



MEYERS NORRIS PENNY

**MALASPINA UNIVERSITY-COLLEGE
CONSOLIDATED FINANCIAL STATEMENTS
MARCH 31, 2005**



CHARTERED ACCOUNTANTS & BUSINESS ADVISORS
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MEYERS NORRIS PENNY

MALASPINA UNIVERSITY-COLLEGE
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005

	<u>Page</u>
Management's Responsibility	1
Auditors' Report	2
Consolidated Statement of Financial Position	3-4
Consolidated Statement of Operations and Changes in Fund Balances	5
Consolidated Statement of Cash Flows	6
Notes to the Consolidated Financial Statements	7-16
Schedules:	
A. Operating Fund Revenue	17
B. Operating Fund Expense	
B-1. Instruction	18
B-2. Instruction and Student Services	19
B-3. Instructional Administration	20
B-4. General Services	21
B-4. Board and Senior Administration	21
C. Ancillary Services Fund Revenue and Expenses	22
D. Capital Fund Revenue and Expense	23
E. Special Purpose Fund Revenue, Expense and Fund Balance	24



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MANAGEMENT'S RESPONSIBILITY

To the Board of
Malaspina University-College:

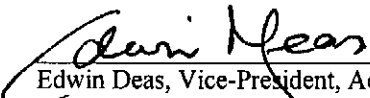
Management is responsible for the preparation and presentation of the accompanying consolidated financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted accounting principles. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

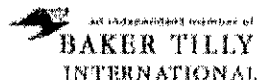
The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the University-College. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Committee is also responsible for recommending the appointment of the University-College's external auditors.

Meyers Norris Penny LLP, an independent firm of Chartered Accountants, is appointed by the Board to audit the consolidated financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Committee and management to discuss their audit findings.

April 27, 2005


Edwin Deas, Vice-President, Administration and Bursar


Maria Frost, Director of Finance



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MEYERS NORRIS PENNY

AUDITORS' REPORT

To the Board of
Malaspina University-College

We have audited the consolidated statement of financial position of Malaspina University-College as at March 31, 2005 and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University-College's management. Our responsibility is to express an opinion of these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of Malaspina University-College as at March 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Nanaimo, BC
April 27, 2005

Meyers Norris Penny LLP

Chartered Accountant



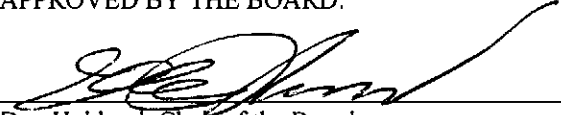
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MALASPINA UNIVERSITY-COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

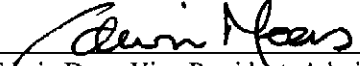
AS AT MARCH 31, 2005

	Operating Fund	Ancillary Services Fund	Contract Services Fund	Capital Fund	Special Purpose Fund	Total 2005	Total 2004
Assets							
Current Assets							
Cash and marketable securities (Note 3)	\$ 21,054,299	\$ -	\$ -	\$ 601,885	\$ 697,419	\$ 22,353,603	\$ 21,121,604
Accounts receivable	2,522,179	-	-	-	-	2,522,179	5,198,041
Prepaid expenses	894,857	-	-	-	17,462	912,319	699,533
Inventories (Note 4)	-	965,095	-	-	35,000	1,000,095	1,041,952
Interfund balance	<u>(5,170,723)</u>	<u>(965,095)</u>	<u>4,706,350</u>	<u>1,429,468</u>	<u>-</u>	<u>-</u>	<u>-</u>
	19,300,612	-	4,706,350	2,031,353	749,881	26,788,196	28,061,130
Capital assets (Note 5)	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,560,617</u>	<u>-</u>	<u>121,560,617</u>	<u>102,287,294</u>
	<u>\$ 19,300,612</u>	<u>\$ -</u>	<u>\$ 4,706,350</u>	<u>\$ 123,591,970</u>	<u>\$ 749,881</u>	<u>\$ 148,348,813</u>	<u>\$ 130,348,424</u>

APPROVED BY THE BOARD:



 Don Hubbard, Chair of the Board



 Edwin Deas, Vice-President, Administration and Bursar



The accompanying notes are an integral part of these financial statements


MALASPINA UNIVERSITY-COLLEGE
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2005

	Operating Fund	Ancillary Services Fund	Contract Services Fund	Capital Fund	Special Purpose Fund	Total 2005	Total 2004
Liabilities							
Current Liabilities							
Loans payable (Note 6)	\$ -	\$ -	\$ -	\$ 13,376,924	\$ -	\$ 13,376,924	\$ 1,100,843
Accounts payable and accrued liabilities	6,540,305	-	-	-	-	6,540,305	5,093,710
Deferred revenue (Note 1 and 7)	10,556,536	-	-	-	-	10,556,536	10,818,685
Current portion of unfunded accrued payroll benefits (Note 8)	<u>5,266,664</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,266,664</u>	<u>5,028,704</u>
	<u>22,363,505</u>	<u>-</u>	<u>-</u>	<u>13,376,924</u>	<u>-</u>	<u>35,740,429</u>	<u>22,041,942</u>
Unfunded accrued payroll benefits (Note 8)	3,981,506	-	-	-	-	3,981,506	3,281,703
Deferred Contributions (Note 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,950,941</u>	<u>692,314</u>	<u>73,643,255</u>	<u>71,589,257</u>
	<u>26,345,011</u>	<u>-</u>	<u>-</u>	<u>86,327,865</u>	<u>692,314</u>	<u>113,365,190</u>	<u>96,912,902</u>
Fund Balances							
Invested in capital assets	-	-	-	35,232,752	-	35,232,752	30,363,406
Internally restricted (Notes 8 and 10)	(9,248,170)	-	4,706,350	-	57,567	(4,484,253)	(5,156,025)
Unrestricted	<u>2,203,771</u>	<u>-</u>	<u>-</u>	<u>2,031,353</u>	<u>-</u>	<u>4,235,124</u>	<u>8,228,141</u>
	<u>(7,044,399)</u>	<u>-</u>	<u>4,706,350</u>	<u>37,264,105</u>	<u>57,567</u>	<u>34,983,623</u>	<u>33,435,522</u>
	<u>\$ 19,300,612</u>	<u>\$ -</u>	<u>\$ 4,706,350</u>	<u>\$ 123,591,970</u>	<u>\$ 749,881</u>	<u>\$ 148,348,813</u>	<u>\$ 130,348,424</u>

APPROVED BY THE BOARD:


 Don Hubbard, Chair of the Board


 Edwin Deas, Vice-President, Administration and Bursar



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED MARCH 31, 2005

	Operating Fund Schedules A and B	Ancillary Services Fund Schedule C	Contract Services Fund	Capital Fund Schedule D	Special Purpose Fund Schedule E	Total 2005	Total 2004
REVENUE	\$ 62,893,959	\$ 5,977,929	\$ 17,944,795	\$ 3,592,112	\$ 2,628,510	\$ 93,037,305	\$ 89,872,182
EXPENSE	<u>62,070,536</u>	<u>5,398,511</u>	<u>14,339,924</u>	<u>6,387,454</u>	<u>2,603,016</u>	<u>90,799,441</u>	<u>85,624,264</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS	823,423	579,418	3,604,871	(2,795,342)	25,494	2,237,864	4,247,918
OTHER ITEMS:							
Accrued payroll benefits	<u>(937,763)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(937,763)</u>	<u>185,084</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	(114,340)	579,418	3,604,871	(2,795,342)	25,494	1,300,101	4,433,002
FUND BALANCES, BEGINNING OF YEAR	(5,893,811)	-	3,122,309	36,174,951	32,073	33,435,522	30,356,716
MINISTRY FUNDING FOR PURCHASE OF LAND	-			248,000		248,000	-
TRANSFER OF ENDOWMENT ASSETS	-	-	-	-	-	-	(1,354,196)
INTER-FUND TRANSFERS:							
Operating	1,140,645	(481,035)	(1,473,600)	813,990	-	-	-
Capital	<u>(2,176,893)</u>	<u>(98,383)</u>	<u>(547,230)</u>	<u>2,822,506</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEARS	<u>(7,044,399)</u>	<u>\$ -</u>	<u>\$ 4,706,350</u>	<u>\$ 37,264,105</u>	<u>\$ 57,567</u>	<u>\$ 34,983,623</u>	<u>\$ 33,435,522</u>



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

	2005	2004
CASH FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,300,101	\$ 4,433,002
Items not involving cash		
Decrease (increase) in accounts receivable	2,675,862	(3,718,871)
(Increase) decrease in prepaid expenses	(212,786)	225,434
Decrease (increase) in inventories	41,857	(155,502)
(Decrease) increase in deferred revenue	(262,149)	1,984,537
Increase in accounts payable and accrued liabilities	1,446,595	409,965
Amortization of capital assets	6,387,454	5,565,652
Increase (decrease) in unfunded accrued payroll benefits	937,763	(185,084)
Decrease in deferred contributions	(73,898)	(132,410)
Amortization of deferred contributions	(3,280,506)	(2,545,137)
NET CASH GENERATED THROUGH OPERATING ACTIVITIES	<u>8,960,293</u>	<u>5,881,586</u>
INVESTING ACTIVITIES		
Acquisition of capital assets		
Land	(248,000)	-
Buildings and site improvements	(22,145,268)	(12,830,879)
Furniture and equipment and computer	(2,962,530)	(2,730,647)
Library books	(304,979)	(309,172)
Decrease in marketable securities	20,378	5,062,455
NET CASH USED IN INVESTING ACTIVITIES	<u>(25,640,399)</u>	<u>(10,808,243)</u>
FINANCING ACTIVITIES		
Repayment of loans	(123,919)	(201,764)
Proceeds from loans	12,400,000	-
Receipt of Ministry grant to acquire land	248,000	-
Proceeds from deferred capital revenue	5,408,402	11,753,061
NET CASH GENERATED THROUGH FINANCING ACTIVITIES	<u>17,932,483</u>	<u>11,551,297</u>
NET INCREASE IN CASH DURING THE YEAR	1,252,377	6,624,640
CASH, BEGINNING OF YEAR	<u>16,457,427</u>	<u>9,832,787</u>
CASH, END OF YEAR	<u>\$ 17,709,804</u>	<u>\$ 16,457,427</u>
Cash balance is comprised of total cash and marketable securities of \$22,353,603 (2004 - \$21,121,604) less marketable securities with maturity dates greater than ninety days after the balance sheet date of \$4,643,799 (2004 - \$4,664,177)		



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

PURPOSE OF THE ORGANIZATION

Malaspina University-College is a post-secondary educational institution incorporated under the College and Institute Act of British Columbia. It has campuses in the Province of British Columbia in the following locations: Nanaimo, Cowichan, Parksville and Powell River.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of Malaspina University-College have been prepared in accordance with accounting principles, established by the British Columbia Ministry of Advanced Education for colleges operating in the province which conform in all material respects with Canadian generally accepted accounting principles, in conjunction with the following significant accounting policies:

A) Basis of consolidation

Malaspina has consolidated the assets, liabilities, revenues and expenses of all subsidiaries after the elimination of inter-entity transactions and balances. The consolidated financial statements include the accounts of the University-College, and its two wholly owned subsidiaries, Western Student Housing Ltd. and Venture Leasing Ltd.

B) Fund accounting

Malaspina maintains its accounts in accordance with the principles of fund accounting whereby resources are classified on the basis of the purpose for which the funds are held. Funds consist of:

Operating - revenue and expense related to general operations which receive Provincial support funding.

Ancillary services - revenue and expense relating to bookstores, food services, and student residences.

Contract services - revenue and expense relating to contract activities and operations that do not receive Provincial support funding.

Capital - grants, revenue and expense for capital assets, capital leases and borrowing.

Special Purpose - receipts and disbursements for scholarships, bursaries and student activities.

C) Revenue recognition

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



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES - continued

C) Revenue recognition - continued

Unrestricted contributions are recorded as revenue as follows: Provincial support grants are recorded in the period that they are awarded for and when any related specific initiative expenditures are incurred. Tuition and lab fees are recorded in the period that the related courses are held. Other operating revenue and contract services revenue is recorded when earned and when the amounts can be reasonably estimated and when collection is reasonably assured. Interest revenue is recorded in the period that it is earned, and is recorded net of the amortization of any premiums on the related marketable securities.

Ancillary Services fund revenues are recognized as follows: Student Residence revenues are recorded during the period when the accommodation is provided to the resident. Bookstores and Food Services revenues are recorded when the product is received by the customer.

Special Purpose fund revenues are recognized as follows: T.A.S.M.I. fund revenues are recorded in the period that parking services are provided. Student Activities fund revenues are recorded in the period that the related student tuition fees are received. Scholarship and Bursary fund revenues are recorded in the period that the related bursaries and awards are paid out. Milner Gardens fund revenues are recorded in the period that the related expenses are incurred.

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted capital contributions are recorded as deferred contributions until the amount is invested in capital assets. Contributions for capital assets that will be amortized are transferred to unamortized deferred capital contributions in the period the asset is acquired. Contributions for capital assets that will not be amortized, such as land, are not transferred to unamortized deferred capital contributions or recognized as revenue, but are recorded as direct increase in fund balances in the period the asset is acquired. Capital donations of depreciable assets that would otherwise be purchased are accounted for as externally restricted capital contribution at fair value when a fair value can be reasonably estimated.

Unamortized deferred capital contributions are recognized as revenue on the same basis as the related capital assets are amortized to indicate how the amortization expense has been funded. Unamortized deferred capital contributions relating to capital asset dispositions are recognized as revenue in the period of disposal, provided that all restrictions have been complied with.



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES - continued

D) Marketable securities

Marketable securities are recorded at the lower of cost and market value.

E) Capital assets

Capital assets are recorded in the Capital Fund at cost. Capital assets purchased in the Capital Fund are financed from capital grants or debt. Acquisition of capital assets may also be financed from the Operating Fund, Ancillary Services Fund and Contract Services Fund, in which case they are shown as transfers to the Capital Fund.

Amortization is calculated on the estimated life of the asset on the straight line method, with no amortization taken in the year of acquisition and a full year's amortization taken in the year of disposal, at the following rates:

- Site improvements - 10%
- Buildings - 2.5% and over remaining term of land lease
- Furniture and equipment - 20%
- Computer - 20%
- Leasehold improvements - 5%
- Library books - 10%

F) Inventories

Inventories are valued at the lower of cost or net realizable value.

G) Foreign currency translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates. Carrying values of monetary assets and liabilities reflect the exchange rates at the balance sheet date. Translation gains and losses are included in current earnings.

H) Unfunded accrued payroll benefits

Malaspina accrues holiday pay, sick leave pay and severance pay entitlements as they are earned according to the union contracts and terms of appointment. It is expected that these liabilities will be met on a continuous basis over the long-term. Payments will be funded from revenue of the period in which they occur. Sick leave benefits subject to payout on severance of employment have been accrued.



MALASPINA UNIVERSITY-COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

1. SIGNIFICANT ACCOUNTING POLICIES - continued

H) Unfunded accrued payroll benefits - continued

The accrued payroll benefits for sick leave and severance pay have been calculated by an actuary using the projected benefit method prorated on services. Actuarial gains and losses in excess of 10 percent of the accrued benefit obligation are amortized over the average remaining service lives of employees.

I) Measurement uncertainty

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets. Unfunded accrued payroll benefits for sick leave and severance pay are calculated by an actuary. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

2. FINANCIAL INSTRUMENTS

Malaspina's financial instruments consist of cash and marketable securities, accounts receivable, loans payable, accounts payable and accrued liabilities and unfunded accrued payroll benefits. The fair value of these financial instruments approximates their carrying value except as noted in Note 3. Unless otherwise noted, it is management's opinion that Malaspina is not exposed to significant interest rate, currency or credit risks arising from these financial instruments. For further information regarding these financial instruments, see Notes 3, 6 and 8.

Malaspina has limited its exposure to interest rate risk on a loan payable balance of \$4,876,924 by entering into an interest rate swap contract with RBC, involving a bankers' acceptance, for the term of the loan.

3. CASH AND MARKETABLE SECURITIES

Cash balances held on deposit in a single Chartered Bank are in excess of the \$60,000 insured by the Canadian Deposit Insurance Corporation.

As at March 31, 2005, Malaspina had \$4,643,799 (2004 - \$4,664,177) (market value - \$4,963,461 (2004 - \$5,161,385)) in various short-term investments. These investments have a total face value of \$4,500,000 (2004 - \$4,500,000).



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

4. INVENTORIES

	<u>2005</u>	<u>2004</u>
Bookstores	\$ 887,142	\$ 930,636
Food services	<u>77,953</u>	<u>76,316</u>
	965,095	1,006,952
Milner Gardens	<u>35,000</u>	<u>35,000</u>
	<u>\$ 1,000,095</u>	<u>\$ 1,041,952</u>

5. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2005</u>	<u>2004</u>
Land	\$ 8,117,985	\$ -	\$ 8,117,985	\$ 7,869,985
Site improvements	7,255,202	3,683,904	3,571,298	4,162,102
Buildings	125,253,593	26,422,946	98,830,647	79,575,207
Furniture and equipment	14,023,528	8,237,975	5,785,553	5,512,273
Computers	10,240,293	7,411,539	2,828,754	2,501,891
Leasehold improvements	708,745	611,944	96,801	183,708
Library books	<u>4,888,300</u>	<u>2,558,721</u>	<u>2,329,579</u>	<u>2,482,128</u>
	<u>\$ 170,487,646</u>	<u>\$ 48,927,029</u>	<u>\$121,560,617</u>	<u>\$102,287,294</u>

Malaspina has no direct insurance coverage against loss of any of its capital assets except vehicles.

The insurance on University-College property is the responsibility of the Province of British Columbia. All claims for loss of University-College property have to be submitted to the Province of British Columbia for consideration for compensation.

During the year ending March 31, 1999, a building was constructed by the Malaspina Students' Union Society on the campus owned by Malaspina University-College in Nanaimo. The cost of this building has been financed by the Student Union, however, title to the building remains with Malaspina University-College. Malaspina University-College has entered into a lease agreement with the Student Union in the amount of \$1 per annum for the period of 50 years. The building is not recorded as an asset in the financial statements of Malaspina University-College.



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

6. LOANS PAYABLE

	<u>2005</u>	<u>2004</u>
Province of British Columbia revolving short-term loan, bears interest at 2.47% per annum, due May 27, 2005	\$ 1,000,000	\$ 1,100,843
RBC demand loan, used for construction on new student residences. This loan is expected to be converted into a bankers' acceptance instrument in the subsequent year. Interest is charged at prime - 0.85%	7,500,000	-
RBC bankers acceptance due April 15, 2005 being a revolving facility, used to fund the construction of the library building. The University-College has entered into an agreement with RBC for an interest rate swap committing to a rate of 5.44% plus stamping fee for a period maturing February 2017. The aggregate rate is 5.79%.	<u>4,876,924</u>	<u>-</u>
	<u>\$ 13,376,924</u>	<u>\$ 1,100,843</u>

7. DEFERRED REVENUE AND DEFERRED CONTRIBUTIONS

- A) Expenditures of future periods:
 (i) Deferred revenue

Deferred revenue includes unspent contributions externally restricted for either capital or non-capital purposes. The main components are tuition, grant and contract services receipts.

