



Students' Society of McGill University

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3600 McTavish St., Suite 1200, Montréal, QC, H3A 0G3

Located on Haudenosaunee and Anishinaabe, traditional territories

CONFLICT OF INTEREST POLICY

Adopted by Legislative Council: 2019/02/21

Expires: 2023/05/01

[Adopted Motion \(Link\)](#)

WHEREAS, the Article 16.2 of the Constitution of the Students' Society of McGill University (“the Society”) has a provision relating to Conflicts of Interest;

WHEREAS, the Society’s previous Conflict of Interest Policy expired March 29, 2017;

WHEREAS, a Conflict of Interest Policy would help to operationalize the provisions relating to Conflicts of Interest from the Society's Constitution;

WHEREAS, the present Conflict of Interest Policy has been reviewed by the Society’s General Manager and Human Resources Manager;

BE IT RESOLVED, THAT the Legislative Council of the Society adopt the Conflict of Interest Policy included in Appendix A;

BE IT RESOLVED, THAT the policy shall expire on May 1, 2023;

BE IT RESOLVED, THAT the policy as amended by the Society’s legal counsel upon approval by the Board of Directors be returned to Legislative Council for approval.

Moved by:

Tre Mansdoerfer, *President*

Philippe Cossette, *PT/OT Representative*

Maxence Frenette, *Engineering Representative*



APPENDIX A

1. Preamble and Scope

Students' Society of McGill University ("the Society") is committed to making decisions with integrity, transparency, and objectivity.

The Conflict of Interest Policy ("the Policy" or "this Policy") applies to Directors, Councillors, Officers, Senators, committee members (including members-at-large), non-permanent casual staff, permanent staff, and all others involved in Society decision-making processes for the duration of their involvement with the Society ("Concerned Individual(s)"). This Policy is intended to guide Concerned Individuals in independent decision-making, assist the Society and its Members in managing Conflicts of Interest – whether real or perceived – and provide a framework within which decisions in respect of Conflicts of Interest are made and, where appropriate, disciplinary measures imposed.

It is the intent of the Society that Concerned Individuals be briefed on the Policy and its contents. Regardless of the briefing, all Concerned Individuals are responsible for upholding this Policy and adhering to it in both letter and spirit.

2. Interpretation

- A. The following terms used in the Policy shall have the same definitions as those given to the same terms used in the Society's Constitution.
- a. **"Constitution"**
 - b. **"Councillor"**
 - c. **"Director"**
 - d. **"Election"**
 - e. **"Executive Committee"**
 - f. **"General Manager"**
 - g. **"Internal Regulations"**
 - h. **"Judicial Board"**
 - i. **"Legislative Council"**
 - j. **"Member"**
 - k. **"Nominating Committee"**
 - l. **"Officer"**
 - m. **"Policy"**



- n. **“Simple Majority”**
 - o. **“Society” and “SSMU”**
 - p. **“Speaker”**
- B. Within the meaning of the Policy,
- a. **“Breach of the Conflict of Interest Policy”** shall refer to a situation in which a Concerned Individual has not properly addressed a Conflict of Interest or a Perceived Conflict of Interest by failing to address it in an appropriate manner when they ought reasonably to have known to disclose it, as determined in accordance with the Policy;
 - b. **“Conflict of Interest”** shall mean any situation that is sufficient to affect, or provide incentive to affect, the Concerned Individual’s impartiality in their conduct of Society activities, including the events and circumstances detailed herein. Provided the Conflict of Interest is appropriately recognized, disclosed, assessed, and addressed, the existence of a Conflict of Interest does not connote misconduct;
 - c. **“Financial Interest”** shall mean any financial or pecuniary interest of any kind which, in view of all of the circumstances, is substantial enough that it would, or reasonably could, affect a Concerned Individual’s judgment and ability to independently make decisions or conduct business in the best interests of the Society with respect to their involvement with the Society;
 - d. **“Interpersonal Interest”** shall mean any relationship a Concerned Individual has with other individuals, including but not limited to a current or former romantic or sexual partner, friend, peer, family member, colleague (from occupations including but not limited to remunerated work, student group activities, projects, student group leadership, involvements with clubs, services, independent student groups whether registered under the Society or not, and campus publications), or roommate which would, or reasonably could, affect a Concerned Individual’s judgment with respect to their involvement with the Society;
 - e. **“Perceived Conflict of Interest”** shall mean a situation in which a Concerned Individual appears to have a Conflict of Interest or any situation which creates the appearance of a Conflict of Interest in respect of a Concerned Individual;
 - f. **“Professional Interest”** shall mean any advantage or benefit that an individual may pursue regarding non-Society, professional affiliations, or career opportunities that would, or reasonably could, affect a Concerned Individual’s judgment with respect to such Concerned Individual’s involvement with the Society; and



