



Financial Statements of

**UNIVERSITY COLLEGE of the
FRASER VALLEY**

Year ended March 1, 2016

AUDITORS' REPORT

To the Board of
University College of the Fraser Valley

We have audited the statement of financial position of the University College of the Fraser Valley as at March 1, 2016, and the statements of operations and net assets, revenue, expenditure, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the University College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our opinion, these financial statements present fairly, in all material respects, the financial position of the University College of the Fraser Valley as at March 1, 2016, and the results of its operations and cash flows for the year then ended.

	3,852	1,157,4	162		
	28,938	-	-	1,8	
Assets	3,852	1,157,4	7,1	65,3	
			162	7	1,8
	11,68			49,653	
	6,40			08,950	
	4,109			58,603	1,8
	3,675				
	18,09				
	2,784				
	3,79			02,814	
	519	202,2		93,034	
	6,64			58,495,848	
	408,3			34,580	
	7,048,943			8,7	
	06	955,2		4,5	1,8
	28,938,849	955,245		348,586	
		245		13,2	
	52	1,157,4		72,4	30,910
				52	348,679
					179,589
					158,603
					1,868

Chairman of the Board

FRASER VALLEY

figure for 2005

Operating Fund

Ancillary Services Fund

Capital Fund

Operating Fund

Ancillary Services Fund

Capital Fund

Operating Fund

Ancillary Services Fund

Capital Fund

Operating Fund

Ancillary Services Fund

Capital Fund

Operating Fund

Ancillary Services Fund

Capital Fund

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Operations and Net Assets

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Revenue

Year ended March 31, 2006, with comparative figures for 2005

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2006 Total	2005 Total
	\$	\$	\$	\$	\$	\$
Ministry of Advanced Education Grants:						
Continuing programs	36,553,892	-	-	-	36,553,892	35,314,497
Special projects	5,863,445	-	-	-	5,863,445	1,961,342
Leases and property taxes	-	-	174,456	-	174,456	159,823
Total Ministry of Advanced Education Grants	42,417,337	-	174,456	-	42,591,793	37,435,662
Tuition fees:						
Continuing programs	18,512,110	-	-	-	18,512,110	16,761,926
Other income:						
Amortization of deferred contributions (Note 5)	-	-	3,884,553	529,757	4,414,310	5,167,850
Contract services	5,139,307	-	-	-	5,139,307	4,685,213
Ancillary services	-	5,163,305	-	-	5,163,305	4,559,074
Investment income	626,051	-	-	-	626,051	422,070
Special projects	4,869,448	-	-	-	4,869,448	5,106,440
Other	517,434	-	40,047	-	557,481	443,171
Total other income	11,152,240	5,163,305	3,924,600	529,757	20,769,902	20,383,818
Total revenue	72,081,687	5,163,305	4,099,056	529,757	81,873,805	74,581,406

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Expenditures

Year ended March 31, 2006, with comparative figures for 2005

	Operating Fund \$	Ancillary Services Fund \$	Capital Fund \$	Trust Fund \$	2006 Total \$	2005 Total \$
Salaries and wages	45,404,699	476,192	-	-	45,880,891	39,448,942
Employee benefits	10,282,644	90,477	-	-	10,373,121	9,350,268
Supplies and books	2,360,132	42,014	-	25,303	2,427,449	2,347,413
Travel and conferences	1,915,353	3,936	-	-	1,919,289	1,605,739
Printing and advertising	573,209	1,790	-	-	574,999	611,979
Utilities	1,071,742	18,141	-	-	1,089,883	1,114,850
Rentals and leases	185,042	69,039	171,748	-	425,829	428,588
Contracted services	3,360,247	133,158	-	-	3,493,405	4,707,308
Other expenditures	2,357,179	82,288	32,710	-	2,472,177	2,158,796
Cost of sales	-	3,461,182	-	-	3,461,182	3,053,268
Amortization of capital assets	-	-	4,110,162	-	4,110,162	4,010,074
Minor equipment	4,407,162	1,625,162	1,073,517	7,933,162	4,110,162	2,347,413

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Changes in Net Assets

Year ended March 31, 2006, with comparative figures for 2005

	Investment in Capital Assets \$	Internally Restricted \$	Unrestricted (Deficiency) \$	2006 Total \$	2,005 Total \$
Balance, beginning of year	8,805,177	7,500,195	1,231,090	17,536,462	14,123,372

