

**UNIVERSITY OF NORTHERN
BRITISH COLUMBIA**

FINANCIAL STATEMENTS

MARCH 31, 2008

UNBC

University of Northern British Columbia
Financial Statements
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UNIVERSITY OF NORTHERN BRITISH COLUMBIA

STATEMENT OF MANAGEMENT RESPONSIBILITY


The University of Northern British Columbia is responsible for the preparation of the financial statements. They have been prepared in accordance with Canadian generally accepted accounting principles. The financial statements present fairly the financial position of the University as at March 31, 2007 and the results of its operations and changes in its net assets and cash flows for the year then ended.

Management is required to ensure that adequate internal controls, policies and procedures exist to achieve, in a cost effective manner, its responsibilities in the following areas:

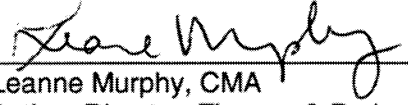
- Compliance with statutory requirements under the University Act and other provincial statutes;
- Efficient and effective use of University resources;
- Stewardship over University assets;
- Provision of accurate and reliable accounting information;
- Recognition and compliance with restrictions placed on resources by donors, funding agencies, or the Board of Governors; and
- Timely preparation of reliable financial information consistent with prior years.

The Audit Committee is responsible for reviewing the financial statements, and providing their recommendation for approval to the Board of Governors. The Audit Committee meets with management and the external auditors to discuss the results of audit examinations and financial reporting matters. The external auditor has full access to the Audit Committee, with and without the presence of management.

The financial statements for the year ended March 31, 2008, have been reported on by KPMG LLP. The Auditor's Report outlines the scope of the examination and provides the firm's opinion on the fairness of presentation of the information in the financial statements.



Eileen Bray, CMA
Chief Financial Officer



Leanne Murphy, CMA
Acting, Director, Finance & Budgets

May 23, 2008



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AUDITORS' REPORT TO THE GOVERNORS OF THE UNIVERSITY OF NORTHERN BRITISH COLUMBIA

We have audited the statement of financial position of the University of Northern British Columbia as at March 31, 2008 and the statements of changes in net assets, operations, 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, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the University taken as a whole. The supplementary information included in the schedules is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

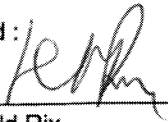
Chartered Accountants
Prince George, Canada
May 23, 2008

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2008**

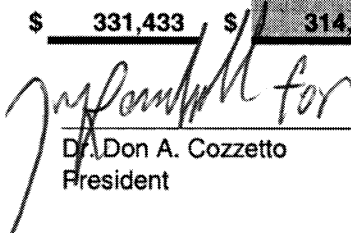
(thousands of dollars)

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash and temporary investments (Note 3)	\$ 27,634	\$ 27,783
Accounts receivable	10,990	10,701
Donations receivable (Note 4)	171	21
Inventory	878	1,025
Prepaid and deferred charges	3,000	992
	42,673	40,522
 DONATIONS RECEIVABLE - Long term portion (Note 4)	 1,265	 986
 INVESTMENTS AND RESTRICTED CASH (Note 5)	 42,412	 39,183
 SINKING FUND (Note 9)	 7,960	 6,479
 CAPITAL ASSETS (Note 6)	 237,123	 227,820
	\$ 331,433	\$ 314,990
 LIABILITIES & NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 10,021	\$ 10,339
Unearned revenue	555	976
Construction holdback payable	178	1,702
Current portion of long-term debt (Note 9)	338	338
	11,092	13,355
 DEFERRED CONTRIBUTIONS (Note 8)	 21,713	 15,167
 LONG-TERM DEBT (Note 9)	 14,678	 14,678
 UNAMORTIZED DEFERRED CAPITAL CONTRIBUTIONS (Note 10)	 191,087	 185,504
NET ASSETS		
Endowments	37,405	36,361
Investment in capital assets (Note 11)	38,980	33,779
Appropriated for specific purposes (Note 12)	14,299	14,200
Unrestricted	2,179	1,946
	92,863	86,286
	\$ 331,433	\$ 314,990

