

FOR INFORMATION

S.98-60

SIMON FRASER UNIVERSITY

MEMORANDUM

TO: Senate

FROM: Alison Watt
Director, Secretariat Services

DATE: August 20, 1998

SUBJECT: Annual Financial Statement

Section 32 of the University Act states: "The board shall make an annual report of its transactions to the Minister, in which shall be set out a balance sheet and a statement of revenue and expenditure for the year ending on the preceding March 31, and other particulars the Minister may require. A copy of the annual report shall be transmitted promptly to the senate."

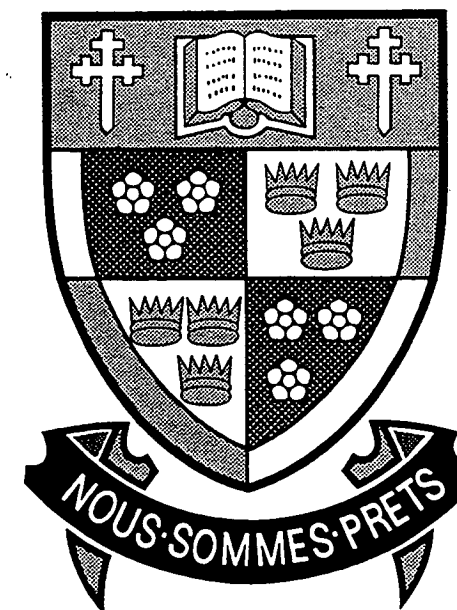
A copy of the report is attached.



NOTE:

IF YOU DO NOT WISH TO KEEP THE ANNUAL FINANCIAL STATEMENT,
PLEASE RETURN IT TO BOBBIE GRANT, OFFICE OF THE REGISTRAR.

SIMON FRASER UNIVERSITY



**FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1998**

SIMON FRASER UNIVERSITY
FINANCIAL STATEMENTS
MARCH 31, 1998

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STATEMENT OF MANAGEMENT RESPONSIBILITY

The University is responsible for the preparation of the financial statements and has prepared them in accordance with generally accepted accounting principles for not-for profit organizations. The financial statements present fairly the financial position of the University as at March 31, 1998 and the results of its operations 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 control 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 financial statements.

The Board of Governors carries out its responsibility for review of the financial statements principally through its Audit Committee. The majority of the members of the Audit Committee are not officers or employees of the University. The Audit Committee meets with Management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditors have full access to the Audit Committee, with and without the presence of Management.

The financial statements for the year ended March 31, 1998 have been reported on by the Auditor General of the Province of British Columbia, the auditor appointed under the University Act. The Auditor's Report outlines the scope of his examination and provides his opinion on the fairness of presentation of the information in the financial statements.


Jack P. Blaney
President


R.W. Ward
Vice President
Finance & Administration

13. Pledges

Pledges made by donors to the University for donations to be received in future years are estimated at \$2,215,000 (1997 - \$2,483,000) plus a remaining \$2,000,000 from the Federal Government for the new Centre for Dialogue. Pledges are not recorded in the financial statements.

14. Contingencies

Simon Fraser University is the defendant to several unresolved statements of claims. It is not expected that the ultimate outcome of these claims will have a material effect on the financial position of the University.

15. Subsequent Events

Pursuant to the Capital Financing Authority Repeal and Debt Restructuring Act, (S.B.C. 1998,c.6) the debt obligations to the British Columbia Educational Institutions Capital Financing Authority, together with the associated sinking funds, have been assumed by the government of British Columbia, effective April 1, 1998.

The University is therefore deemed to have received contributions of \$154,165,000. These contributions will be shown as deferred capital contributions and amortized at the same rate as the associated capital assets.

16. Comparatives

Certain comparative figures have been restated to conform with the current year's presentation.

