# ANNUAL FINANCIAL REPORT

2024-2025

UNIVERSITY OF THE FRASER VALLEY

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*We at the University of the Fraser Valley respectfully acknowledge that the University of the Fraser Valley is located on the traditional territory of the Stó:lō peoples. We are grateful to live, work, and learn on this land, and we recognize UFV's responsibility to support Indigenous students, honour Indigenous voices, and advance truth and reconciliation.*

## Financial Discussion and Analysis

### About UFV

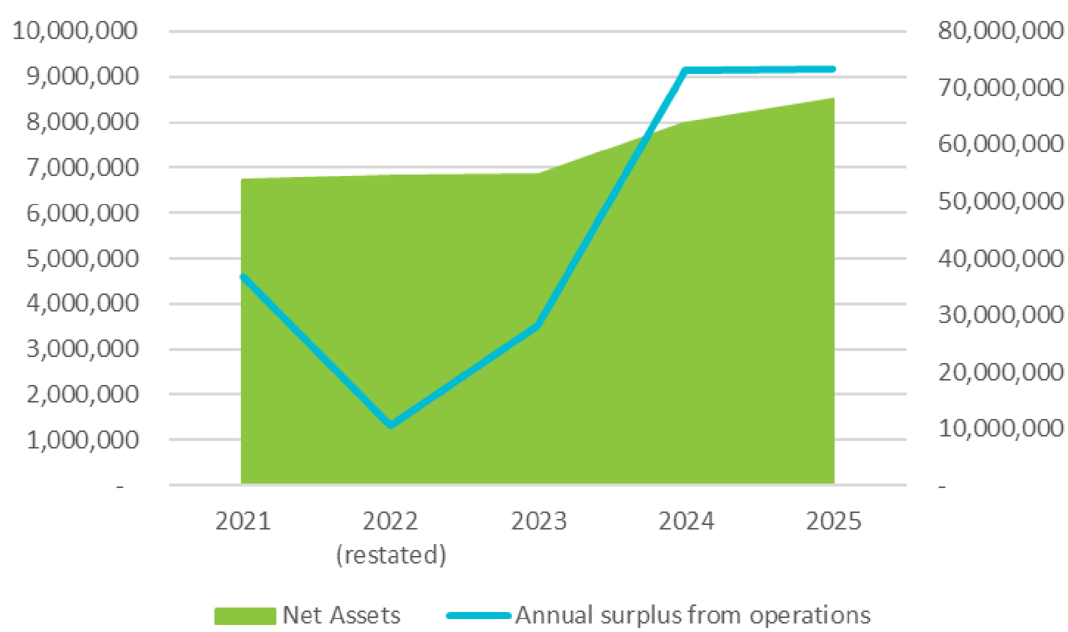
Located in the Fraser Valley just east of Vancouver, British Columbia, Canada, the University of the Fraser Valley (UFV or university) is a fully accredited, public university that enrolls approximately 15,000 students per year. UFV has campuses in Abbotsford, Chilliwack, Mission, and Hope, and a presence in Chandigarh, India.

UFV offers a large variety of programming, while utilizing small class sizes to allow students to get to know their instructors and learn in a supportive environment. The university offers more than 100 programs, including three master's degrees, 21 bachelor's degrees with majors, minors, and extended minors in more than 35 subject areas, four graduate certificates, and more than a dozen trades and technology programs. UFV continually reviews its offerings compared to the employment market.

### 2024/25 Overview

This unaudited Financial Discussion and Analysis (FD&A) is a measure of UFV's financial accountability and performance. It has been prepared to help readers of UFV's financial statements better understand the financial position and results, business activities and economic environment of the university. It should be read in conjunction with the included audited financial statements and accompanying notes for the year ended March 31, 2025.

Throughout the 2024/25 fiscal year, UFV demonstrated its continued commitment to aligning resources with identified strategic priorities, mindful of the impact on individuals and programs and the institution's financial sustainability. As shown below, through expense and revenue management, UFV has consistently maintained operating surpluses (revenues greater than expenses) and grown its financial assets (assets easily convertible to cash) each year. The drop in annual surplus in 2022 reflects the impact of the COVID-19 pandemic with increases each year thereafter as enrolments increased closer to pre-pandemic levels. Despite recent federal immigration changes, the university performed well, maintaining strong international enrolment and associated revenues.



## Financial Discussion and Analysis

UFV's Strategic Enrolment Management (SEM) plan provides guidance and actions to achieve student recruitment, retention, and university goals.

The achievement of our mission is dependent on strong financial health, and through the collective efforts and continued commitment of faculty, staff, and students, UFV continues to maintain a positive year-end financial position.

### Operating Environment and Governance

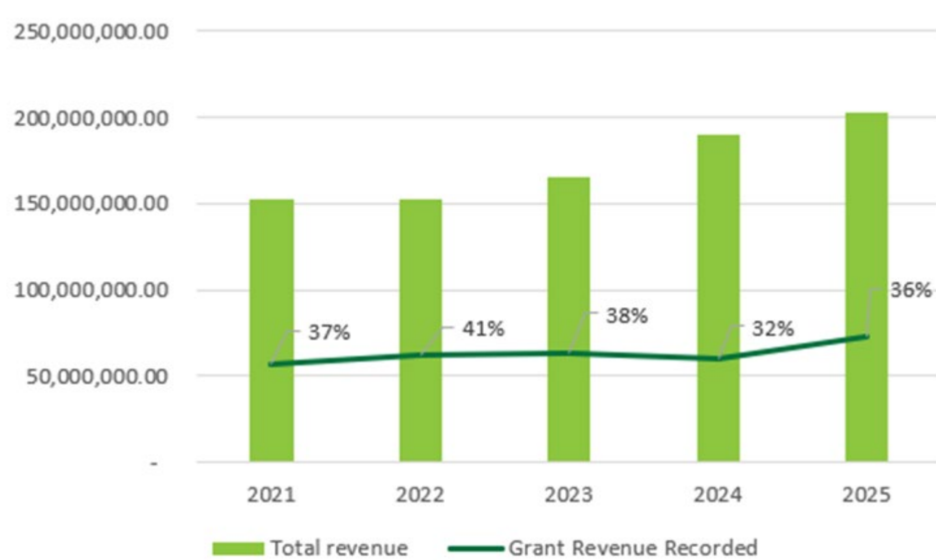
### Reporting Requirements

As a part of the Government Reporting Entity (GRE) of the Province of British Columbia, UFV is required to present its financial statements on the same basis as the provincial government. These standards are based on Canadian Public Sector Accounting Standards (PSAS) in accordance with Section 23.1 of the BC Budget Transparency and Accountability Act, supplemented by Regulations 257/210 and 198/2011 issued by the Province of British Columbia Treasury Board. The regulations result in revenue being recognized in the Consolidated Statement of Operations and Accumulated Operating Surplus and certain related deferred capital contributions being recorded in the Consolidated Statement of Financial Position differently than with the application of PSAS alone. Additionally, as a publicly funded institution under the University Act, the university is subject to balanced budget legislation (Balanced Budget and Ministerial Accountability Act) that requires maintaining a balanced budget unless exceptions have been approved.

### Government Funding and Policies

The Ministry of Post Secondary Education and Future Skills (Ministry) provides base operating funding for the delivery of credit courses to eligible students based on established enrolment targets for domestic full-time equivalent (FTE) students, associated accountabilities, and expectations for the fiscal year. UFV's enrolment target has increased slightly from the 2023/24 target of 6,761 to 6793 in 2024/25. See the Student Demographics section below for additional analysis.

As shown in the following graph, recognized grant revenue, as a proportion of UFV's total revenues, has varied over the years but overall has remained relatively constant. The university deferred base operating grant amounts of $5M in fiscal 2024 and $7M in fiscal 2025, resulting in percentages of actual grants received to total revenue of 33% and 38% respectively.



Domestic tuition rates are regulated by the provincial Tuition Limit Policy and annual increases have been limited to 2% annually. Tuition rates for international students are not currently regulated by the government. When setting these rates, it is important to carefully consider their impact on students and to ensure the university remains competitive in the international education market.

