

FINANCIAL STATEMENTS
2005 ~ 2006



THE UNIVERSITY OF BRITISH COLUMBIA
ALUMNI ASSOCIATION



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2005 ~ 2006

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FINANCIAL STATEMENTS

Auditors' Report to the Members

We have audited the statement of financial position of The Alumni Association of The University of British Columbia as at March 31, 2006 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association'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 Association as at March 31, 2006 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

Vancouver, Canada

May 15, 2006



STATEMENTS OF FINANCIAL POSITION

March 31, 2006 and 2005

	2006	2005
Assets		
Current assets:		
Cash and cash equivalents not restricted for endowment funds	\$ 412,802	\$ 744,073
Short term investment	209,520	-
Accounts receivable (note 3)	723,742	157,046
Prepaid expenses	3,585	2,417
Inventory	5,994	3,402
	1,355,643	906,938
Furniture and equipment	312,725	286,917
Accumulated depreciation	(278,911)	(269,030)
	33,814	17,887
	\$ 1,389,457	\$ 924,825
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 529,660	206,999
Refundable rental deposits	67,298	65,222
Deferred revenue	239,216	309,837
	836,174	582,058
Deferred revenue	-	6,250
Net assets		
Net assets invested in furniture and equipment	33,814	17,887
Internally restricted for future operating programs	265,350	116,500
Internally restricted for future equipment purchases	120,353	81,002
Unrestricted net assets	133,766	121,128
	553,283	336,517
	1,389,457	924,825

See accompanying notes to financial statements.

Approved on behalf of the Board

signed "Martin Ertl" Director

signed "David Elliott" Director



STATEMENTS OF OPERATIONS

Year ended March 31, 2006 and 2005

	2006	2005
Revenue		
UBC grant	\$ 1,062,448	\$ 398,974
Transitional funding International Student Initiative Funding	-	19,210
Sponsorship	80,000	30,000
Cecil Green Park (note 4)	-	9,346
Membership services and marketing (note 6)	380,603	310,439
Achievement dinner	262,719	273,125
Trek - subscriptions and advertising	92,284	82,800
Interest	147,428	80,971
Miscellaneous	18,124	23,315
Donations for operating purposes	12,324	9,755
	1,798	9,886
	<u>2,057,728</u>	<u>1,247,821</u>
Expenses (note 5)		
Administration	576,800	377,904
Cecil Green Park (note 4)	238,899	193,953
Achievement dinner	92,100	82,213
Member services and marketing	92,729	64,277
Trek	628,741	365,254
Communications	211,693	65,214
	<u>1,840,962</u>	<u>1,148,815</u>
Excess of revenue over expenditures	\$ 216,766	\$ 99,006

See accompanying notes to financial statements.

STATEMENTS OF CASH FLOWS

Years ended March 31, 2006 and 2005

	2006	2005
Operations		
Excess of revenue over expenditures	\$ 216,766	\$ 99,006
Depreciation, an item not involving cash	9,881	15,557
Changes in non-cash working capital items:		
Accounts receivable	(566,696)	10,545
Prepaid expenses	(1,168)	10,418
Inventory	(2,592)	2,230
Accounts payable and accrued liabilities	322,661	(284,196)
Deferred revenue	(76,871)	(99,303)
Refundable rental deposits	2,076	(2,730)
	<u>(95,943)</u>	<u>(248,473)</u>
Investments		
Purchase of furniture and equipment	(25,808)	(4,214)
Purchase of short-term investment	(209,520)	-
	<u>(235,328)</u>	<u>(4,214)</u>
Decrease in cash and cash equivalents	(331,271)	(252,687)
Cash and cash equivalents, beginning of year	744,073	996,760
Cash and cash equivalents, end of year	\$ 412,802	\$ 744,073

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN NET ASSETS

Years ended March 31, 2006 and 2005

	Invested in furniture and equipment	Internally Restricted for future operating programs	Internally Restricted for future fixed asset purposes	Unrestricted	Total 2006	Total 2005
Balance, beginning of year	\$ 17,887	\$ 116,500	\$ 81,002	\$ 121,128	\$ 336,517	\$ 237,511
Excess of revenue over expenditures	(9,881)	-	159	226,488	216,766	99,006
Interfund transfer - purchase of capital assets	25,808	-	(25,808)	-	-	-
Internally imposed restricted interfund transfers	-	148,850	65,000	(213,850)	-	-
Balance, end of year	\$ 33,814	\$ 265,350	\$ 120,353	\$ 133,766	\$ 553,283	\$ 336,517

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS Years ended March 31, 2006 and 2005

1. Nature of operations: The Alumni Association of The University of British Columbia (the "Association") was incorporated in March, 1946 with the primary objective of increasing the involvement of Alumni in the activities of The University of British Columbia (the "University"). The direct revenue sources of the Association are not sufficient to cover its operating and capital expenditures and, as a result, the continued support of the University is required to finance the activities of the Association. Effective April 1, 2004, the Association entered into a new three year agreement with the University. This agreement redefines the relationship between the Association and the University, and resulted in certain programs previously administered by the Association being transferred to the

University. The agreement commits the University to funding the operations of the Association based on approved annual budgets. The Association is non-taxable under the Income Tax Act as a non-profit organization.

