

BCIT STUDENT ASSOCIATION

FINANCIAL STATEMENTS

May 31, 2008

BCIT STUDENT ASSOCIATION

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May 31, 2008

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BCIT STUDENT ASSOCIATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING May 31, 2008

The accompanying financial statements of the BCIT Student Association and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

The Association maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Association's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The Directors review the Association's financial statements and recommends their approval. The Board meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditors' report. The Board takes this information into consideration when approving the financial statements for issuance to the members. The Board also considers the engagement of the external auditors.

The financial statements have been audited by Reid Hurst Nagy Inc., CGAs in accordance with Canadian generally accepted auditing standards on behalf of the members. Reid Hurst Nagy Inc., CGAs have full access to the BCIT Student Association.

Director

VP Finance & Administration

AUDITORS' REPORT

To: **THE MEMBERS OF
BCIT STUDENT ASSOCIATION**

We have audited the statement of financial position of BCIT Student Association as at May 31, 2008 and the statements of operations, changes in fund balances 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 May 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.



REID HURST NAGY INC.
CERTIFIED GENERAL ACCOUNTANTS

SEPTEMBER 19, 2008
RICHMOND, B.C.

BCIT STUDENT ASSOCIATION

STATEMENT OF OPERATIONS For The Year Ended May 31, 2008

Statement 1

	2008	2007
	\$	\$
REVENUE		
Student fees	1,003,102	996,747
Pub revenue, net (Note 10)	548,180	577,300
Retail store revenue, net (Note 11)	677,841	552,793
Pepsi and other sponsorship revenue, net (Note 12)	183,253	186,074
Miscellaneous revenues (Note 13)	30,898	28,304
Image centre revenues, net (Note 14)	70,408	70,941
Activities - Student Clubs, net (Note 15)	144,023	21,677
Publications (Note 16)	38,433	43,628
Grants	24,892	42,056
ATM Commissions	22,757	28,363
Vending revenues	19,227	9,613
Interest and dividends	60,144	57,123
	2,823,158	2,614,619
EXPENSES		
Advertising and promotion	37,776	13,941
Amortization of deferred charges	13,376	17,346
Bad debts	250	788
Bank charges and interest	38,366	37,991
Bursaries	27,404	25,500
Depreciation	104,165	98,414
Equipment rental	60,486	62,870
Handbook expense	15,720	22,250
Honoraria	63,825	51,058
Insurance	38,782	38,363
Janitorial	40,936	28,203
Office and miscellaneous	58,805	42,189
Professional development	31,468	33,253
Professional fees	110,135	120,150
Rent	199,770	227,542
Repairs and maintenance	29,984	15,427
Societies and student services	173,044	112,117
Subcontract printing	21,436	12,018
Telephone and utilities	20,753	26,676
Wages and benefits	1,557,797	1,477,099
	2,644,278	2,463,195
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	178,880	151,424
OTHER ITEM		
Gain on disposal of investments	4,452	472
EXCESS OF REVENUE OVER EXPENSES	183,332	151,896

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF CHANGES IN FUND BALANCES For The Year Ended May 31, 2008

Statement 2

	Capital Asset Fund \$	Operating Fund \$	2008 \$	2007 \$
Balance, beginning of the year:	427,239	1,340,271	1,767,510	1,615,614
(Deficiency) excess of revenue over expenses	(104,165)	287,497	183,332	151,896
Capital assets acquired	105,029	(105,029)	-	-
Balance, end of the year	428,103	1,522,739	1,950,842	1,767,510

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As At May 31, 2008

Statement 3

	2008 \$	2007 \$
ASSETS		
CURRENT		
Cash	619,469	824,264
Temporary investments (Note 3)	615,873	606,603
Accounts receivable	358,938	163,160
Inventory	155,574	152,662
Prepaid expenses	37,573	28,957
	1,787,427	1,775,646
CAPITAL (Notes 2a and 5)	428,103	427,239
OTHER		
Investments (Note 4)	692,001	666,341
Deferred charges (Note 6)	252,532	241,514
	3,160,063	3,110,740
LIABILITIES		
CURRENT		
Bank indebtedness	51,482	214,743
Accounts payable and accruals	248,316	253,647
Wages payable	46,443	39,574
Government agencies payable	23,438	18,294
Student one-card deposits	2,780	8,300
Deferred revenue (Note 8)	4,718	16,588
Current portion of student medical plan payable (Note 9)	220,315	225,517
	597,492	776,663
OTHER		
Student medical plan payable (Note 9)	611,729	566,567
	1,209,221	1,343,230
NET ASSETS		
Invested in capital assets (Note 5)	428,103	427,239
Unrestricted	1,522,739	1,340,271
	1,950,842	1,767,510
	3,160,063	3,110,740

Approved by the Directors:

Director

Director

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF CASH FLOWS For the year ended May 31, 2008