Approved :



Dr. Donald Rix
Chair, Board of Governors



Dr. Don A. Cozzetto
President

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

	Endowments	Investment in Capital Assets	Appropriated for Specific Purposes (Note 12)	Unrestricted Net Assets	Totals
	2008	2008	2008	2008	2007
BALANCE, beginning of year	\$ 36,361	\$ 33,779	\$ 14,200	\$ 1,946	\$ 84,098
Accounting policy change (Note 19)		614			614
BALANCE, beginning of year, as restated	36,361	34,393	14,200	1,946	84,098
Fair value adjustment, sinking fund		153			153
Excess (deficiency) of revenues over expenses (Note 11)		(2,236)		7,002	4,766
Net change in investment in capital assets (Note 11)		6,670		(6,670)	-
Net change in endowments (Note 13)	1,044				1,044
Contribution to (from) appropriated for specific purposes			99	(99)	-
BALANCE, end of year	\$ 37,405	\$ 38,980	\$ 14,299	\$ 2,179	\$ 92,863

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

	<u>2008</u>	<u>2007</u>
REVENUE		
Government grants		
Provincial government	\$ 45,503	\$ 41,408
Federal government	8,573	6,702
Gifts, bequests and non-government grants	6,694	5,829
Investment income	4,220	2,798
Student fees	16,746	15,802
Sales and service	8,676	7,590
External cost recovery	36	95
Miscellaneous revenue	30	-
Amortization of deferred capital contributions	6,394	6,889
	<u>96,872</u>	<u>85,376</u>
EXPENSE		
Salaries and honoraria	46,089	42,305
Benefits	8,159	7,782
Travel and personnel costs	2,945	3,182
Operational supplies and expenses	7,276	6,776
Equipment and furnishings	951	910
Equipment and facilities rentals	453	412
Contract services	6,955	4,177
Professional services	247	405
Scholarships, fellowships and bursaries	2,244	1,899
Renovations, alterations and maintenance	1,875	1,913
Utilities	2,426	2,793
Cost of goods sold	2,476	2,476
Debt servicing - interest	1,350	1,337
Amortization	8,660	9,462
	<u>92,106</u>	<u>85,829</u>
Excess of revenue over expense	4,766	1,284
Decrease (increase) in internally restricted funds	2,137	1,178
Net change in investment in capital assets	<u>(6,670)</u>	<u>(4,647)</u>
Change in unrestricted net assets	233	-
Balance of unrestricted net assets, beginning of year	<u>1,946</u>	<u>1,946</u>
Balance of unrestricted net assets, end of year	<u>\$ 2,179</u>	<u>\$ 1,946</u>

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

	<u>2008</u>	<u>2007</u>
CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expense	\$ 4,766	\$ 1,284
Items not affecting cash :		
Amortization of capital assets	8,660	9,462
Amortization of deferred capital contributions	(6,394)	(6,889)
Increase (decrease) in non-cash working capital	634	(1,824)
	<hr/> 7,666	<hr/> 2,033
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Purchase of capital assets, net	(23,160)	(36,936)
Increase in investments and restricted cash	(3,229)	(2,082)
Deferred contributions, net	6,546	4,039
Capital contributions	11,977	34,684
	<hr/> (7,866)	<hr/> (295)
CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES		
Endowment contributions	1,044	906
Donation receivable - long term portion	(279)	1,201
Cash restricted for repayment of long term debt	(376)	(342)
Sinking fund contributions	(338)	(338)
	<hr/> 51	<hr/> 1,427
NET INCREASE IN CASH AND TEMPORARY INVESTMENTS	(149)	3,165
CASH AND TEMPORARY INVESTMENTS, beginning of year	<hr/> 27,783	<hr/> 24,618
CASH AND TEMPORARY INVESTMENTS, end of year	<hr/> \$ 27,634	<hr/> \$ 27,783
SUPPLEMENTAL DISCLOSURE:		
Interest paid during the year	<hr/> \$ 1,350	<hr/> \$ 1,337

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 1 Authority and Purpose

The University of Northern British Columbia operates under the authority of the *University Act* of British Columbia. The University is dedicated to improving the quality of life in its region, and beyond, by attaining the highest standards of undergraduate and graduate teaching, learning, and research.

