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# **UNIVERSITY COLLEGE of the FRASER VALLEY**

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# AUDITORS' REPORT

Los Angeles Board of

Management and Finance

The independent auditors have examined the financial statements of the Board of Management and Finance for the period ending December 31, 2000, and the accompanying notes to the financial statements. In our opinion, the financial statements present fairly the financial position of the Board of Management and Finance as of December 31, 2000, and the results of its operations for the period then ended.

The independent auditors have also examined the internal control system of the Board of Management and Finance for the period ending December 31, 2000. In our opinion, the internal control system of the Board of Management and Finance is adequate to ensure the reliability of the financial statements.

No independent auditors have examined the financial statements of the Board of Management and Finance for the period ending December 31, 2001, and the accompanying notes to the financial statements. In our opinion, the financial statements present fairly the financial position of the Board of Management and Finance as of December 31, 2001, and the results of its operations for the period then ended.

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**UNIVERSITY COLLEGE of the FRASER VALLEY**

Statement of Operations and Net Assets

Year ended March 31, 2007, with comparative figures for 2006

	Operating Fund \$	Ancillary Services Fund \$	Capital Fund \$	Trust Fund \$	2007 Total \$	2006 Total \$
Revenue	75,023,118	5,342,995	3,505,055	684,916	84,556,084	81,873,805
Expenditures	68,498,545	4,542,621	4,548,644	684,916	78,274,726	78,126,484
Excess (deficiency) of revenue over expenditures	6,524,573	800,374	( 1,043,589)			

## UNIVERSITY COLLEGE of the FRASER VALLEY

### Statement of Revenue

Year ended March 31, 2007, with comparative figures for 2006

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2007 Total	2006 Total
	\$	\$	\$	\$	\$	\$
Ministry of Advanced Education Grants:						
Continuing programs	40,182,017	-	-	-	40,182,017	36,553,892
Special projects	2,341,184	-	-	-	2,341,184	5,863,445
Leases and property taxes	-	-	202,749	-	202,749	174,456
<b>Total Ministry of Advanced Education Grants</b>	<b>42,523,201</b>	<b>-</b>	<b>202,749</b>	<b>-</b>	<b>42,725,950</b>	<b>42,591,793</b>
Tuition fees:						
Continuing programs	19,217,489	-	-	-	19,217,489	18,512,110
Other income:						
Amortization of deferred contributions (Note 5)	-	-	3,230,974	684,916	3,915,890	4,414,310
Contract services	5,476,853	-	-	-	5,476,853	5,139,307
Ancillary services	-	5,342,995	-	-	5,342,995	5,163,305
Investment income	1,053,982	-	-	-	1,053,982	626,051
Special projects	6,246,023	-	-	-	6,246,023	4,869,448
Other	505,570	-	71,332	-	576,902	557,481
<b>Total other income</b>	<b>13,282,428</b>	<b>5,342,995</b>	<b>3,302,306</b>	<b>684,916</b>	<b>22,612,645</b>	<b>20,769,902</b>
<b>Total revenue</b>	<b>75,023,118</b>	<b>5,342,995</b>	<b>3,505,055</b>	<b>684,916</b>	<b>84,556,084</b>	<b>81,873,805</b>

See accompanying notes to financial statements.

