



Financial Statements of

**UNIVERSITY COLLEGE of the
FRASER VALLEY**

Year ended March 31, 2008



KPMG Enterprise™
32575 Simon Avenue
Abbotsford BC V2T 4W6
Canada

Telephone (604) 854-2200
Fax (604) 853-2756
Internet www.kpmg.ca/enterprise

AUDITORS' REPORT

To the Board of
University College of the Fraser Valley

We have audited the statement of financial position of the University College of the Fraser Valley as at March 31, 2008, and the statements of operations and net assets, revenue, expenditure, changes in net assets 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 on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 financial statements present fairly, in all material respects, the financial position of the University College as at March 31, 2008 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The letters are written in a cursive, flowing style.

Chartered Accountants

Abbotsford, British Columbia
May 2, 2008

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Financial Position

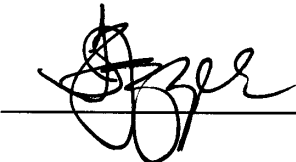
March 31, 2008, with comparative figures for 2007

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2008 Total	2007 Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets:						
Cash	31,426,581	-	-	1,288,256	32,714,837	28,051,509
Accounts receivable	2,129,109	90,382	-	8,872	2,228,363	1,866,123
Inventories	95,468	1,550,872	-	-	1,646,340	1,410,000
Prepaid expenses	135,389	-	25,299	-	160,688	65,497
	<u>33,786,547</u>	<u>1,641,254</u>	<u>25,299</u>	<u>1,297,128</u>	<u>36,750,228</u>	<u>31,393,129</u>
Interfund balance	-	-	6,695,717	34,932	6,730,649	3,685,996
Capital assets (Note 4)	-	-	137,982,346	-	137,982,346	115,621,643
	<u>33,786,547</u>	<u>1,641,254</u>	<u>144,703,362</u>	<u>1,332,060</u>	<u>181,463,223</u>	<u>150,700,768</u>
Liabilities, Deferred Contributions and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities	10,185,994	-	723,964	22,210	10,932,168	14,164,991
Unearned revenue	7,964,310	-	-	-	7,964,310	6,862,496
Current portion of long-term loans payable (Note 5)	-	-	414,517	-	414,517	675,073
	<u>18,150,304</u>	<u>-</u>	<u>1,138,481</u>	<u>22,210</u>	<u>19,310,995</u>	<u>21,702,560</u>
Long-term liabilities:						
Long-term loans payable (Note 5)	-	-	13,539,119	-	13,539,119	2,984,723
Interfund balance	6,261,612	469,037	-	-	6,730,649	3,685,996
Deferred contributions (Note 6)	466,155	-	93,929,815	1,309,850	95,705,820	80,410,910
Net assets:						
Investment in capital assets (Note 7)	-	-	29,362,689	-	29,362,689	31,065,129
Internally restricted (Note 8)	8,371,915	-	6,733,258	-	15,105,173	9,125,428
Unrestricted	536,561	1,172,217	-	-	1,708,778	1,726,022
	<u>8,908,476</u>	<u>1,172,217</u>	<u>36,095,947</u>	<u>-</u>	<u>46,176,640</u>	<u>41,916,579</u>
Commitments (Note 11)						
Contingencies (Note 12)						
Subsequent events (Note 15)						
	<u>33,786,547</u>	<u>1,641,254</u>	<u>144,703,362</u>	<u>1,332,060</u>	<u>181,463,223</u>	<u>150,700,768</u>

See accompanying notes to financial statements

Approved by:

 Chairman of the Board

 VP Administration

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Operations and Net Assets

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

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

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Revenue

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

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2008 Total	2007 Total
	\$	\$	\$	\$	\$	\$
Ministry of Advanced Education Grants:						
Continuing programs	43,883,612	-	-	-	43,883,612	40,182,017
Special projects	2,089,151	-	-	-	2,089,151	2,341,184
Leases and property taxes	-	-	209,754	-	209,754	202,749
Total Ministry of Advanced Education Grants	45,972,763	-	209,754	-	46,182,517	42,725,950
Tuition fees:						
Continuing programs	19,741,486	-	-	-	19,741,486	19,217,489
Other income:						
Amortization of deferred contributions (Note 6)	1,360,307	-	3,277,811	1,030,017	5,668,135	3,915,890
Contract services	6,137,427	-	-	-	6,137,427	5,476,853
Ancillary services	-	5,986,652	-	-	5,986,652	5,342,995
Investment income	1,305,876	-	-	-	1,305,876	1,053,982
Special projects	5,814,840	-	-	-	5,814,840	6,246,023
Gain on sale of capital assets	-	-	977,716	-	977,716	-
Other	580,095	-	305,573	-	885,668	576,902
Total other income	15,198,545	5,986,652	4,561,100	1,030,017	26,776,314	22,612,645
Total revenue	80,912,794	5,986,652	4,770,854	1,030,017	92,700,317	84,556,084

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Expenditures

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

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

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Changes in Net Assets

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

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

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Statement of Cash Flows

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

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

See accompanying notes to financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2008

General:

University College of the Fraser Valley is a post-secondary educational institution funded by the provincial government and is incorporated under the College and Institutes Act of British Columbia. The University College is exempt from income tax under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements of the University College have been prepared in accordance with accounting principles established by the British Columbia Ministry of Advanced Education for Colleges operating in the Province and conform in all material respects with Canadian generally accepted accounting principles.

(b) Fund accounting:

The University College follows fund accounting practices. Available resources and their related expenditures are recorded in separate funds in accordance with determinations made by the Board and limitations and restrictions imposed by sources outside the University College.

Funds consist of:

Operating - revenue and expenditures relating to general operations.

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

Ancillary Services - revenue and expenditures relating to the bookstore, University Station property and to the parking services.

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(c) Revenue recognition:

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

Under the College and Institutes Act and regulations thereto, the University College is funded by the Province of British Columbia in accordance with budget arrangements established by the Ministry of Advanced Education. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of the grant relates to a future period, it is deferred as unearned revenue and recognized in the subsequent period that the related expenditures are incurred. These financial statements reflect agreed arrangements approved by the Ministry with respect to the year ended March 31, 2008.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred contributions represent externally restricted funds received for which the related expenditure has not yet been incurred. These contributions are recognized as revenue in the period in which the related expenditures are incurred.

Contributions received and utilized for the purchase of capital assets are recorded as deferred capital contributions and such amounts are amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

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

(d) Interfund balances:

Interfund balances are without interest or specific terms of repayment.

(e) Inventories:

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

1. Significant accounting policies (continued):

(f) Capital assets:

Purchased buildings, furniture and equipment, and leasehold improvements are recorded at cost and contributed capital assets are recorded at their fair value on the date of contribution. Capital assets are amortized on a straight-line basis over the estimated useful life of the asset as follows:

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

(g) Capital funding:

Capital funding from the Province of BC in the form of prepaid capital advances is recorded by post-secondary institutions as deferred capital contributions and amortized to revenue in order to match the expense generated through amortization of the capital assets acquired with the funds. Any debt obligations are the responsibility of the Province and reported at the Provincial level.

(h) Unearned revenue:

Unearned revenue represents tuition fees and contracted service fees received for specific courses or projects which were not completed at year end.

(i) Salaries and wages:

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

(j) Use of estimates:

The preparation of the financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

2. Change in accounting policy:

- (a) Effective April 1, 2007, the University College adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855, Financial Instruments – Recognition and Measurement and CICA Handbook Section 3861, Financial Instruments – Disclosure and Presentation. These new Handbook sections provide comprehensive requirements for the recognition and measurement of financial instruments and related disclosures.

Under these new standards, all financial instruments are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the statement of financial position and are initially measured at fair market value. Subsequent measurement and recognition of changes in fair value of financial instruments depends on their initial classification. Held for trading financial investments are measured at fair value and all gains and losses are included in the statement of operations in the period they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in the net asset balance until the asset is removed from the statement of financial position. Loans and receivables, investments held-to-maturity and other financial liabilities are measured at amortized cost.

The standards require derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that the University College must formally document, designate and assess the effectiveness of transactions that receive hedge accounting.