Under section 149(1)(h.1) of the *Income Tax Act*, the University is exempt from income taxes.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

(a) General

The University of Northern British Columbia has prepared these financial statements in accordance with Canadian generally accepted accounting principles.

(b) Revenue recognition

The University follows the deferral method of accounting for contributions.

Operating government grants that are not restricted as to their use are recognized as revenue when receivable. Such grants, if received for a future period, are deferred and reported as unearned revenue until that future period. Other unrestricted revenue, including tuition fees and sales of products and services, are reported as revenue at the time the services are provided or the products delivered.

Externally restricted non-capital contributions are deferred and recognized as revenue in the period in which the related expenses are incurred. Externally restricted amounts must be used for the purposes designated by the external parties. Endowment contributions are recorded as direct increases in net assets.

Grants externally restricted for the acquisition of capital assets are recorded as deferred contributions until the amount is invested in capital assets. Once the amount is invested in a capital asset, it is transferred to unamortized deferred capital contributions. Unamortized deferred capital contributions are recorded as earned revenue over the useful life of the related assets.

Donations of materials and services that would have otherwise been purchased are recorded at their fair market value. Where fair market value cannot be determined, donations of materials and services are recorded at a nominal value.

(c) Capital Assets

Capital asset acquisitions are recorded at cost. Donations are recorded at their fair value. Amortization is recorded on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are as follows:

Computers	3 years
Equipment and furnishings	8 years
Buildings and site services	50 years
Apartments	50 years
Library materials	10 years

Only capital purchases greater than one thousand dollars are capitalized.

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (cont'd.)

(d) Temporary Investments

Temporary investments are recorded at cost plus interest earned or income attributed in the period. Fair value approximates book value given the short term nature of these investments.

(e) Inventories

Inventories of merchandise held for resale are recorded at the lower of cost and net realizable value.

(f) Investments and Restricted Cash

Investments and restricted cash are classified as held for trading and stated at fair value. In determining fair values, adjustments have not been made for transactions costs. The change in the fair value of investments at the beginning and end of each year is reflected in the statement of revenue and expense and changes in unrestricted net assets or in the balance sheet in deferred contributions if the income is externally restricted. Fair values of investments are determined as follows: fixed income securities, equities and pooled funds are valued at year-end quoted closing market prices where available. Where quoted prices are not available, investments are carried at cost. Security acquisitions and disposals are recorded as of the date traded.

(g) Sinking Fund

The sinking fund is classified as available for sale and recorded at fair value.

(h) Long Term Debt

Long term debt is recorded on the amortized cost basis, as it is the University's intent to repay these loans in accordance with their scheduled maturity dates.

(i) Appropriations

The University has adopted a budget carry forward policy which allows budget centers to carry forward unexpended operating funds into the subsequent fiscal year. In addition, the University makes appropriations at the fiscal year end for other specific requirements. All such amounts are accounted for as appropriations of net assets for specific purposes.

(j) Capital Maintenance

Earnings, to a maximum of two percent, on endowment funds may be recorded directly as an increase in endowment net assets.

(k) Use of Estimates

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

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 2 Summary of Significant Accounting Policies and Reporting Practices (cont'd.)

(l) Future Accounting Changes

The following Handbook Sections have not yet been adopted by the University:

Section 3031 "Inventories" becomes effective for the University beginning April 1, 2008. This section prescribes the accounting treatment for inventories, particularly the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value. The adoption of this section is not expected to significantly impact the University's financial statements.

Section 1535 "Capital Disclosures" becomes effective for the University beginning April 1, 2008. This section establishes standards for the disclosure of qualitative information about the University's objectives, policies and processes for managing capital. This includes, but is not limited to what is managed as capital, how the University is meeting its objectives for capital management and the details regarding the nature of any externally imposed capital requirements and how these requirements are incorporated into the management of capital.

Section 3862 "Financial Instruments – Disclosure" becomes effective for the University beginning April 1, 2008. This section requires disclosure, by class of financial instruments which will enable users to evaluate the significance of financial instruments for the University's financial position and performance, including disclosures about fair value.

In addition, disclosure is required of risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk, and market risk. The quantitative disclosures must also include a sensitivity analysis for each type of financial market risk to which an entity is exposed, showing how net earnings and other comprehensive income would have been affected by reasonable possible changes in the relevant risk variable.

Section 3863 "Financial Instruments – Presentation" becomes effective for the University beginning April 1, 2008. Under this new section, the existing requirements on presentation of financial instruments are carried forward unchanged and, accordingly, the University does not expect application of this section to have any impact on the financial statements.

Note 3 Cash and Temporary Investments

Investment Type	2008	2007
Cash	\$ 11,483	\$ 11,176
Term Deposits, GIC, T-bills	1,000	1,000
Bankers Acceptances	3,864	3,832
Commercial Paper	-	993
Municipal Financing Authority - bond fund	6,190	5,909
Municipal Financing Authority - money market fund	5,097	4,873
	\$ 27,634	\$ 27,783

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 4 Donations Receivable

The University has received a commitment from Dr. Donald Rix, Duke Energy and Scotiabank to contribute \$3,650 in aggregate towards the equipment and construction costs of the Dr. Donald Rix Northern Health Sciences Centre and the funding of a chair pertaining to health research. Of this amount, \$21 was received during the current year and \$2,643 was received in prior years. Of the remaining balance, \$21 is expected to be received in the 2008/2009 fiscal year and \$965 is receivable after March 31, 2009. The University has received a commitment from Canadian Forest Products Ltd. to contribute \$500 towards the construction costs of the Northern Sport Centre. Of this amount, \$50 was received during the current year, \$150 is expected to be received in the 2008/2009 fiscal year and \$300 is receivable after March 31, 2009.

Note 5 Investments and Restricted Cash

	2008	2007
Money Market	\$ 5,117	\$ 3,030
Bond	12,451	11,888
Equity	25,072	23,931
Restricted Cash	(228)	334
	\$ 42,412	\$ 39,183

Investments are recorded at fair value. Gains or losses are recognized in the year of disposal and are included in income from investments. The market value of investments is \$42,412 (2007 - \$44,537). Investments are managed by Letko Brosseau & Associates Inc, and Gryphon Investment Counsel Inc.

Note 6 Capital Assets

	Cost	2008 Accumulated Amortization	Net Book Value	2007 Net Book Value
Equipment and furnishings	\$ 87,557	\$ 67,494	\$ 20,063	\$ 21,164
Building and site improvements	233,948	34,884	199,064	134,101
Apartments	15,120	3,780	11,340	11,642
Land	6,656	-	6,656	6,656
Construction in progress	-	-	-	54,257
	\$ 343,281	\$ 106,158	\$ 237,123	\$ 227,820

Note 7 Operating Line of Credit

The University has an available operating line of credit of \$4,300 of which it has drawn \$Nil (2007 - \$Nil) at March 31, 2008. The operating line bears interest at Bank of Montreal prime rate and is repayable on demand.

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 8 Deferred Contributions

Deferred contributions represent unexpended contributions received for research purposes, capital acquisitions and other specific purposes. Changes in the deferred contributions balances are as follows:

	Sponsored Research	Specific Purpose	Capital	2008 Total	2007 Total
Balance, beginning of year	\$ 8,492	\$ 6,625	\$ 50	\$ 15,167	\$ 11,128
Add: contributions received during the Year	15,432	11,093	1,248	27,773	20,330
Less: amounts spent during the year	(12,432)	8,620	(31)	(21,083)	(14,297)
Transfers to unamortized deferred capital contributions	(483)	(1)	(1,007)	(1,491)	(1,994)
Fair value adjustment	-	1,347	-	1,347	-
Balance, end of year	\$ 11,009	\$ 10,444	\$ 260	\$ 21,713	\$ 15,167

Note 9 Long-Term Debt

	2008	2007
Province of British Columbia (Section 58 of the University Act) 6.0% to 9.63% due 2005 to 2020 inclusive	\$ 15,016	\$ 15,016
Less current portion of long-term debt	(338)	(338)
	\$ 14,678	\$ 14,678

Annual sinking fund payment on long-term debt in the amount of \$338 is due in 2009 and \$323 is due in each of 2010, 2011, 2012 and 2013.

