

Financial Statements of



**And Independent Auditor's Report thereon
For the year ended March 31, 2024**



STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates in compliance with accounting requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and the Restricted Contribution Regulation 198/2011 issued pursuant to it. This responsibility includes selecting appropriate accounting principles and methods and making decisions affecting measurement of transactions in which objective judgment is required.

In fulfilling its responsibilities for the integrity and fairness of the financial statements, University's management has developed and maintains a system of internal controls designed to provide reasonable assurance that the University assets are safeguarded, and financial records are properly maintained to provide a reliable basis for the preparation of financial statements.

The Board of Governors of the University carries out its responsibility for review of the financial statements principally through its Finance and Audit Committee. The members of the Finance and Audit Committee are not officers or employees of the University and meets with management and the external auditors to discuss the results of audit examinations, financial reporting matters, and recommends approval of the financial statements to the Board. The auditors have full access to the Finance and Audit Committee, with and without the presence of the management.

The financial statements have been audited by KPMG LLP, Chartered Professional Accountants, the external auditors appointed by the University's Board of Governors. The Independent Auditors' Report outlines the nature of their audit and expresses an opinion on the financial statements of the University for the year ended March 31, 2024.

On behalf of the University

A handwritten signature in black ink, appearing to read "John Pankratz", is written over a horizontal line.

Chair of the Board, John Pankratz

A handwritten signature in black ink, appearing to read "Nicole Adams", is written over a horizontal line.

Chief Financial Officer, Nicole Adams

June 20, 2024



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INDEPENDENT AUDITOR'S REPORT

To the Board of Governors of the University of the Fraser Valley, and to the Ministry of Post Secondary Education and Future Skills, Province of British Columbia

Opinion

We have audited the consolidated financial statements of University of the Fraser Valley (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2024
- the consolidated statement of operations and accumulated operating surplus for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2024, of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



Emphasis of Matter – Financial Reporting Framework

We draw attention to Note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

Emphasis of Matter – Other Information

Management is responsible for the other information. Other information comprises:

- Information, other than the financial statements and the auditors' report thereon, included in the Annual Financial Report document.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in the Annual Financial Report document as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.



Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



University of the Fraser Valley & ministry of PS Edu. BC
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- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada

June 20, 2024

University of the Fraser Valley

March 31, 2024

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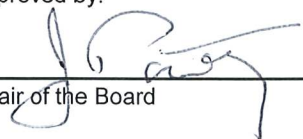
University of the Fraser Valley

Statement of Financial Position

As at March 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 31,492,472	\$ 19,661,082
Accounts receivable	4,164,209	6,379,030
Inventories held for resale	746,580	807,502
Investments (Note 4)	100,215,666	92,269,467
Loan receivable (Note 5)	1,182,326	-
	<u>137,801,253</u>	<u>119,117,081</u>
Liabilities		
Accounts payable and accrued liabilities (Note 6)	30,122,077	25,531,851
Deferred revenue (Note 7)	43,996,735	38,224,942
Deferred capital contributions (Note 8)	113,990,584	98,829,627
Debt (Note 10)	6,344,975	7,607,405
Obligations under capital lease (Note 11)	438,042	296,703
Other long term liabilities (Note 21)	1,363,308	1,262,323
	<u>196,255,721</u>	<u>171,752,851</u>
Net debt	(58,454,468)	(52,635,770)
Non-financial assets		
Tangible capital assets (Note 18)	198,933,933	185,069,365
Prepaid expenses	1,958,579	861,981
Investments - endowments (Note 16)	13,239,398	12,916,318
	<u>214,131,910</u>	<u>198,847,664</u>
Accumulated surplus	\$ 155,677,442	\$ 146,211,894
Contingent liabilities (Note 9)		
Contractual obligations (Note 14)		

Approved by:


Chair of the Board


Chief Financial Officer

See accompanying notes to the financial statements.

