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UNIVERSITY COLLEGE of the FRASER VALLEY

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AUDITORS' REPORT

Los Angeles Board of

Mayor and City Council

The independent auditors have examined the financial statements of the Mayor and City Council for the fiscal year ended June 30, 2011, and the related notes to the financial statements. In our opinion, the financial statements present fairly the financial position and the results of operations of the Mayor and City Council for the fiscal year ended June 30, 2011, in accordance with the accounting principles generally accepted in the United States of America.

The independent auditors have also examined the schedule of expenditures of federal awards for the fiscal year ended June 30, 2011, and the related notes to the schedule of expenditures of federal awards. In our opinion, the schedule of expenditures of federal awards and the related notes present fairly the schedule of expenditures of federal awards for the fiscal year ended June 30, 2011, in accordance with the accounting principles generally accepted in the United States of America.

No independent auditors have examined the schedule of expenditures of state awards for the fiscal year ended June 30, 2011, and the related notes to the schedule of expenditures of state awards. The schedule of expenditures of state awards and the related notes are not subject to the audit procedures described in this report.

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Statement of Fi

March 31, 2008

Assets

Current assets:

- Cash
- Accounts receivable
- Inventories
- Prepaid expenses

Interfund balances

Capital assets (

Liabilities, Defer

Current liabilities:

- Accounts payable
- accrued liabilities
- Unearned revenue
- Current portion of
- loans payable

Long-term liabilities

Long-term loans

Interfund balances

Deferred contributions

Net assets:

- Investment in capital assets
- Internally restricted
- Unrestricted

Commitments (Net)

Contingencies (Net)

Subsequent events

See accompanying

Approved by:

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Operations and Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2008 Total	2007 Total
	\$	\$	\$	\$	\$	\$
Revenue	80,912,794	5,986,652	4,770,854	1,030,017	92,700,317	84,873,596
Expenditures	77,197,929	5,305,611	4,906,699	1,030,017	88,440,256	78,592,238
Excess (deficiency) of revenue over expenditures	3,714,865	681,041	(135,845)	-	4,260,061	6,281,358
Net assets, beginning of year	9,304,508	1,281,799	31,330,272	-	41,916,579	21,283,783
Contributed capital assets	-	-	-	-	-	14,351,438
Interfund transfers	(4,110,897)	(790,623)	4,901,520	-	-	-
	5,193,611	491,176	36,231,792	-	41,916,579	35,635,221
Net assets, end of year	8,908,476	1,172,217	36,095,947	-	46,176,640	41,916,579

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Expenditures

Year ended March 31, 2008, with comparative figures for 2007

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2008 Total	2007 Total
	\$	\$	\$	\$	\$	\$
Salaries and wages	50,686,181	559,646	-	-	51,245,827	46,562,007
Employee benefits	12,013,920	106,333	-	-	12,120,253	10,601,484
Supplies and books	2,877,637	51,622	-	1,703	2,930,962	2,826,742
Travel and conferences	2,617,696	6,422	-	-	2,624,118	1,995,162
Printing and advertising	653,069	3,374	-	-	656,443	472,962
Utilities	1,563,516	61,669	-	-	1,625,185	1,304,798
Rentals and leases	158,001	122,030	200,702	-	480,733	466,894
Contracted services	4,281,037	141,709	-	-	4,422,746	3,106,100
Other expenditures	2,346,872	554,068	24,838	-	2,925,778	2,340,551
Cost of sales	-	3,692,034	-	-	3,692,034	3,544,864
Amortization of capital assets	-	-	4,164,566	-	4,164,566	3,456,895
Minor equipment and supplies	-	6,704	-	30,294	36,998	30,147
Minor renovations and repairs	-	-	516,593	-	516,593	894,579
Scholarships and bursaries	-	-	-	998,020	998,020	989,053
Total expenditures	77,197,929	5,305,611	4,906,699	1,030,017	88,440,256	78,592,238

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Investment in Capital Assets	Internally Restricted	Unrestricted	2008 Total	2007 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	31,065,129	9,125,428	1,726,022	41,916,579	21,283,783
Excess (deficiency) of revenue over expenditures	(135,845)	(488,370)	4,884,276	4,260,061	6,281,358
Contributed capital assets	-	-	-	-	14,351,438
Interfund transfers	(1,566,595)	6,468,115	(4,901,520)	-	-
Balance, end of year	29,362,689	15,105,173	1,708,778	46,176,640	41,916,579

