



Financial Statements of

UNIVERSITY of the FRASER VALLEY

Year ended March 31, 2009



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AUDITORS' REPORT

To the Board of
University of the Fraser Valley

We have audited the statement of financial position of the University of the Fraser Valley as at March 31, 2009, 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'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 as at March 31, 2009 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.

KPMG LLP

Chartered Accountants
Abbotsford, British Columbia
May 5, 2009

UNIVERSITY of the FRASER VALLEY

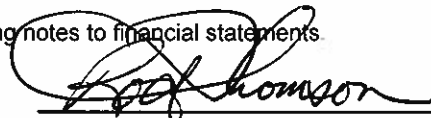
Statement of Financial Position

March 31, 2009, with comparative figures for 2008

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2009 Total	2008 Total
	\$	\$	\$	\$	\$	\$
Assets						
Current assets:						
Cash and short-term investments	40,590,566	-	-	1,754,576	42,345,142	32,714,837
Accounts receivable	1,551,507	21,469	863,022	3,701	2,439,699	2,228,363
Inventories	81,076	1,733,875	-	-	1,814,951	1,646,340
Prepaid expenses	451,603	-	30,029	-	481,632	160,688
	42,674,752	1,755,344	893,051	1,758,277	47,081,424	36,750,228
Interfund balance	-	-	12,043,039	-	12,043,039	6,730,649
Capital assets (Note 5)	-	-	144,914,569	-	144,914,569	137,982,346
	42,674,752	1,755,344	157,850,659	1,758,277	204,039,032	181,463,223
Liabilities, Deferred Contributions and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities	12,048,597	-	2,461,155	-	14,509,752	10,932,168
Unearned revenue	7,682,689	-	-	-	7,682,689	7,964,310
Current portion of long-term loans payable (Note 6)	-	-	403,731	-	403,731	414,517
	19,731,286	-	2,864,886	-	22,596,172	19,310,995
Long-term liabilities:						
Long-term loans payable (Note 6)	-	-	13,135,111	-	13,135,111	13,539,119
Interfund balance	11,449,064	583,128	-	10,847	12,043,039	6,730,649
Deferred contributions (Note 7)	291,387	-	105,202,472	1,747,430	107,241,289	95,705,820
Net assets:						
Investment in capital assets (Note 8)	-	-	29,160,757	-	29,160,757	29,362,689
Internally restricted (Note 9)	10,685,251	-	7,487,433	-	18,172,684	15,105,173
Unrestricted	517,764	1,172,216	-	-	1,689,980	1,708,778
	11,203,015	1,172,216	36,648,190	-	49,023,421	46,176,640
Commitments (Note 12)						
Contingencies (Note 13)						
Subsequent events (Note 16)						
	42,674,752	1,755,344	157,850,659	1,758,277	204,039,032	181,463,223

See accompanying notes to financial statements

Approved by:



Chairman of the Board



VP Administration

UNIVERSITY of the FRASER VALLEY

Statement of Operations and Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2009 Total	2008 Total
	\$	\$	\$	\$	\$	\$
Revenue	87,367,175	6,825,986	6,086,021	1,304,489	101,583,671	92,700,317
Expenditures	82,528,878	6,262,680	8,640,843	1,304,489	98,736,890	88,440,256
Excess (deficiency) of revenue over expenditures	4,838,297	563,306	(2,554,822)	-	2,846,781	4,260,061
Net assets, beginning of year	8,908,476	1,172,217	36,095,947	-	46,176,640	41,916,579
Interfund transfers	(2,543,758)	(563,307)	3,107,065	-	-	-
	6,364,718	608,910	39,203,012	-	46,176,640	41,916,579
Net assets, end of year	11,203,015	1,172,216	36,648,190	-	49,023,421	46,176,640

See accompanying notes to financial statements.

UNIVERSITY of the FRASER VALLEY

Statement of Revenue

Year ended March 31, 2009, with comparative figures for 2008

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2009 Total	2008 Total
	\$	\$	\$	\$	\$	\$
Ministry of Advanced Education Grants:						
Continuing programs	49,670,166	-	-	-	49,670,166	43,883,612
Special projects	1,618,069	-	-	-	1,618,069	2,089,151
Leases and property taxes	-	-	218,529	-	218,529	209,754
Total Ministry of Advanced Education Grants	51,288,235	-	218,529	-	51,506,764	46,182,517
Tuition fees:						
Continuing programs	21,620,671	-	-	-	21,620,671	19,741,486
Other income:						
Amortization of deferred contributions (Note 7)	1,645,895	-	5,814,424	1,304,489	8,764,808	5,668,135
Contract services	6,598,825	-	-	-	6,598,825	6,137,427
Ancillary services	-	6,825,986	-	-	6,825,986	5,986,652
Investment income	858,202	-	-	-	858,202	1,305,876
Special projects	4,139,152	-	-	-	4,139,152	5,814,840
Gain on sale of capital assets	-	-	-	-	0	977,716
Other	1,216,195	-	53,068	-	1,269,263	885,668
Total other income	14,458,269	6,825,986	5,867,492	1,304,489	28,456,236	26,776,314
Total revenue	87,367,175	6,825,986	6,086,021	1,304,489	101,583,671	92,700,317

See accompanying notes to financial statements.

UNIVERSITY of the FRASER VALLEY

Statement of Expenditures

Year ended March 31, 2009, with comparative figures for 2008

	Operating Fund	Ancillary Services Fund	Capital Fund	Trust Fund	2009 Total	2008 Total
	\$	\$	\$	\$	\$	\$
Salaries and wages	53,507,486	701,650	-	5,521	54,214,657	51,245,827
Employee benefits	13,134,590	133,313	-	1,049	13,268,952	12,120,253
Supplies and books	2,873,229	42,850	-	10,641	2,926,720	2,930,962
Travel and conferences	2,475,511	8,295	-	-	2,483,806	2,624,118
Printing and advertising	829,923	4,563	-	-	834,486	656,443
Utilities	1,700,488	100,316	-	-	1,800,804	1,625,185
Rentals and leases	170,208	180,000	207,864	-	558,072	480,733
Contracted services	5,331,616	311,264	-	-	5,642,880	4,422,746
Other expenditures	2,505,827	822,737	8,543	13,457	3,350,564	2,925,778
Cost of sales	-	3,940,335	-	-	3,940,335	3,692,034
Amortization/write-down of capital assets	-	-	8,037,824	-	8,037,824	4,164,566
Minor equipment and supplies	-	17,357	-	78,952	96,309	36,998
Minor renovations and repairs	-	-	386,612	-	386,612	516,593
Scholarships and bursaries	-	-	-	1,194,869	1,194,869	998,020
Total expenditures	82,528,878	6,262,680	8,640,843	1,304,489	98,736,890	88,440,256

See accompanying notes to financial statements.

UNIVERSITY of the FRASER VALLEY

Statement of Changes in Net Assets

Year ended March 31, 2009, with comparative figures for 2008

	Investment in Capital Assets	Internally Restricted	Unrestricted	2009 Total	2008 Total
	\$	\$	\$	\$	\$
Balance, beginning of year	29,362,689	15,105,173	1,708,778	46,176,640	41,916,579
Excess (deficiency) of revenue over expenditures	(2,554,822)	2,313,336	3,088,267	2,846,781	4,260,061
Contributed capital assets	-	-	-	-	-
Interfund transfers	2,352,890	754,175	(3,107,065)	-	-
Balance, end of year	29,160,757	18,172,684	1,689,980	49,023,421	46,176,640

See accompanying notes to financial statements.

UNIVERSITY of the FRASER VALLEY

Statement of Cash Flows

Year ended March 31, 2009, with comparative figures for 2008

	2009	2008
	\$	\$
Cash provided by (used for):		
Operating activities:		
Excess of revenue over expenditures	2,846,781	4,260,061
Items not involving cash:		
Amortization of deferred contributions	(8,764,808)	(5,668,135)
Gain on sale of capital assets	-	(977,716)
Amortization/write-down of capital assets	8,037,824	4,164,566
Net changes in non-cash working capital:		
Accounts receivable	(211,336)	(362,240)
Inventories	(168,611)	(236,340)
Prepaid expenses	(320,944)	(95,191)
Accounts payable and accrued liabilities	3,577,585	(3,232,824)
Unearned revenue	(281,621)	1,101,814
	4,714,870	(1,046,005)
Financing activities:		
Repayment of long-term loan	(414,795)	(600,692)
Proceeds from long-term loan	-	10,894,531
Deferred contributions received	20,300,279	20,963,045
	19,885,484	31,256,884
Investing activities:		
Purchase of capital assets	(14,970,049)	(27,757,361)
Proceeds of disposition of assets	-	2,209,810
	(14,970,049)	(25,547,551)
Net increase in cash	9,630,305	4,663,328
Cash, beginning of year	32,714,837	28,051,509
Cash, end of year	42,345,142	32,714,837
Supplemental cash flow information:		
Interest paid	710,245	500,120

See accompanying notes to financial statements.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2009

General:

On September 1, 2008, University College of the Fraser Valley was designated a Special Purpose Teaching University by the Lieutenant Governor in Council, with a new name of University of the Fraser Valley. The University is a post-secondary educational institution funded by the provincial government and is incorporated under the University Act of British Columbia. The University is exempt from income tax under the Income Tax Act.

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Fund accounting:

The University 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.

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, student residences and to the parking services.

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

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(c) Revenue recognition:

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

Under the University Act and regulations thereto, the University 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, 2009.

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 using the weighted average cost.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

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) Impairment of capital assets:

If it is determined that the net carrying amount of a capital asset exceeds its long-term service potential, the capital asset is written down to its residual value, if any.

(h) Capital funding:

Capital funding from the Province of BC in the form of prepaid capital advances is recorded 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 associated with capital contributions are the responsibility of the Province and reported at the Provincial level.

(i) Unearned revenue:

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

(j) Salaries and wages:

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

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(k) Employee future benefits:

The University accrues its future obligations under employee benefit plans related to the supplemental employment benefit for faculty on maternity or parental leave. The University is a member of multi-employer pension plans and applies defined contribution plan accounting.

(l) 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.

(m) Financial instruments:

The University has classified cash and short-term investments 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 has not identified any embedded derivatives that are not closely related to the host contract and currently the University does not have any financial instruments that would qualify for hedge accounting.

(n) Future changes in accounting standards:

(i) Financial instruments – presentation and disclosure:

Section 3862, *Financial Instruments – Disclosure*, and CICA 3863, *Financial Instruments – Presentation*, were both issued in December 2006 and were applicable for years beginning on or after October 1, 2007. The sections revise the current standards on financial instrument disclosure and presentation, and place an increased emphasis on disclosures regarding the risks associated with both recognized and unrecognized financial instruments and how these risks are managed. Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives and provides additional guidance with classification of financial instruments, from the perspective of the issuer, between liabilities and equity. In September 2008, the AcSB decided that not-for-profit organizations are not currently required to apply these enhanced financial instruments standards, and accordingly there is no effect on the University's financial statements.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

1. Significant accounting policies (continued):

(n) Future changes in accounting standards (continued):

(ii) Other revisions to NPO accounting standards:

There are several other changes effective for periods beginning on or after January 1, 2009: which clarify the applicability of Accounting Guidelines ("AcGs") and Abstracts of Issues Discussed by the Emerging Issues Committee ("EICs") to NPOs, remove the requirement to disclose net assets invested in capital assets, clarify capital asset recognition criteria and amortization, expand interim financial statement requirements to NPOs, and require disclosure of allocated fundraising and general support expenses by NPOs. These changes are not expected to have a material impact on the University's financial statements.

2. Change in accounting policy:

(i) Effective April 1, 2008, the University adopted the CICA Handbook Section 1535, *Capital Disclosures*. Under this new standard, the University is required to disclose both qualitative and quantitative information that enables users of the financial statements to evaluate the University's objectives, policies, and processes for managing capital. It also includes disclosure regarding what the University regards as capital, whether the University has complied with any external requirements and in the event of non-compliance, the consequences of not complying with these capital requirements.

(ii) Effective April 1, 2008 the University adopted CICA Handbook Section 1400, *General Standards of Financial Statement Presentation*. This section changes the guidance related to management's responsibility to assess the ability of the University to continue as a going concern. Management is required to make an assessment of the University's ability to continue as a going concern and should take into account all available information about the future, which is at least, but not limited to 12 months from the balance sheet date. Disclosure is required of material uncertainties related to events that may cast significant doubt upon the University's ability to continue as a going concern.

(iii) Inventories:

Effective April 1, 2008, the University adopted CICA section 3031, *Inventories*, which provides more extensive guidance on measurement and expands disclosure requirements to increase transparency. Reversal of previous write downs to net realizable value when there is a subsequent increase in the value of inventories is now required.

The adoption of the new standard has not resulted in additional disclosure in these financial statements and had no impact to opening balances at April 1, 2008.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

3. Financial statement presentation:

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

Financial information relating to the University of the Fraser Valley Foundation (the "Foundation") is presented in Note 16. 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 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 and its students, and the Foundation has certain Directors in common with the University. The financial position, results of operations and cash flows of the Foundation are not consolidated with those of the University.

4. Capital management:

The University receives its principal source of capital through funding received from the Ministry of Advanced Education. The University defines capital to be net assets and deferred capital contributions.

The University's objective when managing capital is to fund its operations and capital asset additions. The University manages the capital structure in conjunction with the Ministry of Advanced Education and makes adjustments based on available government funding and economic conditions. Currently, the University's strategy is to monitor expenditures to preserve capital in accordance with budgeted funding granted by the Ministry of Advanced Education.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Capital assets:

	Total Cost 2008	Additions/ Reclassifications During Year	Disposals During Year	Total Cost 2009	Accumulated Amortization	Net Book Value 2009	Net Book Value 2008
Buildings	\$ 132,098,370	\$ 308,982	\$ 1,802,990	\$ 130,604,362	\$ 35,671,282	\$ 94,933,080	\$ 101,368,445
Construction-in-progress	2,189,327	12,191,993	-	14,381,320	-	14,381,320	2,189,327
Furniture and equipment	34,126,878	2,196,994	401,250	35,922,622	28,025,218	7,897,404	8,037,734
Library books	7,965,888	272,080	-	8,237,968	6,527,977	1,709,991	1,805,756
Land and improvements	23,834,681	-	-	23,834,681	-	23,834,681	23,834,681
Site improvements	3,143,308	-	-	3,143,308	985,215	2,158,093	746,403
Leasehold improvements	318,390	-	-	318,390	318,390	-	-
	\$ 203,676,842	\$ 14,970,049	\$ 2,204,240	\$ 216,442,651	\$ 71,528,082	\$ 144,914,569	\$ 137,982,346

(a) Funding:

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

Add:	Transfer grant revenue from operating fund	\$ 1,272,060
	Transfer Annual Capital Allowance revenue from operating fund	255,099
	Capital advances	16,879,022
	Transfers from other funds	1,225,906
	Donations for capital assets	53,625
	Other revenue	87,389
Less:	Change in deferred contributions	(3,653,722)
	Change in internally restricted funds	(754,175)
	Funding spent on minor renovations, repairs, and interest expense	(395,155)
		\$ 14,970,049

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

5. Capital assets (continued):

(b) Construction-in-progress:

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

6. Long-term loans payable:

	2009	2008
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	\$13,441,916	\$13,733,431
Royal Bank loan, payable in monthly installments of \$11,012 including interest at 5.40% per annum, due December 13, 2009	96,926	220,205
Current portion of long-term loans payable	13,538,842 (403,731)	13,953,636 (414,517)
	\$13,135,111	\$13,539,119

Interest on long-term loans payable in the amount of \$8,543 is included in other expenditures of the capital fund and \$701,702 in other expenditures of the ancillary services fund.

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

2010	\$403,731
2011	\$322,914
2012	\$340,193
2013	\$357,386
2014	\$376,493

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

7. 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.

	2009	2008
Balance, beginning of year	\$ 466,155	\$ -
Contribution from Province (ACA)	1,471,127	1,826,462
Less amount amortized to revenue	(1,645,895)	(1,360,307)
Balance, end of year	\$ 291,387	\$ 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.

	2009	2008
Balance, beginning of year	\$ 1,309,850	\$ 553,741
Receipts and contributions:		
Donations	670,342	568,610
Tuition contribution - scholarships and bursaries	588,031	666,085
Interest and investment income	37,321	57,431
Legacy reserve contributions	500,000	500,000
Less:		
Amortized to revenue	(1,304,489)	(1,030,017)
Transfer to capital fund	(53,625)	(6,000)
Balance, end of year	\$ 1,747,430	\$ 1,309,850

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

7. 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.