University of the Fraser Valley

Statement of Operations and Accumulated Surplus

For the year ended March 31, 2024, with comparative information for 2023

	2024 Budget (Note 2.k)	2024	2023
Revenue			
Tuition and student fees	\$ 79,008,987	\$ 83,379,375	\$ 67,199,332
Province of British Columbia	69,174,932	79,743,881	73,434,025
Sales of goods and services	6,503,459	6,365,898	6,280,139
Amortization of deferred capital contributions (Note 8)	6,017,558	5,274,499	5,789,331
Donations, non-government grants and contracts	1,725,556	5,012,954	3,996,960
Investment income	1,385,312	4,717,973	3,227,552
Other revenue	2,385,143	3,364,877	2,845,546
Government of Canada	1,165,667	2,629,300	2,136,188
Loss from government business enterprises	-	(231,536)	(64,802)
Loss on disposal of assets	-	(84,227)	-
	<u>167,366,614</u>	<u>190,172,994</u>	<u>164,844,271</u>
Expenses			
Instruction and support	162,392,344	176,147,987	156,862,512
Ancillary	4,974,270	4,882,539	4,458,666
	<u>167,366,614</u>	<u>181,030,526</u>	<u>161,321,178</u>
Annual surplus from operations	-	9,142,468	3,523,093
Endowment contributions	-	323,080	498,304
Annual surplus	-	9,465,548	4,021,397
Accumulated surplus, beginning of year	-	146,211,894	142,190,497
Accumulated surplus, end of year	<u>\$ -</u>	<u>\$ 155,677,442</u>	<u>\$ 146,211,894</u>

See accompanying notes to the financial statements.

University of the Fraser Valley

Statement of Changes in Net Debt

For the year ended March 31, 2024, with comparative information for 2023

	2024 Budget (Note 2.k)	2024	2023
Annual surplus	\$ -	\$ 9,465,548	\$ 4,021,397
Acquisition of tangible capital assets	-	(24,283,790)	(20,486,341)
Acquisition of capital lease	-	(270,712)	(186,527)
Proceeds on sale of tangible capital assets	-	12,800	-
Loss on sale of tangible capital assets	-	84,227	-
Amortization of tangible capital assets	10,000,000	10,592,907	10,181,150
	10,000,000	(13,864,568)	(10,491,718)
Acquisition of prepaid expenses	-	(1,958,579)	(861,981)
Use of prepaid expenses	-	861,981	1,244,112
	-	(1,096,598)	382,131
	10,000,000	(5,495,618)	(6,088,190)
Endowment contributions	-	(323,080)	(498,304)
Decrease (increase) in net debt	10,000,000	(5,818,698)	(6,586,494)
Net debt, beginning of year	(52,635,770)	(52,635,770)	(46,049,276)
Net debt, end of year	\$ (42,635,770)	\$ (58,454,468)	\$ (52,635,770)

See accompanying notes to the financial statements.

University of the Fraser Valley

Statement of Cash Flows

For the year ended March 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities		
Annual surplus	\$ 9,465,548	\$ 4,021,397
Items not involving cash		
Amortization of tangible capital assets	10,592,907	10,181,150
Amortization of deferred capital contributions	(5,274,499)	(5,789,331)
Loss from government business enterprises	231,536	64,802
Loss on sale of tangible capital assets	84,227	-
Change in non-cash operating working capital (Note 12)	11,642,149	1,695,815
Net change in cash from operating activities	26,741,868	10,173,833
Investing activities		
Increase in investments - non endowment	(8,177,735)	(12,344,897)
Increase in investments - endowment	(323,080)	(498,304)
Net change in cash from investing activities	(8,500,815)	(12,843,201)
Capital activities		
Acquisition of tangible capital assets	(24,283,790)	(20,486,341)
Proceeds on sale of assets held for sale	12,800	-
Net change in cash from capital activities	(24,270,990)	(20,486,341)
Financing activities		
Repayment of debt	(1,262,430)	(206,399)
Deferred capital contributions received	20,435,456	13,167,533
Repayment of obligations under capital lease	(129,373)	(76,462)
Issuance of debt	(1,182,326)	-
Net change in cash from financing activities	17,861,327	12,884,672
Net change in cash and cash equivalents	11,831,390	(10,271,037)
Cash and cash equivalents, beginning of year	19,661,082	29,932,119
Cash and cash equivalents, end of year	\$ 31,492,472	\$ 19,661,082

Supplemental cash flow information included in notes 12 and 18

See accompanying notes to the financial statements.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

1. Authority and purpose

The University of the Fraser Valley (the "University" or "UFV") is a special purpose teaching university, partially funded by the Province of British Columbia, which operates under the authority of the University Act of British Columbia. The University is governed by a Board of Governors, the majority of which are appointed by the Province of British Columbia. The University is also a registered charity and is exempt from income taxes under section 149 of the *Income Tax Act*.

