



MOTION REGARDING SSMU SERVICE FEE QUESTION FOR WINTER 2019 REFERENDUM 2019-03-14

Submitted for: March 14, 2019

WHEREAS, the Students' Society of McGill University ("the Society") collect fees for thirteen (13) accredited student services that provide resources such as referral, awareness, education and/or support to members available free of charge;

WHEREAS, McGill Student Emergency Response Team, Sexual Assault Centre, Drive Safe, Walk Safe, McGill Nightline, Union Gendered Empowerment, Queer McGill, Peer Support Centre, the Plate Club, Midnight Kitchen, Television McGill, Black Student Network, Musician Collective, and the Arab Student Network are the aforementioned accredited student services that collect fees from individual members;

WHEREAS, McGill Student Emergency Response Team, Sexual Assault Centre, Drive Safe and Walk Safe belong to Safety Service Network fee category;

WHEREAS, McGill Nightline, Union Gendered Empowerment and Queer McGill belong to the Referral Service fee category;

WHEREAS, the distribution and fee allocation per student service is presented in Appendix A;

WHEREAS, the Society has collected \$864,983 from student fees in 2018, \$763,043 from student fees in 2017, \$900,699 from student fees in 2016, \$838,198 from student fees in 2015 from individual members to generate a stock of capital each year to fund their particular purpose for the Society as presented in the Society's audited financial statements¹;

WHEREAS, the Society has posted a surplus of student funds collected from the aforementioned services, net of funds collected less student opt outs and operating expenses, of \$325,702 in 2018, \$259,867 in 2017, \$221,520 in 2016 and \$242,951 in 2015³;

¹ Students' Society of McGill University Audited Financial Statements <https://ssmu.ca/about-us/finances/>



WHEREAS, these service fund surplus represent 29% in 2018, 27% in 2017, 23% in 2016 and 113% in 2015 of the excess of revenues over expenses of the Society;

WHEREAS, it is not standard practice for non-for-profit organizations to repost their retained earnings back onto the next Fiscal Year's income statement ¹;

WHEREAS, the non-standard practice of reposting the service's surplus into the services next Fiscal Year's operating budget has generated a perceived notion of consistent retained earnings ¹;

WHEREAS, it is standard practice for the Society to practice Restricted Fund Method accounting to recognize a lack of retained earnings in for-profit accounting but rather recognize the three net asset classes non-for-profit accounting uses: unrestricted, temporarily restricted and permanently restricted²;

WHEREAS, the funds collected from services are not treated equivalently to the Society's base fee practice of capitalizing the total excess of the base fee into a temporarily restricted fund known as the Capital Expenditure Fund (CERF)³;

WHEREAS, non-for-profit organizations such as SSMU are not in the business to make profit or practice for-profit accounting in posting retained funds back into the operating fund collected through the base fee ¹;

WHEREAS, services fee should only cover the operating overhead cost to administer the service and the excess is foregone as not providing student with the totality of the service potential;

WHEREAS, a service fund known as the Student Life Fund will be a temporarily restricted fund created by capitalizing the service surplus at Year End into an asset on the balance sheet, also known as, the Statement of Financial Position;

WHEREAS, the Student Life Fund will serve as a capital expenditure fund for accredited services can apply to for large scale expansion capital projects to grow their respective service and provide more resources to the student body;

WHEREAS, the Student Life Fund will also cover the administrative overhead cost for facilitating and development of any new and current projects initiated by a service;

² A Guide to Financial Statements of Non-for-profit Organizations Questions for Directors, CPA Canada ISBN: 978-1-55385-577-4

³ Students' Society of McGill University Internal Regulations of Finance edited as of April 6, 2017



WHEREAS, the Student Life Fund will only be financially enacted in the next Fiscal Year starting May 2020 to allow services time to financially plan and spend their current surplus;

BE IT RESOLVED, THAT the Society's Legislative Council approve the following question for the Winter 2019 referendum period regarding the SSMU Service fees:

- 1) Do you agree all surplus of funds resulting from the service fee currently collected for units of SSMU services, of \$12.93 payable by all full-time undergraduate students and \$12.33 by all part-time undergraduate students who are members of SSMU, to be transferred into the Student Life Fund according to the proposal as outlined in the above preamble?

