



Financial Statements of

**UNIVERSITY of the FRASER VALLEY**

Year ended March 31, 2012



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## **INDEPENDENT AUDITORS' REPORT**

To the Board Governors of University of the Fraser Valley and the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of the University of the Fraser Valley (the "Entity") which comprise the statement of financial position as at March 31, 2012, the statements of operations and changes in fund balances, revenue, expenses, changes in fund balances and cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the University of the Fraser Valley as at March 31, 2012, and the results of its operations, its fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*KPMG LLP*

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Chartered Accountants

Abbotsford, British Columbia

May 17, 2012

**UNIVERSITY of the FRASER VALLEY**

Statement of Financial Position

March 31, 2012, with comparative figures for 2011

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2012 Total	2011 Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
<b>Current assets:</b>						
Cash	13,111,218	-	-	4,113,114	17,224,332	35,882,822
Short-term investments (Note 5 (a))	16,994,839	-	-	-	16,994,839	11,225,581
Accounts receivable	3,296,826	9,068	-	11,956	3,317,850	3,438,972
Inventories	55,191	1,568,447	-	-	1,623,638	1,693,034
Prepaid expenses	329,512	-	-	-	329,512	337,416
	<u>33,787,586</u>	<u>1,577,515</u>	<u>-</u>	<u>4,125,070</u>	<u>39,490,171</u>	<u>52,577,825</u>
Interfund balance	-	-	1,861,280	38,178	1,899,458	20,133,706
Long-term investments (Note 5 (b))	4,270,679	-	-	7,855,744	12,126,423	17,305,664
Capital assets (Note 6)	-	-	179,303,196	-	179,303,196	155,440,086
	<u>38,058,265</u>	<u>1,577,515</u>	<u>181,164,476</u>	<u>12,018,992</u>	<u>232,819,248</u>	<u>245,457,281</u>
<b>Liabilities, Deferred Contributions and Fund Balances</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities	15,183,090	-	5,372,697	-	20,555,787	17,649,082
Unearned revenue	8,395,685	-	-	-	8,395,685	8,420,460
Current portion of long-term debt (Note 7)	-	-	357,386	-	357,386	340,193
Current portion of capital lease obligation (Note 8)	-	-	101,189	-	101,189	95,339
	<u>23,578,775</u>	<u>-</u>	<u>5,831,272</u>	<u>-</u>	<u>29,410,047</u>	<u>26,505,074</u>
<b>Long-term liabilities:</b>						
Long-term debt (Note 7)	-	-	12,172,882	-	12,172,882	12,527,067
Capital lease obligation (Note 8)	-	-	131,746	-	131,746	231,525
	<u>-</u>	<u>-</u>	<u>12,304,628</u>	<u>-</u>	<u>12,304,628</u>	<u>12,758,592</u>
Interfund balance	1,538,192	361,266	-	-	1,899,458	20,133,706
Deferred contributions (Note 9)	97,617	-	111,004,831	4,177,619	115,280,067	117,680,512
<b>Fund balances:</b>						
Endowments	-	-	-	7,841,373	7,841,373	7,635,112
Internally restricted (Note 11)	11,159,199	-	12,968,416	-	24,127,615	30,321,838
Unrestricted	1,684,482	1,216,249	39,055,329	-	41,956,060	30,422,447
	<u>12,843,681</u>	<u>1,216,249</u>	<u>52,023,745</u>	<u>7,841,373</u>	<u>73,925,048</u>	<u>68,379,397</u>
Commitments and contingencies (Note 13)	-	-	-	-	-	-
	<u>38,058,265</u>	<u>1,577,515</u>	<u>181,164,476</u>	<u>12,018,992</u>	<u>232,819,248</u>	<u>245,457,281</u>

See accompanying notes to financial statements.