- g. **“Personal Interest”** shall mean any personal advantage or benefit that may be pursued by a Concerned Individual, whether a Financial Interest, Interpersonal Interest, Professional Interest or otherwise;

3. Roles and Responsibilities

- A. The Policy shall be administered by the Speaker of Council who shall help Concerned Individuals identify and manage Conflicts of Interest and Perceived Conflicts of Interest in accordance with this Policy.
- B. The Speaker of Council may, where required, take the following actions:
 - a. seek guidance in respect of this Policy from an Ad-hoc Conflict of Interest Committee comprised of all members of the Society’s standing Accountability Committee under the Board of Directors and the Society’s General Manager; and
 - b. upon the prior approval of the committee, delegate their responsibilities contained herein to the committee.
- C. Where the Speaker of Council is placed in a Conflict of Interest or Perceived Conflict of Interest, the Speaker of Council On-Call shall substitute the Speaker of Council in all matters dealing with such conflict, the whole in accordance with the procedures set forth herein.
- D. In the event that the Speaker of Council is placed in a Conflict of Interest or Perceived Conflict of Interest and the Society does not have a Speaker of Council On-Call, all of the duties outlined in this document shall be deferred to the Ad-hoc Conflict of Interest Committee.

4. Conflicts of Interest

The following events of circumstances describe situations which may be deemed as Conflicts of Interest or may give rise to a Conflict of Interest or Perceived Conflict of Interest and should be avoided by all Concerned Individuals:

- A. **Preferential treatment:** a Concerned Individual using their position to influence a decision so as to further their own Personal Interests or those of a party with whom they have an Interpersonal Interest:



- a. Interpersonal Interests between Concerned Individuals where one individual has influence or control over the other's conditions of employment are inappropriate. These relationships, even if consensual, may ultimately result in conflict or difficulties in carrying out the work of the Society. If such a relationship currently exists or develops, it must be disclosed.
 - b. Interpersonal Interests between Concerned Individuals where both are serving on the same elected decision-making body of the Society, including the Executive Committee, Legislative Council, Senate Caucus, or Board of Directors are in a Conflict of Interest that must be disclosed and proactively managed by the Speaker or Chair(s) of that decision-making body to avoid preferential treatment and/or retaliation;
- B. Use of privileged information: a Concerned Individual disclosing to any person, including a Personal Interest or Professional Interest, information obtained in the course of their duties as a Concerned Individual, which information is not generally available to the public and which, once disclosed, may place or could reasonably be expected to place, the Concerned Individual in a situation where the interests of the Society are in conflict with those of the person having received the information;
- C. Contracts and financial transactions: a Concerned Individual who knowingly has a Personal Interest or a Professional Interest in a Society contract or business transaction that includes but is not limited to any agreement or relationship involving the sale or purchase of goods or services, the providing or receipt of a loan or grant, the establishment of any other type of financial relationship, or the exercise of control over another organization. Such Concerned Individual shall not represent, advise, negotiate (including discussing the matter under negotiation with others within or outside the Society where they would, or reasonably could, influence the negotiations), or make decisions for the Society on this matter;
- D. Hiring: a Concerned Individual involved in a hiring process involving an Interpersonal Interest, including a family member, current or former roommate and/or a current or former romantic partner, or any other significant interpersonal relations. A Concerned Individual who is part of a hiring committee is responsible for disclosing where any person with whom they have an interpersonal relationship is a candidate for hire;
- E. Outside activities: Concerned Individuals should always prioritize the interests of the Society while conducting or participating in Society business. If an external activity or affiliation creates a Conflict of Interest or Perceived Conflict of Interest, the Concerned Individual must disclose it immediately;
- F. Gifts, hospitality, and other benefits: Concerned Individuals shall be prudent in choosing whether to accept a gift, hospitality, donation, or other benefit from a person, group, or



organization which may influence a decision or result from securing a financial transaction between the aforementioned and the Society. Accepting gifts, hospitality, or other benefits from individuals or entities can also result in a Conflict of Interest when the party providing the gift, hospitality, or other benefit does so under circumstances where it might be inferred that such action was intended to influence, compensate, or otherwise individually remunerate a Concerned Individual for a decision taken or business arrangement with the Society, or possibly would influence, the Concerned Individual in the performance of their duties:

