

ANNUAL FINANCIAL REPORT

MARCH 31, 2020

SFU

CANADA'S ENGAGED UNIVERSITY

Find out more at sfu.ca

SFU FAST FACTS

#1

**CANADIAN
COMPREHENSIVE
UNIVERSITY**

(Maclean's University Rankings)

84% **INCREASE
IN RESEARCH
INCOME**
(over the last 10 years)

3 **VIBRANT
CAMPUSES**

8 **FACULTIES**

37,000+

STUDENTS ENROLLED [2019 calendar year]



8,500+

INTERNATIONAL STUDENTS



137

COUNTRIES REPRESENTED

100+

ACADEMIC PROGRAMS

165,000+

PROUD ALUMNI

9,200+

**CO-OP
STUDENTS**

*(peak participation
in 2018/19
academic year)*

FISCAL 2020 FAST FACTS

\$807 **MILLION**
TOTAL REVENUES

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

\$381 **MILLION**
ENDOWMENT CAPITAL

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PRESIDENT'S MESSAGE

Less than a decade ago, Simon Fraser University set a course to become “Canada’s engaged university.” Since then, we have worked hard to achieve that mission through innovative education that equips students for life, cutting-edge research with real-world impact, and far-reaching engagement that strengthens the communities we serve. During the past year, we have made further progress transforming this ambitious vision into a bold reality.

As the 2019/20 fiscal year drew to a close, SFU was confronted with unprecedented challenges due to the COVID-19 crisis. In reaction, the university community pulled together with extraordinary speed to develop and execute a coordinated response. We moved our entire educational program to online and other virtual platforms while maintaining necessary student supports. SFU researchers led national and international efforts to combat the virus, and university staff worked tirelessly to ensure that our campuses were safe. It was an amazing effort, and I have never been prouder to be president of SFU, nor more confident of our capacity to address the challenges that lie ahead.

There are many more accomplishments to be proud of this year. For example, SFU maintained its position as Canada’s top comprehensive university in the *Maclean’s* rankings – a position we have held nine times this past decade. Our annual research income has risen to over \$161 million – the fastest growth over the past decade amongst all Canadian research universities. And our research impact was again found to be greatest amongst all Canadian comprehensive universities.

Last fall, SFU welcomed its first class of students into our new Sustainable Energy Engineering program delivered in a recently opened, state-of-the-art facility on the Surrey campus. Over 40 per cent of the undergraduate class are women, a remarkable achievement for an engineering program. We also celebrated the province’s announcement of a Quantum Algorithms Institute to be located at the Surrey campus, which will position B.C. as a global leader in the field of quantum computing technology.



SFU’s Vancouver campus marked its 30th anniversary this past year, and celebrated the opening of its ninth downtown location – a hub for community-engaged research and programming at 312 Main. This exciting new facility will enable us to extend our already impressive capacities for groundbreaking community engagement in Vancouver.

On Burnaby Mountain, a stunning new Student Union Building is nearing completion, construction of a covered stadium is well underway, an ambitious program of routine maintenance is continuing, and work has begun on two phases of residence expansion that will deliver 850 units of undergraduate student housing plus an expanded dining commons. Construction is also underway on a Corix biomass energy utility that will reduce by 80 per cent SFU Burnaby’s and UniverCity’s greenhouse gas emissions for heating. Capital planning priorities for Burnaby include development of an SFU Art Museum and a new Life Sciences Building. We are also seeking support for construction of a high-capacity urban gondola system to link the mountain with the region’s SkyTrain system.

In closing, I would like to thank the university community for the support it has given me over the past decade. It has been my honour and privilege to serve as president of this wonderful institution. As we enter a new decade, Simon Fraser University has much to be proud of and much more to look forward to.

A handwritten signature in black ink that reads "Andrew Petter".

Professor Andrew Petter
President and Vice-Chancellor

VICE-PRESIDENT'S MESSAGE

SFU continues to deliver sound fiscal management and active stewardship to support the university's academic, research and community engagement mission.

SFU's students, faculty and staff have shown their resolve as we see our way through the COVID-19 crisis. To help ensure the safety of the university community, SFU responded with measures such as a university-wide transition to virtual learning and implementing physical distancing strategies for our staff. The health, safety and well-being of our students, faculty and staff is our primary focus and priority.

We work hard to ensure the university's financial resources are strategically directed, optimized and protected—and this is particularly important in such uncertain times as SFU is currently facing. We anticipate the global pandemic will have an impact on the university's investment and endowment returns, as well as on international enrolment. There will likely be financial repercussions for future years as well.

I would like to acknowledge SFU's IT Services group. To address the COVID-19 pandemic, this team has been instrumental in transforming SFU's operations to fully support remote learning, research and work. As well, ITS significantly increased the capacity of the university's supercomputer, Cedar, to support the research mission and has improved WiFi capabilities on our campuses.

Effectively managing the university's investment portfolios will be key to generating sufficient income to support research, scholarships and athletics from the endowment fund, and to support the operating budget. Our endowment portfolio has historically outperformed the Canadian university median annualized rate of return, according to CAUBO investment surveys. The university's excellent credit ratings—the highest among our Canadian comprehensive university peers as assessed by Moody's and DBRS—have helped us secure lower funding costs.

This year, we opened a new \$126-million building on the Surrey campus, now home to the university's Sustainable Energy Engineering (SEE) program. Construction of the new stadium and Student Union Building—projects generously supported by the Simon Fraser Student Society (SFSS) and SFU students—are underway and expected to be completed in the next year. Progress is being made on SFU's Housing Master Plan, with completion of the Student Residence Phase 1 expansion and initiation of Phase 2 both targeted for next year.



We are providing strategic leadership and implementing effective 'people practices' to ensure SFU continues to recruit and retain a high-performing, engaged workforce. This year, for example, we launched the first phases of a leadership development program, implemented a new job-evaluation methodology for all APSA and excluded jobs, and continued to enhance partnerships with each of our employee groups. Our commitment to employee engagement was recognized this year as SFU was named one of Canada's Top 100 Employers—the thirteenth consecutive year the university has received this honour. SFU was one of only four Canadian universities to make this year's list, and the only B.C. university recognized.

Sustainability is a common thread connecting all of the university's work, including teaching, research, community engagement and operations. This year, we strengthened our focus on sustainability, augmenting our original commitment to reduce the carbon footprint of the university's investments by 30 per cent by the year 2030 to a total reduction of 45 per cent by 2025.

SFU has also maintained its Sustainability Tracking, Assessment & Rating System (STARS) gold rating. We have started construction of the Corix Biomass District Energy System building and infrastructure on the Burnaby campus. This biomass plant is expected to reduce campus greenhouse gas emissions by 80 per cent.

As we mark SFU's achievements for this year and look to the future, we will continue our efforts to ensure financial sustainability, support exceptional and distinctive 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 & Administration

HIGHLIGHTS OF THE YEAR



WE EDUCATE

WE EDUCATE CHANGEMAKERS, VISIONARIES AND PASSIONATE PROBLEM-SOLVERS.

NEW SUSTAINABILITY ENGINEERING SCHOOL OPENS

Our newest Surrey campus building opened to students in Fall 2019, along with SFU's School of Sustainable Energy Engineering (SEE), a first-of-its-kind in Western Canada. SEE blends a strong fundamental and interdisciplinary engineering education in energy systems with elements of public policy, economics, management and entrepreneurship. Graduates will be ready to work in high-demand industries such as renewable energy, sustainable manufacturing, clean transportation and sustainable food and water solutions.

The school will eventually have capacity for up to 320 undergraduate and 120 graduate students. More than 40 per cent of SEE's first undergraduate cohort are women, compared to 15 to 20 per cent of B.C.'s existing technology workforce. School director Kevin Oldknow says this represents a milestone for the Faculty of Applied Sciences as it continues to increase gender diversity in the science, technology, engineering and mathematics (STEM) disciplines. "Doing our part to close the gender gap in engineering was a key objective when we developed SEE," Oldknow says. "This is a promising start on which we will build as we work to ensure a welcoming and inclusive environment for all students in our programs."

CENTRE FOR EDUCATIONAL EXCELLENCE ESTABLISHED

SFU's support model for learning and teaching shifted dramatically this year as four teaching support units merged to form the Centre for Educational Excellence (CEE). The change reflects how boundaries between various modes of learning and teaching—such as online and face-to-face—are disappearing, and that teaching support needs to evolve in a similar way. The high interest in the new centre was evident at the public launch in October 2019 when more than 200 faculty members, staff and graduate students attended an open house featuring demonstrations and other presentations.

CEE's new, integrated structure ensures that its 60 staff members can deliver team-based, collaborative services to instructors and academic units. Staffers have specialized expertise ranging from course design and educational technology to support methods for multilingual learners. The re-imagined structure also aligns with the priorities in SFU's 2019–2024 Academic Plan, which emphasizes academic quality and innovative curriculum as well as an enhanced student learning experience.

“CEE's job is to help our enterprising, creative instructors take their teaching to the next level,” says Nanda Dimitrov, CEE's senior director. “In a sense, our job is to be a booster rocket for their teaching.”



SFU'S DOWNTOWN PRESENCE BEGAN 30 YEARS AGO

In 2019 we celebrated the 30th anniversary of the opening of SFU's Vancouver campus—a move that brought much-needed educational programming and community engagement to downtown Vancouver. Campus celebrations included an entire year of events showcasing our commitment to engaging students, research and communities.

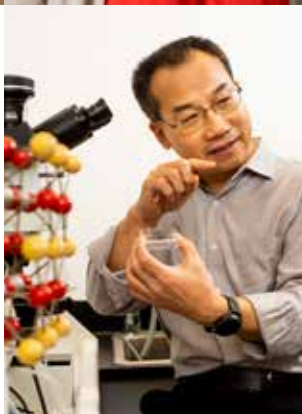
From a small storefront space on Howe Street to today's extensive presence across the downtown educational precinct, SFU's impact on the city has been dramatic. Described as “the intellectual heart of the city,” the campus now comprises nine sites and spans well over half-a-million-square-feet. It features Harbour Centre, the Segal Graduate School of Business, the Charles Chang Innovation Centre, SFU VentureLabs, the Morris J. Wosk Centre for Dialogue, and a newly established community programming and research hub at 312 Main Street.

In addition to its leading-edge research and lifelong learning programs, the Vancouver campus offers a wide range of undergraduate courses, several doctoral programs, and many professional graduate degree programs in business, gerontology, international studies, liberal studies, public policy, publishing and urban studies.



HIGHLIGHTS OF THE YEAR

WE DELIVER



WE DELIVER ACADEMIC AND RESEARCH EXCELLENCE.

EXCEPTIONAL RESEARCHERS

In 2019, eight Simon Fraser University researchers were named to the Royal Society of Canada—seven of them as fellows of the society and one as a member of the society's College of New Scholars, Scientists and Artists. Membership in the Royal Society is Canada's highest academic honour and this year marked SFU's highest number of inductees. The 2019 fellows are:

- Tania Bubela, professor and dean, Faculty of Health Sciences. Bubela combines her legal and life sciences training to study the impact and regulation of health biotechnology innovations.
- Martin Ester, professor, School of Computing Science. A data-mining pioneer, Ester designs algorithms for reaping database information that can be used in practical applications, such as precision medicine.
- Joy Johnson, SFU vice-president, research and international, and professor, Faculty of Health Sciences. Johnson is internationally recognized for defining research, policies and practices that establish better health outcomes for both men and women.
- Jian Pei, professor, School of Computing Science, Faculty of Applied Sciences. Pei invented some of the fundamental principles used today in data mining.

