

SFU also receives a small amount of federal government funding in its operating revenues to support research and other programs. Additional funding is also projected in support of executive education programs.

### 2. Tuition

The university expects a total enrolment of 26,445 student FTEs in 2024-25, as reflected in the University Enrolment Plan approved by Senate in March 2024. Undergraduate domestic enrolments are expected to lower slightly to 18,484, following strong growth in 2023-24. International undergraduate enrolments continue to track lower than prior years due to ongoing geopolitical uncertainties and visa challenges.

<b>Enrolment Plan</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>
<b>(Activity FTE)</b>	<b>Actuals</b>	<b>Forecast</b>	<b>Plan</b>
Undergraduate Domestic	18,161	18,669	18,484
Undergraduate International	4,924	4,401	4,436
Graduate	3,703	3,525	3,524
<b>Total</b>	<b>26,788</b>	<b>26,595</b>	<b>26,445</b>

In addition to changes in enrolments, tuition revenue growth is also attributable to changes in tuition fees, with a 2% annual tuition fee increase for domestic students applied as permitted by the provincial government. Tuition fees for international students are higher than for domestic students, as no associated provincial government funding is provided for international students.

### 3. Investment Income

The decrease in investment income in 2023-24 was primarily due to the decarbonization of fixed-income assets within the portfolio. The portfolio mix is expected to remain consistent for the 2024-25, before we begin the next phase of carbon divestment.

### 4. Salary and benefits

Salaries and benefits account for 76% of total operating expenses in the 2024-25 budget. Academic and instructional salaries have increased primarily due to negotiated salary settlements associated with the recent bargaining mandate. Support staff salaries also reflect negotiated salary increases, one-time costs in 2023-24 associated with a transition plan, and budgetary savings in 2024-25 related to the anticipated restructuring of certain areas of SFU operations with an aim to increase efficiency and reduce duplication. As part of this work, we will also review service levels and identify work that is no longer required.



Our people have made SFU the remarkable institution it is. We are working hard to do all we can to support employees through this process with care and compassion and while upholding our commitments to equity. We are committed to working with unions and employee groups to craft adjustment plans that consider options such as a voluntary separation program, as well as ensuring appropriate packages and supports.

The 2023-24 forecast reflects an increase in benefits associated with negotiated salary increases. The 2024-25 budget also reflects a further increase related to the next tranche of salary increases in the bargaining mandate and additional benefit costs related to an actuarial adjustment for the professional pension plan, as well as increases to the Long-Term Disability (LTD) plan, life insurance premiums and other benefit rate changes.

## **5. Supplies and Other Operational Expenses**

The supplies and other operational expenses section incorporates budgets for diverse purposes. These include funds designated for communications, library acquisitions and computer hardware, repairs and renovations. Also included are budget provisions for contingency, as well as commitments and new investments such as SFU's Living Wage commitment.

Inflationary pressures have increased the funding required for operational expenses, offset by some savings reductions to be achieved by departments and units.

## **6. Professional and Contract Services**

The Professional and Contract Services category supports a wide range of essential functions critical to the operation and advancement of the university. These services include specialized expertise in consulting and legal services and the procurement of external contractors that support day-to-day operations at the university.

The 2024-25 budget includes additional funding for living wage increases for outsourced janitorial and safety and security services contracts. Additionally, there has been an increase in the budget allocation for legal professionals to manage complex legal matters.

## **7. Scholarships and bursaries**

The university recognizes that the current economic environment is challenging for many students, and some students are acutely affected. Despite budgetary pressures and reductions elsewhere, the university has increased support for students. Over 800 scholarships, awards and bursaries can be found in SFU's financial aid database. More information can be found on SFU's Student Services webpage.

Additional funding has been provided in 2023-24 and 2024-25 to support graduate students. In the 2024-25 operating budget, the university has budgeted over \$34.8 million for student financial support, which is \$2.4 million higher than the prior year's forecast.

## **8. Interfund Transfer**

Interfund transfers encompass the movement of funds from operating to non-operating, such as internal research and capital funds. Given the current budgetary challenges, interfund transfers from operating funds are anticipated to decrease from previous levels.