- a. A Concerned Individual may accept minor gifts as token courtesies (e.g., notepads, pens, coffee mugs, et cetera), but may not accept gifts that may put them in a position of obligation and under no circumstances any gifts from any person in excess of \$50.00 in value (be it individually or in the aggregate).
 - b. If a Concerned Individual has any doubt about the appropriateness of accepting a gift, hospitality, donation, or other benefit, the Concerned Individual must refuse.
 - c. The Concerned Individual is welcome to consult with the Speaker of Council after such an occurrence to be better prepared for any similar situations which may subsequently occur; and
- G. Use of Society resources: Concerned Individuals shall not use Society resources, including but not limited to office supplies, building space, staff time, or funding, in pursuit of personal or professional interests. The Society permits Concerned Individuals to use Society communication devices, including but not limited to electronic mail addresses, telephones, computers, and internet connections, for personal purposes. However, a Concerned Individual's use of Society resources should not be used to the detriment of the Society. A Concerned Individual should exercise good judgment when using Society communication devices to offer personal opinions. To avoid confusion, a Concerned Individual shall add the following notice where confusion may arise in written media: "The views expressed in this medium are mine alone and do not necessarily reflect those of the Society."

5. Disclosure

Where a Concerned Individual becomes aware that they are in a Conflict of Interest or that a Perceived Conflict of Interest exists, including in respect of any of the matters outlined above, they must disclose this Conflict of Interest in writing, using the Potential Conflict of Interest Disclosure Form (Annex A), to the Speaker of Council (or Speaker of Council On-Call, if appropriate) in addition to the General Manager as soon as the Concerned Individual becomes aware of the Conflict of Interest or Perceived Conflict of Interest.



6. Intervening Period

- A. In the intervening period between the disclosure of a Conflict of Interest or Perceived Conflict of Interest and the formal determination by the Speaker of Council (or Speaker of Council OnCall), the Concerned Individual must exercise their own sound and reasonable judgement as to whether they take any one of the following actions:
 - a. disclosing to the relevant decision-making body their potential conflict of interest;
 - b. the details thereof;
 - c. that a disclosure has been made to the Speaker of Council (or Speaker of Council OnCall) in accordance with this Policy;
 - d. voluntarily withdrawing from a meeting when business related to the Conflict of Interest or Perceived Conflict of Interest is discussed;
 - e. voluntarily waiving their right to participate in debate or discussions related to the Conflict of Interest or Perceived Conflict of Interest is discussed; and
 - f. voluntarily waiving their right to vote on matters related to the Conflict of Interest or Perceived Conflict of Interest is discussed.
- B. Instances where a Concerned Individual does not take reasonable steps to mitigate the circumstances surrounding their Conflict of Interest or Perceived Conflict of Interest may be grounds for further sanction or disciplinary processes as allowed by this and other Policies of the Society at the recommendation of the Speaker of Council (or Speaker of Council On-Call).

7. Determination of a Conflict of Interest

- A. After reviewing the Concerned Individual's Potential Conflict of Interest Disclosure Form, the Speaker of Council (or Speaker of Council On-Call), with the General Manager may determine:
 - a. there is or was no Conflict of Interest or Perceived Conflict of Interest;



- b. there exists or existed a Conflict of Interest or Perceived Conflict of Interest that is permissible if appropriately addressed by the relevant decision-making body, including as outlined by the remedies outlined in this Policy; or
 - c. there exists or existed a Conflict of Interest or Perceived Conflict of Interest that is not permissible and subject to the remedies herein.
 - B. Should the Speaker of Council or Speaker of Council On-Call feel unable to independently make a determination as stipulated above, they may form an Ad-hoc Conflict of Interest Committee with the membership set out in this Policy that will then be empowered to make the determinations set out in the foregoing section.
 - C. The Speaker of Council (or Speaker of Council On-Call) shall disclose in writing their determination to the Concerned Individual in question.
 - D. Where a Conflict of Interest exists, and the Concerned Individual expresses no desire to appeal that decision as per appeal procedure provided in this Policy, the Speaker of Council (or Speaker of Council On-Call) shall forward the determination (placing appropriate consideration to the Concerned Individual's right to confidentiality) to the Chair(s) of the relevant decision-making bodies to which the Concerned Individual's Conflict of Interest applies and to the Officer responsible for the portfolio within which the Concerned Individual in question falls, for the purposes of this Policy where:
 - a. Councillors fall under the President's portfolio;
 - b. Senators fall under the Vice-President (University Affairs') portfolio;
 - c. All Officers, including the President, fall under the collective purview of the Board of Directors as a whole;
 - d. Individual Directors fall under the collective purview of the Board of Directors as a whole;
 - e. Permanent or non-casual staff fall under the purview of the General Manager, who falls under the collective purview of the Board of Directors as a whole; and
 - f. Non-permanent or casual staff fall under the Officer to whom they report regularly or that is specified on their employment contract.
 - E. The Speaker of Council (or Speaker of Council On-Call) may exercise, at their discretion, the right to recommend any appropriate remedies to the Concerned Individual, the Chair(s) of the



relevant decision-making bodies, and the Officer responsible for the portfolio within which the Concerned Individual falls.