2. Significant accounting policies

(a) Basis of accounting

The financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges and Hospitals sectors to adopt Canadian public sector accounting standards without any PS4200 elections effective their first fiscal year commencing after January 1, 2012.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset are recorded as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of deferred capital contributions and recognition of revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than those for the acquisition or development of a depreciable tangible capital asset are recorded in deferred contributions and recognized as revenue in the year in which the stipulation or restriction on the contributions have been met.

For British Columbia tax payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under 198/2011 are significantly different from the requirements of Canadian public sector standards which requires that government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector standard PS3410. Externally restricted contributions are recognized as revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS3100.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

(a) Basis of accounting (continued)

As a result, revenue recognized in the Statement of Operations and Accumulated Surplus and certain deferred capital contributions would be recorded differently under Canadian public sector accounting standards.

(b) Basis of consolidation

The consolidated financial statements reflect the assets, liabilities, revenue, and expenses of organizations which are controlled by the University. On September 9, 2019, UFV Properties Development Corporation (the "Corporation"), a wholly owned subsidiary of the University, was incorporated under the Business Corporations Act of British Columbia and on January 30, 2020, a trust deed was executed and appointed UFV Properties Development Corporation as trustee of UFV Properties Trust (the "Trust"). The purpose of the Trust is to develop surplus property on behalf of the University. The Corporation is fully consolidated into these statements and all inter-entity balances and transactions are eliminated on consolidation.

(c) Cash and cash equivalents

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(d) Financial instruments

Financial instruments are classified into two categories: fair value or cost or amortized cost.

(i) Fair value category: Includes portfolio investments that are quoted in an active market and derivative instruments reflected at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Re-measurement Gains and Losses until such time that the financial asset is de-recognized due to disposal or impairment. At the time of de-recognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus. Unrealized gains and losses on endowment investments where earnings are restricted as to use are recorded as deferred revenue and recognized in revenue when disposed and when the related expenses are incurred. All unrealized gains and losses related to the University's investments are restricted in use and recorded as deferred revenue. As a result, the University does not have a Statement of Re-measurement Gains and Losses.

(ii) Cost or amortized cost category: Gains and losses are recognized in the Statement of Operations and Accumulated Surplus when the financial asset is derecognized due to disposal or impairment. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments is included in the cost of the related investments.

(e) Investments

Investments, non-endowment, are comprised of money market securities and other investments with terms that are capable of liquidation. These investments are recorded at cost plus any accrued interest to date. All interest income and realized gains and losses are recognized in the period in which they arise.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

(f) Inventories held for resale

Inventories held for resale are recorded at the lower of cost or net realizable value. Cost includes the original purchase cost, plus shipping and applicable duties. Net realizable value is the estimated proceeds from sale less any costs incurred to sell. Inventories are written down to net realizable value when the cost of inventories is estimated not to be recoverable. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of write down previously recorded is reversed.

(g) Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets

Tangible capital assets are recorded initially at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives shown below. Land is not amortized as it is deemed to have a permanent value.

Asset	Basis	Rate
Buildings	Straight-line	20-60 years
Furniture and equipment	Straight-line	5-10 years
Computer hardware and software	Straight-line	2-4 years
Leasehold improvements	Straight-line	Life of the lease
Site improvements	Straight-line	10 years
Library books	Straight-line	10 years

Assets under construction are not amortized until the asset is put into productive use. Tangible capital assets are written down when conditions indicate that they no longer contribute to the University's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Statement of Operations and Accumulated Surplus. Contributed tangible capital assets are recorded at their fair value on the date of donation, except in circumstances where fair value cannot be reasonably determined, in which case they are recognized at nominal value.

(ii) Leased tangible capital assets

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as tangible capital leases. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

(g) Non-financial assets (continued)

(iii) Endowment investments

Endowment investments quoted in an active market are reported at fair value. Investment income and unrealized gains and losses relating to the investments are reported as deferred revenue on the Statement of Financial Position and are recognized into revenue when the related expense is incurred.