## Ancillary Operations

The budget for the Ancillary Fund includes Ancillary Services and the Residence and Housing portfolio.

2024-25 Budget (\$ Thousands)	Total Revenues	Operating Expenses	Capital Transfers	Net Impact	Cumulative Ending Carry Forward
Ancillary Services	28,287	28,262	-	25	(1,034)
Residence & Housing	20,677	19,997	4,000	(3,320)	4,746
Total Ancillary Fund	48,964	48,259	4,000	(3,295)	3,713

### Ancillary Services

The Ancillary Services unit is self-funded and operates under the Vice-President of Finance and Administration's purview, with diverse business and retail units including the Bookstore & Spirit Shop, Food Services, Document Solutions, Meeting, Event & Conference Services (MECS) and Parking & Sustainable Mobility Services.

The 2024-25 budget reflects a balanced budget, with the recovery of reserve levels anticipated in future years. Revenue increases are expected in Dining Services, Parking Services, MECS, Document Solutions, and the Bookstore.

### Residences and Housing

The Residence and Housing division falls under the Associate Vice-President (AVP) of the Students & International portfolio, catering to the needs of more than 2,000 students and occasional guests. Its service areas, such as Residence Life, Occupancy and Assignments, Front Desk, Residence Facilities and Guest Accommodations, are designed to enrich residents' living and learning experiences. The 2024–25 budget reflects an increase in residence fees. It also anticipates additional revenue from Phase 2 of the Housing Master Plan, increased occupancy rates in guest accommodations and the launch of operations at the McTaggart Building in spring 2025. Inflationary pressures will affect day-to-day operations, including elevated costs for contractors and professional services and additional interest and principal payments related to long-term debt accrued from the newly incorporated housing units. The 2024–25 deficit is driven by a planned internal transfer of \$4 million from carry-forward reserves to cover the renovation of McTaggart-Cowan Hall in 2024–25.

## BUDGET SCHEDULE BY FUND

### Statement of Operations

(\$ Thousands)	Operating			Specific Purpose	Research	Capital	Endowment	Total
	Operating Fund	Ancillary Operations	Internal Research					
<b>Revenues</b>								
Government grants and contracts								
Province of British Columbia	345,337	-	-	21,951	1,892	1,980	-	371,159
Less: portion restricted for capital	-	-	-	-	-	-	-	-
Government of Canada	12,063	-	43	9,870	57,325	-	-	79,301
Other governments	-	12	1	78	3,879	-	-	3,970
Tuition								
Credit courses	300,338	-	-	-	-	-	-	300,338
Non-credit courses and other student fees	25,136	-	103	869	-	-	(0)	26,108
Sales of goods and services	5,838	45,570	0	80	-	-	-	51,489
Donations, non-government grants and contracts	16,918	(0)	757	15,200	31,678	250	0	64,803
Investment income	9,587	-	-	227	-	5,076	22,524	37,415
Amortization of deferred capital contributions	-	-	-	-	-	31,228	-	31,228
Other revenue	4,721	3,382	1,068	5,090	89	223	1	14,575
<b>Total Revenues</b>	<b>719,938</b>	<b>48,964</b>	<b>1,972</b>	<b>53,366</b>	<b>94,863</b>	<b>38,758</b>	<b>22,525</b>	<b>980,386</b>
<b>Expenses</b>								
Salaries	428,154	8,601	4,805	22,443	54,265	-	5,759	524,028
Employee benefits	106,881	2,130	705	2,457	4,505	-	956	117,634
Supplies and other operational expenses	81,143	17,946	2,364	5,569	26,530	(49,400)	3,036	87,189
Amortization of tangible capital assets	-	-	-	-	59	77,127	-	77,186
Professional and contracted services	29,524	17,706	970	8,355	5,538	199	291	62,584
Scholarship and bursaries	34,802	-	923	12,928	138	-	7,391	56,184
Travel & personnel	7,153	104	2,302	2,353	3,789	-	156	15,857
Cost of goods sold	37	2,474	4	2	19	-	(0)	2,536
Interest on long-term debt	-	-	-	-	6	11,089	-	11,095
Utilities	12,186	1,553	-	12	507	7	-	14,264
<b>Total Expenses</b>	<b>699,881</b>	<b>50,513</b>	<b>12,073</b>	<b>54,121</b>	<b>95,358</b>	<b>39,022</b>	<b>17,589</b>	<b>968,557</b>
Interfund Transfers - to / (from)	(24,535)	(1,745)	7,752	2,149	601	20,714	(4,936)	(0)
<b>Operating Surplus Before Restricted Contributions</b>	<b>(4,478)</b>	<b>(3,295)</b>	<b>(2,348)</b>	<b>1,394</b>	<b>107</b>	<b>20,450</b>	<b>(0)</b>	<b>11,830</b>
Net restricted endowment contributions	-	-	-	-	-	-	24,174	24,174
<b>Annual Operating Surplus (Deficit)</b>	<b>(4,478)</b>	<b>(3,295)</b>	<b>(2,348)</b>	<b>1,394</b>	<b>107</b>	<b>20,450</b>	<b>24,174</b>	<b>36,004</b>