- Philip Winne, professor, Faculty of Education. A learning scientist, Winne has transformed how we conceptualize, measure, research and facilitate learning.
- Zuo-Guang Ye, professor, Department of Chemistry, Faculty of Science. A leading authority in solid-state materials science, Ye has shaped how we develop, standardize and commercialize novel electronic materials.
- Yuezhi Zhao, professor and Tier 1 Canada Research Chair, School of Communication, Faculty of Communication, Art and Technology. A communication scholar, Zhao studies the dynamics of power and democratic governance in Anglo-American, Chinese and global contexts.
- SFU's 2019 College member is Anne Salomon, professor, Faculty of Environment. An applied marine ecologist, Salomon helps develop ecologically effective and socially just conservation and management strategies for our oceans.

As well, Marianne Ignace, professor in the Faculty of Arts and Social Sciences, received a 2019 Governor General's Award for Innovation in recognition of her long career working with B.C.'s Indigenous communities to save their languages. She also received a SSHRC Impact award for this work.

INNOVATIVE PROGRAMS

The university's innovation strategy—SFU Innovates—engages SFU researchers, staff and students with communities and partners in a drive to find unconventional and entrepreneurial solutions that can address pressing social challenges. The strategy supports programs that foster innovation, such as SFU's VentureLabs. A science and technology accelerator, VentureLabs collaborates with leading universities, government and international industry and investment partners to support Canadian technology companies as they innovate and grow. It helps these fledgling businesses find talent, technologies, entrepreneurial expertise, research capacity, and access to capital, government assistance programs and international market-expansion opportunities.

This year, VentureLabs received \$3 million from Western Economic Diversification Canada to establish a scale-up and soft-landing centre at its Vancouver business accelerator. The funds are part of a \$3.7-million announcement to help western Canadian entrepreneurs and companies access the business tools they need to thrive.



"We applaud the Government of Canada for its forward-looking investment to help western Canadian entrepreneurs and companies scale up and access the tools they need to succeed," says Joy Johnson, SFU's vice-president, research and international.

QUANTUM ALGORITHMS INSTITUTE

This year, the provincial government announced plans to invest \$17 million over the next five years to establish a new Quantum Algorithms Institute at the Surrey campus.

The institute—one of the first facilities of its kind in Canada—will invent quantum computing software and algorithms while also enhancing SFU's collaboration with B.C. research universities to position the province as a world leader in this emerging field.

The institute will also help SFU tap into the province's world-class companies and research expertise to develop and deliver a new graduate degree program in quantum computing.

Establishing the institute is the first step toward building an innovation corridor that will bolster economic growth and employment in Surrey and the Fraser Valley. The goal is to create a hub where companies and talent will cluster to pursue advances in technology and innovation.



HIGHLIGHTS OF THE YEAR

WE MOBILIZE

**WE MOBILIZE KNOWLEDGE TO CREATE INNOVATION
THAT BENEFITS SOCIETY.**

COMMUNITY-ENGAGED RESEARCH

SFU's Community-Engaged Research initiative (CERi) opened new offices this year in SFU's community programming and research hub in downtown Vancouver, where CERi will offer new programs and events that support and enhance community-engaged research on and off campus.

A new kind of university initiative, CERi promotes principles of participation, co-operation, empowerment and knowledge translation to enhance and strengthen the capacity of SFU's researchers and students, and the community members they work with. The initiative strives to encourage respectful, ethical engagement during these research partnerships.

CERi offers scholars, students and community members a flexible research space, a community librarian/archival program, research funding, learning resources, a Visiting Scholars program, and media production resources. As the initiative unfolds, the goal is to create a unique social infrastructure at the university that will expand SFU's capacity to lead research projects with community partners.





DATA FOR GOOD

The university introduced a Data for Good initiative this year at SFU's Big Data Hub. The initiative invites organizations, advocates and government to partner with our big data experts to address Canadian social and economic challenges.

By applying advances in data analytics and modeling outcomes, Data for Good expects to break down barriers to resolving social justice challenges and improving the lives of Canada's disadvantaged populations. To help Canada respond to the national opioid crisis, for example, SFU researchers are partnering with government, law enforcement and community services. Together, they are using advanced data analysis to discover breakthroughs in knowledge, prevention and treatment.

"As Canada's engaged university, SFU is committed to building stronger and healthier communities," says SFU President Andrew Petter. "We are proud to launch an initiative that will harness the power of big data and artificial intelligence to address issues that matter to the communities we serve."



STRENGTHENING COMMUNITIES

Recognized as an international leader in community engagement, SFU was proud to be selected as a presenting partner this year for the initial meeting of the Elective Carnegie Classification Canadian pilot program. The group of 16 post-secondary institutions met to explore how to work collectively to build stronger, healthier communities. The Carnegie classification has been the leading framework for assessing and recognizing community education in U.S. higher education for the past 14 years.

As well, SFU is making strides in strengthening its own communities thanks to our new Equity, Diversity and Inclusion initiative. We want to ensure our campuses are welcoming places for everyone to gather and learn, and that all who work or study at SFU feel a sense of belonging, inclusion, fairness and mutual respect. The ultimate goal is to create conditions that foster a culture of inclusion and a healthy campus environment. The university has joined a federal government pilot program that guides institutions as they address systemic barriers to inequities in access, admissions, recruitment, career development, pay, working and learning conditions, resources, retention, and progression.

SFU ENVISIONS A COMMUNITY-ENGAGED FUTURE

President Andrew Petter launched a strategic vision to establish SFU as Canada's "engaged university defined by its dynamic integration of innovative education, cutting-edge research, and far-reaching community engagement."



SFU PUBLIC SQUARE BEGINS

Launched in 2012, SFU Public Square is a signature initiative designed to spark, nurture and restore community connections. More than a single place or program, SFU Public Square assembles the hearts, minds and talents of diverse communities to promote inclusive, intelligent and inspiring dialogue, and proclaims SFU's vision to be Canada's leading community-engaged research university.

2012

STORIES OF THE

2011

SFU ATHLETICS JOINS THE NCAA

In 2011, SFU became the first non-U.S. member of the National Collegiate Athletic Association (NCAA), the world's largest sports organization. Lorne Davies, SFU's legendary first athletics director, called this "the most important step in SFU athletic history."



2015

SFU CELEBRATES 50TH ANNIVERSARY

SFU observed its 50th anniversary with approximately 350 special events that attracted more than 25,000 registrants. The celebrations culminated in a huge party atop Burnaby Mountain that included rooftop fireworks.



2016

CHARLES CHANG INNOVATION CENTRE OPENS

This new hub for social innovation and leadership opened in downtown Vancouver and is now a key location for entrepreneurship, social impact and management education. It is named for SFU alumnus Charles Chang, who donated \$10 million to establish SFU's Beedie's Charles Chang Institute for Entrepreneurship.



DECADE

2017

SFU SUPPORTS ABORIGINAL RECONCILIATION

SFU committed to act on the 34 Calls to Action set out in a 96-page report prepared by its Aboriginal Reconciliation Council. The report, "Walk This Path With Us," provides guidance to the university on how to use its \$9-million Aboriginal Strategic Initiatives Fund to create, support and sustain an improved environment for Aboriginal students, staff and faculty.



2019



SFU OPENS DOWNTOWN RESEARCH AND PROGRAMMING HUB

SFU expanded its downtown campus, opening a research and programming hub at 312 Main Street. The new space provides community members and groups better access to SFU programs and resources, and improves SFU's ability to undertake community-engaged research and collaboration with local organizations.

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 the leading 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 health. The MD&A is to be read in conjunction with the audited Consolidated Financial Statements.

KEY FINANCIAL PERFORMANCE INDICATORS

- Revenue grew 3.4% to \$807 million demonstrating sustained demand.
- Expense grew 4.8% and was fully covered by revenue, providing a net annual surplus.
- Debt burden is low, bond rating is 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 5.7% to \$381 million.

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 variety of factors, including government funding levels and the strength of the global economy. Historically these factors have remained relatively stable; however, SFU's management anticipates the COVID-19 global pandemic will cause financial repercussions. It is unknown at this time what the extent of the impact will be.

This year's revenue of \$807 million exceeded expense of \$766 million, resulting in an Annual Operating Surplus Before Restricted Contributions of \$41 million for the year ended March 31, 2020. These funds are utilized to support the university's operational and capital plans, which are directed to sustaining and improving service delivery.

Operational plans include: execution of multi-year academic, research and service support plans; maintenance of financial reserves to preserve programs as well as to uphold financial and academic credibility; and generation of sufficient working capital to sustain operations in the face of growth and inflationary pressures.

Capital plans include:

- *Renewal of the university's existing facilities infrastructure:*
SFU's 465,000 square metres of owned and leased facilities (insured replacement value of \$1.8 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 \$41 million of building renewal expenditures in 2020.
- *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.

GOVERNANCE CONTEXT SETTING OF THE ANNUAL FINANCIAL REPORT

STRATEGIC VISION

1

- Mission and Values
- Core Themes and Goals:
Engaging Students
Engaging Research
Engaging Communities

STRATEGIC PLAN

2

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

UNIVERSITY BUDGET

3

- Budget Review Committee
- University-Wide Strategic Investments
- Capital Planning Steering Committee
- Budget Model
- Budget Guiding Principles

SERVICE DELIVERY

4

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

FINANCIAL ACCOUNTABILITY

SERVICE ACCOUNTABILITY

5

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

- 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?

A key indicator of financial health is the ability of an organization to generate sufficient revenue to cover expenses and fund strategic operational improvement and infrastructure renewal. This was achieved by the \$41 million Annual Operating Surplus Before Restricted Contributions.

The university is in compliance with the Government 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 \$652 million in 2016 to \$807 million in 2020.

2020 Revenue by Type

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

Revenue stability

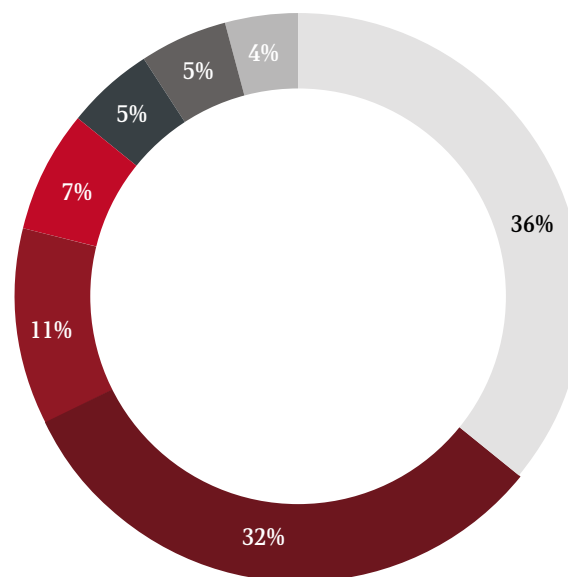
Government funding

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.



The provincial government's B.C. Labour Market Outlook anticipates that the majority of job openings within the next 10 years will require post-secondary education or training. Continuity of provincial government funding is dependent on achieving alignment with the Ministry of Advanced Education, Skills and Training's mandate for post-secondary education. The university is strategically directing its future growth towards programs and operations that align with the Ministry's mandate.

Tuition revenue

Domestic undergraduate and graduate enrolments have been stable, and domestic tuition revenue increases are primarily attributable to annual tuition increases of 2%, which is the limit mandated by the provincial government.

International undergraduate revenue has grown as a result of both enrolment and fee increases, and this growth has been a primary contributing factor toward the increase in total tuition revenue of the university.

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.

Management anticipates the COVID-19 global pandemic will impact international enrolment. It is unknown at this time what the extent of that impact will be. Historically, the university's ability to attract and retain international undergraduate students has been strong, considering the strength of global demand for university education, SFU's international reputation and long involvement in international education marketing and delivery, and the desirable location of Metro Vancouver.