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
	\$	\$
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenditures	4,260,061	6,281,358
Items not involving cash:		
Amortization of deferred capital contributions	(3,277,811)	(3,230,974)
Gain on sale of capital assets	(977,716)	
Amortization of capital assets	4,164,566	3,456,895
Increase in deferred contributions for trust	756,109	36,911
Increase in deferred contributions for operating	466,155	-
Net change in non-cash working capital	(2,824,781)	5,266,192
	2,566,583	11,810,382
Financing activities:		
Repayment of long-term loan	(600,692)	(93,034)
Proceeds from long-term loan	10,894,531	3,025,216
Contributed capital assets	-	14,351,438
Deferred capital contributions received	17,350,457	24,739,557
	27,644,296	42,023,177
Investing activities:		
Purchase of capital assets	(27,757,361)	(51,969,588)
Proceeds of disposition of assets	2,209,810	-
	(25,547,551)	(51,969,588)
Net increase in cash	4,663,328	1,863,971
Cash, beginning of year	28,051,509	26,187,538
Cash, end of year	32,714,837	28,051,509

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2008

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, 2008

1. Significant accounting policies (continued):

(c) Revenue recognition:

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(f) Capital assets:

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

(g) Capital funding:

(h) Unearned revenue:

(i) Salaries and wages:

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

2. Change in accounting policy:

(a)

There was no impact on the financial statements on adopting these standards at April 1, 2007.

(b) Future accounting changes:

Effective April 1, 2008, the University College will be required to adopt CICA Section 3031 "Inventories". This Section prescribes the measurement of inventory at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In addition, previous inventory write downs must be reversed if economic circumstances have changed to support an increased inventory value. This Section applies to

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

4. Capital assets:

	Total Cost (Reclassifications) 2007	Additions During Year	Disposals During Year	Total Cost 2008	Accumulated Amortization	Net Book Value 2008
Buildings	\$ 94,896,057	\$40,421,192	\$1,492,857	\$133,824,392	\$32,455,947	\$101,368,445
Construction-in-progress	20,813,947	(18,624,620)	-	2,189,327	-	2,189,327
Furniture and equipment	28,777,655	5,775,783	426,560	34,126,878	26,089,144	8,037,734
Library books	7,780,882	185,006	-	7,965,888	6,160,132	1,805,756
Land and improvements	23,685,881	1,000,000	851,200	23,834,681	-	23,834,681
Site improvements	1,417,286	-	-	1,417,286	670,883	746,403
Leasehold improvements	318,390	-	-	318,390	318,390	-
	\$177,690,098	\$28,757,361	\$2,770,617	\$203,676,842	\$65,694,496	\$137,982,346

(a) Funding:

Funding for the additions during the year consist of the following:

Add:	Transfer grant revenue from operating fund	\$ 900,000
	Transfer Annual Capital Allowance revenue from operating fund	626,743
	Capital advances	16,885,913
	Start up grant and library grant	183,685
	B.C. Immigrant Investment Fund loan	10,894,531
	Transfer from bookstore equity	109,582
	Land received as part of sale of capital assets	1,000,000
	Transfers from other funds	3,008,751
	Donations for capital assets	6,000
	Other revenue	175,107
Less:	Deferred contributions received but not spent, net	(233,215)
	Change in internally restricted funds	(4,258,305)
	Funding spent on minor renovations, repairs, and interest expense	(541,431)
		\$28,757,361

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

4. Capital assets (continued):

(b) Construction-in-progress:

Construction-in-progress consists of costs incurred to date for the Building C/B reno at the Abbotsford campus.

5. Long-term loans payable:

2007

2006

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

6. Deferred contributions - Operating Fund:

Deferred contributions related to expenditures of future periods represent unspent Annual Capital Allowance funds received for which the related expenditures such as minor maintenance, renovations and other items have not yet been incurred.