Approved by:  Chairman of the Board

 Chief Financial Officer

**UNIVERSITY of the FRASER VALLEY**

## Statement of Operations and Changes in Fund Balances

Year ended March 31, 2012, with comparative figures for 2011

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2012 Total	2011 Total
	\$	\$	\$	\$	\$	\$
Revenue	98,888,425	7,564,049	5,075,673	1,151,729	112,679,876	110,986,176
Expenses	91,344,718	6,521,565	8,322,474	1,151,729	107,340,486	104,742,872
Excess (deficiency) of revenue over expenses before the undernoted	7,543,707	1,042,484	( 3,246,801)	-	5,339,390	6,243,304
Unrealized gain (loss) on endowment investments	-	-	-	( 78,996)	( 78,996)	116,542
Excess (deficiency) of revenue over expenses	7,543,707	1,042,484	( 3,246,801)	( 78,996)	5,260,394	6,359,846
Fund balances, beginning of year	12,762,570	1,216,249	46,765,466	7,635,112	68,379,397	54,500,981
Endowment contributions	-	-	-	285,257	285,257	31,804
Interfund transfers	( 7,462,596)	( 1,042,484)	8,505,080	-	-	-
Transfer endowments from UFV Foundation	-	-	-	-	-	7,486,766
Fund balances, end of year	12,843,681	1,216,249	52,023,745	7,841,373	73,925,048	68,379,397

See accompanying notes to financial statements.

## UNIVERSITY of the FRASER VALLEY

### Statement of Revenue

Year ended March 31, 2012, with comparative figures for 2011

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2012 Total	2011 Total
	\$	\$	\$	\$	\$	\$
Ministry of Advanced Education Grants:						
Continuing programs	55,580,405	-	-	-	55,580,405	55,171,579
Special projects	1,442,408	-	-	-	1,442,408	1,184,925
Leases	-	-	264,717	-	264,717	241,785
<b>Total Ministry of Advanced Education Grants</b>	<b>57,022,813</b>	<b>-</b>	<b>264,717</b>	<b>-</b>	<b>57,287,530</b>	<b>56,598,289</b>
Tuition fees:						
Continuing programs	27,717,219	-	-	-	27,717,219	26,410,692
Other income:						
Amortization of deferred contributions (Note 9)	560,330	-	4,761,622	1,151,729	6,473,681	7,160,006
Contract services	9,426,378	-	-	-	9,426,378	9,138,608
Ancillary services	-	7,564,049	-	-	7,564,049	7,725,188
Investment income	727,675	-	-	-	727,675	635,892
Special projects	2,580,830	-	-	-	2,580,830	2,514,956
Other	853,180	-	49,334	-	902,514	802,545
<b>Total other income</b>	<b>14,148,393</b>	<b>7,564,049</b>	<b>4,810,956</b>	<b>1,151,729</b>	<b>27,675,127</b>	<b>27,977,195</b>
<b>Total revenue</b>	<b>98,888,425</b>	<b>7,564,049</b>	<b>5,075,673</b>	<b>1,151,729</b>	<b>112,679,876</b>	<b>110,986,176</b>

See accompanying notes to financial statements.

**UNIVERSITY of the FRASER VALLEY**

## Statement of Expenses

Year ended March 31, 2012, with comparative figures for 2011

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2012 Total	2011 Total
	\$	\$	\$	\$	\$	\$
Salaries and wages	60,819,769	787,949	-	40,801	61,648,519	59,924,384
Employee benefits	14,960,974	151,075	-	7,752	15,119,801	14,500,425
Supplies and books	3,381,143	69,801	-	6,151	3,457,095	3,244,397
Travel and conferences	2,657,044	9,297	-	6,417	2,672,758	2,481,801
Printing and advertising	577,922	9,803	-	13,607	601,332	634,630
Utilities	1,652,591	158,373	-	-	1,810,964	1,844,827
Rentals and leases	218,712	180,000	228,795	-	627,507	607,395
Contracted services	4,451,832	662,641	-	4,705	5,119,178	4,716,473
Other expenditures	2,624,731	772,997	-	3,921	3,401,649	3,424,350
Cost of sales	-	3,663,888	-	-	3,663,888	3,836,188
Amortization of capital assets	-	-	7,101,411	-	7,101,411	7,318,798
Minor equipment and supplies	-	55,741	-	108,106	163,847	246,338
Minor renovations and repairs	-	-	992,268	-	992,268	825,099
Scholarships and bursaries	-	-	-	960,269	960,269	1,137,767
<b>Total expenses</b>	<b>91,344,718</b>	<b>6,521,565</b>	<b>8,322,474</b>	<b>1,151,729</b>	<b>107,340,486</b>	<b>104,742,872</b>

See accompanying notes to financial statements.