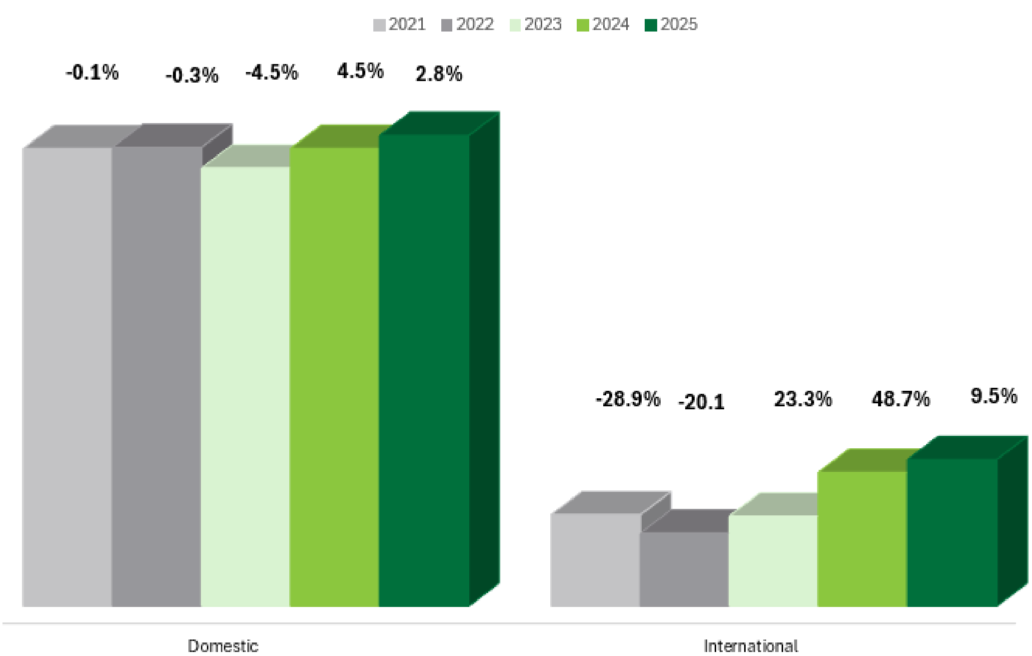
UFV is committed to ensuring space and technology infrastructure remains relevant and meets the changing and emerging needs of students. The university is investing in significant capital infrastructure and has major projects in progress, including the expansion of the dining hall and a new 398-bed student housing building. The government expects institutions to share in the cost of major capital renovations, upgrades, and projects.

## Student Demographics

The Ministry uses the full-time equivalents (FTE) measure to set annual FTE targets for domestic students in funded programs. The FTE targets represent the expected amount of student instruction. The Ministry provides a block operating grant but sets specific targets in select priority funded programs. International students are excluded from the targets and are not funded by the Ministry operating grant. As a result, international tuition fees are higher to reflect the full cost of their education. UFV's FTE target increased by 33 FTE's overall, in health and technology-related programs.

Actual FTEs reflect the university's delivered student instruction. UFV reports actual FTE and the domestic utilization rate information to the Ministry. For fiscal year 2024/25, UFV's overall utilization rate was 101.9%, 132 FTEs above the Ministry target. The university saw an overall net increase of 208 domestic FTEs over the previous year.

The following graph shows that after recovering from the effects of the COVID-19 pandemic, UFV has seen increases in both domestic and international FTE's.




As shown above, UFV again experienced international student growth over the previous year. International student FTEs, excluding those in Chandigarh at UFV India Global Education (UIGE), increased by 204 (2024: 704) or 9.5% (2024: 48.7%).

# Financial Discussion and Analysis

UFV saw a total annual increase of 410 FTEs (2024: 1,018) or 4.3% resulting in a total of 9,935 FTEs (2024: 9,524), with international FTE's, equating to approximately 24%. Total FTEs excluding UIGE are at an all-time high of 9,931, surpassing last year's high of 9,519. Tuition and student fee revenue includes a 2% domestic tuition rate increase, and 3% for returning and 5% for new international students.

## Government Policy

Changes in government policies can impact university revenue. In early 2024, the federal government announced three substantial modifications to its immigration policies: 1) implementing a two-year cap on study permits, 2) doubling the cost-of-living requirements, and 3) eliminating open work permits for spouses and partners of international students in undergraduate programs. These changes significantly contributed to the reduction in the number of new international students from 1548 in 2023/24 to 882 in 2024/25.

Changes in trade partner government policies can also have a significant impact on the university's financial operations. The implementation and continual changes in trade tariffs has created uncertainty within supply chains, increased the cost of products used in operations, and created possible research delays and international collaboration challenges.

## Collective Agreement

The university's collective agreement with the Faculty and Staff Association (FSA) was ratified December 2023 and covered the fiscal periods 2022/23 to 2024/25. The agreement expired at the end of 2024/25, and a new round of collective bargaining will begin in 2025.

## Comparative Financial Information

The university ended the year with an annual surplus of $9.7M, due to a combination of an increase of international revenues, prudent revenue and expense management, and higher investment income. Of this, $496K are donations directed to endowments and capitalization of investment earnings and therefore not available for spending. The annual operating surplus was $9.2M; 4.5% of total revenue. These funds are utilized to support the university's strategic priorities and capital plans.

### Financial Assets

Financial assets are defined as assets available to discharge liabilities or finance future operations. As compared to the previous year, financial assets increased by 25.5% ($35M) to $173M.

| | 2025 | 2024 |
|---|---|---|
| Cash and cash equivalents | 52,709,520 | 31,492,472 |
| Accounts receivable | 4,182,881 | 4,164,209 |
| Inventories held for resale | 501,252 | 746,580 |
| Investments | 113,012,612 | 100,215,666 |
| Loan receivable | 2,482,256 | 1,182,326 |
| **Total financial assets** | **$ 172,888,521** | **$ 137,801,253** |

*Cash and cash equivalents* include the university's working capital and restricted funds that fluctuate seasonally. The increase is due to loan proceeds of approximately $26.5M for the student housing project received near the end of the year, net of $4M in new investments. UFV maintains cash and liquid assets to meet operating expense obligations and planned capital expenditures.

*Accounts receivable* includes student tuition and fees, building permit deposits, and other receivables.

*Inventories held for resale* include Abbotsford and Chilliwack campus' bookstore, and media services inventories.

*Investments* include low-risk, fixed-income investments that have maturity of short- to mid-term, unrealized and realized endowment portfolio earnings, and UFV's investment in government business enterprises; UFV India Global Education and UFV Properties Trust. Strategic investments towards the end of 2023/24 were secured at higher interest rates.

*Loan Receivable* reflects the current balance of the university's capital financing loan to the UFV Properties Trust.

## Non-Financial Assets

Total non-financial assets increased by 32.2% to $283M. Non-financial assets are not available to discharge existing liabilities and are held to provide services in the future.

| | 2025 | 2024 |
|---|---|---|
| Tangible capital assets | 267,882,008 | 198,933,933 |
| Prepaid expenses | 1,527,153 | 1,958,579 |
| Investments - endowments | 13,734,986 | 13,239,398 |
| **Total non-financial assets** | **$ 283,144,147** | **$ 214,131,910** |

*Tangible capital assets* include land, buildings, capital leases, leasehold improvements, library acquisitions, computers, furniture and equipment and assets under construction. The increase in the net book value of $68.9M includes $79.6M of capital additions, offset by $10.7M of amortization. Most of these additions relate to the new student housing building and dining hall construction costs, faculty and student space improvements, safety and security upgrades, and information and technology infrastructure.

*Prepaid expenses* represent cash payments made in the year 2024/25 that are related to goods and / or services that will be received in the following fiscal year.

*Investments - endowments* represent the externally restricted donations received by the university and are not available for use. The increase from the prior year is the result of donations and capitalized investment income. UFV's endowed funds are professionally managed by RBC Philips, Hagar & North Investment Counsel and guided by the Investment Policy of the Board.