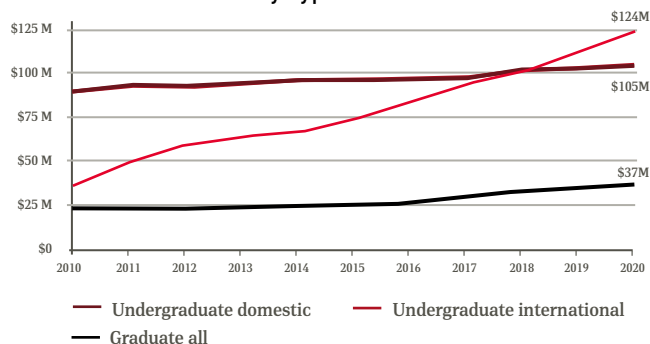
Since 2015, annual tuition revenue has exceeded provincial operating funding, and continues to trend upwards.

Research revenue

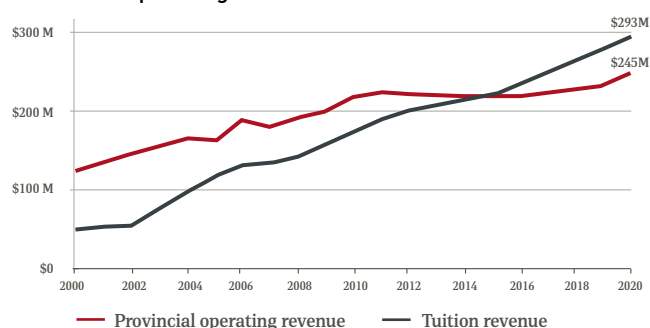
SFU is one of Canada's top 20 research universities on Research Infosource's 2019 Top Research Universities List. Among Canadian comprehensive universities, SFU places within the top three in total sponsored research income and number one in terms of its publication impact (2019 Research Infosource ranking). The Government of Canada is the leading funder of research at the university, contributing 53% of SFU's total research funding in 2020.

Future research funding is anticipated to remain strong given the federal government's innovation agenda. The Government of Canada invests in research excellence through initiatives such as the 2020 Innovation Fund – which will provide up to \$520 million to support institutions in accelerating current research and technology development

Credit Tuition Revenue by Type



Provincial Operating and Total Tuition Revenue



– and the Research Support Fund, which has a base budget of \$369 million. Canada's research community is expected to play a key role in developing countermeasures against COVID-19. The federal government has announced initial funding of \$275 million to advance projects by university researchers and others to respond to the pandemic. This was just the first step in the Government of Canada's announcements of funding for COVID-19 research projects.

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.

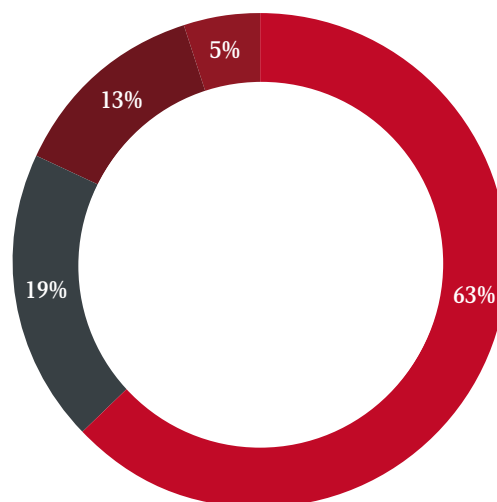
3. IS THE COMPOSITION OF EXPENSE BY TYPE STABLE?

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.

SFU's largest expense is salaries and employee benefits. Despite multiple factors impacting remuneration expenses, such as rate changes, changes to collective agreements and changes to accounting standards, the expenses have remained relatively stable. For the last 20 years, salaries and benefits expenses as a percentage of total expenses has been within the range of 60% to 65%, with 2020 at 63%.

2020 Expense by Type

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

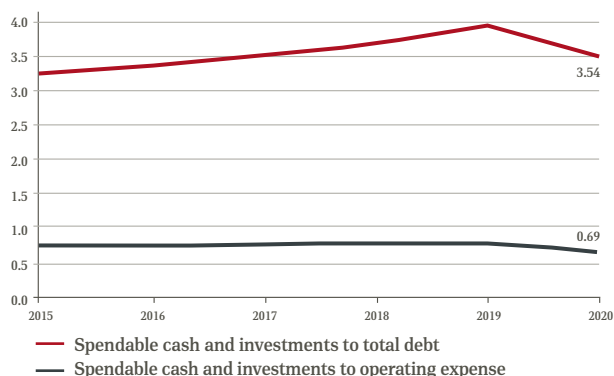


4. CAN FINANCIAL OBLIGATIONS BE MET?

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.

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. Both of these ratios decreased this year as a result of the decrease in the fair value of the university's investments.

Debt Burden Ratio and Spendable Assets Coverage of Expense Ratio



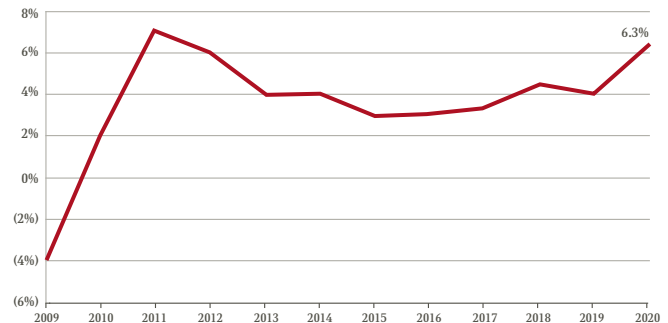
As at March 31, 2020, SFU's tangible capital assets net book value is effectively financed 12.2% (2019: 13.2%) by long-term debt. This means that future students will benefit from access to assets with low associated debt obligations. Interest on long-term debt, at 1.1% of total revenue for the year ended March 31, 2020, is sufficiently low so as not to restrict the flexibility of operations.

The university has net financial assets of \$82 million, as measured by Public Sector Accounting Standards. This is a strong indicator of the university's ability to discharge its financial obligations.

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. Except for the 2009 year, where there was a significant negative impact due to the global financial crisis, this indicator has operated within the acceptable 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

The defined benefit pension plans (Administrative/Union Plan and Academic Formula Retirement Benefit Plan) have Boards of Trustees who manage the plans' investment assets and administer the benefits. The university is responsible for funding the pension plans.

The university's net pension asset increased \$16 million during the year to reach \$54 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 actuarial expense of \$16 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 gain in 2020 is \$34 million. When amortized, this will reduce future pension expenses.

As SFU bears the financial and actuarial risks associated with the defined benefit pension plans, the university engages with stakeholders to establish an appropriate, balanced and sustainable approach going forward.

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.

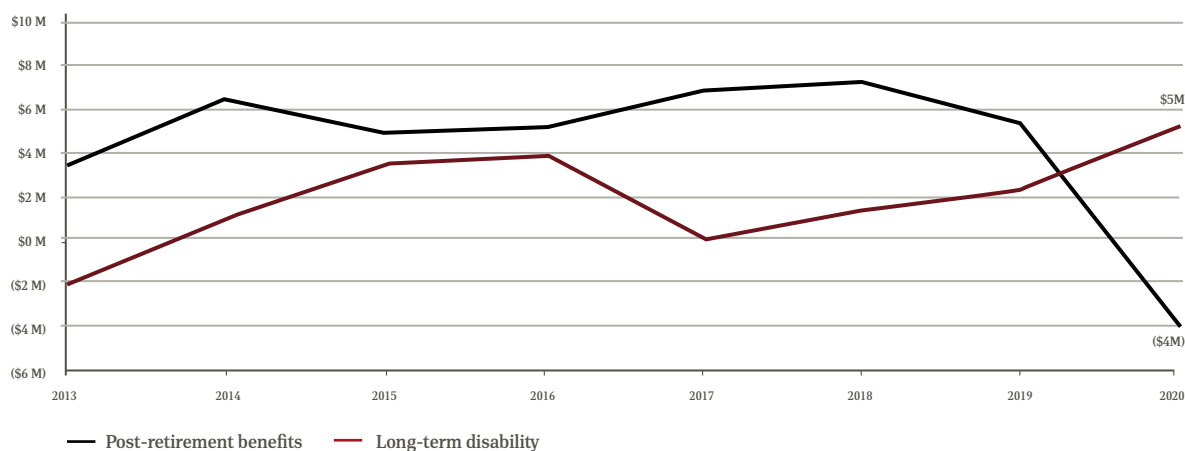
The long-term disability benefits expenses are fully recognized in the year in which the event occurs. As an event-driven compensated absence benefit, immediate recognition results in greater variances and less predictability year to year as the number and nature of claims occur.

The 2020 post-retirement expense was impacted by the one-time elimination of MSP premiums.

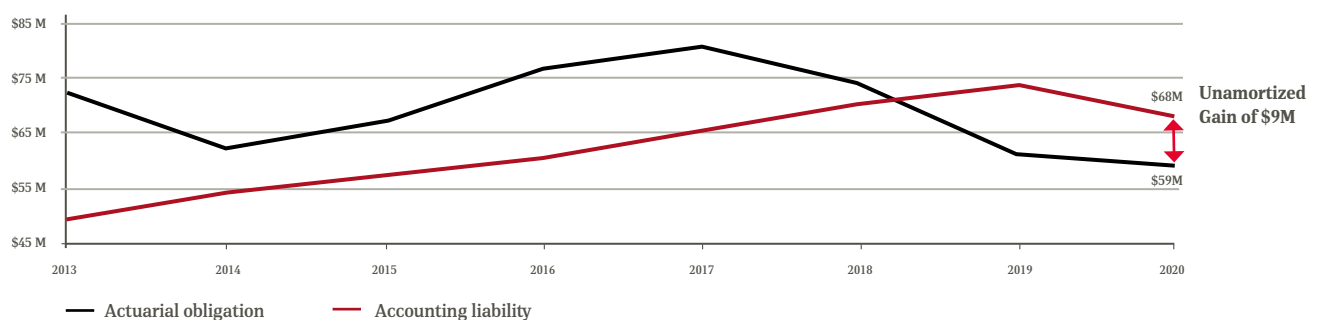
Accounting for post-retirement benefits involves the deferral and amortization of actuarial gains and losses. This accounting method generally results in a more predictable recognition of expenses and an unamortized actuarial gain or loss.

The difference between the post-retirement accrued benefit obligation of \$59 million and the liability of \$68 million at year end is a \$9 million unamortized gain, which will be recognized by the university as revenue over the Expected Average Remaining Service Lifetime (EARSL) of active employees.

Post-Retirement and Long-Term Disability Benefits Expense



Post-Retirement Benefits Unamortized Gain



7. ARE FACILITIES BEING SUSTAINED?

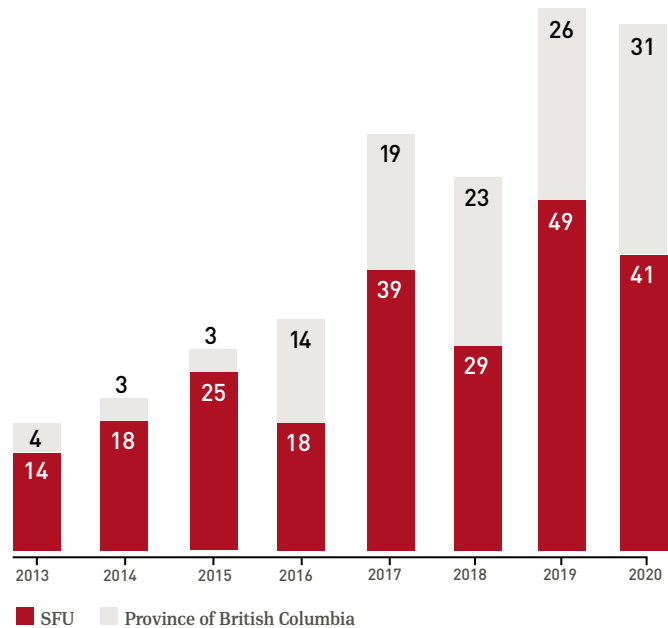
The university has substantial facilities across its three campuses to support high-quality education and research. SFU's Burnaby campus has an aging physical infrastructure that is experiencing physical deterioration and functional obsolescence, resulting in deferred maintenance requirements.