**UNIVERSITY of the FRASER VALLEY**

## Statement of Changes in Fund Balances

Year ended March 31, 2012, with comparative figures for 2011

	Endowments	Internally Restricted	Unrestricted	2012 Total	2011 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	7,635,112	30,321,838	30,422,447	68,379,397	54,500,981
Excess (deficiency) of revenue over expenses	(78,996)	(792,153)	6,131,543	5,260,394	6,359,846
Interfund transfers	-	(5,402,070)	5,402,070	-	-
Endowment contributions	285,257	-	-	285,257	31,804
Transfer endowments from UFV Foundation	-	-	-	-	7,486,766
<b>Balance, end of year</b>	<b>7,841,373</b>	<b>24,127,615</b>	<b>41,956,060</b>	<b>73,925,048</b>	<b>68,379,397</b>

See accompanying notes to financial statements.



**UNIVERSITY of the FRASER VALLEY**

## Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
	\$	\$
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenses	5,260,394	6,359,846
Items not involving cash:		
Amortization of deferred contributions	(6,473,681)	(7,160,006)
Amortization of capital assets	7,101,411	7,318,798
Unrealized (gain) loss on endowment investments	78,996	(116,542)
Investment income re-invested	(223,799)	(33,850)
Net changes in non-cash working capital:		
Accounts receivable	121,122	(1,544,196)
Inventories	69,396	(33,656)
Prepaid expenses	7,904	9,608
Accounts payable and accrued liabilities	2,906,705	3,102,609
Unearned revenue	(24,775)	434,706
	8,823,673	8,337,317
Financing activities:		
Repayment of long-term debt	(336,992)	(320,181)
Repayment of capital lease obligations	(93,929)	(89,615)
Deferred contributions received	4,073,236	15,534,216
	3,642,315	15,124,420
Investing activities:		
Short-term investments	(5,769,258)	4,103,704
Long-term investments	5,324,044	(4,594,723)
Cash transferred from UFV Foundation	-	242,936
Endowment contributions received	285,257	31,804
Purchase of capital assets	(30,964,521)	(16,209,384)
	(31,124,478)	(16,425,663)
Increase (decrease) in cash	(18,658,490)	7,036,074
Cash, beginning of year	35,882,822	28,846,748
Cash, end of year	17,224,332	35,882,822
Supplemental cash flow information:		
Interest paid	670,874	697,842
Non-cash transactions:		
Capital asset financed through capital lease	-	416,479
Investments transferred from UFV Foundation	-	7,560,549

See accompanying notes to financial statements.

# UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2012

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## General:

The University of the Fraser Valley (the "University") is a post-secondary educational institution funded in part by the Province of British Columbia and is incorporated under the University Act of British Columbia. The University is exempt from income tax under the Income Tax Act.

## 1. Significant accounting policies:

### (a) Basis of presentation:

The financial statements of the University have been prepared in accordance with Canadian generally accepted accounting principles.

### (b) Fund accounting:

The University 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.

Funds consist of:

Operating - revenue and expenses relating to general operations.

Ancillary Services - revenue and expenses relating to the bookstore, student residences and to the parking services.

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

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

# UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

### (c) Revenue recognition:

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

Under the University Act and regulations thereto, the University 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. Where a portion of the grant relates to a future period, it is deferred as unearned revenue and recognized in the same period that the related expenditures are incurred.

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.

Endowment contributions are recognized as direct increases in the endowment fund balance.

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

### (d) Interfund balances:

Interfund balances are without interest or specific terms of repayment.