## Liabilities

The universities' liabilities increased by 48% to $290.7M.

| | 2025 | 2024 |
|---|---|---|
| Accounts payable and accrued liabilities | 31,119,754 | 30,122,077 |
| Deferred revenue | 47,001,405 | 43,996,735 |
| Deferred capital contributions | 177,662,465 | 113,990,584 |
| Debt | 32,988,593 | 6,344,975 |
| Obligations under capital lease | 399,935 | 438,042 |
| Other long-term liabilities | 1,526,905 | 1,363,308 |
| **Total financial liabilities** | **$ 290,699,057** | **$ 196,255,721** |

*Accounts payable and accrued liabilities* include student deposits related to 2025/26 terms and amounts owed to vendors and others for goods or services received by the end of the fiscal year. These balances may include estimates where invoices have not yet been received. Accounts payable and accrued liabilities increased approximately $1M mainly due to accruals related to the student housing and dining hall capital projects net of a decrease in student deposits. The reduction in student deposits occurred due to the reduction in new international student enrolment and therefore fee deposits for future terms.

*Deferred revenue* reflects externally restricted revenue that is not recognized until related expenses are incurred. Categories generally include tuition payments made by students for future courses, which are recognized as revenue when the course is delivered, unspent research grant and contract funding, prepaid lease revenue for the Student Union Building, and realized endowment earnings for distribution. The $3M increase is primarily driven by higher deferred research grant funding, additional deferred endowment earnings, and a $2M deferral from the 2024/25 operating grant approved by the Ministry (totaling $6.1M). These increases were partially offset by a $2.8M decrease, primarily due to lower deferred tuition resulting from reduced international student enrolment in the Winter 2025 term, and the recognition of prepaid lease revenue.

*Deferred capital contributions (DCC's),* externally restricted capital contributions received for the purchase or building of tangible capital assets, are amortized over the life of the related asset. Amortization begins when the asset is put into use. The net change is the result of contributions of $68.7M, the majority consisting of provincial funding for the student housing and dining hall projects, offset by $5.M of amortization of in-use assets. The Ministry approved a $5M deferral from the 2024/25 operating grant for capital purposes that is included in the $68.7M.

*Debt* consists of bonds taken out with the Province of BC Debt Management Branch. UFV secured debt for its first student housing project – Lá:lem te Baker - in 2007 that is being repaid by student rent revenues and matures in 2025/26. The plan is to renew a portion of the remaining debt. Additional debt of approximately $26.5M was secured near the end of 2024/25 to fund UFV's second student housing project, due to open in early 2026.

*Obligations under capital lease* represent the university acquiring tangible capital equipment financed through a capital lease.

*Other long-term liabilities* reflect the adoption of Public Accounting Standard 3280, Asset Retirement Obligation. This liability is recognized for statutory, contractual, or legal obligations associated with the retirement of real property.

### Net Debt

Net debt is a measure of the university's ability to use its financial assets to cover liabilities and fund future operations. Commonly, the measure is calculated using financial assets reduced by total liabilities. UFV's calculation first removes deferred capital contributions (DCCs) and its prepaid lease, explained below.

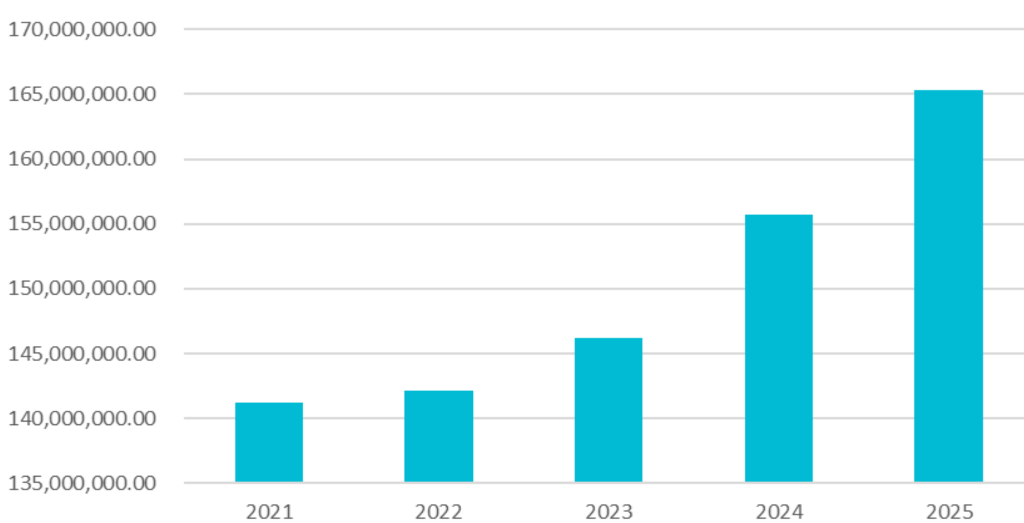
Addressing DCCs, post-secondary institutions in British Columbia prepare financial statements in accordance with the financial reporting provision of Section 23.1 of the provincial Budget Transparency and Accountability Act. Departing from pure PSAS accounting, contributions for capital assets are deferred and brought into revenue over the useful life of the asset as per provincial regulation (Treasury Board Regulation 198/2011). Reporting DCCs as a liability and therefore part of net debt skews the institution's net debt position as the recognition of DCCs will not be a draw on future revenues or financial resources. Similarly, the university has deferred prepaid lease revenue from the Student Union Society

(SUS) and Chilliwack Economic Partners Corporation (CEPCO) that will not require financial resources or draw on future revenues. Adjusting for these contributions, the debt to financial assets ratio has increased to 60.7% for fiscal 2024/25. The increase is due to the new debt secured to fund a portion of UFV's contribution to the student housing project. Excluding the new debt reduces the net debt ratio to 45%.


## Accumulated Surplus

Accumulated surplus increased 6.2% to $165.3M and represents the net economic position of the university from the operations of the current and past years along with the principal portion of endowed funds. Apart from endowed funds, the surplus is invested in capital assets, held as reserves to mitigate risk, or allocated to projects and initiatives including the university's physical infrastructure and technology. The planned use of Accumulated Surplus or Equity in future years requires careful oversight as it is not supported by ongoing revenues. Without a sustainable offset, this approach may impact the university's long-term financial resilience. Strategic management is essential to ensure such use aligns with the university's fiscal sustainability goals.

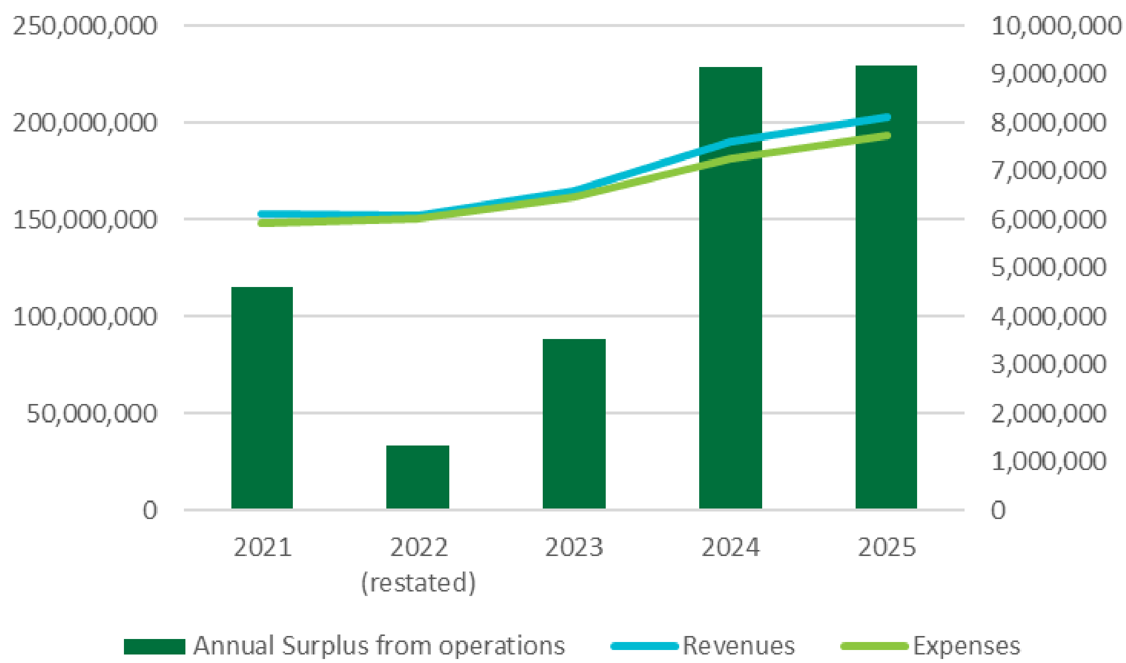
As the following graph shows, the accumulated surplus has grown over the past five years, indicating financial stability.