(h) Revenue recognition

Revenues from transactions with performance obligations such as tuition, student fees, and sale of goods and services, are recognized when (at a point in time) or as (over a period of time) the University satisfies the performance obligations, which occurs when control of the benefits associated with the promised goods or services has passed to the payor. Revenues from transactions without performance obligations are recognized at realizable value when the University has the right to claim or retain an inflow of economic resources received or receivable and there is a past transaction or event that gives rise to the economic resources. Unrestricted donations and grants are recorded as revenue when received or receivable if the amounts can be estimated and collection is reasonably assured. Pledges from donors are recorded as revenue when payment is received by the University or the transfer of property is completed.

Restricted donations and grants are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset or in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred revenue and recognized in revenue in the year in which the stipulation or restriction on the contribution have been met.
- (iii) Contributions restricted to be retained in perpetuity, allowing only the investment income earned thereon to be spent are recorded as endowment contributions on the Statement of Operations and Accumulated Surplus for the portion to be held in perpetuity and as deferred revenue for any restricted investment income earned thereon.

Investment income includes interest recorded on an accrual basis and dividends recorded as declared, realized gains and losses on the sale of investments, and write-downs on investments where the loss in value is determined to be other than temporary. Investment income excludes income from endowed investments.

(i) Use of estimates

Preparation of financial statements in accordance with the basis of accounting described in note 2(a) requires management to make estimates and assumptions that impact reported amounts of assets and liabilities at the date of the financial statements and revenues and expenses during the reporting periods. Areas requiring the use of management estimates relate to the potential impairment of assets, estimated useful lives of tangible capital assets, contingent liabilities and estimated employee future benefits. Actual results could differ from those estimates.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

(j) Foreign currency translation

The University's functional currency is the Canadian dollar. Transactions in foreign currencies are translated into Canadian dollars at the exchange rate in effect on the transaction date. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities which were designated in the fair value category under the financial instrument standard are reflected in the financial statements in equivalent Canadian dollars at the exchange rate in effect on the Statement of Financial Position date. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or Statement of Financial Position date would be recognized in the Statement of Re-measurement Gains and Losses. In the period of settlement, the related cumulative re-measurement gain/loss would be reversed in the Statement of Re-measurement Gains and Losses and the exchange gain or loss in relation to the exchange rate at the date of the item's initial recognition is recognized in the Statement of Operations and Accumulated Surplus.

(k) Budget figures

Budget figures have been provided for comparative purposes and have been derived from the 2023/2024 Budget approved by the Board of Governors of the University on March 30, 2023. The budget is reflected in the Statement of Operations and Accumulated Surplus and the Statement of Changes in Net Debt.

(l) Expense functions

Expense functions have been identified based upon the functional lines of service provided by the University. The University's services are provided by departments and their activities are reported by functional area in the Statement of Operations and Accumulated Surplus. The functional lines, along with the services they provide, are as follows:

- (i) Instruction and support: This function includes activities related to delivering education. This includes instruction, education administration, student support, general administration, and the cost of space, safety, and equipment.
- (ii) Ancillary: This function includes the activities of the ancillary operations. An ancillary operation is one that is generally outside of the normal functions of instruction and research, provides goods and services to students, staff or others, and that charges a fee directly related to the cost of providing the goods or services. Ancillary operations include parking, food services, and bookstores. Costs associated with this function include function-related contracts and general and financial administration and support costs.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

- (m) Investment in government business enterprises

Government business enterprises are accounted for by the modified equity method. Under this method, the University's investment in the business enterprise and its net income and other changes in equity are recorded. No adjustment is made to conform the accounting policies of the government business enterprise to those of the University other than, if other comprehensive income exists, it is accounted for as an adjustment to accumulated surplus of the University. Inter-organizational transactions and balances have not been eliminated, except for any profit or loss on transactions between entities of assets that remain within the entities controlled by the University.

The following organizations are controlled government business enterprises and are accounted for by the modified equity method:

- (i) UFV India Global Education, Chandigarh, India, a separate legal entity, administers and delivers UFV education programs to students in India using the University's curriculum.
- (ii) UFV Properties Trust, a separate legal entity, incorporated for the purposes of future property development.
- (n) Contaminated sites

A liability for contaminated sites is recognized when a site is not in productive use and the following criteria are met:

- (i) An environmental standard exists;
- (ii) Contamination exceeds the environmental standard;
- (iii) The University is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) A reasonable estimate of the amount can be made.

The liability is recognized as management's estimate of the cost of post-remediation including operation, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site.