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Cash Flows

Year ended March 31, 2006, with comparative figures for 2005

	2006	2005
	\$	\$
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenditures	3,747,321	3,413,090
Items not involving cash:		
Amortization of deferred capital contributions	(3,884,553)	(4,443,701)
Amortization of capital assets	4,110,162	4,010,074
Increase (decrease) in deferred contributions for trust	(1,003,658)	562,843
Net change in non-cash working capital	1,545,255	716,842
	4,514,527	4,259,148
Financing activities:		
Repayment of long-term loan	(88,534)	(84,250)
Deferred capital contributions received	4,730,851	2,686,969
	4,642,317	2,602,719
Investing activities:		
Purchase of capital assets	(4,666,180)	(5,195,248)
Proceeds of disposition of assets	32,710	-
	(4,633,470)	(5,195,248)
Net increase in cash	4,523,374	1,666,619
Cash, beginning of year	21,664,164	19,997,545
Cash, end of year	26,187,538	21,664,164

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2006

General:

University College of the Fraser Valley is a post-secondary educational institution funded by the provincial government and is incorporated under the College and Institutes Act of British Columbia. The University College is exempt from income tax under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the University College have been prepared in accordance with accounting principles established by the British Columbia Ministry of Advanced Education for Colleges operating in the Province and conform in all material respects with Canadian generally accepted accounting principles.

(b) Fund accounting:

The University College follows fund accounting practices. Available resources and their related expenditures are recorded in separate funds in accordance with determinations made by the Board and limitations and restrictions imposed by sources outside the University College.

Funds consist of:

Operating - revenue and expenditures relating to general operations.

Capital - investment in capital assets as well as related financing activities.

Ancillary Services - revenue and expenditures relating to the bookstore, University Station property and to the parking services.

Trust - receipts and disbursements for specific externally restricted purposes such as scholarships and bursaries.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

1. Significant accounting policies (continued):

(c) Revenue recognition:

The University College follows the deferral method of accounting for contributions which include donations and government grants.

Under the College and Institutes Act and regulations thereto, the University College is funded by the Province of British Columbia in accordance with budget arrangements established by the Ministry of Advanced Education. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred as unearned revenue and recognized in the subsequent period that the related expenditures are incurred. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2006.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions represent externally restricted funds received for which the related expenditure has not yet been incurred. These contributions are recognized as revenue in the period in which the related expenditures are incurred.

Contributions received and utilized for the purchase of capital assets are recorded as deferred capital contributions and such amounts are amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income, specifically investment income earned by endowment funds, is recognized as revenue in the year in which the related expenses, specifically scholarships, bursaries and related costs, are recognized. Unrestricted investment income is recognized as revenue when earned.

(d) Interfund balances:

Interfund balances are without interest or specific terms of repayment.

(e) Inventories:

Inventories are valued at the lower of cost and net realizable value.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

1. Significant accounting policies (continued):

(f) Capital assets:

Buildings, furniture and equipment, and leasehold improvements are recorded at cost and amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	20-40 years
Furniture and equipment	2-5 years
Library books	10 years
Site improvements	10 years
Leasehold improvements	Life of the lease

Amortization begins in the second year of useful life and is taken in the year of disposal. Land is recorded at cost.

(g) Capital funding:

Capital funding from the Province of BC in the form of prepaid capital advances is recorded by post-secondary institutions as deferred capital contributions and amortized to revenue in order to match the expense generated through amortization of the capital assets acquired with the funds. Any debt obligations are the responsibility of the Province and reported at the Provincial level.

(h) Unearned revenue:

Unearned revenue represents tuition fees and contracted service fees received for specific courses or projects which were not earned.

(i) Salaries and wages:

Operating expenditures relating to vacation pay entitlements are recorded as earned.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

1. Significant accounting policies (continued):

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

2. Financial statement presentation:

These financial statements reflect the financial position, operations and cash flows of the University College.

Financial information relating to the University College of the Fraser Valley Foundation (the "Foundation") is presented in Note 14. The Foundation is incorporated under the Society Act of B.C. and is a registered charity under the Income Tax Act. The Foundation is dependant on the University College for management and administration services. According to the Foundation's bylaws all resources of the Foundation must be provided for the benefit of the University College and its students, and the Foundation has certain Directors in common with the University College. The financial position, results of operations and cash flows of the Foundation are not consolidated with those of the University College.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

3. Capital assets (continued):

Construction-in-progress represents costs incurred to date in fiscal 2006 on two different construction projects, which are anticipated to complete in fiscal 2007 and fiscal 2008 at a total budgeted cost of \$21,700,000 as follows:

	New Gymnasium	Student Residences	Total
Construction costs incurred in fiscal 2006	\$176,000	\$422,000	\$598,000
Signed agreement for general contracting services	765,000	648,000	1,413,000
Estimated costs in fiscal 2007	6,759,000	10,900,000	17,659,000
Estimated costs in fiscal 2008	-	2,030,000	2,030,000
Total budgeted costs at completion	\$7,700,000	\$14,000,000	\$21,700,000

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

4. Long-term loan payable:

	2006	2005
Royal Bank loan, payable in monthly installments of \$10,593 including interest at 4.97% per annum, due December 13, 2007	\$727,614	\$816,148

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

5. Deferred contributions - Trust Fund:

Deferred contributions related to expenditures of future periods represent unspent externally restricted funds received for which the related expenditures such as scholarships, bursaries and other items have not yet been incurred.