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.

In recent years, with increased routine capital support from the Province of British Columbia (\$31 million in 2020) along with SFU's efforts toward building renewal, the university is beginning to make significant progress on the deferred maintenance issue.

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.

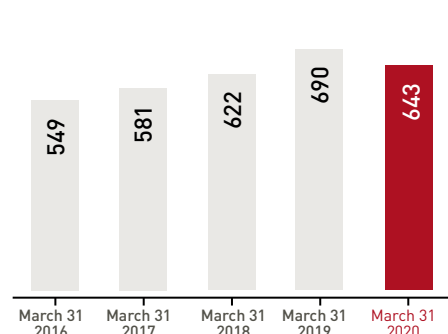
CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

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 decreased 6.9% to \$643M.

Dollars in Thousands	2020	2019
Cash and cash equivalents	47,969	30,778
Accounts receivable	16,534	22,140
Inventories for resale	1,400	1,547
Due from related parties	17,703	13,217
Pensions	54,423	38,110
Portfolio investments	479,947	560,690
Investment in Great Northern Way Campus Trust	12,643	12,148
Investment in SFU Community Trust	11,906	11,215
Total Financial Assets	642,525	689,845

Cash and cash equivalents increased because of significant provincial and federal deposits made at the end of the year.

Accounts receivable decreased because of a lower Build SFU receivable as the new Student Union building is in the final stages of completion.

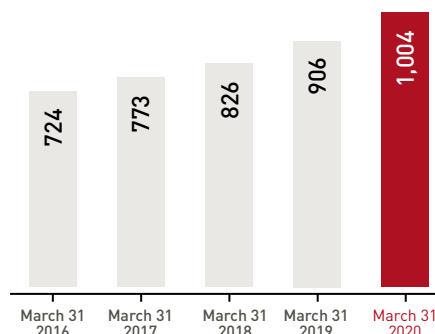
Due from related parties increased \$4M with the addition of a \$9M distribution declared and payment of a \$5M promissory note by SFU Community Trust.

Pensions increased primarily because contributions to the defined benefit plans as required by the Pension Benefits Standard Acts continue to exceed the related expense determined by Public Sector Accounting Standards.

Portfolio investments decreased because of depressed market conditions as a result of the COVID-19 crisis.

NON-FINANCIAL ASSETS

Dollars in Millions



Non-financial assets increased 10.8% to \$1,004M.

Dollars in Thousands	2020	2019
Tangible capital assets	1,216,359	1,119,961
Less Deferred capital contributions	(599,312)	(578,590)
Restricted investments	381,756	361,153
Prepaid expense	4,701	3,233
Inventories held for use	522	471
Total Non-Financial Assets	1,004,026	906,228

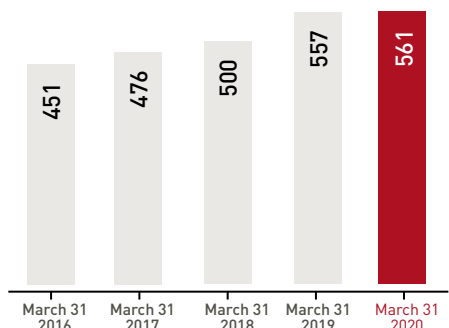
Tangible capital assets include land, buildings, leasehold improvements, library acquisitions, computers, and equipment and furnishings. The increase in the net book value of tangible capital assets of \$96M is the result of \$173M of capital additions, partially offset by \$76M of amortization. Significant additions include building improvements \$101M, equipment and furnishings \$16M, and computer equipment \$35M.

Deferred capital contributions increased by \$61M of funding during the year, offset by \$40M of amortization. The largest contributions during the year were \$31M in Canadian and B.C. government funding for research infrastructure and \$30M of other provincial funding for various capital renewal projects.

Restricted investments relate primarily to the endowment. These investments are not available for use in university operations. The \$21M increase from the prior year resulted primarily from donations of \$8M and capitalized investment income of \$13M.

LIABILITIES

Dollars in Millions



Liabilities increased 0.7% to \$561M.

Dollars in Thousands	2020	2019
Accounts payable and accrued liabilities	106,484	94,023
Employee future benefits	81,672	83,717
Long-term debt	148,533	148,247
Deferred revenue	165,098	181,420
Deferred lease proceeds	59,116	49,483
Total Liabilities	560,903	556,890

Accounts payable and accrued liabilities increased primarily because of an increased amount of large construction invoices payable, as well as significant student refunds outstanding at the end of March.

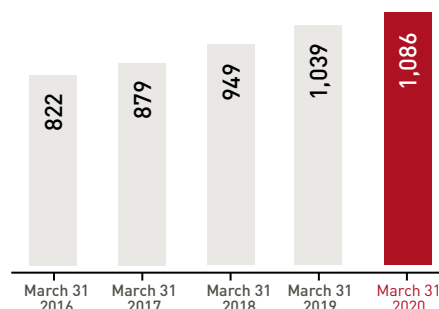
Employee future benefits decreased \$2M because of the \$4M decrease in unamortized net actuarial gain offset by a \$2M increase in the accrued benefit obligation.

Deferred revenue decreased primarily from a \$38M reduction in the stabilization account because of depressed global markets. This was partially offset by a \$20M increases in research and specific purpose deferred contributions.

Deferred lease proceeds is the amount of income from prepaid 99-year leases of university land which will be recognized in future years over the term of the respective leases. The net increase of \$10M consists of \$11M net proceeds from leasing less \$1M amortized and transferred over to net restricted endowment contributions.

NET ASSETS

Dollars in Millions



Net assets increased 4.5% to \$1,086M.

Dollars in Thousands	2020	2019
Internally restricted for operating commitments	101,284	80,453
Invested in tangible capital assets	569,906	549,445
Endowment	380,756	360,153
Total Accumulated Operating Surplus	1,051,946	990,051
Accumulated remeasurement gains	33,702	49,132
Total Net Assets	1,085,648	1,039,183

Internally restricted for operating commitments of \$101M consists of net operating surplus of \$51M and university project commitments of \$50M.

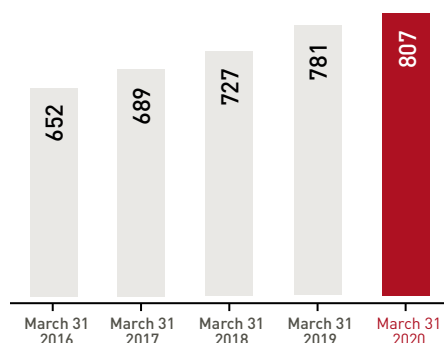
Investment in tangible capital assets represents the amount of net assets related to the university's physical infrastructure.

Endowment increased as a result of \$8M of donations and \$13M of capitalized funds.

Accumulated remeasurement gains decreased primarily because of unrealized losses of \$15M in portfolio investments.

REVENUE

Dollars in Millions



Revenue increased 3.4% to \$807M.

Dollars in Thousands	2020	2019
Government grants and contracts	320,874	323,541
Tuition	292,879	276,841
Sale of goods & services	40,157	41,737
Donations, non-government grants and contracts	68,902	58,287
Investment income	29,694	28,017
Investment income - GNWCT	581	2,988
Amortization of deferred capital contributions	40,227	34,079
Other revenue	13,682	15,166
Total Revenue	806,996	780,656

Tuition increased by \$16M because of increased international and grad student enrolment as well as 2% increase in domestic tuition rates and various program rate increases for new international students.

Donations, non-government grants and contracts increased because of \$10M increase in non-governmental research grants and contracts.

Sales of goods & services decreased due to refunds and lost revenues in Parking, Dining services, Residence and other ancillary services because of the COVID-19 related shutdown of the campus in March.

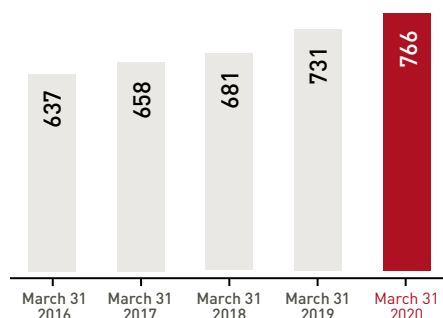
Investment income increased because of improved realized returns of \$4M offset by a decrease of \$2M in the amounts transferred to cover endowment spending.

Investment income-GNWCT decreased because Great Northern Way had significant land sales in 2019.

Amortization of deferred capital contributions is the recognition in revenue of restricted contributions for the purchase of tangible capital assets over the estimated useful lives of the related assets. The increase of \$6M is primarily due to completion of the Sustainable Environmental Engineering building funded by both the Federal and Provincial governments as well as additional funding for research infrastructure.

EXPENSE

Dollars in Millions



Expense increased 4.8% to \$766M.

Dollars in Thousands	2020	2019
Salaries	413,651	387,462
Employee benefits	69,646	62,681
Supplies and operating	70,093	79,998
Amortization of tangible capital assets	76,270	67,455
Professional and contracted services	49,858	48,659
Scholarships and bursaries	42,026	38,419
Travel and personnel	18,543	19,377
Cost of goods sold	4,813	6,374
Interest on long-term debt	9,157	9,143
Utilities	11,647	11,243
Total Expense	765,704	730,811

Salaries expense grew by 7% because of new academic faculty and staff positions in support of the University's planning priorities and initiatives, job-evaluations as well as general wage increases, progress through the ranks and step increases.

Employee benefits increased due to growth in salaries, as well as an increase in extended health premiums, and additional faculty professional development and mortgage assistance.

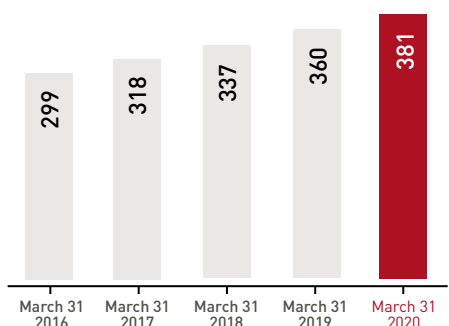
Supplies and operating expense decreased primarily because in 2019 there were a significant amount of research payments made to collaborating institutions. This decrease is partially offset by increases in various facility and maintenance related costs.

Amortization of tangible capital assets increased by \$9M due to the commencement of amortization upon the completion of major rehabilitation projects and accelerated research infrastructure capital acquisitions.

Scholarships and bursaries increased due to additional awards for bursaries \$2M, scholarships \$1M and awards \$1M.

ENDOWMENT

Dollars in Millions



Endowment increased 5.7% to \$381M.

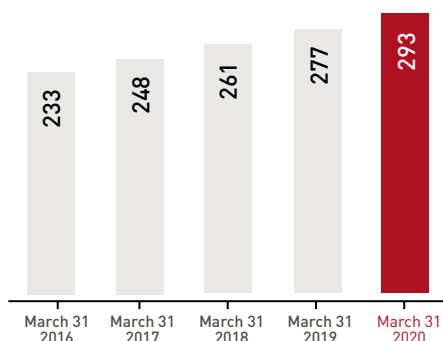
Dollars in Thousands	2020	2019
Faculty, academic & other programs	131,346	122,070
Student financial aid	114,043	108,168
Research chairs	98,166	94,780
Professorships	26,580	24,838
Library collections	6,793	6,589
Athletics	3,828	3,708
Total Endowment	380,756	360,153

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 purposes stipulated by the donors. There were 954 (2019: 933) individual endowments that provided \$20M (2019: \$19M) 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 \$4M of earnings, and capitalization of \$9M helped the endowment surplus grow to \$381M.