### (e) Short-term investments:

Short-term investments, which are recorded at market value, include investments with terms to maturity of greater than three months and less than one year and are classified as held for trading.

### (f) Investments:

Investments, which includes endowment investments, are recorded at market value, and includes investments with terms to maturity of greater than one year. Included in the endowment investments are money market funds, bonds, and equities. Investments are classified as held for trading.

# UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

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## 1. Significant accounting policies (continued):

### (g) Inventories:

Inventories are valued at the lower of cost and replacement cost with cost defined as weighted average cost.

### (h) Capital assets:

Purchased capital assets 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

If it is determined that the net carrying amount of a capital asset exceeds its long-term service potential, the capital asset is written down to its residual value, if any.

### (i) Unearned revenue:

Unearned revenue represents tuition fees and contracted service fees received for specific courses or projects which were not completed at year end. Where a grant is received that relates to a future period, it is deferred as unearned revenue and recognized in the subsequent period that the related expenditures are incurred.

### (j) Salaries and wages:

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

## UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

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

(k) Employee future benefits:

The University accrues its future obligations under employee benefit plans related to the supplemental employment benefit for faculty on maternity or parental leave. The University is a member of multi-employer pension plans and applies defined contribution plan accounting and, accordingly, contributions are expensed.

(l) 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. Significant areas requiring the use of management estimates relate to the valuation of accounts receivable, the determination of the useful lives of capital assets for amortization and the amortization of related deferred contributions, accrued liabilities and provisions for contingencies. Actual results could differ from those

(m) Financial instruments:

The University has classified cash, short-term investments and long-term investments as held for trading, accounts receivable as loans and receivables and accounts payable and accrued liabilities and long-term debt as other financial liabilities. The University has not identified any embedded derivatives that are not closely related to the host contract and currently the University does not have any financial instruments that would qualify for hedge accounting.

The University has elected to continue to apply the financial instrument disclosure and presentation standards in accordance with Section 3861 in place of Handbook Sections 3862, *Financial Instruments - Disclosure*, and 3863, *Financial Instruments - Presentation*

### 2. Future accounting framework:

Effective April 1, 2012, the University will transition to a new accounting framework which will include Public Sector Accounting Standards ("PSAB") supplemented by directives from the Government of British Columbia's Treasury Board.

The transition to the new accounting framework will be applied on a retrospective basis. The University is reviewing the impact of these changes on the financial statements.

## UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

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**3. Related entity:**

Financial information relating to the University of the Fraser Valley Foundation (the "Foundation") is presented in Note 16. The Foundation has not had any activity in the current fiscal year. The assets and operations were moved to the University on January 1, 2011.

**4. Capital management:**

The University receives its principal source of capital through funding received from the Ministry of Advanced Education. The University defines capital to be its fund balances.

The University's objective when managing capital is to fund its operations and capital asset additions. The University manages the capital structure in conjunction with the Ministry of Advanced Education and makes adjustments based on available government funding and economic conditions. Currently, the University's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Advanced Education.

## UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

### 5. Investments

(a) Short-term investments:

	2012	2011
Investments	\$ 16,994,839	\$ 11,225,581

Short-term investments include term deposits with interest rates ranging between 1.75% and 2.7%.

(b) Long-term investments:

	2012	2011
Endowment Investments:		
Money market funds	\$ 220,436	\$ 254,411
Bonds	4,237,991	3,932,677
Equities	3,397,317	3,523,853
	7,855,744	7,710,941
Other Investments	4,270,679	9,594,723
	\$ 12,126,423	\$ 17,305,664

Long-term investments include term deposits which mature between December 2013 and December 2014. Interest rates range between 2.1% and 3.2%. The University has contracted with an investment firm to manage its endowment investment portfolio in accordance with its investment policy. Of the above endowment investments, \$2,542,992 (2011 - \$2,482,807) was received for the BC Regional Chair on Canada/India Business Economic Development.

The adjusted cost base of the endowment investments at March 31, 2012 is \$7,594,802 (2011 - \$7,371,002).

# UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2012

## 6. Capital assets:

	Total Cost 2011	Additions During Year	Disposals During Year	Total Cost 2012	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011
Buildings	\$ 149,133,117	\$ 862,852	\$ -	\$ 149,995,969	\$ 46,275,875	\$ 103,720,094	\$ 106,424,458
Construction-in-progress	12,180,253	25,626,783	-	37,807,036	-	37,807,036	12,180,253
Furniture and equipment	38,343,746	2,653,671	151,494	40,845,923	34,675,245	6,170,678	6,002,530
Library books	8,701,397	290,539	-	8,991,936	7,541,619	1,450,317	1,495,412
Land	23,834,681	-	-	23,834,681	-	23,834,681	23,834,681
Site improvements	7,279,878	229,092	-	7,508,970	2,457,624	5,051,346	5,502,752
Leasehold improvements	318,390	1,301,584	-	1,619,974	350,930	1,269,044	-
	<b>\$ 239,791,462</b>	<b>\$ 30,964,521</b>	<b>\$ 151,494</b>	<b>\$ 270,604,489</b>	<b>\$ 91,301,293</b>	<b>\$ 179,303,196</b>	<b>\$ 155,440,086</b>

(a) Construction-in-progress:

Construction-in-progress consists of costs incurred to date for the new building at the Canada Education Park in Chilliwack.



**UNIVERSITY of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2012

**7. Long-term debt:**

	2012	2011
BC Immigrant Investment Fund Ltd. (BCIIF) loan is unsecured, payable in quarterly installments of \$248,304 including interest at 5.15%, due August 1, 2017	\$ 12,530,268	\$ 12,867,260
Current portion of long-term debt	(357,386)	(340,193)
	<u>\$ 12,172,882</u>	<u>\$ 12,527,067</u>

Interest on long-term debt in the amount of \$653,349 (2011 - \$669,667) is included in other expenses of the ancillary services fund.

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

2013	\$357,386
2014	\$376,493
2015	\$396,260
2016	\$417,465
2017	\$438,562
Thereafter	\$10,544,102

**UNIVERSITY of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2012

**8. Capital lease obligation:**

The University has financed certain copying equipment by way of capital lease. Capital lease repayments are due as follows:

	2012	2011
Year ending December 31:		
2012	-	111,454
2013	111,454	111,454
2014	111,454	111,454
2015	27,842	27,842
Total minimum lease payments	250,750	362,204
Less amount representing interest at 6.0%	(17,815)	(35,340)
Present value of net minimum capital lease payments	232,935	326,864
Current portion of obligation under capital lease	(101,189)	(95,339)
	\$ 131,746	\$ 231,525

Interest of \$21,628 (2011 - 21,628) relating to capital lease obligations has been included in contracted services. The total cost amount of assets under capital lease is \$416,479 with related accumulated amortization of \$195,990.

**9. Deferred contributions:**

(a) Deferred contributions - Operating Fund:

Deferred contributions - Operating Fund represent unspent externally restricted operating contributions received for which the related expenses such as minor maintenance, renovations and other items have not yet been incurred.

	2012	2011
Balance, beginning of year	\$ 239,057	\$ 274,246
Contribution from Province (ACA)	418,890	418,890
Contribution from Province (Start Up Grant)	-	146,796
Contribution from Province (Skills Development Employment Benefit)	-	160,482
Less:		
Amortized to revenue	(560,330)	(614,561)
Transfer to capital fund	-	(146,796)
Balance, end of year	\$ 97,617	\$ 239,057

**UNIVERSITY of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2012

**9. Deferred contributions (continued):**

(b) Deferred contributions - Trust Fund

Deferred contributions - Trust Fund represent unspent externally restricted funds received for which the related expenses such as scholarships, bursaries and other items have not yet been incurred.

