

**BCIT STUDENT ASSOCIATION**

**Financial Statements  
May 31, 2016**

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## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF BCIT STUDENT ASSOCIATION

#### Report on the Financial Statements

We have audited the accompanying financial statements of BCIT Student Association, which comprise the statement of financial position as at May 31, 2016 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of BCIT Student Association as at May 31, 2016, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

#### Report on Other Legal and Regulatory Requirements

As required by the *Society Act* (British Columbia), we report that, in our opinion, the principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Vancouver, British Columbia  
November 28, 2016

**BCIT STUDENT ASSOCIATION**  
**Statement of Financial Position**  
**May 31**

|  | Capital Levy<br>Fund | Medical<br>Insurance Fund | Operating Fund | 2016         | 2015         |
|--|----------------------|---------------------------|----------------|--------------|--------------|
| <b>Assets</b> (notes 9 and 10)               |                      |                           |                |              |              |
| <b>Current</b>                               |                      |                           |                |              |              |
| Cash and cash equivalents (note 3)           | \$ 0                 | \$ 654,028                | \$ 167,675     | \$ 821,703   | \$ 1,534,119 |
| Accounts receivable                          | 6,464                | 11,199                    | 212,595        | 230,258      | 210,979      |
| GST receivable                               | 462                  | 205                       | 19,062         | 19,729       | 15,886       |
| Inventory                                    | 0                    | 0                         | 210,071        | 210,071      | 161,670      |
| Prepaid expenses                             | 1,163                | 0                         | 109,668        | 110,831      | 71,704       |
| Current portion of deferred charges (note 7) | 0                    | 0                         | 13,376         | 13,376       | 13,376       |
| Current portion of prepaid rent (note 8)     | 0                    | 0                         | 202,904        | 202,904      | 202,904      |
| Interfund loans                              | 122,117              | 283,234                   | (405,351)      | 0            | 0            |
|  | 130,206              | 948,666                   | 530,000        | 1,608,872    | 2,210,638    |
| <b>Capital Assets</b> (note 6)               | 0                    | 2,900                     | 3,182,443      | 3,185,343    | 1,668,817    |
| <b>Assets Under Construction</b>             | 0                    | 0                         | 232,007        | 232,007      | 417,337      |
| <b>Deferred Charges</b> (note 7)             | 0                    | 0                         | 107,751        | 107,751      | 121,128      |
| <b>Prepaid Rent</b> (note 8)                 | 0                    | 0                         | 1,724,682      | 1,724,682    | 1,927,586    |
|  | 0                    | 2,900                     | 5,246,883      | 5,249,783    | 4,134,868    |
|  | \$ 130,206           | \$ 951,566                | \$ 5,776,883   | \$ 6,858,655 | \$ 6,345,506 |

**BCIT STUDENT ASSOCIATION**  
**Statement of Financial Position**  
**May 31**

|   | Capital Levy<br>Fund | Medical<br>Insurance Fund | Operating Fund | 2016         | 2015         |
|---|----------------------|---------------------------|----------------|--------------|--------------|
| <b>Liabilities</b>                          |                      |                           |                |              |              |
| <b>Current</b>                              |                      |                           |                |              |              |
| Accounts payable and accruals (note 5)      | \$ 0                 | \$ 0                      | \$ 449,112     | \$ 449,112   | \$ 400,737   |
| Wages payable                               | 0                    | 6,257                     | 384,719        | 390,976      | 289,413      |
| Student one-card deposits                   | 0                    | 0                         | 8,101          | 8,101        | 20,012       |
| Deferred revenue (note 11)                  | 0                    | 390,393                   | 141,844        | 532,237      | 469,326      |
| Current portion of long-term debt (note 10) | 0                    | 0                         | 110,989        | 110,989      | 105,587      |
|   | 0                    | 396,650                   | 1,094,765      | 1,491,415    | 1,285,075    |
| <b>Long-Term Debt</b> (note 10)             | 0                    | 0                         | 1,514,874      | 1,514,874    | 1,625,726    |
|   | 0                    | 396,650                   | 2,609,639      | 3,006,289    | 2,910,801    |
| <b>Net Assets</b>                           |                      |                           |                |              |              |
| <b>Internally Restricted</b>                | 130,206              | 554,916                   | 0              | 685,122      | 778,285      |
| <b>Unrestricted Net Assets</b>              | 0                    | 0                         | 3,167,244      | 3,167,244    | 2,656,420    |
|   | 130,206              | 554,916                   | 3,167,244      | 3,852,366    | 3,434,705    |
|   | \$ 130,206           | \$ 951,566                | \$ 5,776,883   | \$ 6,858,655 | \$ 6,345,506 |