Administrative/Union Pension Plan

The University Pension Plan for the Administrative/Union staff provides benefits based on years of service and the average of the highest sixty (60) consecutive months' salary. A revised plan dated January 1, 1993 is still under review by Revenue Canada. Under the revised plan:

- a. The University's contribution is based on the amounts estimated by the Actuary and recommended by the administrative /union pension plan Trustees to the Board of Governors of the University. The University shall contribute to the fund such amounts as the Board of Governors determines are required to fund the retirement benefits and other plan benefits.
- b. The University shall not suspend or reduce its contribution to the pension fund without the prior approval of the employee organizations.
- c. The latest actuarial valuation as at December 31, 1996 showed an actuarial liability of \$76,491,000 against adjusted actuarial assets of \$87,911,000, resulting in a surplus of \$11,419,000. Pursuant to an agreement between the University and the Employee Organizations, the portion of the surplus in excess of a contingency reserve equal to 8% of the defined-benefit portion of the above liabilities was distributed to members. As a result, \$5,457,000 of the above surplus, plus investment earnings thereon, was distributed to the members in December 1997; the amounts distributed were, to the extent permitted under the Income Tax rules, allocated to individual money-purchase accounts for the members, within the Plan, and the balance was paid out in cash.

The rate of employer contribution was also increased from 9.56% to 9.89%, effective January 1, 1997, as indicated by the 1996 actuarial valuation.

The assets and liabilities of both Plans are not reflected in the University's financial statements.

12. Financial Instruments

The estimated fair value of cash, cash equivalents, accounts receivable and accounts payable approximate carrying value due to the relatively short-term nature of the instruments.

At the date of these financial statements, it is not practicable within constraints of timeliness and cost to determine the fair value of sinking funds and debt. The majority of sinking funds and debt is held by British Columbia Educational Institutions Capital Financing Authority (a crown corporation). The Province of British Columbia guarantees the debt and provides annual appropriations to pay interest and sinking fund provisions on the debt.

REPORT OF THE VICE-PRESIDENT FINANCE AND ADMINISTRATION

General comment

The University prepares its annual financial statement according to generally accepted accounting principles for non-profit organizations. The operations for the entire entity have been combined for reporting purposes. However, we continue to manage internally on a fund basis and I am pleased to provide this additional information for the different funds

Operating fund (000's)	Budget 1997-98	Actual 1997-98	Actual 1996-97
Revenue			
Government Grants	119,081	119,081	119,104
Student fees	40,381	41,314	40,743
Investment income	3,955	4,057	4,442
Other income	3,408	3,536	3,003
Total revenue	166,825	167,988	167,292
Expenses			
Salaries & benefits	126,293	123,758	123,648
Library acquisitions	5,010	4,767	4,593
Student financial assistance	4,827	5,277	5,106
Utilities and janitorials	4,582	4,208	4,029
Other non-salary	26,113	27,577	29,351
Total	166,825	165,587	166,727
Net change in fund balance		2,401	565
Appropriations opening balance		16,328	15,763
Total Appropriations		18,729	16,328

Summary of Appropriations		
Carryovers: Departmental	4,321	4,489
Auxillaries and Special projects	2,835	2,441
Research and other contracts	5,096	4,442
Specific Provisions	1,846	1,377
Non-recurring expenditures	4,631	3,579
Total	18,729	16,328

This statement reflects the format of the 1997-98 operating budget, approved by the Board of Governors in June 1997. It groups expenses in a different format than the audited statements. The summary of the appropriations of \$18,729 at March 31, 1998 has been extracted from note 9 to the financial statements.

Operating Fund

Operating revenues surpassed the budgeted revenue by \$1,163,000 or .70%. In 1996/97 we had a one time reduction of \$548,000 in our operating grant. This amount was reinstated to our operating grant and our base operating grant was permanently reduced by \$571,000 in 1997/98 resulting in a \$23,000 net decrease in operating grant. Although tuition fees were frozen for a second year in a row, student fees increased due to increased undergraduate and graduate enrollment. The increase in Non-Credit Course fees is due primarily to the additional revenues generated by the Publishing and Writing programs and the Fellows programs. Investment income is \$385,000 lower due to lower interest rates and less capital gains. The University continues to provide additional support from the operating budget for library acquisitions and student financial assistance, and this is reflected in the increase in expenditures over that of 1996/97. For a more complete analysis and commentary on revenues and for detail on expenditure line items, the 1997/98 Year-end Results and the 1998/99 Operating Budget are available at www.sfu.ca/finance under 1998/99 Approved Operating Budget.

Ancillary Enterprises

Included in Ancillary Enterprises are the Bookstore, Food Services, Residences, Parking Operations and the Microcomputer Store. The increase of \$159,000 in the Ancillary Fund will be used by individual ancillaries for future upgrades to facilities, equipment replacement and for new service initiatives.

