

BCIT STUDENT ASSOCIATION

FINANCIAL STATEMENTS

May 31, 2009

BCIT STUDENT ASSOCIATION

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BCIT STUDENT ASSOCIATION

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING May 31, 2009

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 judgments. 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



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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, 2009 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, 2009 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.

REID HURST NAGY INC.
CERTIFIED GENERAL ACCOUNTANTS

OCTOBER 23, 2009
RICHMOND, B.C.

BCIT STUDENT ASSOCIATION

STATEMENT OF OPERATIONS For The Year Ended May 31, 2009

Statement 1

	2009	2008
	\$	\$
REVENUE		
Student fees	1,039,617	1,003,102
Pub revenue, net (Note 10)	501,520	548,180
Retail store revenue, net (Note 11)	641,828	677,841
Pepsi and other sponsorship revenue	189,964	183,253
Miscellaneous revenues (Note 12)	47,198	30,898
Image centre revenues, net (Note 13)	65,831	70,408
Activities - Student Clubs (Note 14)	82,014	144,023
Publications (Note 15)	49,734	38,433
Grants	17,703	24,892
ATM Commissions	20,530	22,757
Vending revenues	19,273	19,227
Interest and dividends	55,126	60,144
	2,730,338	2,823,158
EXPENSES		
Advertising and promotion	44,369	37,776
Amortization of deferred charges	13,376	13,376
Bad debts	-	250
Bank charges and interest	35,234	38,366
Bursaries	26,595	27,404
Depreciation	118,063	104,165
Equipment rental	38,852	60,486
Handbook expense	19,747	15,720
Honoraria	56,063	63,825
Insurance	39,666	38,782
Janitorial	50,955	40,936
Office and miscellaneous	37,526	58,805
Professional development	45,273	31,468
Professional fees	120,478	110,135
Rent	161,225	199,770
Repairs and maintenance	22,988	29,984
Societies and student services	174,170	173,044
Subcontract printing	29,026	21,436
Telephone and utilities	20,390	20,753
Wages and benefits	1,533,389	1,557,797
	2,587,385	2,644,278
EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS	142,953	178,880
OTHER ITEMS		
Gain on sale of investments	26,636	4,452
Loss on disposal of capital assets	(32,014)	-
	(5,378)	4,452
EXCESS OF REVENUE OVER EXPENSES	137,575	183,332

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, 2009

Statement 2

	Capital Asset Fund \$	Operating Fund \$	Total 2009 \$	Total 2008 \$
Balance, beginning of the year:	428,103	1,522,739	1,950,842	1,767,510
(Deficiency) excess of revenue over expenses	(151,760)	289,335	137,575	183,332
Capital assets acquired	334,952	(334,952)	-	-
Balance, end of the year	611,295	1,477,122	2,088,417	1,950,842

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As At May 31, 2009

Statement 3

	2009 \$	2008 \$
ASSETS		
CURRENT		
Cash and cash equivalents (Note 3)	1,705,309	1,235,342
Accounts receivable	133,481	358,938
Inventory	163,110	155,574
Prepaid expenses	34,279	37,573
	2,036,179	1,787,427
CAPITAL (Notes 2e and 5)	611,295	428,103
OTHER		
Investments (Note 4)	825,892	692,001
Deferred charges (Note 6)	214,761	252,532
	3,688,127	3,160,063
LIABILITIES		
CURRENT		
Bank indebtedness (Note 7)	209,752	51,482
Accounts payable and accruals	392,694	248,316
Wages payable	48,020	46,443
Government agencies payable	19,277	23,438
Student one-card deposits	14,471	2,780
Deferred revenue (Note 8)	123,472	4,718
Current portion of student medical plan payable (Note 9)	234,877	220,315
	1,042,563	597,492
OTHER		
Student medical plan payable (Note 9)	557,147	611,729
	1,599,710	1,209,221
NET ASSETS		
Invested in capital assets (Note 5)	611,295	428,103
Unrestricted	1,477,122	1,522,739
	2,088,417	1,950,842
	3,688,127	3,160,063

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, 2009

Statement 4

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	137,575	183,332
Depreciation	118,063	104,165
Amortization of deferred charges	13,376	13,376
Loss on sale of capital assets	32,014	-
Gain on disposal of temporary investments	(26,636)	(4,452)
	274,392	296,421
NET CHANGES IN WORKING CAPITAL ACCOUNTS		
Accounts receivable	225,454	(195,776)
Inventory	(7,536)	(2,913)
Prepaid expenses	3,294	(8,616)
Accounts payable and accruals	144,381	(5,330)
Wages payable	1,577	6,869
Government agencies payable	(4,161)	5,143
Student one-card deposits	11,690	(5,520)
Deferred revenue	118,754	(11,870)
Student medical plan payable	(40,020)	39,959
	727,825	118,367
INVESTING ACTIVITIES		
(Increase) decrease in investments	(133,890)	(25,660)
Acquisition of capital assets	(282,238)	(124,971)
	(416,128)	(150,631)
INCREASE IN CASH	311,697	(32,264)
CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	1,183,860	1,216,124
CASH AND CASH EQUIVALENTS - END OF THE YEAR	1,495,557	1,183,860
REPRESENTED BY:		
Cash and cash equivalents (Note 3)	1,705,309	1,235,342
Bank indebtedness	(209,752)	(51,482)
	1,495,557	1,183,860

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2009

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. 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 administrative 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 receivable can be reasonably estimated and collection is reasonably assured.

c) Inventory

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

d) Investments

Investments 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.

e) 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 at the following annual rates and methods:

Furniture and equipment	20% Declining balance
Office equipment	20% Declining balance
Computer software	100% Declining balance
Computer hardware	30% Declining balance
Leasehold improvements	10% Straight line
Vehicle	30% Declining balance

In the year of acquisition, depreciation is recorded at one-half the normal rate.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2009

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

f) 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.

g) 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.

h) Income taxes

Income taxes are not reflected in these financial statements as the Association is a not-for-profit organization and exempt from income taxes under the Income Tax Act.

i) Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, investments, bank indebtedness, accounts payable and accruals, wages payable, government agencies payable, student one-card deposits payable and student medical plan 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.

j) 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 revenue and expenses during the reporting year. Actual results may differ from those estimates.

NOTE 3: CASH AND CASH EQUIVALENTS

	2009	2008
	\$	\$
Cash	1,155,876	619,469
Equity securities (market value \$208,432, 2008: \$349,840)	171,432	168,825
Bonds (market value \$174,370, 2008: \$170,000)	146,108	141,695
Money market fund (market value \$231,893, 2008: \$305,009)	231,893	305,009
Foreign securities (market value 2008: \$337)	-	344
	<u>1,705,309</u>	<u>1,235,342</u>

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2009

NOTE 4: INVESTMENTS

	2009 \$	2008 \$
Bonds (market value \$847,295, 2008: \$695,001)	754,243	630,351
Accrued interest	71,649	61,650
	<u>825,892</u>	<u>692,001</u>

NOTE 5: CAPITAL ASSETS

	<u>COST</u> \$	<u>ACCUMULATED DEPRECIATION</u> \$	<u>2009 NET</u> \$	<u>2008 NET</u> \$
Computer hardware	155,818	79,833	75,985	75,679
Computer software	16,333	12,495	3,838	4,328
Furniture and fixtures	1,271,596	999,659	271,937	190,317
Leasehold improvements	348,415	116,150	232,265	123,691
Office equipment	397,576	370,306	27,270	34,088
Vehicle	20,708	20,708	-	-
	<u>2,210,446</u>	<u>1,599,151</u>	<u>611,295</u>	<u>428,103</u>

NOTE 6: DEFERRED CHARGES

	<u>COST</u> \$	<u>ACCUMULATED AMORTIZATION</u> \$	<u>2009 NET</u> \$	<u>2008 NET</u> \$
Capital funding contribution	289,500	134,626	154,874	164,524
Professional fees	111,787	51,900	59,887	88,008
	<u>401,287</u>	<u>186,526</u>	<u>214,761</u>	<u>252,532</u>

NOTE 7: LINE OF CREDIT

The Association has available a line of credit to a maximum of \$330,000 of which \$30,000 is reserved for letters of guarantee. The letters of guarantee are contingent liabilities in the amount 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.

Advances under this facility bear interest at the bank prime rate plus 0.5% per annum.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2009

NOTE 8: DEFERRED REVENUE

The deferred revenue represents deferred sponsorship and grant revenue received in the current year that is for use in the subsequent year.

NOTE 9: STUDENT MEDICAL PLAN PAYABLE

	2009	2008
	\$	\$
Student medical plan payable	792,024	832,044
Less: current portion	234,877	220,315
	<hr/>	<hr/>
	557,147	611,729

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 2009.

During the council meeting held February 9, 2009 a decision was made to contribute \$90,000 from the health and dental surplus in order to create an endowment fund. BCIT agreed to contribute a further \$10,000 resulting in a \$100,000 endowment fund, held and controlled by BCIT foundation. The purpose of this fund is to provide a grant for students to be distributed yearly.

NOTE 10: PUB REVENUE, NET

	2009	2008
	\$	\$
Pub revenue	854,747	893,457
Less: cost of sales	353,227	345,277
	<hr/>	<hr/>
	501,520	548,180

NOTE 11: RETAIL STORE REVENUE, NET

	2009	2008
	\$	\$
Retail store sales revenue	1,496,180	1,684,271
Less: cost of sales	854,352	1,006,430
	<hr/>	<hr/>
	641,828	677,841

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2009

NOTE 12: MISCELLANEOUS REVENUES

	2009	2008
	\$	\$
Miscellaneous	13,064	10,956
Fundraising	14,392	6,936
Advertising and media	11,086	6,606
Rent	-	6,400
Ticket Sales	3,619	-
Cost recovery	5,037	-
	<hr/>	<hr/>
	47,198	30,898

NOTE 13: IMAGE CENTRE REVENUES, NET

	2009	2008
	\$	\$
Image centre revenue	70,218	74,020
Less: cost of sales	4,387	3,612
	<hr/>	<hr/>
	65,831	70,408

NOTE 14: ACTIVITIES - STUDENT CLUBS

	2009	2008
	\$	\$
Fundraising	10,467	51,092
Sponsorship	35,015	40,832
Cost recovery	15,934	17,824
Student membership club fees	14,457	15,650
Ticket sales	6,141	-
Advertising and media	-	4,016
Grants	-	3,250
Miscellaneous	-	11,359
	<hr/>	<hr/>
	82,014	144,023

NOTE 15: PUBLICATIONS

	2009	2008
	\$	\$
Advertising and media	22,377	17,577
Handbook and newspaper advertising	27,307	20,856
Miscellaneous	50	-
	<hr/>	<hr/>
	49,734	38,433

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2009

NOTE 16: 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 \$
2010	163,360 *	21,421	184,781
2011	163,360 *	21,421	184,781
2012	163,360 *	21,421	184,781
2013	163,360 *	3,598	166,958
2014	163,360 *	-	163,360
	<u>816,800</u>	<u>67,861</u>	<u>884,661</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 17: PENSION PLAN

Employees of the 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. The 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 the Association for that employee is refunded to the Association.

NOTE 18: COMPARATIVE FIGURES

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