The issuance of discounted debentures has resulted in a debt premium of \$25 (2007 - \$29 premium) which will be amortized over the terms of the debentures. For the current year, \$5 of the premium (2007 - \$5 of the premium) has been amortized.

Note 10 Unamortized Deferred Capital Contributions

Unamortized deferred capital contributions represent the unamortized amounts of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2008	2007
Balance, beginning of year	\$ 185,504	\$ 157,709
Add capital funding receipts:		
Provincial government	5,846	33,909
Federal government	368	610
Donations, grants and gifts in kind	5,763	165
	11,977	34,684
Less: amortization for the year	(6,394)	(6,889)
Balance, end of year	\$ 191,087	\$ 185,504

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 11 Investment in Capital Assets

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

	2008	2007
Capital assets	\$ 237,123	\$ 227,820
Amounts financed by:		
Deferred capital contributions	(191,087)	(185,504)
Long-term debt	(7,056)	(8,537)
	(198,142)	(194,041)
Investment in capital assets	\$ 38,980	\$ 33,779

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

	2008	2007
Deficiency of revenues over expenses:		
Amortization of deferred contributions related to capital assets	\$ 6,394	\$ 6,889
Amortization of capital assets	(8,630)	(9,462)
	\$ (2,236)	\$ (2,573)
Acquisition and funding of capital assets:		
Purchase of capital assets, net	\$ 17,932	\$ 38,651
Amounts funded by deferred contributions	(11,976)	(34,685)
Cash restricted for repayment of long term debt	376	343
Repayment of long-term debt	338	338
	\$ 6,670	\$ 4,647
Net change in investment in capital assets	\$ 4,434	\$ 2,074

Note 12 Appropriated for Specific Purposes

Net assets appropriated for specific purposes represent funds approved by the Board of Governors for the following:

	2008	2007
General Operating:		
Departmental carryforwards	\$ 949	\$ 1,324
Minor capital projects, equipment purchases and special projects	3,695	2,343
Professional development and internal research funds	2,879	2,424
Total General Operating	\$ 7,523	\$ 6,091
Ancillary Services	941	625
Capital	(112)	950
Specific Purpose	5,893	6,534
	\$ 14,246	\$ 14,200

General Operating appropriations are comprised of departmental amounts calculated under a policy which allows them to carry forward unspent amounts to future periods. It also includes allocations for one time projects, minor capital projects and new equipment purchases and funds set aside for individuals covered under various employment handbooks for professional development and research.

Ancillary Services represents accumulated funds held for the ongoing operations of ancillaries such as the Bookstore, Conference Services and Vending.

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 12 Appropriated for Specific Purposes (cont'd)

Capital represents funds held for specific capital projects and the Capital Equipment Replacement Reserve.

Specific Purpose are funds that are restricted internally for specific activities and use, such as conference fees, library fines and reserves.

Note 13 Net Change in Endowments

Net change in endowments is calculated as follows:

	2008	2007
Contributions	\$ 317	\$ 225
Capital maintenance	727	681
	\$ 1,044	\$ 906

Note 14 Pension Plan

The University has a defined contribution pension plan covering all permanent employees of the University. The pension plan is a separate legal entity with its own Board of Trustees. Sun Life of Canada was appointed to provide custodial services for plan members. Investment management services are provided by several fund managers including Phillips, Hager & North Investment Management Ltd., Sun Life Assurance, Beutal Goodman, Barclays Global Investors, McLean Budden and CI Funds. Plan members individually select their investment vehicles from those available which include bond, balanced, money market, equity and global funds, and guaranteed term deposits (1, 3, and 5 year).