- (o) Asset retirement obligation

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- (i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) The past transaction or event giving rise to the liability has occurred;
- (iii) It is expected that future economic benefits will be given up; and

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

2. Significant accounting policies (continued)

- (o) Asset retirement obligation (continued)
- (iv) A reasonable estimate of the amount can be made.

The University's asset retirement obligation is primarily related to the removal of asbestos in buildings.

The estimate of the asset retirement obligation includes costs directly attributable to the asset retirement activities and is recorded as a liability and increase to the related tangible capital assets. The amount capitalized in tangible capital assets is amortized using the amortization accounting policy outlined in note 2(f)(i).

The carrying value of the liability is reconsidered at each financial reporting date with changes to the timing or amount of the original estimate of cash flows recorded as an adjustment to the asset retirement obligation liability and tangible capital assets.

3. Adoption of new accounting policy

- (a) Adoption of PS 3160 Public Private Partnerships Standard

On April 1, 2023, the University adopted Canadian Public Sector Accounting Standard PS 3160, Public Private Partnerships ("PS 3160"). The new standard addresses the recognition, measurement, presentation, and disclosure of infrastructure procured by public sector entities through certain types of public private partnership arrangements. As at March 31, 2024, the University has determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

- (b) Adoption of PS 3400 Revenue Standard

On April 1, 2023, the University adopted Canadian Public Sector Accounting Standard PS 3400, Revenue ("PS 3400"). The new accounting standard establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. As at March 31, 2024, the University determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

- (c) Adoption of PSG-8 Purchased Intangibles

On April 1, 2023, the University adopted Public Sector Guideline PSG-8, Purchased Intangibles, applied on a prospective basis ("PSG-8"). PSG-8 defines purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act. Intangibles acquired through a transfer, contribution, or inter-entity transaction, are not purchased intangibles. Management has assessed the impact of adopting PSG-8 and found that at present no such items meet the criteria to be recognized as a purchased intangible.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

4. Financial Instruments

(a) Investments

Public Sector Accounting Standards 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, accounts receivable, investments - non endowment and accounts payables and accrued liabilities - the carrying amounts approximate fair value because of the short maturity or ability to liquidate these instruments.

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:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- (ii) 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)
- (iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The University's instruments are all considered to be level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in financial instruments valuation methods or in the availability of market observable inputs may result in a transfer between levels. During the year there were no significant transfers of securities between the different levels.

(b) Investments recorded at fair value

	2024	2023
Philips Hager North - UFV Endowment Fund	\$ 16,287,349	\$ 14,934,308
Philips Hager North - CCIBED* Endowment Fund	3,726,619	3,653,279
	20,013,968	18,587,587
Investments recorded at cost or amortized cost	93,441,096	86,408,043
	113,455,064	104,995,630
Principal portion of endowments (Note 16)	(13,239,398)	(12,916,318)
	\$ 100,215,666	\$ 92,079,312

Investments held with Philips Hager North are recorded at fair value and are comprised of equity instruments quoted in an active market. Investments recorded at cost or amortized cost are comprised of cashable securities with terms ranging from one to five years.

*CCIBED - Chair Canada India Business & Economic Development

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

4. Financial Instruments (continued)

(c) Investment in government business enterprises

(i) UFV India Global Education

The University has controlling interest in the operations of UFV India Global Education located in Chandigarh, India. The entity is in pending litigation related to the applicability of Service Tax, and as the outcome is undeterminable at this time, no provision has been included in UFV India Global Education's financial statements.

The financial information is detailed below.

The change in equity is as follows:

	2024	2023
Equity, beginning of year	\$ 190,155	\$ 254,957
Gain (Loss)	28,184	(64,802)
Equity, end of year	\$ 218,339	\$ 190,155

Condensed financial information is as follows:

Statement of Financial Position	2024	2023
Assets	\$ 230,888	\$ 200,624
Liabilities	(12,549)	(10,469)
Net assets	218,339	190,155
Accumulated surplus	\$ 218,339	\$ 190,155

Statement of Operations and Accumulated Surplus	2024	2023
Revenue	\$ 50,504	\$ 70,722
Expenses	22,320	135,524
Annual surplus (deficit)	28,184	(64,802)
Accumulated surplus, beginning of year	190,155	254,957
Accumulated surplus, end of year	\$ 218,339	\$ 190,155

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

4. Financial Instruments (continued)

(ii) UFV Properties Trust

The UFV Properties Trust was established on September 9th, 2019 and its purpose is to develop property on behalf of the University. The University will grant the UFV Properties Trust the ability to sell to real estate developers rights to enter into 99-year leases on land that is owned by the University at the direction of the UFV Property Trust Trustee. The Trustee is UFV Properties Development Corporation, which is wholly-owned by UFV and has no business activity. The beneficiaries of the Trust are UFV and UFV Foundation, a society controlled by UFV.

The financial information is detailed below.

	2024	2023
Current year investment	\$ 1,182,326	\$ -
Equity loss for the year	(259,720)	-
Investment in UFV Properties Trust, end of year	\$ 922,606	\$ -

Condensed financial information as of December 31, 2023 that is part of the University's reporting entity is as follows:

Statement of Financial Position	2024	2023
Assets	\$ 228,781	\$ -
Liabilities	(488,501)	-
Deficit	\$ (259,720)	\$ -

Statement of Operations and Accumulated Deficit	2024	2023
Revenue	\$ 4,464	\$ -
Expenses	(264,184)	-
Loss	\$ (259,720)	\$ -

5. Loan receivable

The University has entered into a capital financing loan agreement with the UFV Properties Trust. For the year ending March 31, 2024, the loan bore interest at 8.20% per annum (Bank of Montreal prime lending rate plus 1%). No interim payments are required, and the unsecured loan and all accrued and unpaid interest are repayable the earlier of March 31, 2028, or immediately after demand made by UFV. \$1,155,000 has been drawn down against this agreement as of March 31, 2024.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are comprised of the following:

	2024	2023
Trades payable	\$ 7,602,708	\$ 3,101,119
Student deposits	12,979,890	11,647,109
Wages payable	992,651	3,348,149
Accrued vacation and overtime payable	8,546,828	7,435,474
	<u>\$ 30,122,077</u>	<u>\$ 25,531,851</u>

7. Deferred revenue

Deferred revenue is comprised of the following:

	2023	Amounts Received	Revenue Recognized and Transfers	2024
Student tuition fees	\$ 15,894,357	\$ 20,970,259	\$ 15,894,357	\$ 20,970,259
Student award funding	5,315,195	1,707,010	594,608	6,427,597
Special purpose and research funding	8,301,423	6,178,537	6,292,373	8,187,587
Prepaid lease revenue	8,713,967	5,034	307,709	8,411,292
Total	<u>\$ 38,224,942</u>	<u>\$ 28,860,840</u>	<u>\$ 23,089,047</u>	<u>\$ 43,996,735</u>

8. Deferred capital contributions

Changes in the deferred capital contributions ("DCC") balance are as follows:

	2024	2023
Balance, beginning of year	\$ 98,829,627	\$ 91,451,425
Contributions from the Province of British Columbia	19,428,517	13,152,431
Contributions from the Government of Canada	773,134	-
Contribution from other restricted resources	233,805	15,102
Amortization of deferred capital contributions	(5,274,499)	(5,789,331)
Balance, end of year	<u>\$ 113,990,584</u>	<u>\$ 98,829,627</u>

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

9. Contingent liabilities

The University may, from time to time, be involved in legal proceedings, claims, and litigation that arise in the normal course of operations. In the event that any such claims or litigation are resolved against the University, such outcomes or resolutions could have a material effect on the business, financial condition, or results of operations of the University. The University has accrued for claims for which the amounts are known or can reasonably be estimated. The outcome of other claims is undeterminable at this time and accordingly no provision has been made for these claims.

10. Debt

Debt is comprised of the following:

	2024	2023
Province of British Columbia		
2.85% bond due 2025	\$ 6,344,975	\$ -
Province of British Columbia		
3.30% bond due 2023	-	7,607,405
	<u>\$ 6,344,975</u>	<u>\$ 7,607,405</u>

11. Obligations under capital lease

Repayments of obligations under capital leases are due as follows:

	2024	2023
2024	\$ -	\$ 107,877
2025	204,734	107,877
2026	159,450	101,377
Thereafter	107,472	-
Total minimum lease payments	<u>471,656</u>	<u>317,131</u>
Less amounts representing interest	<u>(33,614)</u>	<u>(20,428)</u>
Present value of net minimum capital lease payments	<u>\$ 438,042</u>	<u>\$ 296,703</u>