## Financial Discussion and Analysis

### Operating Results

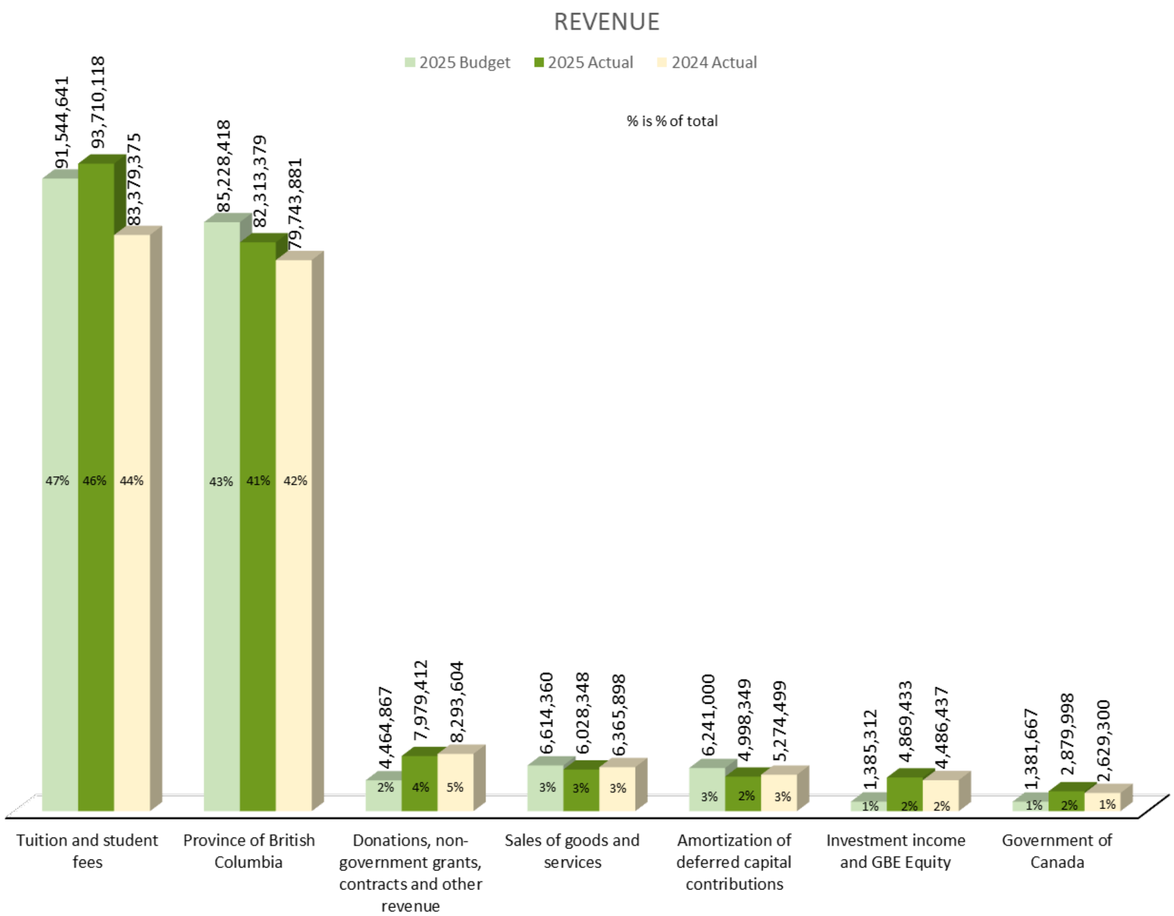
The university manages its finances carefully to ensure alignment with its strategic goals and financial responsibilities. The result is shown in the graph below as a steady increase in revenues (over expenses) and consistent annual surpluses.



## Financial Discussion and Analysis

### Revenue from Operations

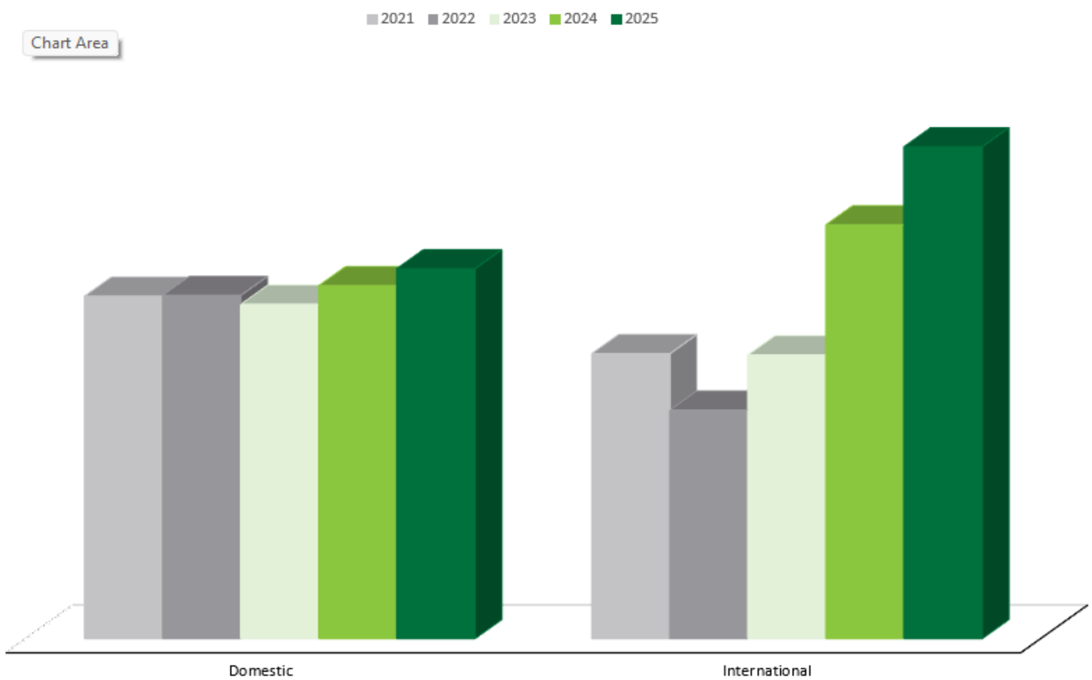
Total revenue for the year was $203M, an increase of $12.6M over the previous year and 3% higher than budget.




*Tuition and student fees* include domestic and international instructional, program differential, and mandatory non-instructional fees. Tuition and student fees revenue of $93.7M exceeded budget by $2.2M and was $10.3M (12%) higher than the previous year, driven by a $1.8M increase from domestic students and an $8.5M increase from international students. The increase related to domestic students reflects an additional 208 FTEs combined with a 2% increase in tuition fees. The increase for international students reflects 204 additional FTEs (excluding UIGE) along with a 3% tuition increase for continuing students and 5% for returning students. Domestic tuition accounts for 43% of tuition revenue (2024: 46%) and international 57% (2024: 54%).