## Other Funds

Aside from the Operating and Ancillary Funds, the university separately manages funds with external restrictions and/or designated for specific purposes. Although the operating fund is the primary focus of the budget book, these funds account for 22% of total consolidated revenues.

## Internal Research

Internal Research captures the financial impact of activities primarily funded through internal allocations from the Operating Fund. The most common internally funded research projects include the New Faculty Startup Grant (NMSG), Faculty Recruitment Grant (FRG), University Publication Fund and Deans, Directors and Chairs Grants. The budget reflects fewer transfers from the operating fund in 2024-25 due to cost containment pressures in the operating fund, resulting in a reduction of carry-forward reserves in internal research.

### *Significant Accounting Treatment*

The funds allocated to Internal Research have been restricted by the university through agreement or contract for a specific purpose. External funding is recorded as revenue in the Statement of Operations in the period it is received. Internal funding designated from the Operating Fund is recorded as an interfund transfer in the Operating Fund, with the transfer netting out on the consolidated statements.

## Specific Purpose

Specific purpose funds include both internally and externally restricted funds where the use of the funds has been restricted by the contributor for a specific purpose. Externally restricted sponsored research and capital-related projects are captured under Research Funds and Capital Funds respectively.

Externally restricted specific purpose activities are primarily funded from donations and government grants. Externally supported activities are numerous and include support and awards for students, as well as furthering the academic endeavors of faculty and the university as a whole.

Internally restricted specific purpose activities are primarily funded from service contracts, grants, donations and other activities. Internally supported activities are designated by the university for a specific purpose and include faculty and program support, as well as community outreach. Faculties and business units are responsible for ensuring the activities within the projects remain in a surplus position. Deficit balances must be guaranteed by the cost centre's general operating funds. The budget reflects an increased spend, as fewer transfers are anticipated relative to prior years given cost containment pressures in the operating fund.

### *Significant Accounting Treatment*

Contributions for Externally Restricted purposes are externally restricted through donor-imposed conditions and reported as deferred revenue on the Statement of Financial Position. The funding is recognized in revenues in the Statement of Operations when the restrictions specified by the contributors are satisfied. Externally restricted specific purpose activities have no impact on the annual operating surplus and no associated accumulated surplus.

The internally restricted funds have been restricted by the university through agreement or contract for a specific purpose. External funding is recorded as revenues in the Statement of Operations in the period it is received.

## Research

The Research Fund captures the financial impact of the direct costs of externally restricted projects designated for research purposes. Additionally, the fund captures research funds received for the purpose of major capital expenditures, and the proportionate consolidation of a research joint venture, the Western Canadian Universities Marine Science Society.



Sponsored research contributions reported in this fund are subject to contributor-imposed stipulations that specify the purpose for which the contribution is to be used. The budget reflects an increase in research revenue and expenses. Research activities are primarily funded by three federal granting agencies: Natural Sciences and Engineering Research Council (NSERC), Social Sciences and Humanities Research Council (SSHRC) and Canadian Institutes of Health Research (CIHR), along with significant grant and contract funding from other sources such as corporations, non-profits and registered charities.