Research

There was \$24,000,000 of externally funded research activity during fiscal year 1997/98, an increase of \$400,000 over 1996/97. Grants for the National Centre of Excellence for TeleLearning remained at \$3,600,000.

Endowment

This fund received \$1,643,000 in new donations during the year and \$1,390,000 of interest income was capitalized in order to protect the economic value of the endowments. The fund stands at \$74,884,000 at the end of the fiscal year.

10. Endowment Principal

	1998 (000)	1997 (000)
Balance, beginning of year	\$71,851	\$51,112
Donations	1,643	18,390
Capitalized income and other transfers	<u>1,390</u>	<u>2,349</u>
Balance, end of year as per financial statements	<u>\$74,884</u>	<u>\$71,851</u>

Endowment consists of restricted donations to the University. The investment income generated from endowments must be used in accordance with the various purposes established by the donors or the Board of Governors. 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 reinvesting unexpended income. Included in the \$74,884,000 are the following receivables:

SFU Foundation	\$7,915,000	Future proceeds from sale of 21 lots
City of Burnaby	3,000,000	\$1 million a year over the next 3 years
Government of B.C.	250,000	Matching Fund Program

11. Pension Plans

Academic Pension Plan

The University Pension Plan for Academic Staff generally provides benefits on a money purchase basis, but includes an option to members who were in the plan on March 20, 1973 to choose benefits based on years of service, and the average of the highest sixty (60) consecutive months' salary.

An amendment to the plan in 1981 and a letter of agreement between the University and the Faculty Association in 1990 addressed the funding and the distribution of the formula retirement benefit account. The latest actuarial valuation of this account as at January 1, 1995 estimates an unfunded liability of \$1,112,000 to be funded over the next 7 ½ years. The University is making annual contributions of \$195,000 per year as of 1995 until the liability for past service is fully funded. The new current service contribution, estimated to be \$142,000 for 1995, is 1.2% of members' earnings. As of January 1996 the 1.2% is paid bi-weekly to the pension fund.

9. **Restricted for Specific Commitments**

	1998 (000)	1997 (000)
General Operating		
Carryovers - faculties & departments	\$ 4,321	\$ 4,489
Auxiliaries and special projects	2,835	2,441
Research and other grants	5,096	4,442
Specific provisions	1,846	1,377
Non-recurring expenditures	<u>4,631</u>	<u>3,579</u>
Total General Operating	<u>18,729</u>	<u>16,328</u>
Ancillary enterprises	2,046	1,887
Capital	7,537	7,245
Funds committed for specific purposes - long term		
-Group insurance	3,121	2,924
-Lease commitment	16,512	16,323
-Self insurance	<u>484</u>	<u>483</u>
TOTAL RESERVES	<u>\$48,429</u>	<u>\$45,190</u>

The General Operating is composed of carryover funds for faculties and departments under a policy that allows faculties to carry over unspent instructional salaries and also allows departments to carry over up to \$25,000 of unspent non-salary budget. It also includes unspent balances on specific projects and internally funded research already in progress and funds set aside for specific provisions and one-time non-recurring expenditures as approved by the Board of Governors.

The Ancillary Enterprise represents accumulated funds held for the ongoing operations of ancillaries such as the Bookstore, Food Services, Microcomputer Store, Residences and Parking.

Capital represents funds that are committed to capital projects.

The funds committed for specific purposes are set aside to meet the cost of future obligations.

- a. Group insurance funds are designated for potential requirements related to self-insured group life and long-term disability plans. Annual premiums are funded from the general operating funds on a cost of claim plus fee for services basis.
- b. Lease commitment funds provide for commitments entered into for the occupancy of the University's Harbour Centre facility which include lease payments, tenant loan payments and a contribution towards operating costs. Lease and tenant loan obligations include annual payments of \$1,140,000, which started in September 1988 increasing to \$1,648,000 over the term of the lease, and a termination payment of \$8,000,000 upon the expiry of the lease in December 2017 or a discounted equivalent of that amount at an earlier date.
- c. Self-insurance funds are held to pay self-insured property and liability losses.