TUITION

Dollars in Millions



Tuition increased 5.8% to \$293M.

Dollars in Thousands	2020	2019
Undergraduate - domestic	105,320	103,614
Undergraduate - international	124,354	112,414
Graduate	36,768	34,641
Credit courses	266,442	250,669
Non-credit courses and other student fees	26,437	26,172
Total Tuition	292,879	276,841

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 increased due to strong enrolment demand and increases in tuition rates of 12% to 20% for new students. International undergraduate students are not supported by government funding and, as a result, pay the full 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.

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, 2020 and the results of its operations, changes in net debt, 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, 2020 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 21, 2020



Professor Andrew Petter
President and Vice-Chancellor



Martin Pochurko
Vice-President,
Finance & Administration



Tel: 604 688 5421
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BDO Canada LLP
600 Cathedral Place
925 West Georgia Street
Vancouver BC V6C 3L2 Canada

Independent Auditor's Report

To the Board of Governors of Simon Fraser University, and

To the Minister of Finance, 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, 2020, 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, 2020 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 18 to the Consolidated Financial Statements discloses the impact of these differences between such basis of accounting and Canadian public sector accounting standards. Our opinion is not modified in respect of this matter.

Other Information

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

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

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

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

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

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



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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. But not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However future events or conditions may cause the Consolidated Entity to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Consolidated Entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Consolidated Entity audit. We remain solely responsible for our audit opinion.

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

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia
May 21, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at March 31, 2020

<i>Dollars in Thousands</i>	Note	2020	2019
Financial Assets			
Cash and cash equivalents	4	47,969	30,778
Accounts receivable	5	16,534	22,140
Inventories for resale		1,400	1,547
Due from related parties	6	17,703	13,217
Pensions	7	54,423	38,110
Portfolio investments	8	479,947	560,690
Investment in Great Northern Way Campus Trust	9	12,643	12,148
Investment in SFU Community Trust	10	11,906	11,215
Total Financial Assets		642,525	689,845
Liabilities			
Accounts payable and accrued liabilities	11	106,484	94,023
Employee future benefits	12	81,672	83,717
Long-term debt	13	148,533	148,247
Deferred revenue	14	165,098	181,420
Deferred lease proceeds	15	59,116	49,483
Total Liabilities		560,903	556,890
Net Financial Assets		81,622	132,955
Non-Financial Assets			
Tangible capital assets	16	1,216,359	1,119,961
Less: deferred capital contributions	17	(599,312)	(578,590)
Restricted investments	8	381,756	361,153
Prepaid expense		4,701	3,233
Inventories held for use		522	471
Total Non-Financial Assets		1,004,026	906,228
Net Assets	18	1,085,648	1,039,183
Net Assets is comprised of			
Internally restricted for operating commitments		101,284	80,453
Investment in tangible capital assets		569,906	549,445
Endowment		380,756	360,153
Accumulated Operating Surplus		1,051,946	990,051
Accumulated Remeasurement Gains		33,702	49,132
Net Assets		1,085,648	1,039,183

The accompanying notes are an integral part of these financial statements

Approved:



Christopher W. Lewis
Chair, Board of Governors



Martin Pochurko
Vice-President, Finance & Administration

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended March 31, 2020

Dollars in Thousands	Note	Budget Note 28	2020	2019
Revenue				
Government grants and contracts				
Province of British Columbia	19	254,745	259,953	244,188
Government of Canada	19	66,657	56,043	77,120
Other governments	19	2,277	4,878	2,233
Tuition				
Credit courses		260,825	266,442	250,669
Non-credit courses and other student fees		27,260	26,437	26,172
Sales of goods and services		41,090	40,157	41,737
Donations, non-government grants and contracts		57,442	68,902	58,287
Investment income	20	23,461	29,694	28,017
Investment income - Great Northern Way Campus Trust	9b		581	2,988
Amortization of deferred capital contributions	17	38,500	40,227	34,079
Other revenue		13,201	13,682	15,166
		785,458	806,996	780,656
Expense				
Instruction		576,424	606,191	562,312
Research		148,586	128,383	144,948
Community engagement		24,141	31,130	23,551
	21	749,151	765,704	730,811
Annual Operating Surplus Before Restricted Contributions		36,307	41,292	49,845
Net restricted endowment contributions	22	20,090	20,603	23,442
Annual Operating Surplus		56,397	61,895	73,287
Accumulated Operating Surplus, Beginning of Year		990,051	990,051	916,764
Accumulated Operating Surplus, End of Year		1,046,448	1,051,946	990,051
Annual Surplus was allocated to increase Net Assets				
Internally restricted for operating commitments	18		20,831	6,014
Investment in tangible capital assets	18		20,461	43,831
			41,292	49,845
Endowment			20,603	23,442
Annual Operating Surplus	22		61,895	73,287

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the year ended March 31, 2020

<i>Dollars in Thousands</i>	2020	2019
Accumulated Remeasurement Gains, Beginning of Year	49,132	32,218
Unrealized Gains (Losses) Attributable to		
Portfolio investments	(13,401)	13,440
Designated fair value financial instruments	3,076	6,817
Foreign currency translation	702	(26)
(Gains) Losses Reclassified to Consolidated Statement of Operations		
Portfolio investments	(1,371)	(1,920)
Designated fair value financial instruments	(4,570)	(1,765)
Foreign currency translation	134	431
Other Comprehensive Income - Great Northern Way Campus Trust		(63)
Increase (Decrease) in Remeasurement Gains (Losses) for the Year	(15,430)	16,914
Accumulated Remeasurement Gains, End of Year	33,702	49,132

The accompanying notes are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the year ended March 31, 2020

<i>Dollars in Thousands</i>	Note	Budget Note 28	2020	2019
Annual Operating Surplus		56,397	61,895	73,287
Net restricted endowment contributions	22	(20,090)	(20,603)	(23,442)
Net effect of remeasurement gains (losses)		116	(15,430)	16,914
		(19,974)	(36,033)	(6,528)
Acquisition of tangible capital assets	16	(87,494)	(172,668)	(159,835)
Amortization of tangible capital assets	16	72,142	76,270	67,455
Deferred capital contributions	17	71,068	60,949	72,322
Amortization of deferred capital contributions	17	(38,500)	(40,227)	(34,079)
		17,216	(75,676)	(54,137)
Net effect of prepaid expense				
Net effect of prepaid lease		415	(1,468)	(1,791)
Net effect of inventories held for use		315		
		64	(51)	4
		794	(1,519)	(1,787)
Increase (Decrease) in Net Financial Assets in the Year		54,433	(51,333)	10,835
Net Financial Assets, Beginning of Year		132,955	132,955	122,120
Net Financial Assets, End of Year		187,388	81,622	132,955

The accompanying notes are an integral part of these financial statements

STATEMENT OF CASH FLOWS

For the year ended March 31, 2020

<i>Dollars in Thousands</i>	2020	2019
Operating Transactions		
Annual operating surplus	61,895	73,287
Items not involving cash		
Amortization of tangible capital assets	76,270	67,455
Amortization of deferred capital contributions	(40,227)	(34,079)
Employee future benefits	(2,045)	4,487
Income from investment in Great Northern Way Campus Trust	(581)	(2,988)
Income from investment in SFU Community Trust	(10,284)	(4,428)
Amortization of deferred lease proceeds	(652)	(547)
Amortization of long-term debt discount	286	286
	84,662	103,473
Changes in non-cash operating balances		
Accounts receivable		
Due from related parties	5,606	(7,134)
Pensions	(4,486)	9,883
Inventories for resale and held for use	(16,313)	(18,175)
Prepaid expense	96	376
Prepaid lease	(1,468)	(1,791)
Accounts payable and accrued liabilities	12,461	23,394
Deferred revenue	(16,322)	19,865
Deferred lease proceeds	10,285	4,428
Cash Provided by Operating Transactions	74,521	134,319
Investing Transactions		
Decrease (increase) in investments, net of remeasurement gains/losses	44,710	(86,929)
Net distribution from Great Northern Way Campus Trust	86	32
Distribution from SFU Community Trust	9,593	3,213
Cash Provided by (Used in) Investing Transactions	54,389	(83,684)
Financing Transactions		
Deferred capital contributions received	60,949	72,322
Cash Provided by Financing Transactions	60,949	72,322
Capital Transactions		
Acquisition of tangible capital assets	(172,668)	(159,835)
Cash Used in Capital Transactions	(172,668)	(159,835)
Net Increase (Decrease) in Cash and Cash Equivalents	17,191	(36,878)
Cash and Cash Equivalents, Beginning of Year	30,778	67,656
Cash and Cash Equivalents, End of Year	47,969	30,778

The accompanying notes are an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2020

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 which 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: TRIUMF (7.14% interest); Western Canadian Universities Marine Sciences Society (20% interest); and Innovation Boulevard Corporation (50% interest).

Investment in government business enterprises

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

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

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

c. Revenue recognition

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

(ii) Other unrestricted revenue, including tuition and sales of goods and services, is reported as revenue at the time the service or product is provided.

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

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

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

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

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

Statement of Remeasurement Gains and Losses until realized when they are reclassified to the Consolidated Statement of Operations.

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

d. Financial instruments

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

(i) Fair value category: portfolio instruments that are quoted in an active market and derivatives are reflected at fair value as at the reporting date. Other investments held by the university which 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 recognized in the Consolidated Statement of Operations and related balances 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 long-term 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 which 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 settlement date or consolidated financial statement date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. In the period of settlement, the related cumulative remeasurement gain/loss is reversed in the Consolidated Statement of Remeasurement Gains and Losses, and the exchange gain/loss in relation to the exchange rate at the date of the item's initial recognition 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, liability 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

Effective April 1, 2021 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 and early adoption is permitted. The impact of adopting this standard on the university's financial results cannot be determined at this time.

Effective April 1, 2022 the university will be required to adopt PS3400 Revenue. Under the standard, transactions that include performance obligations are identified as "exchange contracts" while those that do not have performance obligations are identified as "non-exchange contracts". Revenues from exchange contracts are to be recognized when the underlying performance obligations have been satisfied while revenues from non-exchange contracts are to be recognized when received or receivable. This standard may be applied retroactively or prospectively and early adoption is permitted. 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 Risks	Credit Risk	Liquidity	Foreign	Market Risk	
				Interest Rate	Other Price
Cash and cash equivalents	X		X		
Accounts receivable	X		X		
Due from related parties	X	X			
Investments - portfolio and restricted	X	X	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 for the university. Management believes that the concentration of credit risk for other sources is limited.

- 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.
- 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 receivable 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, 2020: 94% quoted prices in active markets for identical investments (level 1) and 6% inputs that are not observable market data (level 3).

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.

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, 2020 and March 31, 2019.

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 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>	2020	2019
Revenue receivable	12,271	12,833
SFSS - Build SFU	1,623	6,444
Other receivables	2,153	2,029
GST receivable	1,310	1,410
Provision for doubtful accounts	(823)	(576)
Accounts Receivable	16,534	22,140

Revenue receivable relates to services to students, ancillary services and government grants. Other receivables relate to employee travel advances and third party billings. SFSS-Build SFU pertains to a receivable related to the construction of a new student union building by the Simon Fraser Student Society (SFSS).