Changes in deferred revenue are as follows:

	<u>2005</u>	<u>2004</u>
Deferred revenue, beginning of year	\$ 10,818,685	\$ 8,834,148
Amounts received	80,576,605	80,394,807
Transferred to revenue	<u>(80,838,754)</u>	<u>(78,410,270)</u>
Deferred revenue, end of year	<u>\$ 10,556,536</u>	<u>\$ 10,818,685</u>



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

7. DEFERRED REVENUE AND DEFERRED CONTRIBUTIONS - continued

- A) Expenditures of future periods - continued:
 (ii) Deferred contributions

Changes in deferred contributions of the Special Purpose Funds which represent unspent externally restricted donations for scholarships, bursaries, student activities and other purposes, are as follows:

	T.A.S.M.I. <u>Fund</u>	Student Activities <u>Fund</u>	Scholarship and Bursary <u>Fund</u>	Milner Gardens <u>Fund</u>	Total <u>2005</u>	Total <u>2004</u>
Deferred contributions, beginning of year	\$ -	\$ -	\$ 127,054	\$ 639,158	\$ 766,212	\$ 898,622
Receipts and contributions:						
Contributions	368,016	-	199,989	300,151	868,156	818,588
Interest and other	-	-	-	38,349	38,349	49,743
Students' Union & activity fees	-	1,622,613	-	-	1,622,613	1,556,475
Disbursements:						
Bursaries and awards	-	-	(194,986)	-	(194,986)	(217,022)
Other	-	-	-	(417,401)	(417,401)	(467,621)
Transportation initiatives	(368,016)	-	-	-	(368,016)	(316,098)
Student activities	-	(773,957)	-	-	(773,957)	(707,108)
Transfer to Malaspina Students' Union	-	(848,656)	-	-	(848,656)	(849,367)
Deferred contributions, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,057</u>	<u>\$ 560,257</u>	<u>\$ 692,314</u>	<u>\$ 766,212</u>



MALASPINA UNIVERSITY-COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

7. DEFERRED REVENUE AND DEFERRED CONTRIBUTIONS - continued

B) Capital assets:

Deferred capital contributions represent the unamortized external funding, used to purchase capital assets, which will be recognized as revenue in future periods.

	<u>Deferred Contributions</u>	<u>Deferred Capital Revenue</u>	<u>Total 2005</u>	<u>Total 2004</u>
Balance, beginning of year	\$ 11,551,088	\$ 59,271,957	\$ 70,823,045	\$ 61,615,120
Donation	-	500,000	500,000	500,000
Prepaid capital advances	-	2,441,000	2,441,000	6,175,744
Direct grant	2,467,402	-	2,467,402	5,077,318
Amortized to revenue	<u>(1,257,875)</u>	<u>(2,022,631)</u>	<u>(3,280,506)</u>	<u>(2,545,137)</u>
Balance, end of year	<u>\$ 12,760,615</u>	<u>\$ 60,190,326</u>	<u>\$ 72,950,941</u>	<u>\$ 70,823,045</u>

8. UNFUNDED ACCRUED PAYROLL BENEFITS

	<u>2005</u>	<u>2004</u>
Holiday pay	\$ 4,919,664	\$ 4,681,704
Sick leave paid out on termination	1,754,428	1,666,529
Severance pay	<u>2,574,078</u>	<u>1,962,174</u>
Total unfunded accrued payroll benefits	9,248,170	8,310,407
Less: current portion	<u>5,266,664</u>	<u>5,028,704</u>
Long term portion	<u>\$ 3,981,506</u>	<u>\$ 3,281,703</u>

For sick leave paid out on termination and severance pay, the liability is determined by an actuary. For 2005, the expense for these items is \$447,000, made up of \$265,000 projected service costs and \$182,000 interest. For 2004, the payouts for these items charged against this liability totaled \$204,494.



MALASPINA UNIVERSITY-COLLEGE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT MARCH 31, 2005

9. MALASPINA UNIVERSITY-COLLEGE FOUNDATION

The financial position of Malaspina University-College Foundation and the results of its operations are reported separately. Accordingly, these consolidated financial statements do not include the assets, liabilities, receipts, disbursements or fund balance of the Foundation.

10. RESTRICTED FUND BALANCES

The Operating Fund deficit of \$9,031,214 (2004 - \$8,310,407) has been isolated by the Board for recovery from future operations. The Contract Services Fund balance of \$4,706,350 (2004 - \$3,122,309) has been designated for use only by specific areas as set out by the Board. The Special Purpose Fund balance is comprised of the Transportation and Safety Management Initiative (T.A.S.M.I.) Fund balance of \$57,567 (2004 - \$32,073), which has been designated for use only by specific areas as set out by the Board.