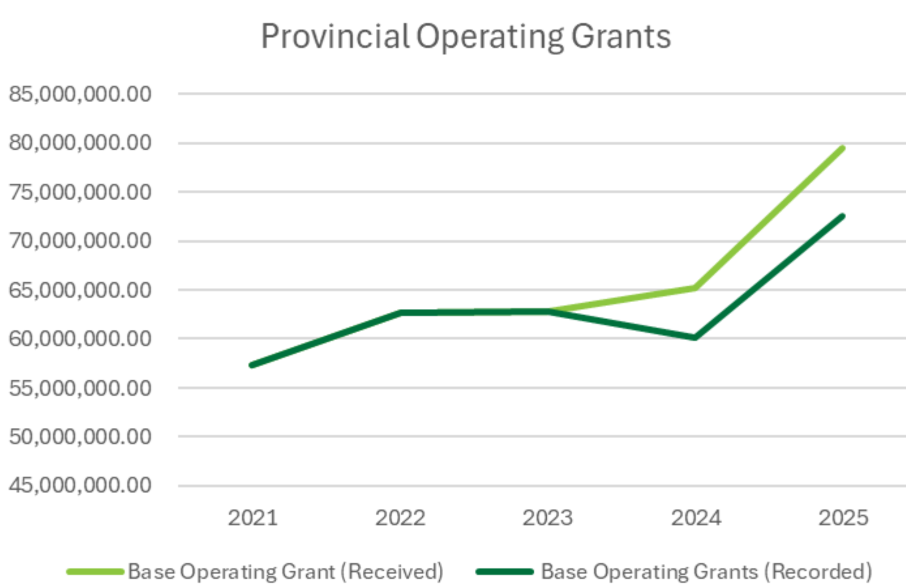
# Financial Discussion and Analysis

The following graph shows the domestic and international tuition and fee revenue over five years.




*Province of British Columbia* revenues recognized include base operating grants of approximately $74M (2024: $76M) from the Ministry and Skilled Trades BC and represents 36% (2024: 42%) of total revenue. As discussed in previous sections, the university deferred $5M from the 2023/24 and $7M from the 2024/25 base operating grant for future year operating and capital purposes. Due to these deferrals, the operating grants recorded in UFV's consolidated financial statements may differ from actual grants received.

The graph below shows operating grant increases over the past five years.



The increase over the prior year's actuals and budget is mainly due to funding for the universities general wage increase under the provincial Shared Recovery Mandate, with a small amount due to the increase in Ministry FTE targets. With the forecasted surplus for fiscal 2024/25, the university requested and was approved to defer $7M (2024: $5M) from operating grant funds for operating and capital initiatives.

In addition to base grants, the university receives one-time funding for specific purposes and projects, such as student support, directed programming, and research; revenues are recognized in the period in which expenses are incurred.

*Donations, non-government grants, contracts and other* revenue are one-time funds received for special purposes, endowment award funding, research activities, and other fees supporting university activities. As these revenues are tied to the expenses of specific projects, initiatives and activity approved at various points throughout the year, funding and revenue recognition can vary from year to year. The increase over the previous year and compared to budget can be attributed to increased activities.

*Sales of goods and services* revenues are generated by ancillary services that include the university bookstore, student housing, parking services and conferencing activity.

*Amortization of deferred capital contributions (DCC's)* is related to external funding for capital and routine capital and deferred maintenance projects. This funding is restricted and brought into revenue over the life of related assets.

*Investment income and GBE Equity* includes interest earned on fluctuating operating funds invested in short-term and mid-term investments, and income or losses from investments in Government Business Enterprises – UIGE and the Property Trust.

Strategic investments when interest rates were high near the end of 2023/24 resulted in increased investment income of $1.1M over prior year and $3.5M higher than budget. The university manages operating cashflows with a combination of term securities and participation in the provincial Central Deposit Program (CDP).

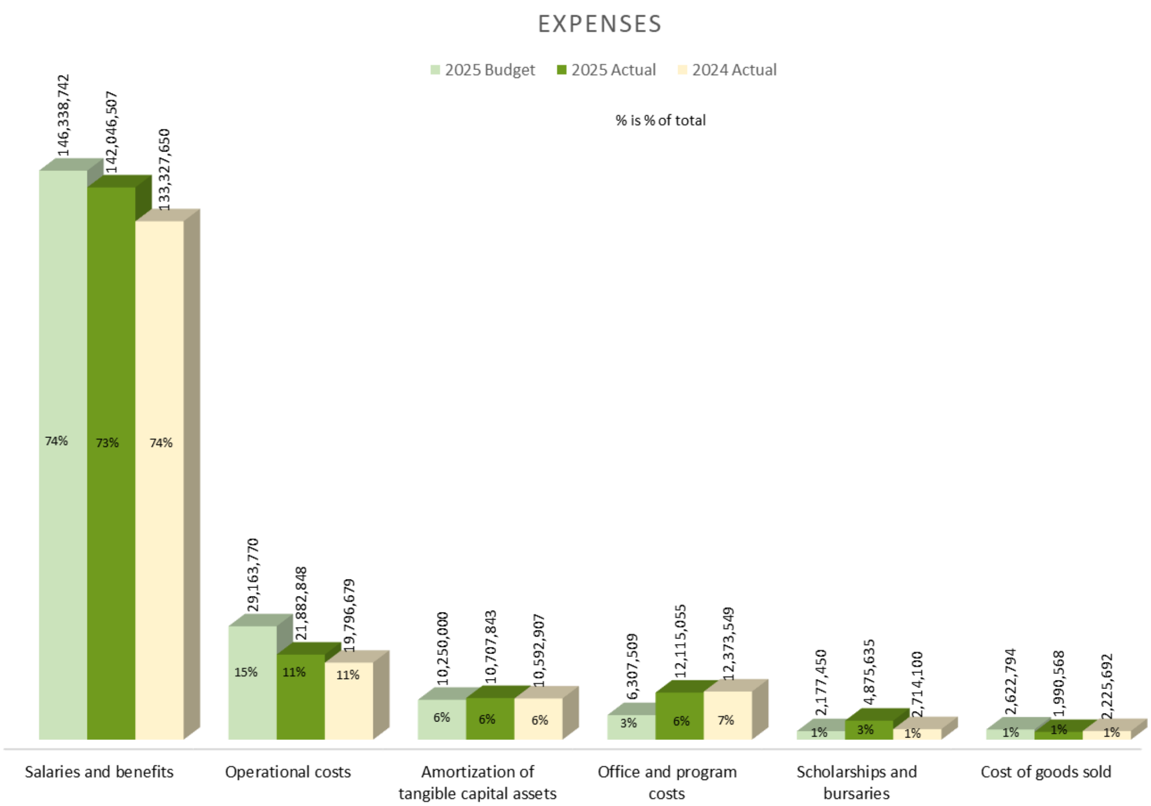
Loss from government business enterprises (GBE) is the annual net position of UFV India Global Education (UIGE) and the UFV Properties Trust. UIGE delivers UFV programming to students in Chandigarh, India, and 2024/25 activities resulted in a $21K deficit (2024: $28k surplus). The UFV Properties Trust was created to manage and develop UFV's surplus non-core lands and generate future revenue. UFV entered into a loan agreement with the Properties Trust in 2023/24 to sustain its operations until the entity is revenue generating.

### Other Revenue

Endowment contributions relate to external contributions received by the university and capitalized investment income.

## Expenses

Total expenses for the year were $193.6M, an increase of $12.6M over the previous year and $3.2M (1.6%) below budget. Most of the increase in expenses can be attributed to the increase in salaries and benefits, operational costs, and office and program costs.




*Salaries and benefits* are the single largest expense and represent 73% (2024: 74%) of total expenditures. The current year includes wage increases under the ratified Collective Bargaining Agreement (CBA) and provincial Shared Recovery Mandate (SRM), annual increments, and PSEC-approved non-union increases, offset by annual vacancy savings.

*Operational costs* include contractual obligations, software and licenses, security, printing, utilities, minor maintenance and repairs and advertising. Costs increased by approximately $2.1M over the previous year primarily due to increases in international recruitment commissions in proportion to an increase in international enrolment, and inflationary costs that were included in the annual budget.

*Amortization of tangible capital assets* reflects the spreading of the cost of major physical assets—such as buildings, equipment, and furniture—over the years they are used, to reflect how their value decreases over time.

*Office and program costs* increased over the prior year with a continuing growth of activities such as program supplies, business travel, professional development, increased research and on campus activities.

*Scholarships and bursaries* increased primarily due to a $2.8M provincial grant received to provide nursing scholarships and bursaries and other one-time funding for student supports.

*Cost of goods sold* includes the cost of bookstore and media inventories held for re-sale.

## Risks and Uncertainties

UFV operates in an increasingly complex environment and must assume certain risks to meet its objectives and realize its strategic goals – there is no opportunity without risk. UFV continues to mature an enterprise-wide approach to risk management, and focus will be on reinforcing the link between strategic goals and operational objectives, and risks to their achievement.