6. DUE FROM RELATED PARTIES

<i>Dollars in Thousands</i>	2020	2019
SFU Community Trust receivable		
Distribution receivable, non-interest bearing, to be settled within one year	9,593	3,213
Promissory note, non-interest bearing, due December 31, 2020	3,213	
Promissory note, interest at prime rate less 0.5% per annum, due December 31, 2020		5,149
Accrued interest receivable on promissory note		44
Parking agreement receivable, interest at prime rate, due December 31, 2021	4,474	4,474
Accrued interest receivable on parking agreement	143	143
Due from SFU Community Trust	17,423	13,023
Great Northern Way Campus Trust receivable		
Distribution receivable, non-interest bearing, unsecured to be settled within one year	280	194
Due from Great Northern Way Campus Trust	280	194
Due from Related Parties	17,703	13,217

Pursuant to a parking agreement, the university and SFUCT have agreed to the total amount of the obligation of \$15,000,000, of which \$526,000 (2019: \$526,000) has been received. Recognition of the receivable from SFUCT occurs in relation to phases of development; \$10,000,000 remains to be recognized in relation to future phases of development.

During the year GNWCT paid in full a non-interest bearing distribution of \$194,000 and declared a distribution of \$280,000 which is reported as a distribution receivable, non-interest bearing, to be settled within one year.

SFUCT repaid in full the \$5,149,000 promissory note and declared a distribution of \$9,593,000 which is reported as a distribution receivable, non-interest bearing, to be settled within one year.

7. PENSIONS

Accounting policy

The university has two registered pension plans providing pension benefits to its employees.

For accounting purposes, the defined benefit FRB (Formula Retirement Benefit) pension obligations and cost of pension benefits earned by employees 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.

Description of pension plans

The two registered pension plans are the Pension Plan for Members of the Academic Staff (Academic FRB Plan) and the Pension Plan for Administrative/Union Staff (Administrative/Union Plan). The Academic FRB Plan is comprised of both a defined contribution plan as well as a grandfathered FRB Plan. The Administrative/Union Plan is a FRB Plan. The provisions of these plans stipulate that the university has no formal claim to any pension plan surplus or asset;

accordingly, the pension plans have separate financial statements.

The Boards of Trustees for each of these plans represent both the plan members and the university. The trustees are fully responsible for the management of the plans including the investment of assets and administration of benefits. The university is responsible for funding the pension plans.

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, 2016.

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 which 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, 2019 using data from each of their most recent actuarial valuations.

**Pension plan for members of the academic staff
(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.

During the 2019 calendar year, contributions made by the university to the Academic MPA Pension Plan were 9.7% (2018 calendar year: 9.7%) of pensionable earnings, totaling \$14,555,000 (2018 calendar year: \$13,959,000).

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.

**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 2019 calendar year were at a rate of 15.83% (2018 calendar year: 15.83%) of pensionable earnings, totaling \$20,744,000 (2018 calendar year: \$19,028,000). In addition, contributions of \$4,227,000 (2018 calendar year: \$2,994,000) were made in respect of commuted value solvency holdbacks.

The gains and losses are recognized by the university over EARSL, currently 12 years.

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 reported by function, within the Consolidated Statement of Operations, while the accrued pension asset is reported on the Consolidated Statement of Financial Position.

7a/ Net pension liability

<i>Dollars in Thousands</i>	Administrative / Union	Academic FRB	2020	2019
Accrued benefit obligation, beginning of year	302,883	26,189	329,072	316,348
Current period benefit cost (net of employee contributions)	15,825		15,825	15,477
Employee contributions / transfer from MPA	57		57	58
Interest cost	18,600	1,553	20,153	19,528
Benefit payments	(26,437)	(2,695)	(29,132)	(23,334)
Actuarial loss	13,235	414	13,649	995
Accrued Benefit Obligation, End of Year	324,163	25,461	349,624	329,072
Fair value of plan assets, beginning of year	360,797	26,703	387,500	397,548
Employer contributions	25,112	267	25,379	22,138
Employee contributions / transfer from MPA	57		57	58
Actual return (loss) on plan assets	50,663	3,973	54,636	(8,910)
Benefit payments	(26,437)	(2,695)	(29,132)	(23,334)
Fair Value Plan Assets, End of Year(*)	410,192	28,248	438,440	387,500
Funded Status, Pension Plan Surplus	86,029	2,787	88,816	58,428
Unamortized net actuarial gain, beginning of year	18,748	1,570	20,318	61,265
Actuarial gain (loss) on pension plan assets	28,153	2,380	30,533	(33,722)
Actuarial loss on pension plan obligation	(13,235)	(414)	(13,649)	(995)
Amortization of net actuarial gain	(2,706)	(103)	(2,809)	(6,230)
Unamortized Net Actuarial Gain, End of Year	30,960	3,433	34,393	20,318
Net Pension Asset (Liability)	55,069	(646)	54,423	38,110

* Defined benefit pension plan consists of:

	Administrative / Union		Academic FRB	
	2020	2019	2020	2019
Equity securities	64%	63%	66%	63%
Debt securities	36%	37%	34%	37%
	100%	100%	100%	100%

7b/ Defined benefit pension expense

<i>Dollars in Thousands</i>	Administrative / Union	Academic FRB	2020	2019
Current period benefit cost (including employee contributions)	15,882		15,882	15,534
Less: employee contributions	(57)		(57)	(58)
Amortization of net actuarial gain	(2,706)	(103)	(2,809)	(6,230)
Expected interest cost on pension obligation	18,600	1,553	20,153	19,528
Expected earnings on average pension assets	(22,510)	(1,593)	(24,103)	(24,811)
Pension Expense (Income)	9,209	(143)	9,066	3,963

7c/ Significant actuarial assumptions

	Administrative/Union		Academic FRB	
	2020	2019	2020	2019
Effective date of most recent actuarial valuation report for funding purposes	31-Dec-16	31-Dec-16	31-Dec-18	31-Dec-18
Measurement date of plan assets / accrued benefit obligation	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Expected future inflation rate	2.00%	2.00%	n/a	n/a
Post-retirement inflation increase	n/a	n/a	2.00%	2.00%
Expected Average Remaining Service Lifetime of active employees (EARS�)	10 yrs	10 yrs	n/a	n/a
Average remaining pension payment period	n/a	n/a	12 yrs	13 yrs
Beginning of period				
Discount rate	6.25%	6.25%	6.25%	6.25%
Expected long-term rate of return on plan assets	6.25%	6.25%	6.25%	6.25%
Rate of compensation increase	2.50%	2.50%	n/a	n/a
End of period				
Discount rate	6.00%	6.25%	6.00%	6.25%
Expected long-term rate of return on plan assets	6.00%	6.25%	6.00%	6.25%
Rate of compensation increase	2.50%	2.50%	n/a	n/a

Actual return on plan assets

	December 31, 2019	December 31, 2018
Administrative/Union	12.35%	{2.30%}
Academic FRB	14.07%	{0.92%}

7d/ Life expectancy assumptions

Years	December 31, 2019				December 31, 2018			
	Life expectancy at 65 for a member currently				Life expectancy at 65 for a member currently			
	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	21.8	24.2	22.8	25.1	21.7	24.1	22.8	25.1

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 24).

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

Dollars in Thousands Calendar Year	Cumulative Letter of Credit Requirements		
	Administrative / Union	Academic FRB	Total
2019	106,640	13,905	120,545
2020	118,450	10,320	128,770
2021	*	*	*
2022	*	*	*
2023	*	*	*

* 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, 2019

<i>Dollars in Thousands</i>	Administrative / Union Obligation		Academic FRB Obligation	
	\$	%	\$	%
Estimated increase				
0.5% decrease in discount rate	29,103	9.0	974	3.6
0.5% increase in inflation on post retirement	21,306	6.6	950	3.5
0.5% increase in compensation	8,002	2.5		
10% reduction to mortality rates (0.8 years for a 65 year old)	7,404	2.3	985	3.7

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

8. INVESTMENTS

8a/ Consolidated Statement of Financial Position presentation of investments

<i>Dollars in Thousands</i>	Reported Value	
	2020	2019
Financial assets presentation category		
Portfolio investments	479,947	560,690
Non-financial assets presentation category		
Endowment investments (note 18a)	380,756	360,153
Non-endowment investment	1,000	1,000
Restricted investments	381,756	361,153
Total Investments	861,703	921,843

8b/ Investments

<i>Dollars in Thousands</i>	Reported Value		Cost
	2020	2019	2020
Investments Recorded at Fair Value			
Designated to the fair value category (level 1)			
Fixed income investments			
Federal bonds	61,449	67,470	61,464
Provincial and municipal bonds	78,069	76,092	78,031
Corporate bonds	168,811	203,179	168,459
	308,329	346,741	307,954
Sinking fund investments	3,567	3,386	2,644
Term deposits	1,825	2,383	1,825
Total Fixed Income Investments	313,721	352,510	312,423
Equity instruments quoted in an active market (level 1)			
Canadian equities	223,076	247,600	204,101
Foreign equities	272,336	287,632	208,261
Total Level 1 Category Financial Instruments	809,133	887,742	724,785
Designated to the fair value category (level 3)			
Private equities	26,186	26,942	17,683
Other investments	25,384	6,159	23,878
Total Level 3 Category Financial Instruments	51,570	33,101	41,561
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	861,703	921,843	767,346

The fixed income investments are benchmarked to the FTSE Canada Universe Bond Index. Bonds held in the portfolio mature between 2020 and 2077 and the yields to maturity range between 0.1% and 11.5% (2019: 0.01% and 11.7%).

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.

Term deposits consist of \$1,825,000 in redeemable and non-redeemable GIC's with maturities in April, September, October and December 2020 held by TRIUMF.

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 57% (2019: 59%) in U.S. markets and 43% (2019: 41%) outside of the U.S.

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

Other investments consist of hedge funds, real estate and mortgages. There are three hedge funds: one follows a Canada- focused diversified strategy, the second follows a diversified liquid multi-strategy and the third is a global diversified fixed income portfolio. Real estate and mortgages consist of pooled real estate funds and direct mortgages secured by real estate.

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

8c/ Reconciliation of investment cost to reported value

Dollars in Thousands

	2020	2019
Investments at cost	767,346	781,566
Unrealized amounts reported in the Consolidated Statement of Remeasurement Gains and Losses		
Balance, beginning of year	47,815	31,243
Change in the year	(16,266)	16,572
Balance, End of year	31,549	47,815
Deferred revenue related to restricted endowments		
Balance, beginning of year	92,462	68,161
Change in the year (note 14c)	(29,654)	24,301
Balance, End of year	62,808	92,462
Total Investments at Reported Value	861,703	921,843

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 during the intervening period are recorded in these consolidated financial statements based on the fiscal year of the university.

Other comprehensive income from GNWCT is included in the Consolidated Statement of Remeasurement Gains and Losses.