8. Remedies to a Conflict of Interest

- A. In all cases, the remedies to a Conflict of Interest do not independently resolve the Conflict but rather serve to mitigate the adverse effects on a Conflict of Interest.
- B. Once a determination has been made by the Speaker of Council (or Speaker of Council OnCall), they may recommend for adoption by the decision-making body any of the following remedies along with their written determination:
 - a. Proactive management of the situation by the Speaker or Chair(s) of that decision-making body to assure that the rights of all parties are protected, the work of the Society can continue in good order, and that no Concerned Individual participates in discussions, debates, or decisions on matters with which they have a Conflict of Interest;
 - b. Barring the Concerned Individual from any discussions on the matter being addressed;
 - c. Allowing the Concerned Individual to be present during discussions but without allowing the Concerned Individual to contribute to any such discussions or voting on the subject matter thereof;
 - d. Allowing the Concerned Individual to be present during discussions and allow the Concerned Individual to contribute to any such discussions but not voting on the subject matter thereof; and
 - e. Allowing the Concerned Individual to be present during discussions and voting on the subject matter thereof.

9. Appeal Procedure Following a Determination

- A. A Concerned Individual may appeal a decision of the Speaker of Council (or Speaker of Council On-Call) to the Judicial Board by following the procedures set out in the Judicial Board Internal Procedures governed by the deadlines contained therein.



- B. The Chair(s) of the relevant decision-making body to which this Conflict of Interest may apply and the General Manager must be informed that the Concerned Individual has appealed the matter to the Judicial Board, and that decision-making should be postponed if possible during that period. The Chair(s) must respect the Concerned Individual's right to confidentiality, according to this Policy and the recommendations of the Speaker of Council (or Speaker of Council On-Call).

10. Accusation of Breach and Breaches

- A. If a person other than the Concerned Individual believes another person within the scope of this Policy has breached the Conflict of Interest Policy, that individual shall be responsible for disclosing this in writing to the Speaker of Council (or Speaker of Council On-Call) using the Potential Conflict of Interest Disclosure Form (Annex A).
- B. In instances of an accused breach of this Policy, the procedures outlined in sections 7 and 8 of this Policy shall apply in determining whether a Conflict of Interest exists and the appropriate remedies to mitigate the Conflict of Interest.
- C. Any Conflict of Interest or Perceived Conflict of Interest shall be addressed in such a manner as to preserve the interests of the Society. Where the Speaker of Council (or Speaker of Council On-Call) determines that a breach of this Policy has occurred, the matter shall be referred to the relevant decision-making body to determine the consequence(s) of such breach with the recommendations of the Speaker of Council (or Speaker of Council On-Call), the whole in accordance with the following procedure, in circumstances of any Conflict of Interest or Perceived Conflict of Interest which are material or which cannot be effectively addressed except by a substantial change in circumstance:
 - a. The removal of the Concerned Individual from the decision-making body or from office;
 - b. Any breach relating to hiring may result in re-hiring when permitted by law, and may result in the Concerned Individual's removal from office;
 - c. Any breach relating to the use of privileged information or financial transactions may result in the suspension or removal of the Concerned Individual from office;
 - d. Any breach relating to gifts, hospitality, and other benefits may result in the Concerned Individual being asked to return the gift or benefit, donate the gift or



benefit to a charitable organization under the Income Tax Act deemed suitable by the relevant decision-making body, and/or removal of the Concerned Individual from office; and

- e. Any breach relating to the use of Society resources may result in temporary suspension from use of the relevant property and/or communication device(s) and the required issuance of a formal apology for inappropriate conduct and/or removal of the Concerned Individual from office.
- D. The consequences of a breach of the Conflict of Interest Policy outlined above notwithstanding, the Speaker of Council (or Speaker of Council On-Call) may also recommend the issuance of an apology, the undertaking of any professional development for the Concerned Individual to help avoid future Conflicts of Interest, or other fair and reasonable steps appropriate to address a breach of the Policy.