The university's strategic risks are considered below:

### *Financial Sustainability*

The most significant risk to achieving UFV's Operating Budget remains tuition dependency – with reliance on income from student tuition to sustain operations. In the face of inflationary pressures, provincial domestic student tuition limits, and international perception of federal restrictions on international student study and post-graduation work permits impacting international student recruitment, UFV will need to remain diligent to avoid operating deficits. An operating deficit could result in the university being unable to meet its strategic goals. To manage this risk, we have implemented the UFV Strategic Enrolment Management (SEM) Plan focused on student recruitment and retention and have established the UFV Property Trust as a mechanism to leverage capital assets.

### *Cybersecurity*

The compromise of university systems and information is an evolving risk across the sector, requiring continual adaptation and resources. While the risk is likely to remain a top priority for the foreseeable future, UFV continues to manage this risk by adopting a framework that includes risk assessments, threat identification, mitigation and continuous improvement.

### *Talent*

The risk that we may not attract and retain top talent could result in a loss of competitive advantage and intellectual capital, impact student experience and damage our reputation. Management of this risk in the coming year will continue focus on a holistic view of the staffing experience, refreshing job descriptions, developing targeted job campaigns, adapting to labour market conditions, and better defining the risk through qualitative and quantitative evaluation of our faculty and staff engagement, retention/attrition rates.

### *Business Continuity*

The interruption of business operations due to cybersecurity breaches, weather or health events continues to be a risk. The Business Continuity Plan is in development, requiring commitment and collaboration across all business-critical functions. Recent efforts to reinforce the Business Continuity team are expected to improve this risk in the coming year.

### *Technology*

Critical business processes are increasingly reliant on technology for their day-to-day operations creating the risk that the underlying systems/technology solutions may not meet key university requirements. To manage this risk, UFV will continue to improve the IT governance process and associated committees to oversee major IT decisions, standards and investments; ensure IT Projects follow industry standard project management best practices; and manage vendor relationships for the enterprise resource planning (ERP) and learning management system (LMS) through dedicated customer success managers.

### *Deferred Maintenance*

The institution faces an ongoing risk related to the upkeep of aging and deteriorating facilities, particularly in balancing maintenance needs within the limitations of internally available capital and externally allocated funding. To manage this risk, UFV develops extensive campus and enrolment planning analyses to prioritize maintenance activities.

### *Geopolitical*

UFV is susceptible to trade-related uncertainties and risks related to protectionism and geopolitics. To manage this risk, UFV's procurement team is working with the university community to source replacements for products subject to tariffs or minimize costs where no such replacements exist.

## UFV Looking Ahead

UFV has identified several current risks that warrant further refinement and consideration. These include:

- *Mental health*, to ensure significant health issues of students and staff are identified and supported.
- *Climate change*, to plan for escalating climate events that could impact university assets and disrupt campus operations.
- *Student experience*, so our curriculum and student experience meets the needs of prospective and current students.
- *Enrolment*, to ensure our student enrolment income sustains our operations.
- *Equality, Diversity and Inclusion (EDI)*, to ensure UFV continues to offer a diverse, inclusive and accessible culture, encouraging everyone to reach their full potential.
- *Artificial Intelligence* presents both significant opportunities and substantial risks for universities. Our management of AI will concentrate on the development of an AI self-assessment tool for all areas, and development of recommendations for the integration of AI across the university.

# FINANCIAL STATEMENTS OF THE UNIVERSITY OF THE FRASER VALLEY

And independent auditor's report thereon for the year ended March 31, 2025

UNIVERSITY OF THE FRASER VALLEY

# University of the Fraser Valley

**March 31, 2025**

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UNIVERSITY OF THE FRASER VALLEY

## 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, 2025.

On behalf of the University

Chair of the Board, John Pankratz

Chief Financial Officer, Nicole Adams

June 19, 2025

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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, 2025
- 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, 2025 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 auditor's 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 auditor's 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.

***Auditor's 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 auditor's 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 auditor's 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 auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

Chartered Professional Accountants

Abbotsford, Canada
June 19, 2025

# University of the Fraser Valley

**Statement of Financial Position**

**As at March 31, 2025, with comparative information for 2024**

| | 2025 | 2024 |
|---|---|---|
| **Financial assets** | | |
| Cash and cash equivalents | $ 52,709,520 | $ 31,492,472 |
| Accounts receivable | 4,182,881 | 4,164,209 |
| Inventories held for resale | 501,252 | 746,580 |
| Investments (Note 3) | 113,012,612 | 100,215,666 |
| Loan receivable (Note 4) | 2,482,256 | 1,182,326 |
| | 172,888,521 | 137,801,253 |
| **Liabilities** | | |
| Accounts payable and accrued liabilities (Note 5) | 31,119,754 | 30,122,077 |
| Deferred revenue (Note 6) | 47,001,405 | 43,996,735 |
| Deferred capital contributions (Note 7) | 177,662,465 | 113,990,584 |
| Debt (Note 9) | 32,988,593 | 6,344,975 |
| Obligations under capital lease (Note 10) | 399,935 | 438,042 |
| Asset retirement obligation (Note 20) | 1,526,905 | 1,363,308 |
| | 290,699,057 | 196,255,721 |
| Net debt | (117,810,536) | (58,454,468) |
| **Non-financial assets** | | |
| Tangible capital assets (Note 17) | 267,882,008 | 198,933,933 |
| Prepaid expenses | 1,527,153 | 1,958,579 |
| Investments - endowments (Note 15) | 13,734,986 | 13,239,398 |
| | 283,144,147 | 214,131,910 |
| Accumulated surplus | $ 165,333,611 | $ 155,677,442 |

Contingent liabilities (Note 8)
Contractual obligations (Note 13)

Approved by:

Chair of the Board

Chief Financial Officer

# University of the Fraser Valley

**Statement of Operations and Accumulated Surplus**

**For the year ended March 31, 2025,with comparative information for 2024**

| | 2025 Budget (Note 2(k)) | 2025 | 2024 |
|---|---|---|---|
| **Revenue** | | | |
| Tuition and student fees | $ 91,544,641 | $ 93,710,118 | $ 83,379,375 |
| Province of British Columbia | 85,228,418 | 82,313,379 | 79,743,881 |
| Sales of goods and services | 6,614,360 | 6,028,348 | 6,365,898 |
| Amortization of deferred capital contributions (Note 7) | 6,241,000 | 4,998,349 | 5,274,499 |
| Donations, non-government grants and contracts | 2,052,145 | 4,930,893 | 5,012,954 |
| Investments | 1,385,312 | 4,869,433 | 4,486,437 |
| Other revenue | 2,412,722 | 3,048,519 | 3,364,877 |
| Government of Canada | 1,381,667 | 2,879,998 | 2,629,300 |
| Loss on disposal of assets | - | - | (84,227) |
| | 196,860,265 | 202,779,037 | 190,172,994 |
| **Expenses** | | | |
| Instruction and support | 191,460,465 | 188,318,715 | 176,147,987 |
| Ancillary | 5,399,800 | 5,299,741 | 4,882,539 |
| | 196,860,265 | 193,618,456 | 181,030,526 |
| Annual surplus from operations | - | 9,160,581 | 9,142,468 |
| Endowment contributions | - | 495,588 | 323,080 |
| Annual surplus | - | 9,656,169 | 9,465,548 |
| Accumulated surplus, beginning of year | - | 155,677,442 | 146,211,894 |
| Accumulated surplus, end of year | $ - | $ 165,333,611 | $ 155,677,442 |

See accompanying notes to the financial statements.