Total interest expensed on leases for the year was \$17,232 (2023 - \$9,851) and is included in the Statement of Operations and Accumulated Surplus. The cost of borrowing is between 2.76% to 5.35%.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

12. Supplemental cash flow information

The change in non-cash operating working capital is comprised of the following:

	2024	2023
Accounts receivable	\$ 2,214,821	\$ (3,768,412)
Prepaid expenses	(1,096,598)	382,131
Inventories held for resale	60,922	98,144
Accounts payable and accrued liabilities	4,590,226	3,533,043
Deferred revenue	5,771,793	1,336,152
Other long term liabilities	100,985	114,757
	<u>\$ 11,642,149</u>	<u>\$ 1,695,815</u>

13. Related party transactions

The University is related through common ownership to all Province of British Columbia ministries, agencies, school districts, health authorities, colleges, universities, and crown corporations. Transactions with these entities, unless disclosed separately, are considered to be in the normal course of operations and are recorded at the exchange amount.

14. Contractual obligations

The nature of the University's activities can result in multi-year contracts and obligations whereby the University will be committed to make future payments.

Significant contractual obligations related to operations that can be reasonably estimated are as follows:

	2025	2026	2027	2028	2029
Long-term lease commitments	\$ 517,738	\$ 481,101	\$ 464,351	\$ 464,351	\$ 464,351

15. Contractual rights

The University has entered into multi-year lease and hospitality contracts with third parties that entitles the University to receive the following amounts:

	2025	2026	2027	2028	2029
	\$ 229,406	\$ 148,000	\$ 148,000	\$ 148,000	\$ 148,000

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

16. Investments - endowments

Changes to the endowment balances are as follows:

	2024	2023
Balance, beginning of year	\$ 12,916,318	\$ 12,418,014
Contributions received during the year	276,514	216,769
Capitalization of endowment surplus	46,566	281,535
Balance, end of year	<u>\$ 13,239,398</u>	<u>\$ 12,916,318</u>

17. Expenses by object

The following is a summary of expenses by object:

	2024	2023
Salaries and wages	\$ 107,263,955	\$ 95,687,656
Employee benefits	26,063,585	22,209,262
Amortization of tangible capital assets	10,592,907	10,181,150
Other operating expenses	10,297,081	7,810,694
Contracted services	8,272,523	7,543,376
Supplies and books	4,691,340	4,308,782
Travel and conferences	3,726,912	3,351,641
Scholarships and bursaries	2,714,100	2,293,321
Cost of goods sold	2,322,343	2,247,529
Utilities	1,898,696	1,969,932
Minor renovations and repairs	1,447,077	1,829,404
Rentals and leases	914,420	1,209,477
Printing and advertising	698,162	631,553
Interest	127,425	47,401
	<u>\$ 181,030,526</u>	<u>\$ 161,321,178</u>

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

18. Tangible capital assets

	Land	Buildings	Furniture and equipment	Computer hardware and software	Leasehold improvements	Site improvements	Buildings under capital lease	Library books	Assets under Construction	2024 Total
2024 Cost										
Balance, beginning of year	\$ 11,910,793	\$ 240,678,473	\$ 69,170,293	\$ 20,414,554	\$ 1,619,974	\$ 10,750,627	\$ 5,326,200	\$ 10,774,992	\$ 1,267,140	\$ 371,913,046
Additions	-	451,298	3,985,865	1,031,100	-	-	-	81,792	19,004,447	24,554,502
Disposals	-	-	(97,027)	-	-	-	-	-	-	(97,027)
Transfer of assets under construction	-	23,822	-	-	-	-	-	-	(23,822)	-
Balance, end of year	11,910,793	241,153,593	73,059,131	21,445,654	1,619,974	10,750,627	5,326,200	10,856,784	20,247,765	396,370,521
2024 Accumulated Amortization										
Balance, beginning of year	-	91,822,983	55,080,259	18,661,017	1,619,974	9,291,664	96,427	10,271,357	-	186,843,681
Amortization	-	5,250,994	3,937,003	834,925	-	252,633	182,800	134,552	-	10,592,907
Balance, end of year	-	97,073,977	59,017,262	19,495,942	1,619,974	9,544,297	279,227	10,405,909	-	197,436,588
2024 Net Book Value	\$ 11,910,793	\$ 144,079,616	\$ 14,041,869	\$ 1,949,712	\$ -	\$ 1,206,330	\$ 5,046,973	\$ 450,875	\$ 20,247,765	\$ 198,933,933
2023 Net Book Value	\$ 11,910,793	\$ 148,855,490	\$ 14,090,034	\$ 1,753,537	\$ -	\$ 1,458,963	\$ 5,229,773	\$ 503,635	\$ 1,267,140	\$ 185,069,365

During the year, the University acquired \$270,712 (2023 - \$186,527) of computer hardware financed through capital leases.