## UNIVERSITY COLLEGE of the FRASER VALLEY

### Statement of Expenditures

Year ended March 31, 2007, with comparative figures for 2006

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2007 Total	2006 Total
	\$	\$	\$	\$	\$	\$
Salaries and wages	46,061,665	500,342	-	-	46,562,007	45,880,891
Employee benefits	10,506,419	95,065	-	-	10,601,484	10,373,121
Supplies and books	2,775,011	43,771	-	7,960	2,826,742	2,427,449
Travel and conferences	1,992,652	2,510	-	-	1,995,162	1,919,289
Printing and advertising	469,884	3,078	-	-	472,962	574,999
Utilities	1,285,543	19,255	-	-	1,304,798	1,089,883
Rentals and leases	201,631	68,093	197,170	-	466,894	425,829
Contracted services	2,948,532	157,568	-	-	3,106,100	3,493,405
Other expenditures	2,257,208	83,343	-	-	2,340,551	2,472,177
Cost of sales	-	3,544,864	-	-	3,544,864	3,461,182
Amortization of capital assets	-	-	3,456,895	-	3,456,895	4,110,162
Minor equipment and supplies	-	24,732	-	5,415	30,147	156,995
Minor renovations and repairs	-	-	894,579	-	894,579	1,364,680
Scholarships and bursaries	-	-	-	671,541	671,541	376,422
<b>Total expenditures</b>	<b>68,498,545</b>	<b>4,542,621</b>	<b>4,548,644</b>	<b>684,916</b>	<b>78,274,726</b>	<b>78,126,484</b>

See accompanying notes to financial statements.

**UNIVERSITY COLLEGE of the FRASER VALLEY**

## Statement of Changes in Net Assets

Year ended March 31, 2007, with comparative figures for 2006

	Investment in Capital Assets	Internally Restricted	Unrestricted	2007 Total	2006 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	8,730,910	11,191,322	1,361,551	21,283,783	17,536,462
Excess (deficiency) of revenue over expenditures	(1,043,589)	2,217,642	5,107,305	6,281,358	3,747,321
Contributed capital assets (Note 3(c))	14,351,438	-	-	14,351,438	-
Interfund transfers	6,947,898	(2,205,064)	(4,742,834)	-	-
<b>Balance, end of year</b>	<b>28,986,657</b>	<b>11,203,900</b>	<b>1,726,022</b>	<b>41,916,579</b>	<b>21,283,783</b>

See accompanying notes to financial statements.





**UNIVERSITY COLLEGE of the FRASER VALLEY**

Notes to Financial Statements

Year ended March 31, 2007

**General:**

**1. Significant accounting policies:**

(a) Basis of presentation:

(b) Fund accounting:

Funds consist of:

Operating - revenue and expenditures relating to general operations.

## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2007

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### 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, 2007.

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, 2007

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### 1. Significant accounting policies (continued):

#### (f) Capital assets:

Purchased buildings, furniture and equipment, and leasehold improvements are recorded at cost and contributed capital assets are recorded at their fair value on the date of contribution. Capital assets are 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 completed at year end.

#### (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, 2007

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**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, 2007

**3. Capital assets:**

Total Cost	A	Total
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## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2007

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### 3. Capital assets (continued):

(b) Construction-in-progress:

Construction-in-progress consists of costs incurred to date for the Student Residences, the Chilliwack Trades building, and the second gym projects.

(c) Contributed capital assets:

During the year, 84 acres of land and buildings, collectively known as the Chilliwack Base Lands, with a fair market value of \$29,076,752, were purchased for \$7,549,579. The difference between the fair market value and the cost of the property has been recognized as a contribution in the financial statements as follows: \$7,175,735 was allocated to buildings and has been recorded as deferred contributions and will be amortized to revenue over the life of the buildings; and \$14,351,438 was allocated to land and has been recorded as an increase in investment in capital assets.

**UNIVERSITY COLLEGE of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2007

**4. Long-term loans payable:**

	2007	2006
BC Immigrant Investment Fund Ltd. (BCIIF) interim financing for Student Residences to a maximum of \$14,000,000 at a rate set quarterly of Prime rate (as designated by RBC) minus 80 basis points. As of March 31, 2007, \$3,000,000 has been drawn from this facility with accrued interest of \$25,216 to be capitalized. Upon completion of the Residences, the interim loan will be converted to a BCIIF Term Loan at 5.15% with a term to maturity of 10 years and 25 year amortization	3,025,216	-
Royal Bank loan, payable in monthly installments of \$10,593 including interest at 4.97% per annum, due December 13, 2007	\$634,580	\$727,614
	\$3,659,796	727,614
Current portion of long-term loans payable	(675,073)	(93,034)
	\$2,984,723	\$634,580

Interest on long-term loans payable in the amount of \$33,855 is included in other expenditures.