# University of the Fraser Valley

**Statement of Changes in Net Debt**

**For the year ended March 31, 2025, with comparative information for 2024**

| | 2025 Budget (Note 2(k)) | 2025 | 2024 |
|---|---|---|---|
| Annual surplus | $ - | $ 9,656,169 | $ 9,465,548 |
| Acquisition of tangible capital assets | - | (79,503,269) | (24,283,790) |
| Acquisition of tangible capital assets through capital lease | - | (152,649) | (270,712) |
| Proceeds on sale of tangible capital assets | - | - | 12,800 |
| Loss on sale of tangible capital assets | - | - | 84,227 |
| Amortization of tangible capital assets | 10,250,000 | 10,707,843 | 10,592,907 |
| | 10,250,000 | (68,948,075) | (13,864,568) |
| Acquisition of prepaid expenses | - | (1,527,153) | (1,958,579) |
| Use of prepaid expenses | - | 1,958,579 | 861,981 |
| | - | 431,426 | (1,096,598) |
| | 10,250,000 | (58,860,480) | (5,495,618) |
| Endowment contributions | - | (495,588) | (323,080) |
| Decrease (increase) in net debt | 10,250,000 | (59,356,068) | (5,818,698) |
| Net debt, beginning of year | (58,454,468) | (58,454,468) | (52,635,770) |
| Net debt, end of year | $ (48,204,468) | $ (117,810,536) | $ (58,454,468) |

See accompanying notes to the financial statements.

# University of the Fraser Valley

**Statement of Cash Flows**

**For the year ended March 31, 2025, with comparative information for 2024**

| | 2025 | 2024 |
|---|---|---|
| **Cash provided by (used in):** | | |
| **Operating activities** | | |
| Annual surplus | $ 9,656,169 | $ 9,465,548 |
| **Items not involving cash** | | |
| Amortization of tangible capital assets | 10,707,843 | 10,592,907 |
| Amortization of deferred capital contributions | (4,998,349) | (5,274,499) |
| Loss on sale of tangible capital assets | - | 84,227 |
| Change in non-cash operating working capital (Note 11) | 4,824,026 | 11,642,149 |
| Net change in cash from operating activities | 20,189,689 | 26,510,332 |
| **Investing activities** | | |
| Increase in investments - non endowment | (12,796,946) | (7,946,199) |
| Increase in investments - endowment | (495,588) | (323,080) |
| Net change in cash from investing activities | (13,292,534) | (8,269,279) |
| **Capital activities** | | |
| Acquisition of tangible capital assets | (79,655,918) | (24,283,790) |
| Proceeds on sale of assets held for sale | - | 12,800 |
| Net change in cash from capital activities | (79,655,918) | (24,270,990) |
| **Financing activities** | | |
| Repayment of debt | 102,176 | (1,262,430) |
| Deferred capital contributions received | 68,670,230 | 20,435,456 |
| Repayment of obligations under capital lease | (38,107) | (129,373) |
| Issuance of debt | (1,299,930) | (1,182,326) |
| Debt proceeds received | 26,541,442 | - |
| Net change in cash from financing activities | 93,975,811 | 17,861,327 |
| Net change in cash and cash equivalents | 21,217,048 | 11,831,390 |
| Cash and cash equivalents, beginning of year | 31,492,472 | 19,661,082 |
| **Cash and cash equivalents, end of year** | $ 52,709,520 | $ 31,492,472 |

Supplemental cash flow information included in notes 11 and 17

See accompanying notes to the financial statements.

## 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 taxpayer 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 taxpayer 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.

## 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.

## 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.

**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.

**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 2024/2025 Budget approved by the Board of Governors of the University on March 28, 2024. 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.

(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.

**2. Significant accounting policies (continued)**

(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

(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(g)(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. 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

| | 2025 | 2024 |
|---|---|---|
| Philips Hager North - UFV Endowment Fund | $ 17,502,014 | $ 16,287,349 |
| Philips Hager North - CCIBED* Endowment Fund | 3,900,712 | 3,726,619 |
| | 21,402,726 | 20,013,968 |
| UFV India Global Education (Note 3c(i)) | 196,995 | 218,339 |
| UFV Property Trust (Note 3c(ii)) | (1,178,678) | (259,720) |
| Investments recorded at cost or amortized cost | 106,326,555 | 93,482,477 |
| | 126,747,598 | 113,455,064 |
| Principal portion of endowments (Note 15) | (13,734,986) | (13,239,398) |
| | $ 113,012,612 | $ 100,215,666 |

*CCIBED - Chair Canada India Business & Economic Development

## 3. Financial Instruments (continued)

(b) Investments recorded at fair value (continued)

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.

(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:

| | 2025 | 2024 |
|---|---|---|
| Equity, beginning of year | $ 218,339 | $ 190,155 |
| Gain (Loss) | (21,344) | 28,184 |
| Equity, end of year | $ 196,995 | $ 218,339 |

Condensed financial information is as follows:

| Balance Sheet | 2025 | 2024 |
|---|---|---|
| Assets | $ 203,727 | $ 230,888 |
| Liabilities | (6,732) | (12,549) |
| Net assets | 196,995 | 218,339 |
| Accumulated surplus | $ 196,995 | $ 218,339 |

| Income and Expenditure Statement | 2025 | 2024 |
|---|---|---|
| Revenue | $ 18,670 | $ 50,504 |
| Expenses | 40,014 | 22,320 |
| Annual surplus (deficit) | (21,344) | 28,184 |
| Accumulated surplus, beginning of year | 218,339 | 190,155 |
| Accumulated surplus, end of year | $ 196,995 | $ 218,339 |

**3. Financial Instruments (continued)**

(c) Investment in government business enterprises (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.

Condensed financial information as of December 31, 2024 that is part of the University's reporting entity is as follows:

| Statement of Financial Position | 2025 | 2024 |
|---|---|---|
| Assets | $ 1,371,953 | $ 228,781 |
| Liabilities | (2,550,631) | (488,501) |
| Deficit | $ (1,178,678) | $ (259,720) |

| Statement of Profit and Loss | 2025 | 2024 |
|---|---|---|
| Revenue | $ 30,797 | $ 4,464 |
| Expenses | (949,755) | (264,184) |
| Annual deficit | (918,958) | (259,720) |
| Accumulated deficit, beginning of year | (259,720) | - |
| Accumulated deficit, end of year | $ (1,178,678) | $ (259,720) |

**4. Loan receivable**

The University has entered into a capital financing loan agreement with the UFV Properties Trust. For the year ending March 31, 2025, the loan bore interest at 5.95% 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. $2,330,000 has been drawn down against this agreement as of March 31, 2025.

**5. Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities are comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Trades payable | $ 14,420,607 | $ 7,602,708 |
| Student deposits | 7,713,579 | 12,979,890 |
| Wages payable | 508,244 | 992,651 |
| Accrued vacation and overtime payable | 8,477,324 | 8,546,828 |
| | $ 31,119,754 | $ 30,122,077 |

## 6. Deferred revenue

Deferred revenue is comprised of the following:

| | 2024 | Amounts Received | Revenue Recognized and Transfers | 2025 |
|---|---|---|---|---|
| Student tuition fees | $ 20,970,259 | $ 18,177,134 | $ 20,970,259 | $ 18,177,134 |
| Student award funding | 6,427,597 | 1,691,399 | 476,337 | 7,642,659 |
| Special purpose and research funding | 8,187,587 | 8,775,681 | 3,880,205 | 13,083,063 |
| Prepaid lease revenue | 8,411,292 | - | 312,743 | 8,098,549 |
| Total | $ 43,996,735 | $ 28,644,214 | $ 25,639,544 | $ 47,001,405 |

## 7. Deferred capital contributions

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

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning of year | $ 113,990,584 | $ 98,829,627 |
| Contributions from the Province of British Columbia | 67,531,692 | 19,428,517 |
| Contributions from the Government of Canada | 62,108 | 773,134 |
| Contribution from other restricted resources | 1,076,430 | 233,805 |
| Amortization of deferred capital contributions | (4,998,349) | (5,274,499) |
| Balance, end of year | $ 177,662,465 | $ 113,990,584 |

## 8. 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.

## 9. Debt

Debt is comprised of the following:

| | 2025 | 2024 |
|---|---|---|
| Province of British Columbia 2.85% bond due 2025 | $ 6,447,151 | $ 6,344,975 |
| Province of British Columbia 4.25% bond due 2053 | 26,541,442 | - |
| | $ 32,988,593 | $ 6,344,975 |

### 9. Debt (continued)

The Province of British Columbia unsecured debt of $26,400,000 was issued at a premium, with a coupon rate of 4.25%, interest paid semi-annually, due December 18, 2053. Sinking fund payments are made annually and are invested in fixed income securities as directed by the Province of BC. The University will contribute to a sinking fund investment beginning December 18, 2025 that will provide for the retirement of the debt at maturity.

Anticipated annual principal repayments, including sinking fund instalments and maturities, due over the next five years and thereafter are as follows:

| | Sinking Fund | Other | Total |
|---|---|---|---|
| 2026 | $ 424,000 | $ 6,500,000 | $ 6,924,000 |
| 2027 | 424,000 | - | 424,000 |
| 2028 | 424,000 | - | 424,000 |
| 2029 | 424,000 | - | 424,000 |
| 2030 | 424,000 | - | 424,000 |
| Thereafter | 9,752,000 | 26,400,000 | 36,152,000 |
| | $ 11,872,000 | $ 32,900,000 | $ 44,772,000 |

The Province of British Columbia bond of $6,500,000 will be renewed upon maturity on June 18, 2025.

### 10. Obligations under capital lease

Repayments of obligations under capital leases are due as follows:

| | 2025 | 2024 |
|---|---|---|
| 2025 | $ - | $ 204,734 |
| 2026 | 196,184 | 159,450 |
| 2027 | 138,084 | 107,472 |
| Thereafter | 89,443 | - |
| Total minimum lease payments | 423,711 | 471,656 |
| Less amounts representing interest | (23,776) | (33,614) |
| Present value of net minimum capital lease payments | $ 399,935 | $ 438,042 |

Total interest expensed on leases for the year was $20,705 (2024 - $17,232) and is included in the Statement of Operations and Accumulated Surplus. The cost of borrowing is between 2.76% to 5.35% (2024 - 2.76% to 5.35%).

## 11. Supplemental cash flow information

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

| | 2025 | 2024 |
|---|---|---|
| Accounts receivable | $ (18,672) | $ 2,214,821 |
| Prepaid expenses | 431,426 | (1,096,598) |
| Inventories held for resale | 245,328 | 60,922 |
| Accounts payable and accrued liabilities | 997,677 | 4,590,226 |
| Deferred revenue | 3,004,670 | 5,771,793 |
| Asset retirement obligation | 163,597 | 100,985 |
| | $ 4,824,026 | $ 11,642,149 |

## 12. 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.

## 13. 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:

| | 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|---|
| Long-term lease commitments | $ 482,048 | $ 465,298 | $ 465,298 | $ 465,298 | $ 464,351 |

## 14. 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:

| 2026 | 2027 | 2028 | 2029 | 2030 |
|---|---|---|---|---|
| $ 557,601 | $ 377,691 | $ 148,000 | $ 148,000 | $148,000 |

The University enters into multi-year research funding agreements with various federal, provincial and municipal funding agencies whereby it has the opportunity to earn revenue in future years by incurring qualified expenditures. These research funding agreements do not abnormally impact the University’s financial position.

### 15. Investments - endowments

Changes to the endowment balances are as follows:

| | 2025 | 2024 |
|---|---|---|
| Balance, beginning of year | $ 13,239,398 | $ 12,916,318 |
| Contributions received during the year | 154,823 | 276,514 |
| Capitalization of endowment surplus | 340,765 | 46,566 |
| Balance, end of year | $ 13,734,986 | $ 13,239,398 |

### 16. Expenses by object

The following is a summary of expenses by object:

| | 2025 | 2024 |
|---|---|---|
| Salaries and wages | $ 114,218,577 | $ 107,278,372 |
| Employee benefits | 27,827,930 | 26,049,227 |
| Amortization of tangible capital assets | 10,707,843 | 10,592,907 |
| Contracted services | 9,138,211 | 8,272,523 |
| Supplies, books and licenses | 8,479,119 | 8,646,637 |
| Scholarships and bursaries | 4,875,635 | 2,714,100 |
| Commissions | 4,060,350 | 2,948,964 |
| Travel and conferences | 3,635,936 | 3,726,912 |
| Other operating expenses | 2,632,529 | 3,021,229 |
| Cost of goods sold | 1,990,568 | 2,225,692 |
| Utilities | 1,880,233 | 1,898,696 |
| Minor renovations and repairs | 1,560,101 | 1,818,610 |
| Rentals and leases | 999,280 | 914,420 |
| Printing and advertising | 986,297 | 794,812 |
| Interest | 625,847 | 127,425 |
| | $ 193,618,456 | $ 181,030,526 |

# University of the Fraser Valley

## Notes to the Financial Statements

## For the year ended March 31, 2025, with comparative information for 2024

### 17. 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 | 2025 Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **2025 Cost** | | | | | | | | | | |
| Balance, beginning 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 |
| Additions | - | 3,235,765 | 6,658,124 | 2,580,024 | - | - | 602,473 | 77,934 | 66,501,598 | 79,655,918 |
| Transfer of assets under construction | - | 6,864,642 | 271,282 | - | - | - | - | - | (7,135,924) | - |
| Balance, end of year | 11,910,793 | 251,254,000 | 79,988,537 | 24,025,678 | 1,619,974 | 10,750,627 | 5,928,673 | 10,934,718 | 79,613,439 | 476,026,439 |
| **2025 Accumulated Amortization** | | | | | | | | | | |
| Balance, beginning 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 |
| Amortization | - | 4,948,880 | 4,004,120 | 1,207,137 | - | 204,556 | 232,330 | 110,820 | - | 10,707,843 |
| Balance, end of year | - | 102,022,857 | 63,021,382 | 20,703,079 | 1,619,974 | 9,748,853 | 511,557 | 10,516,729 | - | 208,144,431 |
| 2025 Net Book Value | $ 11,910,793 | $ 149,231,143 | $ 16,967,155 | $ 3,322,599 | $ - | $ 1,001,774 | $ 5,417,116 | $ 417,989 | $ 79,613,439 | $ 267,882,008 |
| 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 |

During the year, the University acquired $152,649 (2024 - $270,712) of computer hardware financed through capital leases. As at March 31, 2025 assets under construction with a value of $79,613,439 (2024 - $20,247,765) has not been amortized. Amortization of these assets will commence when the assets are put into productive use.

## 18. 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.

## 19. Pension plans

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan (jointly trusteed 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, 2024 the College Pension Plan has about 18,000 active members, and approximately 11,200 retired members. As at December 31, 2023, the Municipal Pension Plan has about 256,000 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 $10,314,346 (2024 - $9,673,979) for employer contributions to the plans in fiscal 2025.

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. The results of the valuations are expected to be available, later in 2025.

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.

## 20. 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 respective buildings. The discount rate of 3.13% (2024 - 3.13%) is used and a variable inflation rate is used to calculate the future value of the asset retirement obligation. The undiscounted estimated cash flows required to settle the obligations are approximately $2,730,000 (2024 - $2,730,000) to be paid during the fiscal years 2028 to 2049. It is management's opinion that these assumptions are reasonable in the circumstance as at March 31, 2025.

Management, as at March 31, 2025, 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:

| | 2025 | 2024 |
|---|---|---|
| Carrying amount at beginning of year | $ 1,363,308 | $ 1,262,323 |
| Accretion expense | 163,597 | 100,985 |
| Carrying amount at end of year | $ 1,526,905 | $ 1,363,308 |

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### 21. Comparative information

Certain comparative figures have been reclassified to conform with the financial statement presentation adopted for the current year. These reclassifications do not impact the prior year or accumulated surplus.

### 22. Subsequent event

Tariffs, other potential changes to tariff and import/export regulations, and ongoing trade disputes between the United States and other jurisdictions may have a negative effect on global economic conditions and the stability of global financial markets.

These tariffs are relatively recent and are subject to a number of uncertainties as they are implemented, and the impact cannot be predicted at this time.

# UNIVERSITY OF THE FRASER VALLEY CAMPUS LOCATIONS

## ABBOTSFORD CAMPUS
33844 King Rd
Abbotsford, BC
V2S 7M7

## CHILLIWACK CAMPUS
45190 Caen Ave
Chilliwack, BC
V2R 0N3


## MISSION CAMPUS
33700 Prentis Ave
Mission, BC
V2V 7B1