As at March 31, 2024 assets under construction with a value of \$20,247,765 (2023 - \$1,267,140) has not been amortized. Amortization of these assets will commence when the assets are put into productive use.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

19. Financial risk management

The University has exposure to the following risks from its use of financial instruments: credit risk, market risk and liquidity risk.

The Board of Governors ensures that the University has identified its major risks and ensures that management monitors and controls them.

(a) Credit risk

Credit risk is the risk of financial loss to the University if a party to a financial instrument fails to meet its contractual obligations. Such risk arises principally from certain financial assets held by the University consisting of cash and cash equivalents, accounts receivable and investments.

Accounts receivable: Management believes risk with respect to accounts receivable is limited. Student accounts receivable is a large population of limited amounts where the University has the ability to stop further enrolments and granting of transcripts until payment is made. Other receivables and tax recoveries are generally with governments and other credit-worthy institutions.

Investments: The University has an Investment Policy to ensure funds are managed appropriately in order to balance preservation of capital, liquidity requirements and returns. The University retains an external investment firm to manage endowed funds in accordance with its investment policy utilizing diverse agreed upon investment strategies primarily in active trading markets.

(b) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the University's income. The University's cash and cash equivalents and investments include amounts on deposit with financial institutions that earn interest at market rates. The University manages its cash and cash equivalents by maximizing the interest income earned on excess funds while maintaining the liquidity necessary to conduct operations on a day to day basis. Fluctuation in market rates of interest does not have a significant effect on the University's cash and cash equivalents and investments.

The primary objective of the University with respect to its investment of endowed funds is to ensure the security of principal amounts while achieving a satisfactory investment return.

(c) Liquidity risk

Liquidity risk is the risk that the University will not be able to meet its financial obligations as they become due.

The University meets its liquidity risk requirements by continually monitoring actual and forecasted cash flows and anticipating investment and financing activities to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

20. Pension plans

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trustee pension plans). The boards of trustees for these plans, representing plan members and employers, are responsible for administering the pension plans, including investing assets and administering benefits. The plans are multi-employer defined benefit pension plans. Basic pension benefits are based on a formula. As at August 31, 2023 the College Pension Plan has about 17,200 active members, and approximately 10,700 retired members. As at December 31, 2022, the Municipal Pension Plan has about 240,000 active members, including approximately 7,000 from colleges.

Every three years, an actuarial valuation is performed to assess the financial position of the plans and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plans. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plans. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the College Pension Plan as at August 31, 2021, indicated a \$202 million surplus for basic pension benefits on a going concern basis.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The University paid \$9,673,979 (2023 - \$8,255,493) for employer contributions to the plans in fiscal 2024.

The next valuation for the College Pension Plan will be as at August 31, 2024. The next valuation for the Municipal Pension Plan will be December 31, 2024.

Employers participating in the plans record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plans record accrued liabilities and accrued assets for each plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plans.

University of the Fraser Valley

Notes to the Financial Statements

For the year ended March 31, 2024, with comparative information for 2023

21. Asset retirement obligation

The University has recorded asset retirement obligations for the removal of hazardous materials which exist in some of the University's buildings. The asset retirement obligation is being amortized over the remaining life of the the respective buildings. The discount rate of 3.13% is used and a variable inflation rate is used to calculate the future value of the asset retirement obligation. It is management's opinion that these assumptions are reasonable in the circumstance as at March 31, 2024. The undiscounted estimated cash flows required to settle the obligations are approximately \$2,730,000 to be paid during the fiscal years 2028 to 2049.

Management, as at March 31, 2024, does not foresee any events or circumstances in the future that would have a significant impact on the estimated value of the asset retirement obligation.

The asset retirement obligation recorded in these financial statements is as follows:

	2024	2023
Carrying amount at beginning of year	\$ 1,262,323	\$ 1,147,566
Accretion expense	100,985	114,757
Carrying amount at end of year	\$ 1,363,308	\$ 1,262,323