BE IT FURTHER RESOLVED, THAT appendix A herein be included with the question on the referendum ballot.

BE IT FURTHER RESOLVED, THAT the Legislative Council adopts the actionable aspects of this question and that any grammatical or legal changes necessary do not need the re-approval of the Legislative Council.

Moved by:

Jun Wang, *Vice-President Finance*

Gareth Price, *Engineering Representative*

Haoyi Qiu, *Science Representative*

APPROVED



APPENDIX A

SSMU Service Fee Allocation*			
Service	Fee/per full time student/per term	Fee/per part time student/per term	Fee Expiration/ Renewal Period
Medical Emergency First aid Responder Team (MSERT)	\$0.75	\$0.75	Winter 2021
Sexual Assault Centre (SACOMSS)	\$2.50	\$2.50	Winter 2021
Drive Safe	\$0.60	\$0.60	Winter 2021
Walk Safe	\$0.12	\$0.12	Winter 2021
McGill Nightline	\$0.40	\$0.40	Winter 2020
Union of Gendered Empowerment (UGE)	\$0.35	\$0.35	Winter 2020
Queer McGill (QM)	\$1.00	\$1.00	Winter 2020
Peer Support Centre	\$0.62	\$0.62	Winter 2021
The Plate Club	\$0.14	\$0.14	Winter 2020
Midnight Kitchen	\$3.35	\$3.35	Fall 2021
Television McGill	\$1.50	\$0.90	Winter 2021
Black Student Network	\$1.00	\$1.00	Winter 2023
Musician's Collective	\$0.10	\$0.10	Fall 2021
Arab Student Network	\$0.50	\$0.50	Winter 2023



APPENDIX B

The Society's Audited YoY Financial Statements' Supplementary Information				
Revenue	2018	2017	2016	2015
Student Fees	\$1,819,641	\$1,763,847	\$1,724,096	\$1,700,272
Gerts Bar	\$440,687	\$405,778	\$368,901	\$540,618
Funding	\$480,268	\$378,108	\$313,330	\$252,969
Services	\$864,983	\$763,043	\$900,699	\$838,198
Clubs Net (loss) gain	\$59,480	\$37,688	-	-
Other*	\$792,953*	\$971,825*	\$870,875*	\$*
Total Revenue	\$4,458,012	\$4,320,289	\$4,177,901	\$4,276,335
Expenses				
Gerts Bar	\$418,582	\$382,398	\$365,809	\$530,867
Funding	\$229,729	\$156,918	\$222,670	\$186,711
Services	\$539,281	\$503,176	\$679,179	\$595,247
Clubs Net (gain) loss	-	-	(\$69,038)*	\$100,988*
Other*	\$2,147,245*	\$2,330,879*	\$2,682,053*	
Total Expenses	\$3,334,837	\$3,373,371	\$3,880,673	\$4,061,752
Surplus (loss)				
Student Fees	\$1,819,641	\$1,763,847	\$1,724,096	\$1,700,272
Gerts Bar	\$22,105	\$23,380	\$3,092	\$9,751
Funding	\$250,539	\$221,190	\$90,660	\$66,258
Services	\$325,702	\$259,867	\$221,520	\$242,951
Clubs	\$59,480	\$37,688	\$69,038	(\$100,988)
Other*	(\$1,354,292)	(\$1,359,054)	(\$1,811,178)	(\$1,703,661)



Total Surplus	\$1,123,175*	\$946,918*	\$297,228	\$214,583
<i>Service Surplus over Total Surplus</i>	<i>29.0%</i>	<i>27.0%</i>	<i>23.0%</i>	<i>113.0%</i>

**These are abridged Financial Statements shorted for clarity. The complete financial statement are available at ssmu.ca under accountability*

**Other category consist of operating activities such as Student run Cafe, University Centre building operations, General Administration, Programming activities and Publications and Communications*

**There is a significant surplus in the past two years because we have made several cuts to compensate for the building closure's deficit in the upcoming years.*

APPROVED