Specific Purpose

Consisting of specific projects such as those funded by the Canadian International Development Agency, the sources of specific purpose funds include government grants, conference fees and interest income from endowments. This fund also includes scholarships funded through endowment income. Activity in the fund this year was \$21 million, similar to that of 1996/97.

Capital

The initial construction phase of the International Centre for Dialogue continued throughout the year, accounting for \$1.6 million in expenditures. This project is funded by donations, internal funding, and a contribution of \$4 million from the federal government in connection with the APEC summit. Minor capital project funding released from the prior year freeze included \$1.1 million expenditures on the AQ, Strand Hall and the Traffic Centre. Current year minor capital funding for cyclical maintenance amounted to \$1.6 million. Minor capital renovations and upgrades amounted to an additional \$2.4 million in expenditures.



Report of the Auditor General of British Columbia

To the Members of the Board of Governors
of Simon Fraser University:

I have audited the statement of financial position of *Simon Fraser University* as at March 31, 1998 and the statements of operations and changes in operating net assets and of changes in financial position. These financial statements are the responsibility of the University's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of *Simon Fraser University* as at March 31, 1998 and the results of its operations and changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Serge L. Royfitt

Victoria, British Columbia
June 19, 1998

7. Deferred Contributions

Deferred contributions represent unspent resources externally restricted for a particular use relating to a subsequent period. Changes in the deferred contributions are as follows:

	Sponsored Research (000)	Specific Purpose (000)	Capital (000)	1998 (000)	1997 (000)
Balance beginning of the year	\$ 8,259	\$14,356	\$36,258	\$58,873	\$53,326
Add: Contributions received during the year	23,655	26,880	34,346	84,881	78,734
Less: Transferred to revenue	<u>22,732</u>	<u>26,027</u>	<u>31,387</u>	<u>80,146</u>	<u>73,187</u>
Balance end of year	<u>\$ 9,182</u>	<u>\$15,209</u>	<u>\$39,217</u>	<u>\$63,608</u>	<u>\$58,873</u>

Under the deferred method of accounting for contributions, restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred. The \$39,217,000 of deferred capital contribution represents the "unamortized" portion of restricted capital grants and repayment of debt relating to assets which were purchased with restricted contributions, but which still have an undepreciated book value.

8. Changes in Net Assets

	Operating (000)	Restricted for Specific Commit- ments (000)	Invested in Capital Assets (000)	Restricted for Endowment Principal (000)	1998 Total (000)	1997 Total (000)
Balance, beginning of year	\$(2,600)	\$45,190	\$76,153	\$71,851	\$190,594	\$164,616
Net change in operating equity	(150)	-	-	-	(150)	(200)
Endowment contributions	-	-	-	1,643	1,643	18,390
Capital Preservation of Endowment	-	-	-	1,390	1,390	2,349
Change in Investment in Capital Assets	-	-	2,322	-	2,322	4,742
Internally imposed restrictions	-	<u>3,239</u>	-	-	<u>3,239</u>	<u>697</u>
Balance, end of year	<u>\$(2,750)</u>	<u>\$48,429</u>	<u>\$78,475</u>	<u>\$74,884</u>	<u>\$199,038</u>	<u>\$190,594</u>

SIMON FRASER UNIVERSITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 1998

1. Authority and Purpose

Simon Fraser University is an agent of the Crown and operates under the authority of the University Act, R.S. Chapter 419. The purpose of the organization is to conduct research and deliver a full range of undergraduate, graduate and continuing studies programs. Simon Fraser University is a not-for-profit entity governed by a Board of Governors, the majority of which are appointed by the provincial government of British Columbia. The academic governance of the University is vested in the Senate. The organization is a registered charity and is therefore exempt from income taxes under section 149 of the Income Tax Act. The organization receives a significant portion of its revenues from the Province of British Columbia.

2. Summary of Significant Accounting Policies and Reporting Practices

a. General

These financial statements have been prepared in accordance with generally accepted accounting principles for non-profit organizations.

b. Accounting Method

The financial statements are prepared on a non-fund basis as the operations for the entire entity have been combined for reporting purposes. The university follows the accrual basis of accounting. Unrestricted revenue is recorded when receivable and expenditures are recorded when goods or services are received.

c. Revenue Recognition

Operating grants are recognized in the period when receivable. Operating grants received for a future period are deferred until that future period and are reflected as deferred contributions.