#### *Significant Accounting Treatment*

Contributions for Sponsored Research are externally restricted and reported as deferred revenue on the Statement of Financial Position. The funding is recognized as revenue in the Statement of Operations in the period that the related expenses are incurred. Sponsored research activities have no impact on Annual Operating Surplus and no associated accumulated surplus.

Research funds received for the purpose of capital expenditures are recorded as deferred capital contributions on the Statement of Financial Position. They are amortized to income on the Statement of Operations at the same rate that the related tangible capital assets are amortized to expense within the Capital Fund.

The Western Canadian Universities Marine Science Society has been proportionately consolidated into the research fund based upon its 20% degree of interest. TRIUMF is no longer consolidated as a research joint venture with SFU, effective for the 2021-22 financial statements.

### **Capital**

The Capital Fund captures the financial impact of funding designated for capital projects, funding received for maintenance and recording of the university's tangible capital assets and the associated amortization. The activities are primarily funded from provincial or federal grants, donations or are designated from other sources. The budget reflects a \$20.5 million surplus, primarily driven by transfers from the operational fund to cover costs for deferred maintenance projects and routine capital projects, offset by a capital repayment from the Ancillary Fund related to the McTaggart-Cowan Hall renovation project.

#### *Significant Accounting Treatment*

Funding received or contributed for the acquisition of depreciable tangible capital assets is recorded as deferred capital contributions on the Statement of Financial Position and is amortized to income on the Statement of Operations at the same rate that the related tangible capital assets are amortized to expense.

Contributions received for maintenance and ongoing repairs that have not been externally restricted by the donor or granting agency are recorded as revenue in the period received.

Tangible capital asset acquisitions such as computers and furnishings expensed against the original funding source (Research, Operating, Internally and Externally Restricted Funds) that meet a minimum threshold of \$5,000 are recognized within the capital fund to record the asset addition and the related amortization.

### **Endowment**

Endowment contributions are made to the university with the understanding that the principal amount will be held in perpetuity and invested by the university to generate earnings that can be spent as directed by donors. Both the principal and the related earnings are restricted by donors as agreed in the Terms of the Agreement.

Endowment activity refers to the financial impact related to the endowment contributions and the spending of investment income. The budget reflects a slight increase in endowment spending from prior years.

### *Significant Accounting Treatment*

Endowment contributions are externally restricted and recorded in the Consolidated Statement of Operations as net restricted endowment contributions. Endowment investment earnings are also externally restricted and initially recorded as deferred revenue in the Statement of Financial Position. As expenditures occur, the related investment income is recognized as revenue in the Consolidated Statement of Operations.

## **Consolidated Budget Statements**

The university's consolidated budget projects annual revenues of \$980.4 million, of which \$719.9 million is from the university's operating fund.

The expected operating surplus is \$11.8 million, mainly due to surpluses in capital and research funds balancing out deficits in other areas.

It is anticipated that a portion of the operating budget carry-forward will be used to offset the projected shortfalls from operations in 2023–24, while cost containment measures will provide necessary savings to balance in 2024–25. Despite the significant current fiscal challenges, the financial health indicators for the university highlight a balanced standing. The university holds a solid Moody credit rating of Aa1, based on a view that the university will be able to successfully balance operating pressures stemming from high inflation and provincial revenue constraints against continued strong student demand and tuition revenues and excellent levels of research funding.

The university's key operating asset financial performance measure is net operating assets as a percentage of total consolidated revenues. The Net Operating Assets is expected to be 2% for 2024–25, with the expectation that cost containment initiatives will bring the university within the target range of 4–9%.