Principal repayments required on the long-term loans payable over the next five years are approximately as follows:

2008	\$675,073
2009	63,356
2010	66,682
2011	70,183
2012	73,868

**UNIVERSITY COLLEGE of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2007

**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.

	2007	2006
Balance, beginning of year	\$516,830	\$1,520,488
Receipts and contributions:		
Donations	352,055	452,297
Tuition contribution - scholarships and bursaries	370,200	371,000
Interest & investment income	49,575	55,118
Legacy reserve contributions	499,997	500,004
Less:		
Amortized to revenue	(684,916)	(529,757)
Transfer to capital fund	(550,000)	(1,852,320)
Balance, end of year	\$553,741	\$516,830



## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2007

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### 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.

	2007	2006
Balance, beginning of year	\$58,348,586	\$57,502,288
Contributions from Province (Capital Projects)	16,116,389	1,981,620
Contributions from Province (Start Up Grant)	261,728	366,413
Contributions from Legacy Fund and donations (Trust transfer)	550,000	1,852,320
Contributed capital assets (Note 3(c))	7,175,735	-
Other revenue		

## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2007

### 6. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2007	2006
Capital assets, net of accumulated amortization	\$115,621,643	\$67,108,950
Unspent portion of deferred contributions	265,143	6,354,549
Amounts financed by:		
Deferred contributions	(79,857,169)	(58,348,586)
Student recreation centre loan	(634,580)	(727,614)
Student residences interim loan	(3,025,216)	-
Loan from operating	(1,039,549)	(1,107,710)
Total investment in capital assets	31,330,272	13,279,589
Less internally restricted portion	(2,343,615)	(4,548,679)
<b>Net investment in capital assets</b>	<b>\$28,986,657</b>	<b>\$8,730,910</b>

(b) Change in net assets invested in capital assets is calculated as follows:

	2007	2006
Excess of expenditures over revenues:		
Amortization of deferred capital contributions	3,230,974	3,884,553
Other revenue	274,081	214,503
Amortization expense of capital assets	(3,456,895)	(4,110,162)
Other items expensed	(1,091,749)	(1,569,138)
	(\$1,043,589)	(\$1,580,244)
Interfund transfers and other changes:		
Transfer of grant revenue from operating fund	700,000	523,680
Contributed capital assets	14,351,438	-
Interfund transfers	4,042,834	4,457,130
Transfer from internally restricted	4,548,679	1,073,846
Transfer to internally restricted	(2,343,615)	(4,548,679)
	<b>\$21,299,336</b>	<b>\$1,505,977</b>

## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2007

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### 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, 2007) 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 3,200 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 \$926,442 for employer contributions to the Municipal plan and \$2,445,923 to the College plan in fiscal 2007.

## UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2007

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### 10. Commitments:

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

2008	387,808
2009	306,218
2010	121,669
2011	51,129
2012	51,129

(b) The University College has three capital construction projects in progress, being the Student Residences, the Chilliwack Trades building, and the second gym, with a total budgeted cost of \$43,325,000. At March 31, 2007, UCFV was committed to \$14,729,311 under these projects.

### 11. Contingencies:

(a) 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.

(b) The University College has guaranteed a loan of a maximum of \$90,000 to the University College radio station CIVL Radio. The current draw-down on the loan is \$50,000.

### 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, 2007, 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 loans payable approximates their 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, 2007

**14. University College of the Fraser Valley Foundation:**

	2007	2006
Assets	\$ 3,663,950	\$ 3,355,784
Net assets	\$ 3,663,950	\$ 3,355,784

	2007	2006
Revenue	\$ 430,952	\$ 952,211
Expenditures	122,785	364,961
Excess of revenue over expenditures	\$308,167	\$587,250

Cash flows provided by: