



Okanagan University College



Financial Statements

March 31, 2007



OKANAGAN UNIVERSITY COLLEGE

Financial Statements

For the Year ended March 31, 2007

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AUDITORS' REPORT TO THE PUBLIC ADMINISTRATOR

We have audited the statement of financial position of Okanagan University College as at March 31, 2007 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the University College's management. Our responsibility is to express an opinion 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 Okanagan University College as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kelowna, Canada

April 11, 2007

OKANAGAN UNIVERSITY COLLEGE
STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2007
(with comparative figures as at MARCH 31, 2006)

	2007	2006
	TOTAL	TOTAL
	(Note 1)	
	\$	\$
ASSETS		
Cash	24,567	12,070,328
Accounts Receivable	234	39,053
	<u>24,801</u>	<u>12,109,381</u>
LIABILITIES & FUND BALANCES		
Accounts Payable and Accrued Liabilities	12,428	129,689
Due to Okanagan College	-	7,112,590
Due to University of British Columbia	-	4,244,824
	<u>12,428</u>	<u>11,487,103</u>
FUND BALANCES		
Unrestricted Fund Balance	12,373	622,278
	<u>12,373</u>	<u>622,278</u>
	<u>24,801</u>	<u>12,109,381</u>

Contingencies (Note 3)

See accompanying notes to financial statements

Public Administrator



**Vice President
Finance and Administration**



OKANAGAN UNIVERSITY COLLEGE
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2007
(with comparative figures for 2006)

	2007	2006
	TOTAL	TOTAL
	\$	\$
Revenue:		
Ministry of Advanced Education		
Regular Programs	-	15,435,233
Leases & Property Taxes	-	12,884
	<hr/>	<hr/>
	-	15,448,117
Tuition Fees	-	1,686,174
Contract Services	-	6,179,603
Ancillary Service Sales	-	1,022,816
Investment Income	43,308	1,190,401
Amortization of Deferred Contributions		
for Capital Acquisitions	-	1,189,383
Other	-	327,725
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	43,308	27,044,219
Expenses:		
Salaries and benefits	386,977	17,785,163
Supplies and services	4,005	6,058,399
Interest on bank and sinking fund debenture debt	-	410,760
Amortization of capital assets	-	1,923,548
	<hr/>	<hr/>
	390,982	26,177,870
Excess (deficiency) of revenue over expenses		
from operations	(347,674)	866,349
Deficiency of assets over liabilities		
transferred to ongoing institutions (Note 1)	(262,231)	(19,156,448)
Deficiency of revenue over expenses	(609,905)	(18,290,099)
Fund balances at beginning of year	622,278	18,912,377
FUND BALANCES AT END OF YEAR	<hr/> <hr/>	<hr/> <hr/>
	12,373	622,278

See accompanying notes to financial statements

OKANAGAN UNIVERSITY COLLEGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2007
(with comparative figures for 2006)

	2007	2006
	\$	\$
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Excess (Deficiency) of Revenue over		
Expenses (Statement 2)	(347,674)	866,349
Amortization of Deferred Contributions	-	(1,189,383)
Amortization of Capital Assets	-	1,923,548
Changes in non-cash working capital		
Decrease in Accounts Receivable	38,819	731,849
Decrease in Inventory	-	368,642
Decrease in Accounts Payable and Accrued Liabilities	(117,261)	(6,691,996)
Decrease in Deferred Revenues	-	(4,387,198)
Cash Provided from Operating Activities	(426,116)	(8,378,189)
CASH USED IN INVESTING ACTIVITIES		
Purchase of Marketable Securities	-	(226,964)
Proceeds on redemption of Marketable Securities	-	5,894,457
Purchase of Capital Assets	-	(2,872,292)
Cash Used in Investing Activities	-	2,795,201
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		
Deferred Contribution for Capital Acquisitions received	-	630,591
Proceeds from Bank Debt	-	27,358
Net repayment of Sinking Fund Debenture Debt	-	(49,775)
Cash Provided from Financing Activities	-	608,174
NON-CASH INVESTING and FINANCING ACTIVITIES		
Cash paid to Okanagan College	(7,292,321)	(1,526,662)
Cash paid to University of British Columbia - Okanagan	(4,327,324)	-
	(11,619,645)	(1,526,662)
Decrease in cash during the year	(12,045,761)	(6,501,476)
Cash at Beginning of Year	12,070,328	18,571,804
	24,567	12,070,328
Cash at End of Year		
Non-cash Investing and Financing Activities		
Assets, liabilities and fund balances allocated to Okanagan College	-	7,112,590
Assets, liabilities and fund balances allocated to the University of British Columbia - Okanagan	-	4,244,824

See accompanying notes to financial statements

OKANAGAN UNIVERSITY COLLEGE

Notes to Financial Statements For the Year ended March 31, 2007

1. Basis of Presentation

Okanagan University College (“OUC” or the “University College”) operates under the authority of the College and Institutes Act of British Columbia as a fully independent degree granting institution. The University College is a not-for-profit entity and is exempt from income tax under section 149 of the Income Tax Act.

On March 17, 2004, the provincial government of British Columbia announced that Okanagan University College would be transformed into two separate institutions: University of British Columbia Okanagan (UBC-O) and a new Okanagan College (OC). The transformation would involve the transfer of certain capital and other assets specifically land, building and related equipment, and deferred capital contributions and fund balance to the respective institutions. A public administrator was appointed to oversee all operations and the transition into the two separate institutions and to continue to govern Okanagan University College through this period to eventual wind-up.

Effective July 1, 2005, the University College entered into an Asset Transfer Agreement with the University of British Columbia (“UBC”), Okanagan College (“OC”) and the provincial government of British Columbia represented by the Minister of Advanced Education. Pursuant to the Asset Transfer Agreement, the University College agreed to transfer and OC and UBC agreed to accept certain property, assets and undertaking of the University College as a going concern for the sum of \$1 from each of UBC and OC. The final Asset Transfer Agreement was ratified by the parties April 6, 2006.

The statement of financial position as at March 31, 2006, reflected the assets, liabilities and fund balances of the University College after reflecting the allocation of certain assets, liabilities and fund balances to OC and UBC’s Okanagan campus (“UBC-O”) in accordance with the assets, liabilities and fund balances specifically identified in the Asset Transfer Agreement and in accordance with OUC programs continued and faculty and staff retained by OC and UBC-O. The net cash balance payable to OC and UBC, as a result of the allocation and transfer of certain assets, liabilities and fund balances to OC and UBC-O as at March 31, 2006, was presented separately in current liabilities. The University College paid these amounts to OC and UBC on April 13, 2006.

Effective April 1, 2006, the University College ceased operations. During the period April 1, 2006 to March 31, 2007, the affairs of the University College were managed by Okanagan College. Expenses incurred on behalf of the University College related primarily to the settlement of grievances and lawsuits filed by former employees.

2. Significant Accounting Policies

(a) Fund Accounting

The University College follows Canadian generally accepted accounting principles for not-for-profit organizations and applies such principles consistently.

(b) Revenue Recognition

The University College follows the deferral method of accounting for contributions.

(c) 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Management

No amount has been recognized in these financial statements for administration costs, including but not limited to staffing costs and overhead.

OKANAGAN UNIVERSITY COLLEGE

*Notes to Financial Statements
For the Year ended March 31, 2007*

3. Contingencies

As of March 31, 2007, the University College does have employee grievances and lawsuits remaining pending. The projected maximum exposure is \$250,000. Other issues, related to property formerly owned by the University College, may arise in the future. All issues will be dealt with in accordance with the terms of the Asset Transfer Agreement.

4. Financial Instruments

The University College's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the University College is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying value.