Statement 4

	2008 \$	2007 \$
OPERATING ACTIVITIES		
Excess of revenue over expenses	183,332	151,896
Depreciation	104,165	98,414
Amortization of deferred charges	13,376	17,346
Gain on disposal of temporary investments	(4,452)	(472)
	296,421	267,184
NET CHANGES IN WORKING CAPITAL ACCOUNTS		
Accounts receivable	(195,778)	(86,484)
Inventory	(2,913)	1,168
Prepaid expenses	(8,616)	16,232
Accounts payable and accruals	(5,328)	(91,014)
Wages payable	6,869	2,122
Government agencies payable	5,143	(2,404)
Student one-card deposits	(5,520)	(3,522)
Deferred revenue	(11,870)	(136,198)
Student medical plan payable	39,959	44,415
	118,367	11,499
INVESTING ACTIVITIES		
Increase in temporary investments	(150,926)	(326,612)
(Increase) decrease in investments	120,448	(50,601)
Acquisition of capital assets	(129,423)	(96,991)
Proceeds on disposition of temporary investments	-	337,601
	(159,901)	(136,603)
DECREASE IN CASH	(41,534)	(125,104)
CASH - BEGINNING OF THE YEAR	609,521	734,625
CASH - END OF THE YEAR	567,987	609,521
REPRESENTED BY:		
Cash	619,469	824,264
Bank indebtedness	(51,482)	(214,743)
	567,987	609,521

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 1: ORGANIZATION AND MISSION

The BCIT Student Association (the "Association") was incorporated under the British Columbia Society Act on October 3, 1968 as a not-for-profit organization. It is tax exempt under the Income Tax Act. Its mission is to be an advocate for students and provide services which are student-centered, responsive and pro-active in supporting and enhancing the quality of student life.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies used in the preparation of the financial statements:

a) Fund accounting

The Association follows the deferral method of accounting for contributions.

The Operating Fund accounts for the Association's program delivery and administration activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets and building expansion campaign.

b) Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

c) Temporary investments

Temporary investments, representing money market funds, equity securities and a bond maturing within one year, are recorded at cost.

d) Inventory

Inventory is valued at the lower of cost and net realizable value.

e) Investments

Strip bonds are carried at cost. If the market value becomes lower than cost and the decline is considered to be other than temporary, the investments are written down to market value.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Capital assets and depreciation

Purchased capital assets are valued at cost. Contributed capital assets are valued at fair value at the date of contribution. Depreciation is provided on a declining balance method at the following annual rates:

Furniture and equipment	20%
Office equipment	20%
Computer software	100%
Computer hardware	30%
Vehicles	30%
Video tapes	100%

Depreciation of leasehold improvements is calculated on a ten year straight-line method. In the year of acquisition, depreciation is recorded at one-half the normal rate.

g) Deferred charges

Deferred charges represent professional fees paid in relation to various long-term agreements entered into by the Association and a capital funding contribution paid to the British Columbia Institute of Technology in conjunction with the construction of the Campus Centre building. The professional fees are amortized on a straight-line basis over the terms of the related agreements that vary between ten and thirty years. The capital funding contribution is amortized on a straight-line basis over the term of the Campus Centre lease of thirty years.

h) Contributed services

Volunteers contribute numerous hours per year to assist the Association in carrying out its services. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

i) Income taxes

Income taxes are not reflected in these financial statements as the Association is a not-for-profit organization.

j) Financial instruments

The Association's financial instruments consist of cash, temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accruals, wages payable and government agencies payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

k) Use of estimates

The preparation of financial statements 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 financial statements and reported amounts of revenues and expenses during the reporting year. Actual results may differ from those estimates.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 3: TEMPORARY INVESTMENTS

	2008 \$	2007 \$
Equity securities (market value \$349,840, 2007: \$317,308)	168,825	164,718
Bonds (market value \$170,000, 2007: \$162,656)	141,695	141,695
Money market fund (market value \$305,009, 2007: \$300,190)	305,009	300,190
Foreign securities (market value \$337)	344	-
	<u>615,873</u>	<u>606,603</u>

NOTE 4: INVESTMENTS

	2008 \$	2007 \$
Bonds (market value \$695,001, 2007: \$646,688)	630,351	630,351
Accrued interest	61,650	35,990
	<u>692,001</u>	<u>666,341</u>

NOTE 5: CAPITAL ASSETS

Capital assets consist of the following:

	<u>COST</u> \$	<u>ACCUMULATED DEPRECIATION</u> \$	<u>2008 NET</u> \$	<u>2007 NET</u> \$
Computer hardware	137,017	61,338	75,679	55,934
Computer software	18,426	14,098	4,328	4,885
Furniture and fixtures	1,234,991	1,044,674	190,317	180,641
Leasehold improvements	221,122	97,431	123,691	143,170
Office equipment	397,576	363,488	34,088	42,609
Vehicle	20,708	20,708	-	-
	<u>2,029,840</u>	<u>1,601,737</u>	<u>428,103</u>	<u>427,239</u>

