



Consolidated Financial Statements Year Ended March 31, 2015



University of Northern British Columbia

Consolidated Financial Statements

Table of Contents

STATEMENT OF MANAGEMENT RESPONSIBILITY	1
REPORT OF THE AUDITOR	2 - 3
AUDITED FINANCIAL STATEMENTS	
Consolidated Statement of Financial Position	4
Consolidated Statement of Operations and Accumulated Surplus	5
Consolidated Statement of Changes in Net Debt	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 - 23

Colleen Smith

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2015 (in thousands of dollars)

12. Financial risk management (continued)

normal and stressed conditions, without incurring unacceptable losses or risking damage to the University's reputation.

(d) Fair value of financial instruments

Generally accepted accounting principles define the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties. The University uses the following methods and assumptions to estimate the fair value of each class of financial instruments for which the carrying amounts are included in the Statement of Financial Position under the following captions:

- (i) Cash and cash equivalents and short-term investments are measured in the statement of financial position at fair value. Their carrying values approximate fair value due to the relatively short term to maturity of these instruments.
- (ii) The financial instruments measured at fair value held within each investment are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:
 - Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
 - Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
 - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The classification of the University's instruments is indicated in Note 5.

13. Accumulated surplus

Accumulated surplus is comprised of the following:

	2015	2014
Accumulated operating surplus	\$ 87,733	\$ 87,396
Endowments	47,382	43,719
	<u>\$ 135,115</u>	<u>\$ 131,115</u>

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2015 (in thousands of dollars)

13. Accumulated surplus (continued)

Accumulated operating surplus consists of the following individual fund surpluses:

	2015	2014
Invested in tangible capital assets		
Capital assets	\$ 216,474	\$ 218,249
Amounts financed by deferred capital contributions	(169,941)	(172,816)
Amount financed by long term debt (net of sinking fund)	(5)	(1,374)
	<u>46,528</u>	<u>44,059</u>
Appropriated for specific purposes		
General Operating		
Departmental carryforwards	5,891	5,054
Minor capital projects, equipment purchases and special projects	8,573	9,312
Professional development and internal research funds	4,926	4,395
	<u>19,390</u>	<u>18,761</u>
Ancillary Services	1,176	713
Capital	5,410	7,184
Specific Purpose	11,712	13,162
	<u>37,688</u>	<u>39,820</u>
Unrestricted surplus	<u>3,517</u>	<u>3,517</u>
Total accumulated operating surplus	<u>\$ 87,733</u>	<u>\$ 87,396</u>

General Operating appropriations are comprised of departmental amounts calculated under a policy which allows them to carry forward unspent amounts to future periods, as well as an allocation of unspent salary allocations under the authority of the Provost and the Vice President, Administration and Finance. It also includes allocations for one time projects, minor capital projects and new equipment purchases and funds set aside for individuals covered under various employment handbooks for professional development and research.

Ancillary Services represents accumulated funds held for the ongoing operations of ancillaries such as the Bookstore, Conference Services, Continuing Education and Vending.

Capital represents funds held for specific capital projects and the Capital Equipment Replacement Reserve.

Specific Purpose are funds that are restricted internally for specific activities and use, such as conference fees, library fines and reserves.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2015 (in thousands of dollars)

14. Endowments

Endowment contributions form part of accumulated surplus. Changes to the endowment balances are as follows:

	2015	2014
Balance, beginning of year	\$ 43,719	\$ 41,921
Contributions received during the year	2,454	385
Capitalized interest	874	850
Transfers from specific purpose funds	335	
Income reserve gain (loss) not adjusted to individual endowment principal balances	-	563
Balance, end of year	\$ 47,382	\$ 43,719

The balance shown does not include endowment principal with fair value of \$1,991 (2014 - \$1,803) and book value of \$1,681 (2014 - \$1,681) held by the Vancouver Foundation. The excluded principal is not owned or controlled by the University, but income from it is paid to the University to be used for specific purposes.

15. Expenses by object

The following is a summary of expenses by object:

	2015	2014
Salaries and wages	\$ 52,585	\$ 51,844
Benefits	9,738	9,702
Travel and personnel costs	3,276	3,372
Operational supplies and expenses	10,653	10,298
Equipment, furnishings and rent	1,877	1,192
Professional and contracted services	6,681	8,013
Scholarships, fellowships and bursaries	3,240	2,916
Renovations, alterations and maintenance	2,722	3,250
Cost of goods sold	2,333	2,414
Interest	354	955
Utilities	2,698	2,708
Amortization of tangible capital assets	8,888	8,834
	\$ 105,045	\$ 105,498

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2015 (in thousands of dollars)

16. Trust funds

At March 31, 2015 the University held funds in trust on behalf of the Northern Medical Programs Trust which are not included in these consolidated financial statements. Trust fund balances, having a book value of \$7,562 (2014 - \$7,559) and fair value of \$9,827 (2014 - \$9,005) are administered by the University.

17. Budget

The University administers each of its types of funds from a financial perspective in a manner relevant to the nature of the operations of the fund.

- The Operating Fund, consisting of the General Operating Fund, including the Northern Medical Program, is managed pursuant to an annual operating budget approved by the Board of Governors. The budget included for the Northern Medical Program is part of the overall Medical Program Expansion budget approved by the Distributed Program Planning Committee, of which UNBC is a member.
- The Capital Fund is financially managed based on a project by project basis, with funding derived from various sources. Projects are approved individually and may span several reporting periods; therefore, capital budget figures are not available for inclusion on the Statement of Net Debt.
- Externally funded Specific Purpose and Sponsored Research funds are financially managed on an individual basis based on the contract or agreement in place relating to the revenue.
- Ancillary Funds are financially managed pursuant to annual operating budgets approved by the Board of Governors.

The 2014/15 budgets for the Operating and Ancillary Funds were approved by the Board of Governors on March 29, 2014. These budgets, prepared on internal accounting basis, have been adjusted to more closely conform to PSAS standards in the table below.

	<u>As</u> <u>Approved</u>
Total revenue	\$ <u>81,328</u>
Total expenses	77,869
Total capital expenditures	321
Total interfund transfers	<u>3,138</u>
	<u>81,328</u>
Budgeted annual surplus	-
Eliminate interfund transfers	(3,138)
Eliminate capital expenditures and debt payments	<u>(321)</u>
Annual surplus for Operating Commitments	\$ <u>3,459</u>

UNIVERSITY OF NORTHERN BRITISH COLUMBIA

Notes to Consolidated Financial Statements

Year ended March 31, 2015 (in thousands of dollars)

18. Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.