Amounts received for tuition fees and sales of goods and services are recognized as revenue at the time the goods are delivered or the services are provided. Otherwise, these amounts are classified as unearned revenue in accounts payable.

Externally restricted contributions for purposes other than endowment or the acquisition of capital assets are deferred and recognized as revenue in the year in which the related expenses are incurred. Externally restricted amounts can only be used for purposes designated by the contributors.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested to acquire capital assets. Amounts invested representing externally funded capital assets are then transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recognized as revenue in the periods in which the related depreciation expense of the funded capital asset is recorded.

Endowment donations are recognized as a direct increase in endowment principal. The university has a policy to protect the economic value of the endowments whereby a portion of the income earned on endowments is recorded as a direct increase in endowment principal.

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

d. Capital assets

Capital asset acquisitions are recorded on the balance sheet at cost, except donated assets which are recorded at fair market value at the date of acquisition. Depreciation is recorded on a straight line basis over the estimated life of the asset as per the schedule below.

Buildings - Concrete	50 years
- Wood frame	30 years
Site Services	50 years
Furnishings	8 years
Library books	10 years
Equipment - Computing	3 years
- Other	8 years
Leasehold improvements	Term of Lease

Works of art and collections are not amortized and include that portion of library assets considered to have permanent value.

e. Investments

Short term and long term investments are recorded at cost or, where donated, at fair market value on the date of donation. Gains and losses on sales of investments are recognized in the year of disposal and are included in investment income.

f. Inventories

Inventories of supplies kept at Central Stores are recorded at cost. Inventories of merchandise held for resale in the Bookstore and the Microcomputer Store are recorded at the lower of cost and net realizable value.

g. University Interests in WCUMBS, TRIUMF, SFUV and SFU Foundation

- i. The University is one of five university members of the Western Canadian Universities Marine Biological Society (WCUMBS) which operates a research station at Bamfield, British Columbia. The University's annual operating grant to the Society remains the same as last year at \$158,000 and is recorded as an expenditure by the university. The accounts of WCUMBS are not included in these statements other than that initial contributions in the amount of \$347,000 for capital acquisitions, are recorded as capital assets on the Balance Sheet. There is no expectation of monetary gain to the University from this venture.
- ii. The University is one of four parties to a joint venture agreement under which research is conducted by University faculty members at the Tri-Universities Meson Facility (TRIUMF) on the University of British Columbia campus and elsewhere. The facility and its operations are funded by federal government grants and the University makes no direct financial contribution. The accounts of TRIUMF are not included in these statements. There is no expectation of monetary gain to the University from this venture.
- iii. The University owns 100% of the shares of SF Univentures Corporation (SFUV), which was established to promote technology transfer to the private sector. The consolidated assets of SFUV are not considered to be material and are not included in these financial statements.
- iv. The Simon Fraser University Foundation was established in 1987 under the provisions of the University Foundations Act. Its main purpose is to receive, manage and invest funds to further the purposes of the University. The Province of British Columbia through the Minister of Finance and Corporate Relations is the single shareholder. At March 31, 1998 the Foundation is holding residential lots valued at \$7,915,000 and the proceeds from the sale of those lots will be transferred to the University. Assets and liabilities of the Simon Fraser University Foundation amounting to \$8,485,000 and \$8,172,000 respectively are not included in the financial statements of the University.

3. Cash and Short Term Investments

	1998		1997	
	Cost	Market	Cost	Market
	(000)		(000)	
Cash	\$ 1,124	\$ 1,124	\$17,678	\$17,678
Short Term Notes	10,954	10,954	7,968	7,968
Bonds Maturing under one year	5,940	5,975	8,180	8,277
Total	\$18,018	\$18,053	\$33,826	\$33,923

SIMON FRASER UNIVERSITY
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED MARCH 31, 1998
(thousands of dollars)

Statement 3

	1998	1997
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 5,411	\$ 5,239
Depreciation	21,963	21,310
Net decrease (increase) in non-cash current assets	5,979	(13,223)
Net (decrease) increase in current liabilities	(3,527)	1,474
Amortization of deferred capital contributions	(8,343)	(8,279)
	21,483	6,521
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Net decrease (increase) in long term investments	(29,238)	19,812
Capital asset acquisitions	(17,383)	(22,318)
	(46,621)	(2,506)
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Net increase (decrease) in long term debt	(6,781)	(4,773)
Increase in deferred contributions	13,078	13,826
Endowment contributions	3,033	20,739
	9,330	29,792
(DECREASE) INCREASE IN CASH AND SHORT TERM INVESTMENTS	(15,808)	33,807
CASH AND SHORT TERM INVESTMENTS, beginning of year	33,826	19
CASH AND SHORT TERM INVESTMENTS, end of year	\$ 18,018	\$ 33,826

SIMON FRASER UNIVERSITY
**STATEMENT OF OPERATIONS and
CHANGES IN OPERATING NET ASSETS**

FOR THE YEAR ENDED MARCH 31, 1998
(thousands of dollars)

Statement 2

	1998	1997
REVENUE		
Government grants and contracts		
Province of British Columbia	\$ 148,849	\$ 147,290
Government of Canada	21,479	20,975
Other governments	918	408
Student fees - credit courses	40,222	39,849
- non-credit courses	4,754	4,007
- other	3,937	3,377
Gifts, grants and contracts	10,589	11,693
Sale of goods and services	23,367	23,054
Investment income	9,489	9,025
Miscellaneous income	2,887	2,870
Amortization of deferred capital contributions	8,343	8,279
	<u>274,834</u>	<u>270,827</u>
EXPENSE		
Salaries - academic	56,367	56,695
- other instruction and research	24,896	24,819
- support staff	52,355	52,319
Total salaries	<u>133,618</u>	<u>133,833</u>
Employee benefits	22,464	22,280
Travel and personnel costs	8,596	8,453
Supplies and expenses	18,599	18,276
Depreciation	21,963	21,310
Grants to other agencies	3,279	2,727
Equipment and facility rentals	4,405	4,627
Utilities	3,258	3,303
Scholarships, fellowships and bursaries	8,194	8,196
Contract services	3,133	3,014
Professional fees	4,924	4,411
Renovations and alterations	4,180	2,581
Debt servicing - interest	22,693	22,739
Cost of goods sold	10,117	9,838
	<u>269,423</u>	<u>265,588</u>
EXCESS OF REVENUE OVER EXPENSE	5,411	5,239
CHANGES IN NET ASSETS		
Increase in reserves	(3,239)	(697)
Investment in capital assets	(2,322)	(4,742)
NET CHANGE IN OPERATING EQUITY	(150)	(200)
OPERATING NET ASSETS, beginning of year	(2,600)	(2,400)
OPERATING NET ASSETS, end of year	\$ (2,750)	\$ (2,600)

4. Long-Term Investments

Long-term investments at fiscal year end are comprised of the following:

	1998 (000)		1997 (000)	
	Cost	Market	Cost	Market
Bonds and Debentures	\$77,915	\$86,531	\$78,664	\$84,605
Canadian Equities	18,657	23,404	41	51
Foreign Equities	11,177	12,738	-	-
Sun Life Term Certain Annuity	11,404	11,404	11,207	11,207
Other Miscellaneous	296	314	300	322
Sub Total	<u>119,450</u>	<u>134,391</u>	<u>90,212</u>	<u>96,185</u>
Vancouver Foundation Held Investments	<u>5,305</u>	<u>8,357</u>	<u>5,305</u>	<u>7,339</u>
Total	\$124,755	\$142,748	\$95,517	\$103,524

The Vancouver Foundation holds a number of endowment funds for the benefit of the University. These funds total \$7,338,000 at March 31, 1998 and the portion of \$5,305,000 belonging to the University is included in the University's financial statements.

	1998 (000)	1997 (000)
Centre for North American Studies	\$ 310	\$ 310
Gordon M. Shrum Chair in Science Fund	790	790
SFU Scholarship and Bursary Endowment Fund	1,235	1,235
Simon Fraser University Bridge Endowment Fund	4,010	4,010
Women's Studies Endowment Trust Fund	735	735
Tri-University's Paul and Helen Trussell Science Student Endowment Fund	<u>258</u>	<u>258</u>
	\$7,338	\$7,338

In the fiscal year 1997/98 these funds generated \$405,820 of income for Simon Fraser University (1997 - \$517,000) to be used for specific purposes.