	2009	2008
Balance, beginning of year	\$ 93,929,815	\$ 79,857,169
Contributions from Province (Capital Projects)	16,879,022	16,885,913
Contributions from Province (Start Up Grant)	-	183,685
Contributions from Legacy Fund and donations (Trust transfer)	53,625	6,000
Contributed capital assets	-	-
Other revenue	154,434	274,859
Less amount amortized to revenue	(5,814,424)	(3,277,811)
Balance, end of year	\$ 105,202,472	\$ 93,929,815

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

	2009	2008
Unamortized capital contributions used to purchase assets	\$ 101,315,535	\$ 93,696,600
Unspent contributions	3,886,937	233,215
Balance, end of year	\$ 105,202,472	\$ 93,929,815

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

8. Investment in capital assets:

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

	2009	2008
Capital assets, net of accumulated amortization	\$ 144,914,569	\$ 137,982,346
Unspent portion of deferred contributions	3,886,937	233,215
Amounts financed by:		
Deferred contributions	(105,202,472)	(93,929,815)
Student recreation centre loan	(96,926)	(220,205)
Student residences loan	(13,441,915)	(13,733,431)
Loan from operating	(899,436)	(969,421)
Net investment in capital assets	\$ 29,160,757	\$ 29,362,689

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

	2009	2008
Excess of expenditures over revenues:		
Amortization of deferred capital contributions	\$ 5,814,424	\$ 3,277,811
Other revenue	271,597	515,327
Amortization expense of capital assets	(6,234,834)	(4,164,566)
Gain on sale of capital assets	-	977,716
Write-down of CEP Building 1003 - to be demolished	(1,802,990)	-
Other items expensed	(603,019)	(742,133)
	\$ (2,554,822)	\$ (135,845)
Interfund transfers and other changes:		
Transfer of grant revenue from operating fund	\$ 1,272,060	\$ 900,000
Transfer of Annual Capital Allowance revenue from operating fund	255,099	626,743
Transfer of bookstore equity	-	109,582
Interfund transfers	1,579,906	3,265,195
Transfer from internally restricted	6,733,258	265,143
Transfer to internally restricted	(7,487,433)	(6,733,258)
	\$ 2,352,890	\$ (1,566,595)

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements (continued)

Year ended March 31, 2009

9. 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.

10. Scholarship and bursaries trust fund:

In October, 1984, an endowment fund in the name of the University was established with the Vancouver Foundation. Capital of this endowment fund (\$160,000 cost as at March 31, 2009) is held by the Vancouver Foundation and its use is restricted. Income earned by the fund is paid semi-annually to the University.

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.

11. Pension plans:

The University and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans 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 11,000 active members from college senior administration and instructional staff and approximately 3,500 retired members. The Municipal Pension Plan has about 150,000 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 of the Fraser Valley paid \$1,033,406 for employer contributions to the Municipal plan and \$3,025,273 to the College plan in fiscal 2009.

UNIVERSITY of the FRASER VALLEY

Notes to Financial Statements

Year ended March 31, 2009

12. Commitments:

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

2010	\$426,423
2011	\$334,386
2012	\$129,074
2013	\$ 55,875
2014	\$ 41,906

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

(c) The University of the Fraser Valley Chilliwack North Campus is actively listed for sale. Plans to relocate the activity on this campus to the University land at the Canada Education Park in Chilliwack are in progress.

(d) Through a covenant agreement with the Canada Lands Company (CLC) the University must be legally committed to expend a minimum of \$20,000,000 in the construction of new buildings on the University land located in the Canada Education Park on or before September 30, 2011.

(e) The University and the University Student Union Society have signed a Memorandum of Understanding (MOU) as an expression of intent to develop a building on the Abbotsford Campus for their joint use. The University will make available \$5,000,000 from its own resources for this building.

13. Contingencies:

(a) The University has issued a letter of guarantee to the City of Abbotsford in the amount of \$22,234 pertaining to future building development.

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

14. Bank credit facility:

The University 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, 2009, there was no amount drawn down on this line of credit.

UNIVERSITY of the FRASER VALLEY
Notes to Financial Statements (continued)

Year ended March 31, 2009

15. University of the Fraser Valley Foundation:

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

	2009	2008
	\$	\$
Assets	5,803,722	6,028,800
Net assets	5,802,456	6,028,800

	2009	2008
	\$	\$
Revenue	15,398	2,180,024
Expenditures	241,742	243,986
Excess of revenue over expenditures	(226,344)	1,936,038

	2009	2008
	\$	\$
Cash flows provided by:		
Operating activities	437,969	2,018,662
Financing and investments	(431,605)	(2,229,051)

During the year the University provided management and administration services to the Foundation for nil consideration and received net donations of \$166,470 (2008 - \$186,421) from the Foundation.

16. Subsequent events:

In April, 2009, the Ministry of Advanced Education and Labour Market Development announced funding in the amount of \$7.22 million to fund improvements to the Canada Education Park campus in Chilliwack.