Commitments (note 16)

Approved by the Directors:

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**BCIT STUDENT ASSOCIATION**  
**Statement of Operations**  
**Year Ended May 31**

|                                      | Capital Levy<br>Fund | Medical<br>Insurance Fund | Operating Fund | 2016         | 2015         |
|--------------------------------------|----------------------|---------------------------|----------------|--------------|--------------|
| <b>Retail Revenues</b>               |                      |                           |                |              |              |
| Campus print and copy                | \$ 0                 | \$ 0                      | \$ 100,456     | \$ 100,456   | \$ 75,120    |
| Pub                                  | 0                    | 0                         | 857,316        | 857,316      | 846,117      |
| Retail stores                        | 0                    | 0                         | 2,202,098      | 2,202,098    | 1,997,105    |
|                                      | 0                    | 0                         | 3,159,870      | 3,159,870    | 2,918,342    |
| <b>Cost of Sales</b>                 |                      |                           |                |              |              |
| Campus print and copy                | 0                    | 0                         | 20,226         | 20,226       | 11,650       |
| Pub                                  | 0                    | 0                         | 317,549        | 317,549      | 320,077      |
| Retail stores                        | 0                    | 0                         | 1,230,034      | 1,230,034    | 1,117,469    |
|                                      | 0                    | 0                         | 1,567,809      | 1,567,809    | 1,449,196    |
| <b>Gross Profit</b>                  |                      |                           |                |              |              |
| Campus print and copy                | 0                    | 0                         | 80,230         | 80,230       | 63,470       |
| Pub                                  | 0                    | 0                         | 539,767        | 539,767      | 526,040      |
| Retail stores                        | 0                    | 0                         | 972,064        | 972,064      | 879,636      |
|                                      | 0                    | 0                         | 1,592,061      | 1,592,061    | 1,469,146    |
| <b>Other Revenue</b>                 |                      |                           |                |              |              |
| Activities - student clubs (note 14) | 0                    | 0                         | 182,922        | 182,922      | 149,623      |
| Capital levy fees - student spaces   | 137,750              | 0                         | 0              | 137,750      | 131,150      |
| Childcare (note 12)                  | 0                    | 0                         | 278,536        | 278,536      | 278,283      |
| Grants                               | 0                    | 0                         | 25,819         | 25,819       | 21,869       |
| Interest and dividends               | 0                    | 8,235                     | 6,658          | 14,893       | 19,274       |
| Miscellaneous (note 13)              | 0                    | 668                       | 60,365         | 61,033       | 74,012       |
| Pepsi and other sponsorship          | 0                    | 0                         | 204,875        | 204,875      | 198,214      |
| Publications (note 15)               | 0                    | 0                         | 37,031         | 37,031       | 23,962       |
| Room and equipment rental            | 0                    | 0                         | 24,935         | 24,935       | 29,615       |
| SE2 expansion                        | 0                    | 0                         | 303,051        | 303,051      | 288,530      |
| Student fees                         | 0                    | 0                         | 3,140,774      | 3,140,774    | 2,170,553    |
| Student medical fees                 | 0                    | 1,668,622                 | 0              | 1,668,622    | 1,549,709    |
| Vending                              | 0                    | 0                         | 70,120         | 70,120       | 34,767       |
|                                      | 137,750              | 1,677,525                 | 4,335,086      | 6,150,361    | 4,969,561    |
| <b>Net Revenues</b>                  | \$ 137,750           | \$ 1,677,525              | \$ 5,927,147   | \$ 7,742,422 | \$ 6,438,707 |

See notes to financial statements.

**BCIT STUDENT ASSOCIATION**  
**Statement of Operations**  
**Year Ended May 31**

|   | Capital Levy<br>Fund<br>(note 18) | Medical<br>Insurance Fund<br>(note 18) | Operating Fund<br>(note 18) | 2016       | 2015       |
|---|-----------------------------------|--|-----------------------------|------------|------------|
| <b>Expenses</b>   |                                   |  |                             |            |            |
| Advertising and promotion   | \$ 0                              | \$ 178                                 | \$ 57,494                   | \$ 57,672  | \$ 40,287  |
| Amortization of deferred charges  | 0                                 | 0                                      | 13,377                      | 13,377     | 13,376     |
| Amortization of prepaid rent  | 0                                 | 0                                      | 202,904                     | 202,904    | 202,904    |
| Bank charges and interest   | 0                                 | 660                                    | 73,029                      | 73,689     | 81,003     |
| Bursaries   | 1,500                             | 0                                      | 79,873                      | 81,373     | 27,599     |
| Depreciation  | 0                                 | 671                                    | 369,109                     | 369,780    | 293,933    |
| Equipment rental  | 0                                 | 0                                      | 45,514                      | 45,514     | 42,317     |
| Handbook  | 0                                 | 0                                      | 25,728                      | 25,728     | 24,850     |
| Honoraria   | 0                                 | 0                                      | 81,423                      | 81,423     | 79,076     |
| Insurance   | 0                                 | 0                                      | 80,355                      | 80,355     | 77,286     |
| Interest on long-term debt  | 0                                 | 0                                      | 84,331                      | 84,331     | 89,352     |
| Janitorial  | 0                                 | 0                                      | 48,393                      | 48,393     | 46,413     |
| Medical insurance premiums  | 0                                 | 1,550,625                              | 0                           | 1,550,625  | 1,385,185  |
| Office and miscellaneous  | 0                                 | 2,610                                  | 81,084                      | 83,694     | 67,928     |
| Professional development  | 0                                 | 1,034                                  | 47,305                      | 48,339     | 35,018     |
| Professional fees   | 0                                 | 4,442                                  | 339,776                     | 344,218    | 232,359    |
| Rent  | 0                                 | 0                                      | 174,146                     | 174,146    | 172,709    |
| Repairs and maintenance   | 0                                 | 0                                      | 55,490                      | 55,490     | 53,173     |
| Societies and student services  | 184,660                           | 45,752                                 | 247,194                     | 477,606    | 322,053    |
| Sub-contracted printing   | 0                                 | 312                                    | 39,101                      | 39,413     | 50,534     |
| Telephone and utilities   | 0                                 | 1,962                                  | 21,689                      | 23,651     | 24,205     |
| Wages and benefits (note 17)  | 0                                 | 113,772                                | 3,188,591                   | 3,302,363  | 2,881,233  |
|   | 186,160                           | 1,722,018                              | 5,355,906                   | 7,264,084  | 6,242,793  |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenses Before Other Items</b> | (48,410)                          | (44,493)                               | 571,241                     | 478,338    | 195,914    |
| <b>Other Items</b>  |                                   |  |                             |            |            |
| Write-off of capital assets   | 0                                 | (260)                                  | (60,417)                    | (60,677)   | (16,656)   |
| Gain on sale of vehicle   | 0                                 | 0                                      | 0                           | 0          | 1,200      |
|   | 0                                 | (260)                                  | (60,417)                    | (60,677)   | (15,456)   |
| <b>Excess (Deficiency) of Revenues Over<br/>Expenses</b>                    | \$ (48,410)                       | \$ (44,753)                            | \$ 510,824                  | \$ 417,661 | \$ 180,458 |

**BCIT STUDENT ASSOCIATION**  
**Statement of Changes in Fund Balances**  
**Year Ended May 31**

|  | Medical Insurance |            |                | 2016         | 2015         |
|--|-------------------|------------|----------------|--------------|--------------|
|  | Capital Levy Fund | Fund       | Operating Fund |              |              |
| <b>Balance, Beginning of Year</b>                    | \$ 178,616        | \$ 599,669 | \$ 2,656,420   | \$ 3,434,705 | \$ 3,254,247 |
| <b>Excess (Deficiency) of Revenues over Expenses</b> | (48,410)          | (44,753)   | 510,824        | 417,661      | 180,458      |
| <b>Balance, End of Year</b>                          | \$ 130,206        | \$ 554,916 | \$ 3,167,244   | \$ 3,852,366 | \$ 3,434,705 |

**BCIT STUDENT ASSOCIATION**  
**Statement of Cash Flows**  
**Year Ended May 31**

|   | Capital Levy<br>Fund | Medical<br>Insurance Fund | Operating Fund | 2016        | 2015         |
|---|----------------------|---------------------------|----------------|-------------|--------------|
| <b>Operating Activities</b>                             |                      |                           |                |             |              |
| Excess (deficiency) of revenues over expenses           | \$ (48,410)          | \$ (44,753)               | \$ 510,824     | \$ 417,661  | \$ 180,458   |
| Items not involving cash                                |                      |                           |                |             |              |
| Depreciation  | 0                    | 671                       | 369,109        | 369,780     | 293,933      |
| Amortization of deferred charges                        | 0                    | 0                         | 13,377         | 13,377      | 13,376       |
| Write-off of capital assets                             | 0                    | 260                       | 60,417         | 60,677      | 16,656       |
| Amortization of prepaid rent                            | 0                    | 0                         | 202,904        | 202,904     | 202,904      |
|   | (48,410)             | (43,822)                  | 1,156,631      | 1,064,399   | 707,327      |
| <b>Net changes in working capital accounts</b>          |                      |                           |                |             |              |
| Accounts receivable                                     | (206)                | 7,322                     | (26,395)       | (19,279)    | (111,542)    |
| GST receivable  | (373)                | (19)                      | (3,451)        | (3,843)     | (6,784)      |
| Inventory   | 0                    | 0                         | (48,401)       | (48,401)    | (12,468)     |
| Prepaid expenses  | 4,117                | 0                         | (43,244)       | (39,127)    | (9,007)      |
| Accounts payable and accruals                           | 0                    | 0                         | 48,375         | 48,375      | 148,277      |
| Wages payable   | 0                    | 2,687                     | 98,876         | 101,563     | 28,640       |
| Student one-card deposits                               | 0                    | 0                         | (11,911)       | (11,911)    | (6,648)      |
| Deferred revenue  | 0                    | 57,453                    | 5,458          | 62,911      | 176          |
| Interfund loans   | 44,872               | (288,060)                 | 243,188        | 0           | 0            |
|   | 48,410               | (220,617)                 | 262,495        | 90,288      | 30,644       |
| <b>Cash Provided by (Used in) Operating Activities</b>  | 0                    | (264,439)                 | 1,419,126      | 1,154,687   | 737,971      |
| <b>Investing Activities</b>                             |                      |                           |                |             |              |
| Capital assets acquired                                 | 0                    | (1,170)                   | (1,945,813)    | (1,946,983) | (133,689)    |
| Assets under construction                               | 0                    | 0                         | 185,330        | 185,330     | (377,607)    |
| <b>Cash Used in Investing Activities</b>                | 0                    | (1,170)                   | (1,760,483)    | (1,761,653) | (511,296)    |
| <b>Financing Activity</b>                               |                      |                           |                |             |              |
| Repayment of long-term debt                             | 0                    | 0                         | (105,450)      | (105,450)   | (100,464)    |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b> | 0                    | (265,609)                 | (446,807)      | (712,416)   | 126,211      |
| <b>Cash and Cash Equivalents, Beginning of Year</b>     | 0                    | 919,637                   | 614,482        | 1,534,119   | 1,407,908    |
| <b>Cash and Cash Equivalents, End of Year</b>           | \$ 0                 | \$ 654,028                | \$ 167,675     | \$ 821,703  | \$ 1,534,119 |



# BCIT STUDENT ASSOCIATION

## Notes to Financial Statements

Year Ended May 31, 2016

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### 1. NATURE OF ORGANIZATION

The BCIT Student Association (the "Association") was incorporated under the *Society Act* (British Columbia) on October 3, 1968 as a not-for-profit organization and is a registered charity. As such, the Association is exempt from taxes under section 149(1)(l) of the *Income Tax Act* (Canada). The Association's mission is to be an advocate for students and provide services that are student-centred, responsive and proactive in supporting and enhancing the quality of student life.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association were prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

#### (a) Fund accounting

The Operating Fund accounts for the Association's program delivery and administrative activities. This fund is unrestricted.

The Medical Insurance Fund reports the assets, liabilities, revenues and expenses related to the students' medical insurance program. The Association collects premiums from students each year. Any premiums not required to be paid out for insurance coverage are maintained by the Association to cover future rate increases. Expenditures from this internally restricted fund must relate to the delivery of the Student Health Plan.

The Capital Levy Fund reports revenues and expenses related to specific capital levy amounts charged to the members. Expenditures from this internally restricted fund must relate to student spaces.

#### (b) Inventory

Inventory that is held at the Association's copy centre, pub and retail stores consists primarily of goods held for resale, and is valued at the lower of cost and net realizable value. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price in the ordinary course of operations, less any applicable selling costs.

#### (c) Capital assets and depreciation

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if the amount is readily determinable. Depreciation is provided using the following annual rates and methods:

|                         |        |                   |
|-------------------------|--------|-------------------|
| Furniture and equipment | - 20%  | declining-balance |
| Computer hardware       | - 30%  | declining-balance |
| Vehicle                 | - 30%  | declining-balance |
| Office equipment        | - 20%  | declining-balance |
| Computer software       | - 100% | declining-balance |
| Leasehold improvements  | - 10%  | straight-line     |

Additions during the year are depreciated at one-half the annual rates.

**BCIT STUDENT ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(d) Assets under construction

Assets under construction are recorded at cost. Depreciation is not taken on assets under construction until the asset is in use.

(e) Prepaid rent

Prepaid rent under the lease for the third floor of the Campus Centre is recorded at cost. Amortization of prepaid rent is calculated on a straight-line basis over the remaining term of the Campus Centre lease.

(f) Deferred charges

Deferred charges represent professional fees paid in relation to the lease agreement for the Campus Centre lease with British Columbia Institute of Technology ("BCIT") and a capital funding contribution paid to BCIT in conjunction with the construction of the Campus Centre building.

These amounts are amortized on a straight-line basis over the term of the Campus Centre lease.

(g) Revenue recognition

The Association follows the deferral method of accounting for contributions.

Unrestricted contributions including student fees, Capital Levy-SE 2 Expansion fees and Club Fee revenue are recognized as revenue in the year received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

Restricted contributions, including Capital Levy Student Spaces fees and Student Medical fees revenue are recognized as revenue in the year in which the related expenses are incurred. Amounts relating to a subsequent period are deferred until the related expenditures are incurred.

Child Care revenue is recognized when services have been provided and collection is reasonably assured.

Pub and retail revenue is recognized at the point of sale.

Sponsorship revenue received during the year is recorded as deferred revenue and recognized in the period to which it relates.

(h) Contributed services

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

**BCIT STUDENT ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

(i) Financial instruments

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in excess (deficiency) of revenues over expenses. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in excess (deficiency) of revenues over expenses provided it is not greater than the original amount prior to write-down.

For any financial instrument that is measured at amortized cost, the instrument's cost is adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption. These transaction costs are amortized into excess (deficiency) of revenues over expenses on a straight-line basis over the term of the instrument. All other transaction costs are recognized in excess (deficiency) of revenues over expenses in the period incurred.

(j) Use of estimates

The preparation of these financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Significant estimates include useful lives of capital assets, allowance for doubtful accounts and accrued liabilities. While management believes these estimates are reasonable, actual results could differ from those estimates and could impact future results of operations and cash flows.

**3. CASH AND CASH EQUIVALENTS**

|  | <b>2016</b>       | <b>2015</b>         |
|--|-------------------|---------------------|
| Restricted cash                        | \$ 654,028        | \$ 919,637          |
| Unrestricted cash and cash equivalents | 167,675           | 614,482             |
|  | <b>\$ 821,703</b> | <b>\$ 1,534,119</b> |

Included in unrestricted cash and cash equivalents as at May 31, 2016 is a guaranteed investment certificate in the amount of \$57,500 (2015 - \$nil) held with a major Canadian financial institution.

The investment bears interest at prime minus 2.10% and matures April 4, 2017.

**BCIT STUDENT ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

**4. FINANCIAL INSTRUMENTS**

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Association is not exposed to significant credit risk, as accounts receivable are primarily due from various BCIT departments and are expected to be collected in full. Cash and cash equivalents are held with a major Canadian credit union.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Association may be exposed to interest rate cash flow risk on its line of credit bearing a variable interest rate, when the line of credit is used. The Association is exposed to interest rate price risk in respect of its long-term debt and cash equivalents with a fixed interest rate.

(c) Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities.

The Association is exposed to this risk mainly in respect of its accounts and wages payable and long-term debt. Cash flow from operations provides a substantial portion of the Association's cash requirements. Additional cash requirements are met with the use of the available line of credit. The available line of credit provides flexibility in the short term to meet operational needs.

**5. GOVERNMENT REMITTANCES**

Included in accounts payable are government remittances payable of \$35,803 (2015 - \$29,706).

**6. CAPITAL ASSETS**

|                         | Cost                | Accumulated<br>Amortization | 2016                | 2015                |
|-------------------------|---------------------|-----------------------------|---------------------|---------------------|
| Furniture and equipment | \$ 1,839,111        | \$ 1,445,906                | \$ 393,205          | \$ 351,777          |
| Computer hardware       | 175,972             | 68,513                      | 107,459             | 65,489              |
| Vehicle                 | 34,044              | 15,392                      | 18,652              | 26,646              |
| Office equipment        | 397,576             | 391,857                     | 5,719               | 7,149               |
| Computer software       | 5,778               | 2,889                       | 2,889               | 0                   |
| Leasehold improvements  | 3,455,985           | 798,566                     | 2,657,419           | 1,217,756           |
|                         | <b>\$ 5,908,466</b> | <b>\$ 2,723,123</b>         | <b>\$ 3,185,343</b> | <b>\$ 1,668,817</b> |

During the year ended May 31, 2016, the Association disposed of capital assets with a net book value of \$60,677 (cost of \$175,221, net of accumulated depreciation of \$114,544). The Association disposed of the equipment for \$nil proceeds, which resulted in a loss on disposal of \$60,677.

**BCIT STUDENT ASSOCIATION**  
**Notes to Financial Statements**  
**Year Ended May 31, 2016**

**7. DEFERRED CHARGES**

|                              | <b>2016</b> | <b>2015</b> |
|------------------------------|-------------|-------------|
| Capital funding contribution | \$ 289,500  | \$ 289,500  |
| Professional fees            | 111,787     | 111,787     |
|                              | 401,287     | 401,287     |
| Accumulated amortization     | (280,160)   | (266,783)   |
|                              | 121,127     | 134,504     |
| Current portion              | (13,376)    | (13,376)    |
|                              | \$ 107,751  | \$ 121,128  |

**8. PREPAID RENT**

|                          | <b>2016</b>  | <b>2015</b>  |
|--------------------------|--------------|--------------|
| Cost                     | \$ 2,637,750 | \$ 2,637,750 |
| Accumulated amortization | (710,164)    | (507,260)    |
|                          | 1,927,586    | 2,130,490    |
| Current portion          | (202,904)    | (202,904)    |
|                          | \$ 1,724,682 | \$ 1,927,586 |

The Association entered into a Lease Amending Agreement dated March 15, 2012 with BCIT relating to occupancy of the third floor of the Campus Building. Under the terms of the Lease Amending Agreement, the Association was required to pay \$2,500,000 during 2012 as a prepayment of rent. No further payments are required. This amount, together with the net applicable GST less Public Service Bodies' rebate of \$137,750 is being amortized over the remaining term of the related lease.

**9. LINE OF CREDIT**

The Association has an available line of credit to a maximum of \$330,000 (2015 - \$330,000) of which \$5,000 (2015 - \$5,000) is reserved for a letter of guarantee. The line of credit is secured by a general security agreement over the Association's assets.

Advances under this facility bear interest at the bank prime rate plus 0.5% per annum. As of year-end, the balance of the line of credit was \$nil (2015 - \$nil).

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**10. LONG-TERM DEBT**

|  | <b>2016</b>         | <b>2015</b>         |
|--|---------------------|---------------------|
| Vancouver City Savings Credit Union fixed rate term loan bearing interest at 5% per annum, repayable in monthly installments of \$15,815 plus interest, maturing October 2017. The loan is secured by a general security agreement | \$ 1,625,863        | \$ 1,731,313        |
| Current portion  | (110,989)           | (105,587)           |
|  | <b>\$ 1,514,874</b> | <b>\$ 1,625,726</b> |

Long-term debt principal repayments to be made during the next two years are as follows:

|      |                     |
|------|---------------------|
| 2017 | \$ 110,989          |
| 2018 | 1,514,874           |
|      | <b>\$ 1,625,863</b> |

The loan is subject to the following debt covenant provisions:

- (a) debt service ratio cannot be less than 1.10:1;
- (b) total debt to tangible net worth cannot exceed 3:1; and
- (c) minimum working capital ratio of 1.10:1.

As at May 31, 2016, the Association was in compliance with its debt service ratio and total debt to tangible net worth covenants. Its working capital ratio as at May 31, 2016 was 1.08:1, and therefore, the Association was not in compliance with its minimum working capital ratio covenant.

**11. DEFERRED REVENUE**

Deferred revenue represents sponsorships, grant revenue and medical insurance premiums received in the current year for use in subsequent years. During the year ended May 31, 2016, the Association received \$620,538 (2015 - \$551,567) in deferred revenue and recognized \$554,477 (2015 - \$551,391) in the statement of operations.

**12. CHILDCARE REVENUE**

|                 | <b>2016</b>       | <b>2015</b>       |
|-----------------|-------------------|-------------------|
| Childcare fees  | \$ 244,573        | \$ 243,065        |
| Childcare grant | 33,963            | 35,218            |
|                 | <b>\$ 278,536</b> | <b>\$ 278,283</b> |

**BCIT STUDENT ASSOCIATION**  
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**13. MISCELLANEOUS REVENUE**

|                        | <b>2016</b>      | <b>2015</b>      |
|------------------------|------------------|------------------|
| Advertising and media  | \$ 11,119        | \$ 8,490         |
| ATM commissions        | 8,372            | 10,322           |
| Cost recovery          | 800              | 6,136            |
| Fundraising            | 2,853            | 2,000            |
| Other - Medical fund   | 668              | 672              |
| Other - Operating fund | 20,821           | 32,865           |
| Ticket sales           | 16,400           | 13,527           |
|                        | <b>\$ 61,033</b> | <b>\$ 74,012</b> |

**14. ACTIVITIES - STUDENT CLUBS**

|                              | <b>2016</b>       | <b>2015</b>       |
|------------------------------|-------------------|-------------------|
| Cost recovery                | \$ 800            | \$ 879            |
| Fundraising                  | 18,970            | 11,539            |
| Grants                       | 39,053            | 18,875            |
| Miscellaneous                | 651               | 8,808             |
| Sponsorships                 | 71,071            | 67,451            |
| Student membership club fees | 39,172            | 29,687            |
| Ticket sales                 | 13,205            | 12,384            |
|                              | <b>\$ 182,922</b> | <b>\$ 149,623</b> |

**15. PUBLICATIONS**

|   | <b>2016</b>      | <b>2015</b>      |
|---|------------------|------------------|
| Advertising and media   | \$ 2,858         | \$ 6,027         |
| Handbook and newspaper advertising, net of broker commissions | 33,554           | 16,173           |
| Miscellaneous   | 619              | 1,762            |
|   | <b>\$ 37,031</b> | <b>\$ 23,962</b> |

**BCIT STUDENT ASSOCIATION**  
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**16. COMMITMENTS**

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

The Association has entered into lease agreements for photocopier equipment expiring May 31, 2019 and May 31, 2021.

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

|            | Premises     | Equipment  | Total        |
|------------|--------------|------------|--------------|
| 2017       | \$ 175,887   | \$ 29,949  | \$ 205,836   |
| 2018       | 177,646      | 29,949     | 207,595      |
| 2019       | 179,423      | 29,949     | 209,372      |
| 2020       | 181,217      | 22,418     | 203,635      |
| 2021       | 183,029      | 22,418     | 205,447      |
| Thereafter | 1,797,618    | 0          | 1,797,618    |
|            | \$ 2,694,820 | \$ 134,683 | \$ 2,829,503 |

**17. PENSION PLAN**

Employees at 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 earnings. The Association must match the contribution of 6% of contributory earnings to this plan. Subject to the employee not completing two years of employment, the amount paid to date by the Association for that employee is refunded to the Association.

During the year, the Association's pension expense was \$89,712 (2015 - \$73,628). This amount is included in wages and benefits on the statement of operations.

**18. ALLOCATION OF EXPENDITURES**

The Association incurs a number of expenses that are allocated to the Capital Levy, Medical Insurance and Operating funds. The allocation of expenses is based on management's estimates of the time, effort and resources required to support these activities.