11. CONTRACTUAL OBLIGATIONS

The University-College is contractually obligated for capital asset acquisitions expected to be completed in the upcoming year for \$1,197,100 for the construction of new buildings.

12. ECONOMIC DEPENDENCE

The University-College is economically dependent on the Provincial Government's Ministry of Advanced Education, for the provision of operating and capital funding.

13. MALASPINA INTERNATIONAL HIGH SCHOOL

Malaspina International High School is a related party, as it is influenced by the University-College because of its constitution. Included in accounts payable is \$597,593 owing to the High School (2004 - \$407,666). Included in contract services fund revenue is nil (2004 - \$20,940) received from the High School.



MALASPINA UNIVERSITY-COLLEGE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS AT MARCH 31, 2005

14. CONTINGENCIES

A) Pension plans

Malaspina and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trusted pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has over 10,000 active contributors from college senior administration and instructional staff. The Municipal Pension Plan has about 130,000 active contributors, with approximately 5,000 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2003 indicated an unfunded liability of \$50 million for basic pension benefits. The next valuation will be as at August 31, 2006 with results available in 2007. The most recent valuation for the Municipal Pension Plan as at December 31, 2003 indicated an unfunded liability of \$789 million for basic pension benefits. The next valuation will be as at December 31, 2006 with results available in 2007. The actuary does not attribute portions of the unfunded liability to individual employers.

B) Venture Leasing Ltd.

Subsequent to the purchase of Venture Leasing Ltd. ("Venture") an unrecorded liability of approximately \$600,000 was discovered. It is management's opinion that neither the University-College nor Venture will be required to pay this liability with their own funds and that the full amount will be recovered from the vendor. Accordingly, no liability has been recorded.

C) Letters of credit

Malaspina had a total of \$768,000 in letters of credit outstanding at March 31, 2005. Of this, \$758,000 is for a bond posted on behalf of Malaspina International High School to the Ministry of Finance and Corporate Relations.

15. COMPARATIVE FIGURES

Certain other comparative figures have been restated to conform with the current year's presentation.



MALASPINA UNIVERSITY-COLLEGE

OPERATING FUND REVENUE

YEAR ENDED MARCH 31, 2005

Schedule A

	2005	2004
Provincial support		
Operating grant	\$ 43,127,384	\$ 42,567,977
Premises rental grant	19,200	623,477
Non-recurring grant	<u>800,177</u>	<u>1,114,225</u>
	43,946,761	44,305,679
Tuition and lab fees	16,263,836	14,066,396
Other	<u>2,683,362</u>	<u>2,241,694</u>
	<u>\$ 62,893,959</u>	<u>\$ 60,613,769</u>

The accompanying notes are an integral part of these financial statements



MALASPINA UNIVERSITY-COLLEGE

OPERATING FUND EXPENSE

YEAR ENDED MARCH 31, 2005

Schedule B-1

	2005			2004		
	Salaries and Benefits	Supplies and Other	Total	Salaries and Benefits	Supplies and Other	Total
INSTRUCTION						
Arts and Humanities	\$ 5,339,895	\$ 172,485	\$ 5,512,380	\$ 5,217,264	\$ 139,212	\$ 5,356,476
Adult and Continuing Education	2,505,023	85,851	2,590,874	2,121,850	94,250	2,216,100
ESL	154,790	23,760	178,550	161,696	22,872	184,568
Education	1,644,897	61,327	1,706,224	1,577,258	55,338	1,632,596
Health and Human Services	5,810,536	599,520	6,410,056	5,252,421	424,023	5,676,444
Physical Ed and Co-Op Programs	851,831	29,472	881,303	774,844	26,924	801,768
Regional Campuses	2,702,345	128,236	2,830,581	2,670,242	164,822	2,835,064
Science and Technology	5,572,890	241,490	5,814,380	5,410,738	235,202	5,645,940
Social Sciences and Management	5,843,247	116,843	5,960,090	5,203,879	108,631	5,312,510
Trades and Applied Technology	<u>3,220,979</u>	<u>674,969</u>	<u>3,895,948</u>	<u>3,176,648</u>	<u>624,053</u>	<u>3,800,701</u>
	<u>\$ 33,646,433</u>	<u>\$ 2,133,953</u>	<u>\$ 35,780,386</u>	<u>\$ 31,566,840</u>	<u>\$ 1,895,327</u>	<u>\$ 33,462,167</u>