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 6: DEFERRED CHARGES

	<u>COST</u>	<u>ACCUMULATED DEPRECIATION</u>	<u>2008 NET</u>	<u>2007 NET</u>
	\$	\$	\$	\$
Capital funding contribution	289,500	124,976	164,524	174,174
Professional fees	204,240	116,232	88,008	67,340
	493,740	241,208	252,532	241,514

NOTE 7: LINE OF CREDIT

The Association has available a line of credit totaling \$330,000 of which \$30,000 is reserved for letters of guarantee. As at May 31, 2008 \$51,482 has been utilized. Advances under this facility bears interest at the bank prime rate plus 0.5% per annum.

NOTE 8: DEFERRED REVENUE

The deferred revenue represents grant revenue to be used in the subsequent year.

NOTE 9: STUDENT MEDICAL PLAN PAYABLE

	<u>2008</u>	<u>2007</u>
	\$	\$
Student medical plan payable	832,044	792,084
Less: current portion	220,315	225,517
	611,729	566,567

The Association collects premiums from the students each year. Any premiums not required to be paid out for insurance coverage are maintained by the Association to cover future rate increases. The current portion of the medical plan reflects premiums payable through August 2008.

NOTE 10: PUB REVENUE, NET

	<u>2008</u>	<u>2007</u>
	\$	\$
Pub revenue	893,457	953,793
Less: cost of sales	345,277	376,493
	548,180	577,300

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 11: RETAIL STORE REVENUE, NET

	2008	2007
	\$	\$
Retail store sales revenue	1,684,271	1,405,050
Less: cost of sales	1,006,430	852,257
	<hr/> 677,841	<hr/> 552,793

NOTE 12: PEPSI AND OTHER SPONSORSHIP REVENUE, NET

	2008	2007
	\$	\$
Pepsi vending/sponsorship revenue	183,253	199,525
Less: commission	-	13,451
	<hr/> 183,253	<hr/> 186,074

NOTE 13: MISCELLANEOUS REVENUES

	2008	2007
	\$	\$
Miscellaneous	10,956	13,713
Fundraising	6,936	4,461
Advertising and media	6,606	530
Rent	6,400	9,600
	<hr/> 30,898	<hr/> 28,304

NOTE 14: IMAGE CENTRE REVENUE, NET

	2008	2007
	\$	\$
Image centre revenue	74,020	74,511
Less: cost of sales	3,612	3,570
	<hr/> 70,408	<hr/> 70,941

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2008

NOTE 15: ACTIVITIES - STUDENT CLUBS, NET

	2008	2007
	\$	\$
Fundraising	51,092	-
Sponsorship	40,832	8,960
Cost recovery	17,824	-
Student membership club fees	15,650	3,671
Ticket sales	-	2,569
Advertising and media	4,016	-
Grants	3,250	-
Miscellaneous	11,359	6,477
	<hr/>	<hr/>
	144,023	21,677

NOTE 16: PUBLICATIONS, NET

	2008	2007
	\$	\$
Advertising and media	17,577	16,889
Handbook and newspaper advertising	20,856	26,739
	<hr/>	<hr/>
	38,433	43,628

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2008

NOTE 17: LEASE COMMITMENTS

The Association's premises are leased under an agreement with BCIT for office and retail space in the Campus Centre and will expire on July 26, 2025. Upon expiration of the lease agreement, the lease will automatically renew for an additional five year period.

The Association has entered into lease agreements with Nexcap Finance Corporation for equipment.

Future minimum lease payments for the next five years are as follows:

	Premises	Equipment	Total
	\$	\$	\$
2009	160,000	21,421	181,421
2010	160,000 *	21,421	181,421
2011	160,000 *	21,421	181,421
2012	160,000 *	21,421	181,421
2013	160,000 *	3,598	163,598
	<u>800,000</u>	<u>89,282</u>	<u>889,282</u>

*Gross rent of the premises for the period beginning on April 1, 2009 and ending on March 31, 2010 and in subsequent one year periods will be subject to adjustment based on the consumer price index for the Province of British Columbia as established by Statistics Canada.

NOTE 18: CONTINGENT LIABILITIES

The Association is contingently liable for letters of guarantee in the amounts of \$20,000 and \$10,000 issued by Vancouver City Savings Credit Union in favour of Brewers Distributors Ltd. and the BC Liquor Distribution Branch respectively.

NOTE 19: PENSION PLAN

Employees of BCIT Students Association can choose to be members of the defined contribution pension plan. Employees who participate in the pension plan must contribute 6% of their wages. BCIT Students Association must match the contribution of 6% of contributory earnings to this plan. Subject to the employee not completing 2 years of employment the amount paid to date by BCIT Students Association for that employee is refunded to BCIT Students Association.

NOTE 20: COMPARATIVE FIGURES

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