## CONSOLIDATED BUDGET

### Statement of Operations

(\$ Thousands)	Notes	2022-23 Actuals	2023-24 Forecast	2024-25 Budget
<b>Revenues</b>				
Government grants and contracts				
Province of British Columbia		252,025	374,666	371,159
Government of Canada	1	77,883	76,080	79,301
Other governments		3,892	3,963	3,970
Tuition				
Credit courses		291,932	291,544	300,338
Non-credit courses and other student fees		23,840	26,258	26,108
Sales of goods and services	2	39,819	47,480	51,489
Donations, non-government grants and contracts	3	71,137	66,180	64,803
Investment income	4	70,869	20,193	37,415
Amortization of deferred capital contributions	5	35,781	32,928	31,228
Other revenue	6	27,871	14,686	14,575
<b>Total Revenues</b>		<b>895,049</b>	<b>953,978</b>	<b>980,386</b>
<b>Expenses</b>				
Instruction		566,069	641,965	639,024
Research	7	145,778	154,071	158,306
Community Engagement	8	23,811	26,277	25,845
Facilities		52,638	60,114	55,774
Specific Purpose and Trust	9	84,568	92,472	89,607
<b>Total Expenses</b>		<b>872,864</b>	<b>974,899</b>	<b>968,556</b>
<b>Operating Surplus bef Restrict Contrib</b>		<b>22,185</b>	<b>(20,920)</b>	<b>11,830</b>
Net restricted endowment contributions		14,861	27,600	24,174
<b>Annual Operating Surplus (Deficit)</b>		<b>37,046</b>	<b>6,680</b>	<b>36,004</b>
Accumulated Surplus, Beginning of Year		1,159,336	1,196,382	1,203,062
<b>Accumulated Surplus, End of Year</b>		<b>1,196,382</b>	<b>1,203,062</b>	<b>1,239,066</b>
Annual Surplus was allocated to increase Net Assets:				
Internally restricted for operating commitments		19,645	(42,889)	(8,724)
Investment in tangible capital assets		2,540	21,971	20,556
Endowment		14,861	27,599	24,172
<b>Annual Operating Surplus</b>		<b>37,046</b>	<b>6,680</b>	<b>36,004</b>



## CONSOLIDATED BUDGET

### Statement of Changes in Net Financial Assets (Net Debt)

(\$ Thousands)	2022-23 Actual	2023-24 Forecast	2024-25 Budget
<b>Annual Operating Surplus</b>	<b>37,046</b>	<b>6,680</b>	<b>36,004</b>
Net restricted endowment contributions	(14,861)	(27,600)	(24,174)
Net effect of remeasurement gains (losses)	(42,297)	16,143	7,011
	<b>(57,158)</b>	<b>(11,457)</b>	<b>(17,163)</b>
Acquisition of tangible capital assets	(169,155)	(119,435)	(144,455)
Amortization of tangible capital assets	79,159	75,986	77,186
Deferred capital contributions	89,894	57,375	56,801
Amortization of deferred capital contributions	(35,781)	(32,928)	(31,228)
	<b>(35,883)</b>	<b>(19,002)</b>	<b>(41,696)</b>
Net effect of prepaid expense	8,010	2,015	
Net effect of inventories held for use	(101)	(23)	
	<b>7,909</b>	<b>1,992</b>	<b>-</b>
<b>Increase (Decrease) in Financial Assets in the Year</b>	<b>(48,086)</b>	<b>(21,787)</b>	<b>(22,855)</b>
Net Financial Assets, Beginning of Year	6,362	(41,724)	(63,511)
<b>Net Financial Assets, End of Year</b>	<b>(41,724)</b>	<b>(63,511)</b>	<b>(86,366)</b>

## About SFU

As Canada's engaged university, SFU works with communities, organizations and partners to create, share and embrace knowledge that improves life and generates real change. We deliver a world-class education with lifelong value that shapes change-makers, visionaries and problem-solvers. We connect research and innovation to entrepreneurship and industry to deliver sustainable, relevant solutions to today's problems. With campuses in British Columbia's three largest cities—Vancouver, Burnaby and Surrey—SFU has eight faculties that deliver 364 undergraduate degree programs and 149 graduate degree programs to more than 37,000 students. The university now boasts more than 180,000 alumni residing in 145+ countries.

Simon Fraser University respectfully acknowledges the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh Úxwumixw (Squamish), səliłwətaʔl (Tsleil-Waututh), qícəy̓ (Katzie), kʷikʷəłəm (Kwikwetlem), Qayqayt, Kwantlen, Semiahmoo and Tsawwassen peoples on whose unceded traditional territories our three campuses reside.

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