11. Confidentiality

Except as required by law and this Policy, any information disclosed by any person to the Speaker of Council (or Speaker of Council On-Call) and the General Manager is confidential unless the relevant individual consents to its public release. This provision shall not apply to Directors, Officers, Councillors, Senators, or any other of the Society's elected representatives, except in the case that the Speaker of Council (or Speaker of Council On-Call) decides publication of such information would cause undue harm to the Concerned Individual or another party

- A. The Speaker of Council (or Speaker of Council On-Call) shall act in respect of constituents' right to access information regarding the conduct of their elected representatives
- B. In matters relating to the Society's finances, matters of ongoing litigation, disposition or acquisition of property by the Society, or negotiations with employees or matters regarding human resources, the General Manager of the Society must be consulted as to the appropriateness of any releases

12. Special Provisions

Part 1. Employment of Councillors



- A. A Councillor who is also employed by the Society shall be deemed to be in a Conflict of Interest but may continue to serve as a member of the Legislative Council, provided certain conditions are met.
- B. Where a Conflict of Interest exists or arises, the Councillor shall notify the Speaker of Council and the Speaker of Council On-Call of the Conflict of Interest:
 - a. In the case of a Councillor who is employed by the Society at the time of their Election or who becomes employed by the Society shortly thereafter, prior to the first meeting of the Legislative Council at which they will serve as a Councillor; or
 - b. In the case of a Councillor who becomes an employee of the Society during their term, prior to the next meeting of the Legislative Council.
- C. The Speaker shall notify the Legislative Council of the existence of a Conflict of Interest.
- D. Councillors with a Conflict of Interest shall abstain from voting on matters materially connected with their employment at the Society or related to decisions that they have worked on, researched, recommendations that they bring to Legislative Council by means of their employed position with the Society.
- E. Councillors with a Conflict of Interest shall remove themselves from confidential sessions where the matters discussed are materially connected with their employment at the Society, but may be present for any In-Camera Sessions, provided they continue to comply with the requirement to abstain from voting on matters materially connected with their employment at the Society.
- F. Councillors with a Conflict of Interest shall at all times comply with this Policy
- G. Failure to notify the Speaker of a Conflict of Interest or to comply with any other provisions herein constitutes a breach of this Policy to be addressed in accordance with section 10 of this Policy.

Part 2. Post-Script

This Policy is part of the Society's broader commitment to ethical and responsible action. The Society encourages Concerned Individuals to educate themselves about ethics and to ask questions whenever they encounter a situation that raises ethical questions they cannot readily answer. A culture of transparency, accountability, and integrity is essential to maintaining public faith in the Society while pursuing its best interests.



Plans

Plans last for up to ten (10) years.

Table of Plan Dates

The following table lists all of the SSMU’s plans, as well as when they were adopted and when they are set to expire.

| Plan | Adoption Date | Expiry Date |
|--------------------------|--|---------------|
| Long-Term Financial Plan | April 9, 2015 (Legislative Council) | April 9, 2018 |

Long-Term Financial Plan

Valid: 2015/04/09 to 2018/04/09

Prepared by the Office of the Vice-President Finance & Operations
And presented to the Legislative Council on
April 9th, 2015

Message from the SSMU Vice-President Finance & Operations

Dear students,

The creation of the Financial Plan facilitates the long-term financial stability of the Society. In addition, it provides consistency and continuity within the SSMU for the full-time Staff, Executives, Student-Staff, and members of the Society in terms of future goals. Considering the high turn-over rate of Executives from year-to-year, the Financial Plan serves as an outline of major projects that are and will be undertaken by the SSMU with a financial impact on the Society’s longevity. Furthermore, in recent years, the SSMU has made a surplus which is attributed by the Investment Portfolio, and as a not-for-profit the SSMU needs to ensure that such a plan exists to maintain the not-for-profit status. The following Long Term Financial plan has been prepared following the successful passing of the Building Fee Referendum. The passing of this fee allows SSMU to make long-term financial plans with regards to the University Centre, and the services SSMU provides.



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This Long Term Financial Plan demonstrates a major change to the way that SSMU uses its Investment Portfolio for the second year. Since 2013, SSMU can now periodically liquidate portions of the Investment Portfolio in order to cover routine capital expenditure. The specifics of how this will be done are outlined in the By-Laws pertaining to the Finance and Operations portfolio. The By-Laws are set so that only the returns generated from the previous year can be liquidated unless approved by a two-thirds (2/3) vote of council. The By-Laws further restrict this liquidation so as to set a minimum value of the Investment Portfolio at two (2) million dollars. This minimum was set so that the Investment Portfolio will be able to continuously generate enough returns to support the capital expenditures of the society.