	2012	2011
Balance, beginning of year	\$ 3,186,814	\$ 2,467,189
Receipts and contributions:		
Donations	973,297	817,900
Tuition contribution - scholarships and bursaries	552,095	576,913
Interest and investment income	281,958	74,213
Legacy reserve contributions	500,000	500,000
Transfer from UFV Foundation	-	316,719
Less:		
Amortized to revenue	(1,151,729)	(1,454,842)
Transfer to capital fund	(61,812)	(20,605)
Transfer to endowment fund	(6,930)	-
Interest and investment income distributed to operating fund	(96,074)	(90,673)
<b>Balance, end of year</b>	<b>\$ 4,177,619</b>	<b>\$ 3,186,814</b>

(c) Deferred capital contributions - Capital fund

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

	2012	2011
Balance, beginning of year	\$ 114,254,641	\$ 106,248,148
Contributions from Province (Capital Projects)	1,300,000	11,184,000
Contributions from Province (Start Up Grant)	-	146,796
Contributions from Federal government (KIP)	-	1,587,000
Contributions from Legacy Fund and donations (Trust transfer)	61,812	20,605
Other revenue	150,000	158,695
Less amount amortized to revenue	(4,761,622)	(5,090,603)
<b>Balance, end of year</b>	<b>\$ 111,004,831</b>	<b>\$ 114,254,641</b>

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

	2012	2011
Unamortized capital contributions used to purchase assets	\$ 109,500,569	\$ 111,630,544
Unspent contributions	1,504,262	2,624,097
<b>Balance, end of year</b>	<b>\$ 111,004,831</b>	<b>\$ 114,254,641</b>

## **UNIVERSITY of the FRASER VALLEY**

Notes to Financial Statements (continued)

Year ended March 31, 2012

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### **10. Funds held by Vancouver Foundation**

The University has endowment funds \$217,525 (2011 - \$222,058) with the Vancouver Foundation. These funds are permanent funds with the Foundation which provides income for scholarships, bursaries and other student aid at the University. The funds are not under University ownership or control. The University has recorded its contributions to the funds as donation expenditures. The University received amounts totaling \$8,346 (2011 - \$8,083) as income from the funds during the year.

### **11. Internally restricted funds:**

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

### **12. Pension plans:**

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The board 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 13,000 active members from college senior administration and instructional staff and approximately 5,000 retired members. The Municipal Pension Plan has about 173,000 active members, with approximately 5,600 from colleges.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2009 indicated a \$28,000,000 deficit for basic pension benefits. The next valuation will be as at August 31, 2012 with results available in 2013. The most recent actuarial valuation for the Municipal Pension Plan as at December 31, 2009 indicated a \$1,024,000,000 deficit for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers. The University paid and expensed \$1,261,955 (2011 - \$1,145,370) for employer contributions to the Municipal plan and \$3,756,001 (2011 - \$3,629,473) to the College plan in fiscal 2012.

## UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2012

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### 13. Commitments and contingencies:

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

2013	\$353,194
2014	\$281,540
2015	\$223,998
2016	\$205,087
2017	\$205,087

(b) The University has a capital construction project in progress at the Canada Education Park with a total estimated budget of \$45,350,000 and an expected completion date of May 2012. The sale of the Chilliwack North Campus, along with funding from University capital reserves is budgeted to contribute \$27,500,000 to the project. The University has sufficient cash to fund this contribution until the sale of the Chilliwack North Campus. The planned building in partnership with the Student Union Society is on hold pending the sale of the Chilliwack North Campus or alternate funding arrangements.

(c) From time to time, the University is involved in litigation or proceedings relating to claims arising out of its operation in the ordinary course of business. The University has not accrued an amount for any outcomes in these financial statements, as outcomes are uncertain or any potential liability is not expected to have a material adverse effect on the University's financial position.

### 14. Bank credit facility:

The University 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, 2012, there was no amount drawn on this line of credit.

### 15. Comparative figures:

Certain 2011 comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year.

**UNIVERSITY of the FRASER VALLEY**  
Notes to Financial Statements (continued)

Year ended March 31, 2012

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**16. University of the Fraser Valley Foundation:**

A summary of the Foundation's financial position is as follows:

	2012	2011
	\$	\$
Assets	145	184
Net assets	145	184

**17. Related parties:**

The University is related through common ownership to all Province of British Columbia ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.