9a/ Investment in Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	2020	2019
Great Northern Way Campus Trust equity, December 31	50,572	48,590
SFU proportionate interest	25%	25%
Investment in GNWCT, End of Year	12,643	12,148

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

<i>Dollars in Thousands</i>	2020		2019	
	100%	25%	100%	25%
Net income reported by GNWCT	2,323	581	11,953	2,988
Net distributions from GNWCT to institutions	(341)	(86)	(130)	(32)
Change in GNWCT	1,982	495	11,823	2,956
GNWCT, beginning of year	48,590	12,148	36,767	9,192
GNWCT, End of Year	50,572	12,643	48,590	12,148

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

<i>Dollars in Thousands</i>	2020	2019
Initial settlement upon GNWCT	33,787	33,787
GNWCT cumulative comprehensive income	74,117	71,794
Distributions from GNWCT	(76,137)	(75,017)
Contributions by partner institutions	18,805	18,026
	50,572	48,590
SFU proportionate interest	25%	25%
SFU Investment in GNWCT	12,643	12,148

9d/ Financial summary - Great Northern Way Campus Trust

<i>Dollars in Thousands</i>	December 31, 2019	December 31, 2018
Financial Position		
Total assets	61,469	60,356
Total liabilities	10,897	11,766
Trust Balance, End of Year	50,572	48,590
Results of Operations & Trust Balance		
Revenue	8,705	26,114
Expense	6,382	14,161
Net Income for the Year	2,323	11,953
Net distributions to beneficiaries	(341)	(130)
Net changes in the year	1,982	11,823
Trust balance, beginning of year	48,590	36,767
Trust Balance, End of Year	50,572	48,590
Cash Flows		
Operating transactions	253	18,358
Investing transactions	(718)	(822)
Financing transactions		(19,200)
Decrease in Cash During the Year	(465)	(1,664)

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>	2020	2019
Net income reported by SFUCT	9,839	3,335
Reduction in the cost of sales to reflect SFU's original cost of leases	445	1,093
Interest in SFUCT Income for the Year	10,284	4,428
Distributions from SFUCT in the year	(9,593)	(3,213)
Investment in SFUCT, beginning of year	11,215	10,000
Investment in SFUCT, End of Year	11,906	11,215

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

<i>Dollars in Thousands</i>	2020	2019
Trust equity as reported by SFUCT	16,391	16,146
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	13,059	12,613
	(4,485)	(4,931)
Investment in SFUCT, End of Year	11,906	11,215

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

<i>Dollars in Thousands</i>	2020	2019
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	48,798	38,960
Lease rights recognized through sales to third parties	13,059	12,613
Interest in SFUCT cumulative income (note 15c)	61,857	51,573
Distributions from SFUCT:		
Applied to accounts receivable	(4,882)	(4,882)
Derived from SFUCT net income	(49,990)	(40,397)
	(54,872)	(45,279)
Investment in SFUCT (note 15c)	11,906	11,215

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>	2020	2019
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, 2019	December 31, 2018
Financial Position		
Total assets	75,862	66,670
Total liabilities	59,470	50,524
Trust Balance, End of Year	16,392	16,146
Results of Operations & Trust Balance		
Revenue	21,694	12,552
Expense	11,855	9,216
Net Income for the Year	9,839	3,336
Distributions to beneficiaries	(9,593)	(3,213)
Trust balance, beginning of year	16,146	16,023
Trust Balance, End of Year	16,392	16,146
Cash Flows		
Operating transactions	23,859	(5,441)
Investing transactions	476	(373)
Financing transactions	(3,238)	2,330
Increase (Decrease) in Cash During the Year	21,097	(3,484)

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

<i>Dollars in Thousands</i>	2020	2019
Trade payables and accruals	58,092	51,107
Salaries and benefits payable	21,992	18,160
Accrued vacation pay	8,870	8,330
Other	17,530	16,426
Accounts Payable and Accrued Liabilities	106,484	94,023

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 (EARSL) of active employees, except for long-term disability which, as an event driven compensated absence benefit, is recognized immediately.

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

Description of benefit plans

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

Actuarial Valuations are performed for both of the retirement benefit plans at least every three years, while the event driven compensated absence benefit plan is performed annually. Such valuations determine the employer contribution rate necessary to provide adequate funding of the plan liabilities and are prepared using the projected benefit method, pro-rated on services. The most recent actuarial 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 loss of \$2,225,000 (2019 gain: \$14,155,000) to be amortized over EARSL.

Early retirement benefits

Early retirement benefits represent the liabilities to employees who took early retirement in the mid 1990's and other employees who receive supplementary pensions. The most recent accounting valuation reported an actuarial loss of \$309,000 (2019: actuarial gain of \$108,000) 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

	Retirement Benefits		Benefit Long-Term Disability	2020	2019
	Non-Pension Retiree	Early Retirement			
<i>Dollars in Thousands</i>					
Accrued benefit obligation, beginning of year	58,497	2,777	9,828	71,102	82,738
Current period benefit cost	436	63	3,245	3,744	3,365
Interest cost	2,262	104	414	2,780	2,900
Benefit payments	(1,449)	(276)	(1,646)	(3,371)	(3,173)
Gain from MSP elimination	(5,834)		(204)	(6,038)	
Actuarial (gain) loss	2,225	309	1,878	4,412	(14,728)
Accrued Benefit Obligation, End of Year	56,137	2,977	13,515	72,629	71,102
Unamortized net actuarial gain on liability, beginning of year	12,766	(151)		12,615	(3,508)
Actuarial gain (loss) on liability	(2,225)	(309)	(1,878)	(4,412)	14,728
Amortization of net actuarial (gain) loss	(1,104)	66	1,878	840	1,395
Unamortized Net Actuarial Gain (Loss) on Obligation, End of Year	9,437	(394)		9,043	12,615
Liability for Employee Future Benefits, End of Year	65,574	2,583	13,515	81,672	83,717

12b/ Employee future benefits expense

	Retirement Benefits		Compensated Absence Benefit Long-Term Disability	2020	2019
	Non-Pension Retiree	Early Retirement			
<i>Dollars in Thousands</i>					
Current period benefit cost	436	63	3,245	3,744	3,365
Recognition of actuarial loss (gain)	(1,104)	66	1,878	840	1,395
Gain from MSP elimination	(5,834)		(204)	(6,038)	
Interest cost on unfunded benefit obligation	2,262	104	414	2,780	2,900
Employee Future Benefits Expense (Income)	(4,240)	233	5,333	1,326	7,660

12c/ Significant actuarial assumptions

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
	2020	2019	2020	2019	2020	2019
Measurement date of accrued benefit obligation	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Expected future inflation rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Expected Average Remaining Service Lifetime of active employees (EARS�)	5 yrs	6 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	3.90%	3.50%	3.90%	3.50%	3.90%	3.50%
End of period discount rate	3.10%	3.90%	3.10%	3.90%	3.10%	3.90%
Assumed health care cost trend rates						
Dental	4.04%	4.04%	n/a	n/a	4.00%	4.00%
Extended Health Benefits (EHB)	4.04%	4.04%	n/a	n/a	6.60%	6.80%

12d/ Sensitivity to actuarial assumptions, as at December 31, 2019

	Retirement Benefits				Compensated Absence Benefit	
	Non-Pension Retiree		Early Retirement		Long-Term Disability	
<i>Dollars in Thousands</i>	\$	%	\$	%	\$	%
Estimated increase in accrued benefit obligation						
0.5% decrease in discount rate	4,749	8.5	160	5.4	466	3.4
0.5% increase in MSP, Dental and EHB cost trend rates	4,489	8.0				
10% reduction to mortality rates (0.8 years for a 65 year old)	2,529	4.5	149	5.0		
0.5% increase in inflation rate			115	3.9	434	3.2
0.5% increase in compensation			152	5.1		

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

13. LONG-TERM DEBT

Long-term debt reported on the Consolidated Statement of Financial Position is recorded at amortized cost and is comprised of the following:

13a/ Long-term debt

<i>Dollars in Thousands</i>	2020	2019
Debentures, senior unsecured	143,551	143,273
Debenture, Province of British Columbia	4,982	4,974
Total	148,533	148,247

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 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 \$3,567,000 (2019: \$3,386,000) 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 long-term debt

<i>Dollars in Thousands</i>	Principal	Sinking Fund	Interest	Total Payments
2021		44	8,857	8,901
2022		44	8,857	8,901
2023		44	8,638	8,682
2024			8,420	8,420
2025			8,420	8,420
2026 to 2042			143,132	143,132
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.

Deferred revenue represents an opportunity to, in the future, earn revenue by incurring qualified expenditures. Additionally, pursuant to multi-year research funding contracts, the university has the opportunity to earn further revenue by incurring qualified expenditures. Any one contract does not abnormally impact the university's financial position or operations and does not define the level of revenue for a considerable time into the future. The university manages risk exposure to fluctuations in this type of revenue by structuring expenses to be short-term and variable in relation to related revenue. If the nature, extent or timing of such contractual rights were individually or collectively abnormal, disclosure would be provided.

14a/ Changes in deferred revenue

<i>Dollars in Thousands</i>	Sponsored Research	Endowment	Specific Purpose	2020	2019
Balance, beginning of year	46,693	103,305	31,422	181,420	161,555
Donations and grant revenue received	84,035		34,406	118,441	100,830
Transferred to revenue	(69,934)		(28,594)	(98,528)	(89,340)
Endowment investment income (loss)		(9,468)		(9,468)	41,010
Transferred to investment income (note 20)		(14,881)		(14,881)	(17,258)
Transferred to net endowment contributions (note 22)					
Endowment principal addition		(3,463)		(3,463)	(4,052)
Preserve purchasing power		(8,423)		(8,423)	(11,325)
Balance, End of Year	60,794	67,070	37,234	165,098	181,420

14b/ Source of deferred revenue, end of year

<i>Dollars in Thousands</i>	Sponsored Research	Endowment	Specific Purpose	2020	2019
Province of British Columbia	1,073		1,687	2,760	15,138
Government of Canada	58,187		13,882	72,069	44,922
Endowment income stabilization account		57,148		57,148	95,090
Other	1,534	9,922	21,665	33,121	26,270
Balance, End of Year	60,794	67,070	37,234	165,098	181,420

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>	2020	2019
Balance, beginning of year	95,090	84,284
Endowment investment income externally restricted for the year		
Realized income	20,186	16,709
Unrealized income (loss) (note 8c)	(29,654)	24,301
Endowment income allocated to		
Individual endowment spending accounts	(20,051)	(18,879)
Preserve purchasing power (note 22)	(8,423)	(11,325)
Increase (Decrease) in the Year	(37,942)	10,806
Balance, End of Year	57,148	95,090

15. DEFERRED LEASE PROCEEDS

The university accounts for its 100% interest in SFU Community Trust (SFUCT) by the modified equity method as described in note 10. The net income from SFUCT determined by the modified equity method that relates to 99-year leases

of university land is then deferred and recognized over the terms of the leases. Pursuant to the terms of the distributions from SFUCT, the income so determined is recorded as restricted endowment contributions.

15a/ Change in deferred lease proceeds

<i>Dollars in Thousands</i>	2020	2019
Balance, beginning of year	49,483	45,602
SFUCT income to be deferred and amortized over lease terms	9,839	3,335
Adjustment of land value on transfer to the Trust realized through sale of leases	446	1,093
Amortized and transferred to net restricted endowment contributions	(652)	(547)
Balance, End of Year	59,116	49,483

15b/ SFUCT income recognized as restricted endowment contributions

<i>Dollars in Thousands</i>	2020	2019
Amortized to income in the year	652	547
Income Recognized in the Year as Restricted Endowment Contributions (note 22)	652	547

15c/ SFU Community Trust endowment component of accumulated surplus

<i>Dollars in Thousands</i>	2020	2019
Interest in SFUCT cumulative income (note 10c)	61,857	51,573
Less: deferred lease proceeds	(59,116)	(49,483)
Life-to-date SFUCT Income Recognized as Endowment Contributions	2,741	2,090
Base rent revenue earned (note 10d)	1,095	1,095
Initial settlement of investment into SFUCT	40	40
Life-to-date capitalized investment income	7,755	6,753
SFUCT Endowment Component of Accumulated Surplus	11,631	9,978
Total non SFUCT Endowment	369,125	350,175
Endowment	380,756	360,153

16. TANGIBLE CAPITAL ASSETS

16a/ Tangible capital assets - net book value

<i>Dollars in Thousands</i>	Cost	Accumulated Amortization	2020	2019
Buildings - concrete	1,128,978	264,563	864,415	807,128
Buildings - wood	42,893	17,901	24,992	21,197
Site services	74,444	19,761	54,683	51,193
Leasehold improvements	5,262	2,105	3,157	3,244
Computer equipment	76,541	34,744	41,797	31,204
Equipment & furnishings	110,614	60,238	50,376	52,712
Library books	94,744	47,021	47,723	47,166
Land	33,080		33,080	33,080
Assets under construction	96,136		96,136	73,037
Total	1,662,692	446,333	1,216,359	1,119,961

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
Buildings - wood	30
Site services	50
Leasehold improvements	Term of lease 7 - 10
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 2020 (2019: 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 2020, additional donated works of art with an appraised value of \$198,000 (2019: \$834,000) were received. The art collections are insured at a replacement value of \$45,633,000.