The 2014-2015 SSMU Global Budget includes a by-law-mandated transfer of \$50,000 from the Operating Budget to CERF.

If you have any questions, you are welcome to send me an e-mail at operations@ssmu.mcgill.ca

Respectfully Submitted,
Kathleen Bradley, Vice-President (Finance and Operations) 2014-2015

Financial Plan Introduction

Process of the Financial Plan

The Financial Plan is initially discussed and prepared by the Vice-President Finance & Operations, the General Manager and the Comptroller. After the discussion the Financial Plan was prepared and written by the Vice-President Finance & Operations for review by the Comptroller and the General Manager. Thereafter, the Financial Plan is reviewed by the Executive Committee and the plan is further revised considering suggestions and recommendations. Once these steps are complete, the Financial Plan is presented, discussed and approved by the Legislative Council.

SSMU Finances Overview

As a not-for-profit organization, the SSMU does not report its net income on an annual basis. Consequently, the SSMU has a tax report as an obligation but does not pay any taxes as a result of its not-for-profit status. The finances of the SSMU, therefore, are represented as a series of funds. These include the Operating Fund, Capital Expenditure Reserve Fund (CERF), Awards of Distinction Fund (ADF), Health & Dental Reserve Fund (HDRF), the Student Life Fund (SLF), and the Internally Restricted Endowment Fund (IREF). With the passing of the Building Fee, the University Centre Building Fund (UBCF) was also created. The administrative details of these funds are outlined in the Finance and Operations By-Law Book.



The Operating Fund is the only fund that includes readily available cash; it also includes the SSMU's base fee which in 2014 – 2015 is projected to total roughly \$1.7 million. SSMU has roughly 50 internal departments. Each department represents a different activity, event, or initiative of the society. For further details on the explanations of each of the SSMU departments and the relevant projections for each departments revenues and expenses, please refer to the SSMU 2014-2015 Budget, available here: <http://ssmu.mcgill.ca/about-us/who-we-are/fiscal-responsibility/>

For the Financial Plan, the Capital Expenditures Reserve Fund (CERF) is the most relevant fund because this fund contains the necessary capital in order to carry out capital purchases for equipment and leasehold improvements. CERF is a restricted fund used exclusively for capital expenditures. CERF includes both a current portion of this Fund, which is liquid, and the Investment Portfolio, which is not liquid. The Investment Portfolio of the SSMU is currently managed by Lester Asset Management and the current portion of CERF is used for ongoing capital purchases for the society.

The initial investment of \$1.8 million dated July 10, 2007 into the investment portfolio has grown over the years to \$2.9 million market value as of February 28, 2015. Refer to Appendix 1 for a table that displays the growth of the portfolio. The initial investment was generated from the sales of SSMU's share in the McGill Bookstore, which was previously operated by SSMU.

Established in May 1990, the Awards of Distinction Fund (ADF) scholarship was created with an endowment contribution of \$100,000 from Coca-Cola Bottling. Since its initial creation, Marriott, Miraval and Tiki-Ming Enterprises Inc., previous tenants in the Shatner University Center, have contributed to this fund. The fund is provided to students for their contributions to the McGill community; between two to four scholarships are awarded on an annual basis.

The Health & Dental Reserve Fund (HDRF) was created as a restricted reserve for any surplus Health and Dental fees collected. The referendum on the student fees for this plan was passed in 2005 and was renewed again most recently in 2012. This Fund accumulates over time in order to pay off future cost increases to students Health and Dental insurance plans. HDRF primarily exists in order to provide students with a stable cost for health and dental insurance from year to year while still covering all necessary and increasing costs to maintain these plans.

The Student Life Fund (SLF) was created in recent history to serve as a holding account for the year-end surpluses of the fee-funded and non-fee funded Services without having the surpluses roll into the CERF at the end of the year. Services receive any favourable or unfavourable surpluses from the previous fiscal year during the budget revision process in September. This account also transfers over surpluses from affiliated Student associations, SSMU Funds allocated by funding committee, and the Gerts Student Life Fund.



Lastly, there is one fund not monitored by the SSMU directly. This is the Internally Restricted Endowment Fund (IREF) which is held by the University. Upon the request of the SSMU, this fund can be used to cover costs for building investments once approved by the Deputy Provost (Student Life & Learning). As per an agreement signed by the SSMU executive in 2002, McGill was given the right to manage this money, approximately \$551,000. Every July, the University should provide an annual update on the balance in the fund and portion available to be paid out each year. Request for funding from the IREF will be submitted to the Office of the DPSLL by October 15th. Confirmation of the University's decision will be communicated to SSMU by December 1st. The University can refuse projects based on the following:

- Renovations would fund improvement to revenue-generating space (i.e. Gerts);
- Renovations would substantially increase the operating costs of the university;
- Renovations would contravene safety and signage regulations or municipal ordinance;
- SSMU hasn't submitted sufficient information to assess the financial costs, regulatory compliance, or architectural soundness of a proposed project.