	2008	2007
Balance, beginning of year	\$ -	\$ -
Contribution from Province (ACA)	1,826,462	-
Less amount amortized to revenue	(1,360,307)	-
Balance, end of year	\$ 466,155	\$ -

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.

	2008	2007
Balance, beginning of year	\$ 553,741	\$ 516,830
Receipts and contributions:		
Donations	568,610	352,055
Tuition contribution - scholarships and bursaries	666,085	687,712
Interest & investment income	57,431	49,575
Legacy reserve contributions	500,000	499,997
Less:		
Amortized to revenue	(1,030,017)	(1,002,428)
Transfer to capital fund	(6,000)	(550,000)
Balance, end of year	\$ 1,309,850	\$ 553,741

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

6. 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.

	2008	2007
Balance, beginning of year	\$79,857,169	\$58,348,586
Contributions from Province (Capital Projects)	16,885,913	16,116,389
Contributions from Province (Start Up Grant)	183,685	261,728
Contributions from Legacy Fund and donations (Trust transfer)	6,000	550,000
Contributed capital assets	-	7,175,735
Other revenue	274,859	635,705
Less amount amortized to revenue	(3,277,811)	(3,230,974)
Balance, end of year	\$93,929,815	\$79,857,169

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

	2008	2007
Unamortized capital contributions used to purchase assets	\$93,696,600	\$79,857,169
Unspent contributions	233,215	-
Balance, end of year	\$93,929,815	\$79,857,169

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

7. Investment in capital assets:

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

	2008	2007
Capital assets, net of accumulated amortization	\$ 137,982,346	\$ 115,621,643
Unspent portion of deferred contributions	233,215	-
Amounts financed by:		
Deferred contributions	(93,929,815)	(79,857,169)
Student recreation centre loan	(220,205)	(634,580)
Student residences loan	(13,733,431)	(3,025,216)
Loan from operating	(969,421)	(1,039,549)
Net investment in capital assets	\$ 29,362,689	\$ 31,065,129

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

	2008	2007
Excess of expenditures over revenues:		
Amortization of deferred capital contributions	\$ 3,277,811	\$ 3,230,974
Other revenue	515,327	274,081
Amortization expense of capital assets	(4,164,566)	(3,456,895)
Gain on sale of capital assets	977,716	-
Other items expensed	(742,133)	(1,091,749)
	\$ (135,845)	\$ (1,043,589)
Interfund transfers and other changes:		
Transfer of grant revenue from operating fund	\$ 900,000	\$ 700,000
Transfer of Annual Capital Allowance revenue from operating fund	626,743	-
Transfer of bookstore equity	109,582	-
Contributed capital assets	-	14,351,438
Interfund transfers	3,265,195	4,042,834
Transfer from internally restricted	265,143	4,548,679
Transfer to internally restricted	(6,733,258)	(265,143)
	\$ (1,566,595)	\$ 23,377,808

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

8. Internally restricted net assets:

9. Scholarship and bursaries trust fund:

10. Pension plans:

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, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

14. University College of the Fraser Valley Foundation:

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

	2008	2007
Assets	\$ 6,028,800	\$ 3,663,950
Net assets	\$ 6,028,800	\$ 3,663,950
<hr/>		
	2008	2007
Revenue	\$ 2,180,024	\$ 430,952
Expenditures	243,985	122,785
Excess of revenue over expenditures	\$ 1,936,039	\$ 308,167
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Cash flows provided by:		
Operating activities	\$ 2,018,662	\$ 189,921
Financing and investments	\$ (2,229,051)	\$ (598,512)

During the year the University College provided management and administration services to the Foundation for nil consideration and received net donations of \$186,421 (2007 - \$103,580) from the Foundation.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

15. Subsequent events:

- (a) In April 2008 the University College signed a contract with Dominion Fairmile Construction Ltd. in the amount of \$13,713,615 for the Building C/B renovation in Abbotsford.
- (b) On April 21, 2008, Premier Gordon Campbell of the Province of British Columbia announced that the University College of the Fraser Valley will become a university. New legislation is expected in May, 2008 to accommodate this change. With this status change, the University College of the Fraser Valley will become the University of the Fraser Valley, with a mandate as a special purpose, teaching intensive university.

16. Comparative figures:

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