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 \$1,034,000 (2019: \$2,349,000).

Additions to buildings during the year include capitalized interest of \$nil (2019: \$nil).

16b/ 2020 Tangible capital asset cost - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Additions	Change in Assets Under Construction	Adjustments	2020
Buildings - concrete	1,054,802	100,745	(21,431)	(5,138)	1,128,978
Buildings - wood	37,770	2,018	3,105		42,893
Site services	69,508	6,734	(1,798)		74,444
Leasehold improvements	4,726	3,064	(2,528)		5,262
Computer equipment	63,181	34,557		(21,197)	76,541
Equipment & furnishings	114,972	15,574	(447)	(19,485)	110,614
Library books	93,623	9,976		(8,855)	94,744
Land	33,080				33,080
Assets under construction	73,037		23,099		96,136
Total	1,544,699	172,668		(54,675)	1,662,692

16c/ 2020 Tangible capital assets amortization - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Amortization	Adjustments	2020
Buildings - concrete	247,674	22,027	(5,138)	264,563
Buildings - wood	16,573	1,328		17,901
Site services	18,315	1,446		19,761
Leasehold improvements	1,482	623		2,105
Computer equipment	31,977	23,964	(21,197)	34,744
Equipment & furnishings	62,260	17,464	(19,485)	60,239
Library books	46,457	9,418	(8,855)	47,020
Total	424,738	76,270	(54,675)	446,333

16d/ 2019 Tangible capital asset cost - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Additions	Change in Assets Under Construction	Adjustments	2019
Buildings - concrete	905,872	105,299	43,631		1,054,802
Buildings - wood	37,615	2,490	(2,335)		37,770
Site services	59,463	9,606	439		69,508
Leasehold improvements	3,586	1,273	(133)		4,726
Computer equipment	44,293	20,756		(1,868)	63,181
Equipment & furnishings	116,898	10,754	(1,059)	(11,621)	114,972
Library books	93,565	9,657		(9,599)	93,623
Land	33,080				33,080
Assets under construction	113,580		(40,543)		73,037
Total	1,407,952	159,835		(23,088)	1,544,699

16e/ 2019 Tangible capital assets amortization - opening and closing balances

<i>Dollars in Thousands</i>	Opening	Amortization	Disposals and Adjustments	2019
Buildings - concrete	228,818	18,856		247,674
Buildings - wood	15,332	1,241		16,573
Site services	17,019	1,296		18,315
Leasehold improvements	934	548		1,482
Computer equipment	15,256	18,589	(1,868)	31,977
Equipment & furnishings	56,316	17,565	(11,621)	62,260
Library books	46,696	9,360	(9,599)	46,457
Total	380,371	67,455	(23,088)	424,738

16f/ Assets under construction by asset class

<i>Dollars in Thousands</i>	2020	2019
Buildings - concrete	81,974	60,544
Buildings - wood		3,105
Site services	5,838	4,040
Leasehold improvements	6,772	4,243
Equipment & furnishings	1,552	1,105
Assets Under Construction	96,136	73,037

The two largest concrete buildings under construction as at March 31, 2020 were the: SFU Residence Tower \$37,145,000 and the Lorne Davies Stadium \$7,471,000.

17. DEFERRED CAPITAL CONTRIBUTIONS

Accounting policy

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

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

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

17a/ Change in deferred capital contributions

<i>Dollars in Thousands</i>	2020	2019
Balance, beginning of year	578,590	540,347
Contributions in the year	60,949	72,322
Amortized to revenue	(40,227)	(34,079)
Balance, End of Year	599,312	578,590

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

<i>Dollars in Thousands</i>	2020	2019
Province of British Columbia	443,958	420,963
Government of Canada	95,372	104,312
Other	59,982	53,315
Balance, End of Year	599,312	578,590

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>	2020		2019	
Non-financial assets				
Deferred capital contributions	599,312		578,590	
Accumulated Surplus				
Accumulated surplus	1,085,648	1,684,960	1,309,183	1,617,773
Revenue				
Government grants and contracts	320,874	381,823	323,542	395,864
Amortization of deferred capital contributions	40,227		34,079	
Annual Operating Surplus				
Annual operating surplus	61,895	82,617	73,287	111,530

18. NET ASSETS

18a/ Net assets

<i>Dollars in Thousands</i>	2020	2019
Internally restricted for operating commitments		
Departmental operating budget carryover	48,051	35,459
Internal advance for tangible capital assets	(27,000)	(28,000)
	21,051	7,459
Internally funded research	30,073	24,060
Net operating	51,124	31,519
Ancillary operations	26,122	26,299
Specific purpose	24,038	22,635
Internally Restricted for Operating Commitments	101,284	80,453
Investment in tangible capital assets, before internal advance	542,906	521,445
Internal advance for tangible capital assets	27,000	28,000
Investment in tangible capital assets	569,906	549,445
Endowment (note 8a)	380,756	360,153
Accumulated Operating Surplus, End of Year	1,051,946	990,051
Accumulated remeasurement gains	33,702	49,132
Net Assets, End of Year	1,085,648	1,039,183

18b/ Change in endowment

<i>Dollars in Thousands</i>	2020	2019
Balance, beginning of year	360,153	336,711
Net restricted endowment contributions in the year (note 22)	20,603	23,442
Balance, End of Year	380,756	360,153

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	80,453	549,445	360,153
Annual surplus	61,895		
Increase in investment in tangible capital assets	(20,461)	20,461	
Net restricted endowment contributions (note 22)	(20,603)		20,603
Accumulated Operating Surplus, End of Year	101,284	569,096	380,756

Investment in tangible capital assets is comprised of

Tangible capital assets	1,216,359
Sinking fund investment	3,567
Long-term debt	(148,533)
Deferred capital contributions	(599,312)
Other net assets invested in capital	85,182
Investment in GNWCT	12,643
Investment in Tangible Capital Assets	569,906

19. GOVERNMENT GRANTS AND CONTRACT REVENUE

<i>Dollars in Thousands</i>	Budget	2020	2019
Province of British Columbia			
Operating		245,378	232,440
Sponsored research		1,512	1,717
Specific purpose		12,083	9,051
Minor maintenance and rehabilitation		980	980
	254,745	259,953	244,188
Government of Canada			
Operating		8,694	8,757
Sponsored research		52,112	64,026
Specific purpose		8,368	8,311
Tangible capital assets		970	
Net deferred sponsored research		(14,101)	(3,974)
	66,657	56,043	77,120
Other governments			
Operating		2	24
Sponsored research		4,260	1,473
Specific purpose		616	736
	2,277	4,878	2,233
Government Grants and Contract Revenue	323,679	320,874	323,541

20. INVESTMENT INCOME

<i>Dollars in Thousands</i>	Operating	Endowment	2020	2019
Interest and dividend income	9,006		9,006	7,504
Realized gains transferred from Consolidated Statement of Remeasurement Gains and Losses	5,807		5,807	3,255
Income from deferred contributions (note 14a)		14,881	14,881	17,258
Investment Income	14,813	14,881	29,694	28,017

21. EXPENSE BY OBJECT

<i>Dollars in Thousands</i>	Budget	2020	2019
Salaries	400,169	413,651	387,462
Employee benefits	73,251	69,646	62,681
Supplies and operating	78,003	70,093	79,998
Amortization of tangible capital assets (note 16c)	72,142	76,270	67,455
Professional and contracted services	41,311	49,858	48,659
Scholarships and bursaries	38,261	42,026	38,419
Travel and personnel	19,788	18,543	19,377
Cost of goods sold	6,276	4,813	6,374
Interest on long-term debt	9,105	9,157	9,143
Utilities	10,845	11,647	11,243
Expense	749,151	765,704	730,811

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>	2020	2019
Donations	8,065	7,518
Capitalized investment income (note 14a)		
Endowment principal addition	3,463	4,052
Preserve purchasing power	8,423	11,325
Equity gain for the year from SFU Community Trust (note 15b)	652	547
Net Restricted Endowment Contributions in the Year (note 18b)	20,603	23,442

23. PLEDGES

Accounting policy

Pledges from donors (cash donations and gifts-in-kind) are not recognized as revenue in the consolidated financial statements until the donations are received since their collection cannot be reasonably assured until that time.

Pledges for future years include cash donations of \$39,426,000 (2019: \$35,225,000) and estimated gifts-in-kind of \$nil (2019: \$2,030,000).

24. 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, 2020 the university is liable for Letters of Credit in the amount of \$129,266,000 (2019: \$121,533,000) which includes Letters of Credit related to pensions and development arrangements.

25. 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 \$3,675,000 (2019: \$3,675,000) 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 \$3,675,000. The balance is recorded in accounts payable and accrued liabilities. No additional sites were identified in the year.

26. 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 2022 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.

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>	2021	2022	2023	2024	2025	Thereafter
Long-term lease	5,096	4,808	4,849	4,642	4,358	10,515
Service contracts	7,717	7,811	527			
Construction contracts	78,744					
Total	91,557	12,619	5,376	4,642	4,358	10,515

28. FINANCIAL REPORTING FRAMEWORK BUDGET

Accounting policy

Budget figures have been provided for comparative purposes and were developed and approved in three phases:

- (a) the Consolidated Budget for 2019/20, approved by the Board of Governors on March 21, 2019;
- (b) the 2019/20 Carry Forward Plans approved by the Board of Governors on May 22, 2019;
- (c) other adjustments and re-classifications with the revised 2019/20 Consolidated Budget approved by the Board of Governors on March 19, 2020.

Financial reporting framework budget

<i>Dollars in Thousands</i>	Initial Consolidated Budget (a)	Carry Forward Spend Plan (b)	Adjustments to Consolidated Budget (b & c)	Final Consolidated FRF Budget
Revenue	769,958		15,500	785,458
Expense	748,371	780		749,151
Annual operating surplus before restricted contributions	21,587	(780)	15,500	36,307
Net restricted endowment contributions	20,090			20,090
Annual Operating Surplus	41,677	(780)	15,500	56,397

29. COMPARATIVE AMOUNTS

Certain amounts on the consolidated financial statements for the year ended March 31, 2019 have been restated in order to conform to the presentation adopted in the current year.

30. SUBSEQUENT EVENTS

Subsequent to March 31, 2020, the outbreak of COVID-19 and related global responses continue to cause material disruptions to businesses around the world, leading to an economic slowdown.

Global equity markets have experienced significant volatility and weakness which impact the financial performance of the University's investments and the investments within the University's pension plans.

Consequences of government imposed quarantines, combined with border closures and limitations in the University's ability

to deliver classes could impact demand for post secondary education.

While governments and central banks have reacted with monetary and other interventions designed to stabilize economic conditions and limit the spread of COVID-19, the duration and extent of the impact of the outbreak remains unclear at this time. If the financial markets and / or the overall economy are impacted for an extended period, the University's future financial results may be materially adversely affected.

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