In conclusion, the above mentioned funds are all a part of the Society's overall finances. The Financial Plan provides a multi-year budget for CERF, displaying the year-to-year balance of both the current portion of CERF and the Investment Portfolio.

Projected Investments

The projected necessary routine capital expenditure has been forecasted to be one-hundred and fifty thousand (150,000) dollars each year. This amount is conservative given the previous capital investments made by the society. Routine capital expenditure includes but is not limited to: equipment for Gerts and The Nest, computer hardware, leasehold improvements such as painting costs, software development costs. Routine capital expenditures do not include and large scale capital expenditures and are instead made up of many smaller capital expenditures necessary for the functioning of the society. The major upcoming capital investments required in the University Centre are as follows:

| Project | Cost | Comments/Description |
|-----------------------|--------|---|
| Server Consolidation | \$70K | To build a server room sufficient to handle the IT needs of the SSMU |
| Bike Facility Project | \$100K | This project involves moving the Flat Bike Collective to the basement space within SSMU and create a bike locker and storage system for their use |



| | | |
|---|--------|--|
| 2nd Floor Cafeteria Renovation | \$400K | A full renovation of the cafeteria space on the 2nd floor of the University Centre to include more study and group meeting space |
| Lev Bukhman Room Renovation | \$95K | Renovation of the Legislative Council room to include a new A/V unit, a speaker system, new carpeting, and lighting |
| Furniture Replacement in Student Lounge | \$25K | Replacement of student lounge couches |

This is a non-exhaustive list of projects. There are many other capital investments the SSMU intends on making. Much of this is contingent of McGill, and when they are able to make structural changes to the University Centre.

Five Year Capital Expenditures Reserve Fund Budget Explanation

The following budget is a multi-year budget for the Capital Expenditures Reserve Fund. The left column details the revenues and expenses of this fund. The two columns on the right demonstrate the projected balance of both the current portion of CERF and the Investment Portfolio.

The following assumptions have been used in the creation of this three year budget:

- The investment portfolio will earn a yearly absolute return of exactly 4%. This estimate has been deemed conservative and in line with the previous yearly returns of the Investment Portfolio, which are outlined in Appendix 1.
- The total of the investment portfolio yearly absolute return from the previous year will be liquidated and transferred into the current portion of CERF.

Endowment from Investment portfolio refers to the year absolute return from the Investment Portfolio to be liquidated and transferred into the current portion of CERF.

Additional Liquidation of the Investment Portfolio refers to the additional portion of the Investment Portfolio, after the Endowment transfer, which is required to be liquidated and transferred to the current portion of CERF. Thankfully, the current Five Year CERF Budget does not include any additional portion of the Investment Portfolio to be liquidated.



Five Year Capital Expenditures Reserve Fund Budget

| 2015-2016 | | | | Current CERF Balance | Investment Portfolio |
|---|-----------------------|------------------|--|----------------------|----------------------|
| | Start of Year Balance | | | \$500,000 | \$2,900,000 |
| Revenue | | | | | |
| Transfer from Operating Budget | | \$50,000 | | | |
| Endowment from Investment Portfolio | | \$116,000 | | | |
| Endowment from IREF | | \$48,500 | | | |
| Additional Investment Portfolio Liquidation | | \$0 | | | |
| Lev Bukhman Donation | | \$20,000 | | | |
| Total 2015-2016 Revenue | | \$234,500 | | \$734,500 | \$2,900,000 |
| Expenses | | | | | |
| Routine Capital Expenditures | | \$100,000 | | | |
| Gerts--furniture, video wall, lighting | | \$30,000 | | | |
| 2nd Floor Operations Renovation | | \$45,000 | | | |
| Bike Facility Project Phase 1 | | \$50,000 | | | |
| Lev Bukhman Renovation | | \$75,000 | | | |
| Server Consolidation-- Basement | | \$20,000 | | | |
| Total 2015-2016 Expenses | | \$320,000 | | \$414,500 | \$2,900,000 |
| | | | | | |
| 2016-2017 | | | | Current CERF Balance | Investment Portfolio |
| | Start of Year Balance | | | \$414,500 | \$2,900,000 |
| Revenue | | | | | |
| Transfer from Operating Budget | | \$50,000 | | | |
| Endowment from Investment Portfolio | | \$116,000 | | | |
| Endowment from IREF | | \$75,000 | | | |
| Additional Investment Portfolio Liquidation | | \$100,000 | | | |
| Lev Bukhman Donation | | \$20,000 | | | |
| Total 2015-2016 Revenue | | \$361,000 | | \$775,500 | \$2,800,000 |
| Expenses | | | | | |
| Routine Capital Expenditures | | \$50,000 | | | |
| SSMU Office Renovations | | \$110,000 | | | |
| Operations Renovation-- location TBD | | \$45,000 | | | |
| Cafeteria Project | | \$300,000 | | | |
| Bike Facility Project Phase 2 | | \$50,000 | | | |
| Lev Bukhman Renovation | | \$10,000 | | | |
| Gerts Terrasse | | \$5,000 | | | |
| Total 2015-2016 Revenue | | \$570,000 | | \$205,500 | \$2,800,000 |