The University expenses the contribution amounts made to the plan in each year. During the year the University contributed \$3,119 (2007 - \$3,033) to the plan.

Note 15 Endowments Held at the Vancouver Foundation

The Vancouver Foundation holds endowment funds for the benefit of the University. These funds total \$1,659 at fair market value (2008 - \$1,597 at cost, 2007 - \$1,555 at cost). During the year income from these funds of \$39 (2007 - \$34) was paid to the University for specific purposes. The funds managed by the Vancouver Foundation are not under the University's control or ownership.

Note 16 Gifts in kind

Gifts in kind in the amount of \$57 were received and recorded during the year.

Note 17 Financial Instruments

The University's financial instruments consist of cash and temporary investments, accounts receivable, investments and restricted cash, accounts payable and accrued liabilities, unearned revenue and long-term debt. Unless otherwise noted, it is management's opinion that there are no significant currency, credit or interest rate risks arising from these financial instruments.

As described in note 19, the University adopted Section 3855, Financial Investments – Recognition and Measurement and related sections of the CICA Handbook as of April 1, 2007.

**UNIVERSITY OF NORTHERN BRITISH COLUMBIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2008**

(thousands of dollars)

Note 18 Trust funds

At March 31, 2008 the University held funds in trust on behalf of the Northern Medical Program Trust amounting to approximately \$5,237 (2007 - \$2,480) which are not included in these financial statements. These investments have a market value of \$5,395 (2007 - \$2,881).

Note 19 Accounting policy change

The University has adopted Section 3855, Financial Instruments – Recognition and Measurement and related sections of the CICA Handbook which provides for the recording of financial instruments at their fair value. This change in policy, which has been adopted prospectively as of April 1, 2007, affects investments and restricted cash and the sinking fund. Long-term debt continues to be carried at amortized cost and for all other financial instruments, book value approximates fair value.

The impact of this change as at April 1, 2007 is as follows: (i) increase investments and restricted cash by \$5,689 representing the increase in the fair value of the investments and increase deferred contributions by an equivalent amount, (ii) increase the sinking fund by an amount of \$614 and increase investment in capital assets by an equivalent amount.

The impact of this change during the year ended March 31, 2008 is as follows: (i) decrease investments and restricted cash by an amount of \$4,342 and decrease deferred contributions by an equivalent amount; (ii) increase sinking fund by an amount of \$153 and increase investment in capital assets by an equivalent amount.

Note 20 Comparative figures

Certain of the prior year comparative figures have been reclassified to conform to the current year's presentation.

UNIVERSITY OF NORTHERN BRITISH COLUMBIA
DETAILED SCHEDULE OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2008
(Unaudited)

(thousands of dollars)