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE

OPERATING FUND EXPENSE

YEAR ENDED MARCH 31, 2005

Schedule B-2

	2005			2004		
	Salaries and Benefits	Supplies and Other	Total	Salaries and Benefits	Supplies and Other	Total
INSTRUCTION AND STUDENT SERVICES						
Advising, promotion, and recruitment	\$ 1,285,564	\$ 239,688	\$ 1,525,252	\$ 1,111,469	\$ 188,669	\$ 1,300,138
Counselling	1,000,743	38,230	1,038,973	772,167	36,122	808,289
Financial aid	515,083	407,510	922,593	459,718	397,467	857,185
Information Technology	1,231,854	201,103	1,432,957	1,083,781	135,515	1,219,296
Library	1,809,290	664,172	2,473,462	1,816,911	666,920	2,483,831
Other	45,470	23,273	68,743	48,335	22,855	71,190
Planning, research, and professional development	797,324	189,419	986,743	666,395	117,419	783,814
Registration	991,391	75,303	1,066,694	963,327	56,139	1,019,466
Student access and transition	550,744	13,419	564,163	662,876	12,966	675,842
Student programs	<u>751,334</u>	<u>488,994</u>	<u>1,240,328</u>	<u>716,885</u>	<u>478,861</u>	<u>1,195,746</u>
	<u>\$ 8,978,797</u>	<u>\$ 2,341,111</u>	<u>\$ 11,319,908</u>	<u>\$ 8,301,864</u>	<u>\$ 2,112,933</u>	<u>\$ 10,414,797</u>



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE

OPERATING FUND EXPENSE

YEAR ENDED MARCH 31, 2005

Schedule B-3

	2005			2004		
	Salaries and Benefits	Supplies and Other	Total	Salaries and Benefits	Supplies and Other	Total
INSTRUCTIONAL ADMINISTRATION						
Arts and Humanities	\$ 303,702	\$ 32,920	\$ 336,622	\$ 290,706	\$ 39,524	\$ 330,230
Adult and Continuing Education	345,273	5,971	351,244	175,986	3,759	179,745
ESL	21,690	-	21,690	21,965	6	21,971
Education	190,605	23,019	213,624	188,724	15,012	203,736
Health and Human Services	569,921	40,020	609,941	546,338	33,164	579,502
Regional campuses	864,027	152,773	1,016,800	839,228	137,757	976,985
Science and Technology	254,973	66,555	321,528	249,114	62,000	311,114
Social Sciences and Management	295,709	28,980	324,689	317,482	47,364	364,846
Student services	25,239	-	25,239	24,315	39	24,354
Trades and Applied Technology	<u>561,863</u>	<u>55,383</u>	<u>617,246</u>	<u>510,965</u>	<u>90,137</u>	<u>601,102</u>
	<u>\$ 3,433,002</u>	<u>\$ 405,621</u>	<u>\$ 3,838,623</u>	<u>\$ 3,164,823</u>	<u>\$ 428,762</u>	<u>\$ 3,593,585</u>



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE

OPERATING FUND EXPENSE

YEAR ENDED MARCH 31, 2005

Schedule B-4

	2005			2004		
	Salaries and Benefits	Supplies and Other	Total	Salaries and Benefits	Supplies and Other	Total
GENERAL SERVICES						
Information Systems	\$ 398,931	\$ 267,291	\$ 666,222	\$ 527,154	\$ 231,350	\$ 758,504
Development and alumni	243,731	25,292	269,023	265,043	34,642	299,685
Financial services	1,089,587	295,582	1,385,169	1,012,888	331,412	1,344,300
Human resources	1,042,231	231,127	1,273,358	841,355	196,279	1,037,634
Institutional research	25,962	6,680	32,642	98,430	7,381	105,811
Labour adjustments and retirements	1,201,992	215	1,202,207	849,879	740	850,619
Media relations and publications	323,067	49,200	372,267	267,389	92,230	359,619
Other	23,422	39,866	63,288	18,082	78,635	96,717
Physical plant	1,083,043	2,885,152	3,968,195	974,114	2,950,333	3,924,447
Premises rental	-	19,199	19,199	-	621,441	621,441
Print shop	-	-	-	-	-	-
	<u>5,431,966</u>	<u>3,819,604</u>	<u>9,251,570</u>	<u>4,854,334</u>	<u>4,544,443</u>	<u>9,398,777</u>
BOARD AND SENIOR ADMINISTRATION						
Board	27,861	30,089	57,950	21,696	28,001	49,697
Capital campaign	103,853	3,542	107,395	339,601	63,279	402,880
President	283,514	156,681	440,195	298,050	176,217	474,267
Vice-president - administration	283,886	345,975	629,861	277,328	308,011	585,339
Vice-president - Student services	197,630	15,560	213,190	173,669	22,107	195,776
Vice-president - instruction	<u>359,795</u>	<u>71,663</u>	<u>431,458</u>	<u>340,827</u>	<u>53,238</u>	<u>394,065</u>
	<u>1,256,539</u>	<u>623,510</u>	<u>1,880,049</u>	<u>1,451,171</u>	<u>650,853</u>	<u>2,102,024</u>
TOTAL OPERATING FUND EXPENSE	<u>\$ 52,746,737</u>	<u>\$ 9,323,799</u>	<u>\$ 62,070,536</u>	<u>\$ 49,339,032</u>	<u>\$ 9,632,318</u>	<u>\$ 58,971,350</u>