2. Significant accounting policies:

- Cash equivalents: Cash equivalents include short-term deposits, which are highly liquid marketable securities with a maturity of three months or less when acquired. Short-term deposits are valued at cost.
- Short-term investments: Short-term investments, all of which are categorized as available for sale, are carried at the lower of cost and quoted market value.

- (c) Inventory: Inventory is valued at the lower of cost and net realizable value.
- (d) Furniture and equipment: Furniture and equipment is recorded at historical cost. Depreciation is recorded at 20% and 33-1/3% per annum using the straight-line method.
- (e) Revenue: The Association receives payment in advance for rental of Cecil Green Park. The recognition of such revenue is deferred until the date of the actual rental. The Association also receives payments pursuant to its membership services and marketing agreements with MBNA Canada Bank, Meloche Monnex Inc. and The Manufacturer's Life Insurance Company. The Association records revenue from these contracts as services are rendered over the term of the agreement. Cash received in advance of services provided is included in deferred revenue.
- (f) Internal restrictions of net assets: Certain contributions received from donations, bequests and operations are set aside into a separate component of net assets. These contributions may be held in term deposits and the interest income is retained in the fund to maintain its purchasing power. Appropriation of these funds requires the approval of the Association's Board of Directors but is not subject to other restrictions.
- (g) Net assets internally restricted for future equipment purchases: These contributions have been set aside for equipment replacement purposes which are approved by the Board of Directors.
- (h) Net assets internally restricted for future operating programs: Appropriations of the operating fund balance are made from time to time to designate funds for specific projects. When the projects take place, the costs are included in operating expenses and the appropriations are

- returned to the operating fund balance.
 - (i) Revenue contributions: The Association follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection reasonably assured. Endowment contributions are recognized as direct increases in net assets except that interest earned on endowment funds is deferred until the related expenditure has been incurred. Other contributions subject to external restrictions are not significant and are recognized as revenue in the year in which the related expenses are incurred.
 - (j) Contributed services: Volunteers contribute significant time each year to assist in carrying out the Association's service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
 - (k) Use of estimates: The preparation of financial statements in conformity with 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to revenue recognition and the determination of useful lives of furniture and equipment for calculating depreciation.
3. Related party balances: Included in accounts receivable is \$678,143 (2005 - \$110,606) receivable from the University. Included in accounts payable and accrued liabilities is \$340,897 (2005 - \$84,934) payable to the University. Also

- included in accounts payable and accrued liabilities is \$30,894 (2005 - \$27,392) of funds held on behalf of various divisions and departments of the University to cover expenses which the Association will incur on their behalf.
- 4. Cecil Green Park: The Association shares Cecil Green Park revenue in excess of the net of the Association's direct cost related to the short-term leasing/booking of the premises and any proctor services annually with the University on a 50/50 basis. The cost of sharing this revenue is included in the expense caption "Cecil Green Park" in the statement of operations.
- 5. Functional allocation of expenses: The costs of providing programs and other activities have been presented on a program basis in the statement of operations. Accordingly, salaries and other costs have been allocated among the programs and supporting services benefited. The expenses of the Association on an account group basis are as follows:

	2006	2005
Salaries and benefits	\$ 657,782	\$ 485,189
Trek	528,020	287,282
Association events	106,557	95,523
Membership services and marketing	15,741	12,867
Cecil Green Park	167,313	122,099
Purchased services	61,293	29,233
Office expense	143,527	42,922
Equipment expense	18,255	15,425
Directors expense	6,854	648
Staff development	51,348	12,315
Miscellaneous	5,077	21,770
Meetings	42,872	22,069
Memberships and subscriptions	3,706	1,473
Renovation projects	32,617	-
	<u>\$ 1,840,962</u>	<u>\$ 1,148,815</u>

- 6. Membership services and marketing revenue: (a) During the year ended March 31, 2006, the Association entered into an agreement with the MBNA Canada Bank ("MBNA"). Under the terms of the agreement, MBNA has the exclusive right to market its products to members of the Association until December 31, 2010. (b) During the year ended March 31, 2005, the Association entered into an agreement with ClearSight Wealth Management Inc. ("ClearSight"). Under the terms of the agreement, the Association will provide ClearSight the exclusive rights to market its investment services to members of the Association until November 17, 2009, with the agreement being subject to automatic renewal for one year periods thereafter until terminated by either party. (c) During the year ended March 31, 2003, the Association entered into an agreement with the Manufacturer's Life Insurance Company ("Manulife"). Under the terms of the agreement the Association will provide Manulife the exclusive rights to market its life insurance to members of the Association until September 1, 2007. (d) During the year ended March 31, 2002, the Association entered into an agreement with Meloche Monnex Inc. ("Meloche"). Under the terms of the agreement, the Association will provide to Meloche the exclusive rights to market its home and automobile insurance to members of the Association until August 31, 2006.



THE UNIVERSITY OF BRITISH COLUMBIA
ALUMNI ASSOCIATION

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