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

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

- (b) Future accounting changes:

Effective April 1, 2008, the University College will be required to adopt CICA Section 3031 "Inventories". This Section prescribes the measurement of inventory at the lower of cost and net realizable value. The cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In addition, previous inventory write downs must be reversed if economic circumstances have changed to support an increased inventory value. This Section applies to financial statements for fiscal years beginning on or after January 1, 2008. The University College plans to adopt this Section for its fiscal year beginning April 1, 2008. The University College has evaluated the impact of this standard and it will not have a material effect on the University College's financial statements.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

3. Financial statement presentation:

These financial statements reflect the financial position, operations and cash flows of the University College.

Financial information relating to the University College of the Fraser Valley Foundation (the "Foundation") is presented in Note 15. The Foundation is incorporated under the Society Act of B.C. and is a registered charity under the Income Tax Act. The Foundation is dependant on the University College for management and administration services. According to the Foundation's bylaws all resources of the Foundation must be provided for the benefit of the University College and its students, and the Foundation has certain Directors in common with the University College. The financial position, results of operations and cash flows of the Foundation are not consolidated with those of the University College.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

4. Capital assets:

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

(a) Funding:

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

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

4. Capital assets (continued):

(b) Construction-in-progress:

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

5. Long-term loans payable:

	2007	2006
BC Immigrant Investment Fund Ltd. (BCIIF) loan, payable in quarterly installments of \$248,304.14 including interest at 5.15% per annum, due August 1, 2017	\$13,733,431	\$3,025,216
Royal Bank loan, payable in monthly installments of \$11,012 including interest at 5.40% per annum, due December 13, 2009	220,205	634,580
Current portion of long-term loans payable	13,953,636 (414,517)	3,659,796 (675,073)
	\$13,539,119	\$2,984,723

Interest on long-term loans payable in the amount of \$24,838 is included in other expenditures, capital, and \$475,828 in other expenditures, ancillary.

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

2009	\$414,517
2010	\$403,725
2011	\$322,914
2012	\$340,193
2013	\$357,386

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

6. Deferred contributions - Operating Fund:

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

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

Deferred contributions - Trust Fund:

Deferred contributions related to expenditures of future periods represent unspent externally restricted funds received for which the related expenditures such as scholarships, bursaries and other items have not yet been incurred.

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

6. Deferred contributions (continued) - Capital Fund:

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

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

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

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

7. Investment in capital assets:

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

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

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

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

8. Internally restricted net assets:

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

9. Scholarship and bursaries trust fund:

In October, 1984, an endowment fund in the name of the University College was established with the Vancouver Foundation. Capital of this endowment fund (\$160,000 cost as at March 31, 2008) is held by the Vancouver Foundation and its use is restricted. Income earned by the fund is paid semi-annually to the University College.

The fund balance is made up of various endowments as well as funds yet to be awarded for bursaries and scholarships. The disbursement of these funds is restricted to the criteria set out in each of the endowment, bursary or scholarship awards.

10. Pension plans:

The University College and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee 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 about 11,245 active members from college senior administration and instructional staff and approximately 3,500 retired members. The Municipal Pension Plan has about 145,000 active members, 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, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. The University College of the Fraser Valley paid \$970,825 for employer contributions to the Municipal plan and \$2,814,964 to the College plan in fiscal 2008.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2008

11. Commitments:

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

2009	\$423,490
2010	\$238,941
2011	\$ 99,993
2012	\$ 51,129
2013	\$ 51,129

(b) The University College has one capital construction project in progress, being the Building C/B reno in Abbotsford, with a total budgeted cost of \$19,611,000.

12. Contingencies:

(a) The University College has issued letters of guarantee to the City of Abbotsford in the amount of \$222,335 and to the City of Chilliwack in the amount of \$205,000 pertaining to future building development.

(b) The University College has guaranteed a loan of a maximum of \$90,000 to the University College radio station CIVL Radio. The current draw-down on the loan is \$50,000.

13. Bank credit facility:

The University College has a credit facility with the Royal Bank of Canada for the maximum amount of \$2,000,000. Any amounts borrowed through this facility incur interest costs at the Bank Prime Lending Rate. As at March 31, 2008, there was no amount drawn down on this line of credit.

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

14. University College of the Fraser Valley Foundation:

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

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

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

UNIVERSITY COLLEGE of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2008

15. Subsequent events:

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

16. Comparative figures:

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