The accompanying notes are an integral part of these financial statements

MALASPINA UNIVERSITY-COLLEGE
ANCILLARY SERVICES FUND REVENUE AND EXPENSES
YEAR ENDED MARCH 31, 2005

Schedule C

	<u>Student Residence</u>		<u>Bookstores</u>		<u>Food Services</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
REVENUE	\$ 664,932	\$ 659,882	\$ 3,963,973	\$ 3,900,127	\$ 1,349,024	\$ 1,233,374	\$ 5,977,929	\$ 5,793,383
COST OF SALES	<u>-</u>	<u>-</u>	<u>2,967,709</u>	<u>2,877,459</u>	<u>585,434</u>	<u>515,487</u>	<u>3,553,143</u>	<u>3,392,946</u>
GROSS MARGIN	<u>664,932</u>	<u>659,882</u>	<u>996,264</u>	<u>1,022,668</u>	<u>763,590</u>	<u>717,887</u>	<u>2,424,786</u>	<u>2,400,437</u>
EXPENSES								
Salaries and benefits	142,045	119,967	873,600	776,872	619,593	480,713	1,635,238	1,377,552
Print shop expense recoveries	-	-	(387,042)	(359,637)	-	-	(387,042)	(359,637)
Supplies and other	<u>304,884</u>	<u>317,550</u>	<u>102,421</u>	<u>122,172</u>	<u>189,867</u>	<u>267,949</u>	<u>597,172</u>	<u>707,671</u>
	<u>446,929</u>	<u>437,517</u>	<u>588,979</u>	<u>539,407</u>	<u>809,460</u>	<u>748,662</u>	<u>1,845,368</u>	<u>1,725,586</u>
INCOME (LOSS) FOR THE YEAR	\$ <u>218,003</u>	\$ <u>222,365</u>	\$ <u>407,285</u>	\$ <u>483,261</u>	\$ <u>(45,870)</u>	\$ <u>(30,775)</u>	\$ <u>579,418</u>	\$ <u>674,851</u>

The accompanying notes are an integral part of these financial statements



MALASPINA UNIVERSITY-COLLEGE

CAPITAL FUND REVENUE AND EXPENSE

YEAR ENDED MARCH 31, 2005

Schedule D

	2005	2004
REVENUE		
Amortization of deferred contributions	\$ 3,280,506	\$ 2,545,137
External funding	31,642	71,740
Interest	<u>279,964</u>	<u>440,000</u>
	<u>3,592,112</u>	<u>3,056,877</u>
EXPENSE		
Amortization of capital assets	<u>6,387,454</u>	<u>5,565,652</u>
EXCESS OF EXPENSE OVER REVENUE	\$ <u>(2,795,342)</u>	\$ <u>(2,508,775)</u>

The accompanying notes are an integral part of these financial statements



MALASPINA UNIVERSITY-COLLEGE

SPECIAL PURPOSE FUND REVENUE, EXPENSE AND FUND BALANCE YEAR ENDED MARCH 31, 2005

Schedule E

	T.A.S.M.I. Fund	Student Activities Fund	Scholarship and Bursary Fund	Milner Gardens Fund	Total 2005	Total 2004
REVENUE						
Contributions	\$ 393,510	\$ -	\$ 194,986	\$ 379,052	\$ 967,548	\$ 1,005,434
Interest	-	-	-	38,349	38,349	49,743
Student fees	<u>-</u>	<u>1,622,613</u>	<u>-</u>	<u>-</u>	<u>1,622,613</u>	<u>1,556,475</u>
	<u>393,510</u>	<u>1,622,613</u>	<u>194,986</u>	<u>417,401</u>	<u>2,628,510</u>	<u>2,611,652</u>
EXPENSE						
Bursaries and awards	-	-	194,986	-	194,986	217,022
Other	-	-	-	417,401	417,401	467,621
Transportation initiatives	368,016	-	-	-	368,016	316,098
Student activities	-	773,957	-	-	773,957	707,108
Transfers to Malaspina Students' Union	<u>-</u>	<u>848,656</u>	<u>-</u>	<u>-</u>	<u>848,656</u>	<u>849,367</u>
	<u>368,016</u>	<u>1,622,613</u>	<u>194,986</u>	<u>417,401</u>	<u>2,603,016</u>	<u>2,557,216</u>
EXCESS OF REVENUE OVER EXPENSE	25,494	-	-	-	25,494	54,436
FUND BALANCE, BEGINNING OF YEAR	32,073	-	-	-	32,073	1,331,833
TRANSFER OF ENDOWMENT ASSETS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,354,196)</u>
FUND BALANCE, END OF YEARS	<u>\$ 57,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,567</u>	<u>\$ 32,073</u>



The accompanying notes are an integral part of these financial statements