5. Capital Assets

	1998 Cost (000)	1998 Accumulated Depreciation (000)	1998 Net (000)	1997 Net (000)
Buildings - wood	\$ 22,922	\$ 6,655	\$ 16,267	\$ 17,023
- concrete	265,501	74,423	191,078	192,243
Site Services	22,140	5,699	16,441	16,548
Leasehold Improvements	10,302	2,676	7,626	8,021
Computer Equipment	12,946	4,466	8,480	8,967
Equipment & Furnishings	60,560	31,124	29,436	33,752
Library Acquisitions	35,471	12,773	22,698	20,407
Special Collections	825	-	825	470
Land	<u>572</u>	<u>-</u>	<u>572</u>	<u>572</u>
Total Capital Assets	\$431,239	\$137,816	\$293,423	\$298,003

The 429 acres of land is recorded in the financial statements at its 1965 assessed value of \$572,000.

SIMON FRASER UNIVERSITY
STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 1998
 (thousands of dollars)

Statement 1

6. Long-Term Debt

	University Funded (000)	Ministry Funded (000)	Total 1998 (000)	Total 1997 (000)
Demand Loans	\$ 600	\$ 5,440	\$ 6,040	\$ 6,540
CMHC Mortgages	2,807	-	2,807	2,869
Debentures	29,468	200,494	229,962	233,281
Less: Sinking Funds	(3,958)	(51,769)	(55,727)	(51,975)
	28,917	154,165	183,082	190,715
Current Portion	(1,826)	(12,364)	(14,190)	(14,907)
Total Long-term Debt	<u>\$27,091</u>	<u>\$141,801</u>	<u>\$168,892</u>	<u>\$175,808</u>

University Funded long-term debt annual principal and interest payments are funded through a charge to Ancillary Enterprises operations and from contributions from the Simon Fraser Students Society for a portion of the Maggie Benston Student Services Building.

Ministry Funded long-term debt annual principal and interest payments are funded directly by the Province of British Columbia.

Demand Loans are used to provide interim financing for capital projects before being converted into debentures.

CMHC Mortgages issued by the Canadian Mortgage and Housing Corporation are secured by certain student residence buildings. They bear interest rates between 5.375% to 6.875% and mature between January 1, 2017 and July 1, 2019. Annual payments including principal and interest until maturity amount to \$248,000.

Debentures are issued to the British Columbia Educational Institutions Capital Financing Authority under the Educational Institutions Capital Finance Act. They bear interest at rates from 5.4% to 17%, and mature between 1998 and 2024. The university funded portion of the debentures are secured by certain student residence buildings. Annual payments including principal and interest due within the next five years are as follows:

	University Funded (000)	Ministry Funded (000)	Total (000)
1999	\$3,554	\$25,939	\$29,493
2000	\$3,294	\$25,046	\$28,340
2001	\$3,294	\$24,622	\$27,916
2002	\$3,294	\$23,215	\$26,509
2003	\$2,622	\$21,257	\$23,879

ASSETS

CURRENT ASSETS

Cash and short-term investments (Note 3)
 Accounts receivable
 Inventories
 Prepaid expenses

Investments (Note 4)

Capital assets (Note 5)

Unamortized debt discount

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued liabilities
 Current portion of long term debt (Note 6)

Long-term debt (Note 6)

Deferred contributions (Note 7)

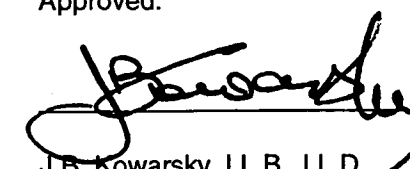
Deferred contributions related to capital assets (Note 7)

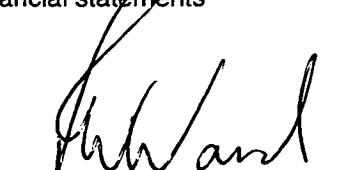
NET ASSETS (Note 8)

Operating
 Restricted for specific purposes (Note 9)
 Invested in capital assets
 Endowment (Note 10)

The accompanying notes are an integral part of these financial statements

Approved:


 J.B. Kowarsky, LL.B., LL.D.
 Chair
 Board of Governors


 R.W. Ward, Ph.D.
 Vice President
 Finance and Administration