	General Operating		Ancillary		Capital		Specific Purpose & Expendable Funds		Sponsored Research		Totals	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
REVENUE												
Government grants	\$ 41,759	\$ 39,402	\$ -	\$ -	\$ -	\$ -	\$ 1,643	\$ 187	\$ 2,101	\$ 1,633	\$ 45,503	\$ 41,409
Provincial government	1,036	887	-	-	-	-	186	32	7,951	5,783	8,573	6,703
Federal government	2,703	2,483	250	22	-	-	721	690	3,020	2,794	6,694	6,023
Gifts, bequests and non - gov't grants	1,040	915	5	6	461	462	2,714	1,418	-	-	4,220	2,796
Investment income	14,819	14,297	1,917	1,823	-	-	10	12	-	-	16,746	15,802
Student fees	1,253	827	6,544	6,831	56	8	224	205	599	319	8,676	7,989
Sales and service	31	12	-	-	-	-	5	38	-	-	36	95
External cost recovery	-	-	-	-	-	-	-	-	30	-	30	-
Miscellaneous revenue	-	-	-	-	-	-	-	-	-	-	-	-
ICR	-	-	-	-	-	-	-	-	-	-	6,394	6,394
Amortization of deferred capital contributions	62,641	59,493	8,716	8,061	6,911	7,959	5,503	2,490	13,101	10,730	96,872	57,113
EXPENSES												
Salaries and honoraria	37,868	36,877	2,051	1,372	77	27	348	240	5,745	4,989	46,089	42,365
Benefits	6,953	6,834	490	549	27	12	49	75	640	512	8,159	7,782
Travel and personnel costs	1,801	2,011	158	100	21	5	133	78	832	988	2,945	2,162
Operational supplies and expenses	3,922	3,658	630	591	369	51	832	641	1,523	1,635	7,276	6,778
Equipment and furnishings	423	297	31	19	269	327	17	7	211	250	951	510
Equipment and facilities rentals	56	181	328	126	-	-	8	1	61	104	453	412
Contract services	2,711	1,968	699	905	-	13	1,042	172	2,503	1,431	6,955	4,177
Professional services	219	246	2	4	-	-	8	106	18	60	247	406
Scholarships, fellowships and bursaries	560	828	-	-	-	-	1,652	1,381	32	12	2,244	1,899
Renovations, alterations and campus maintenance	1,320	1,693	536	216	9	18	10	9	-	19	1,875	1,913
Utilities	2,008	2,334	382	276	2	144	2	-	32	39	2,426	2,783
Cost of goods sold	-	-	2,476	2,467	-	-	-	-	-	-	2,476	2,476
Debt servicing - interest	4	1	1,341	1,334	-	2	-	-	-	-	1,850	1,337
Internal cost recoveries	136	(146)	(338)	(164)	(24)	(21)	(208)	(113)	434	440	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Capital	-	-	-	-	-	-	-	-	-	-	-	-
Amortization	57,961	56,828	8,766	7,299	8,660	9,482	3,893	2,685	12,036	10,179	92,106	85,629
Excess (deficiency) of revenue over expenses	4,660	2,665	(70)	782	(2,499)	(2,879)	1,610	(225)	1,065	641	4,766	1,284
Decrease (increase) in internally restricted funds	1,107	(208)	(394)	(318)	2,815	3,804	(637)	(1,709)	(754)	(984)	2,137	1,178
Interfund transfers	(4,657)	(4,360)	871	(71)	4,986	2,469	(952)	1,968	(248)	(26)	-	-
Investment in capital assets	(877)	(482)	(407)	(396)	(5,302)	(3,994)	(21)	(54)	(63)	(121)	(6,670)	(4,947)
Change in unrestricted net assets	233	-	-	-	-	-	-	-	-	-	233	-
Balance of unrestricted net assets, beginning of year	1,946	-	-	-	-	-	-	-	-	-	1,946	-
Balance of unrestricted net assets, end of year	2,179	1,945	-	-	-	-	-	-	-	-	2,179	1,946

UNIVERSITY OF NORTHERN BRITISH COLUMBIA
SCHEDULE OF GENERAL OPERATING EXPENSE BY FUNCTION
FOR THE YEAR ENDED MARCH 31, 2008

(Unaudited)

(thousands of dollars)

	Academic Facilities	Academic Services	Administration	Governance	Executive Offices	Total 2008	Total 2007
EXPENDITURES							
Salaries and Benefits	\$ 25,566	\$ 11,644	6,447	107	\$ 1,057	\$ 44,821	\$ 42,711
Travel and personnel costs	672	931	105	22	71	1,801	2,011
Operational supplies and expenses	1,028	1,756	852	27	259	3,922	3,858
Equipment and furnishings	187	149	83	1	3	423	297
Equipment and facilities rental	5	4	47	-	-	56	181
Contract services	1,529	710	454	6	12	2,711	1,956
Professional services	-	49	170	-	-	219	248
Scholarships, fellowship and bursaries	8	10	542	-	-	560	526
Renovations, alterations, and campus mainten.	18	21	1,281	-	-	1,320	1,653
Utilities	164	192	1,633	4	15	2,008	2,334
Internal cost recoveries	36	61	30	-	9	136	(146)
Interest	-	1	3	-	-	4	1
Total Expenses	\$ 29,213	\$ 15,528	\$ 11,647	\$ 167	\$ 1,426	\$ 57,981	\$ 55,628