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Located on Haudenosaunee and Anishinaabe, traditional territories

| 2017-2018 | | | | Current CERF Balance | Investment Portfolio |
|---|-----------------------|--|------------------|----------------------|----------------------|
| | Start of Year Balance | | | \$205,500 | \$2,800,000 |
| Revenue | | | | | |
| Transfer from Operating Budget | | | \$50,000 | | |
| Endowment from Investment Portfolio | | | \$112,000 | | |
| Endowment from IREF | | | \$48,500 | | |
| Additional Investment Portfolio Liquidation | | | \$300,000 | | |
| Lev Bukhman Donation | | | \$20,000 | | |
| Total 2015-2016 Revenue | | | \$530,500 | \$736,000 | \$2,500,000 |
| Expenses | | | | | |
| Routine Capital Expenditures | | | \$50,000 | | |
| HVAC | | | \$250,000 | | |
| Cafeteria Project | | | \$100,000 | | |
| Total 2015-2016 Revenue | | | \$400,000 | \$336,000 | \$2,500,000 |



APPENDIX 1

Investment Portfolio Historical Balance and Returns

The following table provides the value of the Society's investment portfolio over the years, up to and including the most recent month-end financial activity.

| Date | Portfolio Balance | Returns |
|------------|-------------------|---------|
| 7/10/2007 | \$1,800,000 | |
| 31/05/2008 | \$1,798,771 | -0.07% |
| 31/05/2009 | \$1,693,634 | -5.84% |
| 31/05/2010 | \$1,979,277 | 16.87% |
| 31/05/2011 | \$2,389,679 | 20.73% |
| 31/05/2012 | \$2,420,438 | 1.29% |
| 31/05/2013 | \$2,622,996 | 8.37% |
| 31/05/2014 | \$2,774,301 | 5.77% |
| 28/02/2015 | \$2,918,344 | 3.12% |



APPENDIX 2

Glossary of Terms

Asset: Assets are defined as economic resources, from an accounting perspective. Items are considered assets when “the entity must provide evidence that it represent an economic resource and then link itself to that resource.”¹ These include but are not limited to cash, accounts receivables, and inventory.

Capital Expenditure Reserve Fund: Fund created by the SSMU for long-term capital expenditures.
Expenses: These are charges incurred that are either accrued or paid for the operations of the SSMU, rent of the building, and so forth.

Fiscal Year: Twelve month period to calculate financial statements. For 2011 – 2012, the fiscal year is from June 1, 2011 to May 31, 2012.

Fixed Assets: Often tangible assets; these are non-current assets or property, plant, and equipment (PPE).

Deficit: This is a shortfall in revenues; the amount of expenses exceeds the revenues generated.

Generally Accepted Accounting Principles: This is a standard framework of the guidelines and conventions for financial accounting.

Revenues: These are the monies coming into an organization; for the SSMU, this includes the SSMU fees, sponsorship, etc.

Expenses: These are the monies flowing out or leaving an organization; for the SSMU, this includes the Rent and Utilities expense paid to McGill, salaries, etc.

Surplus: The amount of revenues exceeds the expenses incurred.

Capital Asset: any asset of the society which is expected to provide benefits for more than 1 year. This includes but is not limited to leasehold improvements and equipment.

Capital Expenditure: the purchase of a capital asset for more than \$500.

Current Portion of CERF: - the liquid portion of the Capital Expenditures Reserve Fund not managed as part of the investment portfolio. This portion of CERF is maintained for likely capital expenditures occurring within the year.

¹ Asset Definition from Intermediate Accounting 9th Edition by Kieso et al. (2010)