	2006	2005
Balance, beginning of year	\$1,520,488	\$957,645
Receipts and contributions:		
Donations	452,297	421,965
Tuition contribution - scholarships and bursaries	371,000	341,000
Interest & investment income	55,118	24,027
Legacy reserve contributions	500,004	500,000
Less:		
Amortized to revenue	(529,757)	(724,149)
Transfer to capital fund	(1,852,320)	-
Balance, end of year	\$516,830	\$1,520,488

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

5. Deferred contributions (continued) - Capital Fund:

Deferred capital contributions related to capital assets represent the unamortized amount and unspent amount of grants and other amounts received for the purchase of capital assets.

	2006	2005
Balance, beginning of year	\$57,502,288	\$59,259,020
Contributions from Province (Capital Projects)	1,981,620	2,213,638
Contributions from Province (Start Up Grant)	366,413	312,541
Contributions from Legacy Fund and donations (Trust transfer)	1,852,320	-
Other revenue	530,498	160,790
Less amount amortized to revenue current year	(3,884,553)	(4,443,701)
Balance, end of year	\$58,348,586	\$57,502,288

The balance of unamortized capital contributions related to capital assets consists of the following:

	2006	2005
Unamortized capital contributions used to purchase assets	\$51,994,037	\$54,704,074
Unspent contributions	6,354,549	2,798,214
Balance, end of year	\$58,348,586	\$57,502,288

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

7. Internally restricted net assets:

Internally restricted net assets committed for specific purposes include research start-up, curriculum development, commitments for the completion of special projects/programs, and capital purchases.

8. Scholarship and bursaries trust fund:

In October, 1984, an endowment fund in the name of the University College was established with the Vancouver Foundation. Capital of this endowment fund (\$160,000 cost as at March 31, 2006) is held by the Vancouver Foundation and its use is restricted. Income earned by the fund is paid semi-annually to the University College.

The fund balance is made up of various endowments as well as funds yet to be awarded for bursaries and scholarships. The disbursement of these funds is restricted to the criteria set out in each of the endowment, bursary or scholarship awards.

9. Pension plans:

The University College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has about 11,000 active members from college senior administration and instructional staff and approximately 2,900 retired members. The Municipal Pension Plan has about 130,000 active members, with approximately 4,900 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million for basic pension benefits. The next valuation will be as at August 31, 2006 with results available in 2007. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers. The University College of the Fraser Valley paid \$855,616 for employer contributions to the Municipal plan and \$2,209,166 to the College plan in fiscal 2006.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2006

10. Commitments:

The University College has long-term facility lease commitments, including estimated triple net costs, which are approximately as follows:

2007	314,017
2008	176,189
2009	51,129
2010	51,129
2011	51,129

11. Contingency:

The University College has issued a letter of guarantee to the City of Abbotsford in the amount of \$222,335 pertaining to future building development.

12. Bank credit facility:

The University College has a credit facility with the Royal Bank of Canada for the maximum amount of \$2,000,000. Any amounts borrowed through this facility incur interest costs at the Bank Prime Lending Rate. As at March 31, 2006, there was no amount drawn down on this line of credit.

13. Fair value of financial assets and financial liabilities:

The carrying values of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments.

The carrying value of the long-term loan payable approximates its fair value, because the interest rate on the debt approximates rates currently available.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2006

14. University College of the Fraser Valley Foundation:

A summary of the Foundation's financial position, operations and cash flows are as follows:

	2006	2005
Assets	\$ 3,355,784	\$ 2,768,534
Net assets	\$ 3,355,784	\$ 2,768,534
Revenue	\$ 952,211	\$ 1,051,995
Expenditures	364,961	445,721
Excess of revenue over expenditures	\$587,250	\$606,274
Cash flows provided by:		
Operating activities	\$ 495,687	\$ 491,202
Financing and investments	\$ (600,000)	\$ -

During the year the University College provided management and administration services to the Foundation for nil consideration and received net donations of \$262,602 (2005 - \$438,287) from the Foundation.

15. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.