

BCIT STUDENT ASSOCIATION

**Financial Statements
May 31, 2018**

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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, 2018 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, 2018, 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 *Societies 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.

Smythe LLP

Chartered Professional Accountants

Vancouver, British Columbia
November 26, 2018

BCIT STUDENT ASSOCIATION
Statement of Financial Position
May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2018	2017
Assets (notes 9 and 10)					
Current					
Cash and cash equivalents (note 4)	\$ 778,830	\$ 863,517	\$ 1,416,752	\$ 3,059,099	\$ 1,785,950
Accounts receivable	44,938	16,226	231,168	292,332	210,931
GST receivable	20	884	0	904	470
Inventory	0	0	258,473	258,473	274,581
Prepaid expenses	0	0	65,372	65,372	61,277
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 receivable (payable) (note 19)	236,344	(13,493)	(222,851)	0	0
	1,060,132	867,134	1,965,194	3,892,460	2,549,489
Capital Assets (note 6)	0	6,016	5,830,265	5,836,281	5,399,772
Assets Under Construction	0	0	253,203	253,203	163,468
Deferred Costs (note 7)	0	0	80,999	80,999	94,375
Prepaid Rent (note 8)	0	0	1,318,874	1,318,874	1,521,778
	0	6,016	7,483,341	7,489,357	7,179,393
	\$ 1,060,132	\$ 873,150	\$ 9,448,535	\$ 11,381,817	\$ 9,728,882

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Financial Position
May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2018	2017
Liabilities					
Current					
Accounts payable and accruals (note 5)	\$ 0	\$ 0	\$ 507,600	\$ 507,600	\$ 363,086
Wages payable	0	3,875	573,516	577,391	480,782
GST payable	0	0	4,622	4,622	15,213
Deferred revenue (note 11)	0	375,149	750,220	1,125,369	762,006
Current portion of long-term debt (note 10)	0	0	321,275	321,275	260,124
	0	379,024	2,157,233	2,536,257	1,881,211
Long-Term Debt (note 10)	0	0	4,322,282	4,322,282	4,054,390
	0	379,024	6,479,515	6,858,539	5,935,601
Net Assets					
Internally Restricted	1,060,132	494,126	0	1,554,258	663,973
Unrestricted	0	0	2,969,020	2,969,020	3,129,308
	1,060,132	494,126	2,969,020	4,523,278	3,793,281
	\$ 1,060,132	\$ 873,150	\$ 9,448,535	\$ 11,381,817	\$ 9,728,882

Commitments (note 16)

Approved by the Directors:

 Director

 Director

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statements of Operations
Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2018	2017
Retail Revenues					
Campus print and copy	\$ 0	\$ 0	\$ 126,088	\$ 126,088	\$ 93,436
Pub	0	0	964,999	964,999	863,399
Retail stores	0	0	2,467,065	2,467,065	2,379,684
	0	0	3,558,152	3,558,152	3,336,519
Cost of Sales					
Campus print and copy	0	0	16,156	16,156	16,453
Pub	0	0	328,956	328,956	297,471
Retail stores	0	0	1,393,229	1,393,229	1,349,772
	0	0	1,738,341	1,738,341	1,663,696
Gross Profit					
Campus print and copy	0	0	109,932	109,932	76,983
Pub	0	0	636,043	636,043	565,928
Retail stores	0	0	1,073,836	1,073,836	1,029,912
	0	0	1,819,811	1,819,811	1,672,823
Other Revenue					
Activities - student clubs (note 14)	0	0	264,477	264,477	182,161
Capital levy fees - student spaces	136,725	0	0	136,725	135,697
Capital levy fees - student centre building	816,672	0	0	816,672	0
Childcare (note 12)	0	0	644,024	644,024	278,704
Grants	0	0	33,424	33,424	33,135
Interest and dividends	529	11,954	21,298	33,781	9,167
Miscellaneous (note 13)	0	0	90,164	90,164	55,153
Pepsi and other sponsorship	0	0	171,020	171,020	191,789
Publications (note 15)	0	0	33,723	33,723	35,726
Room and equipment rental	0	0	49,688	49,688	34,676
SE2 expansion	0	0	300,795	300,795	298,533
Student fees	0	0	3,363,285	3,363,285	3,277,009
Student medical fees	0	1,753,849	0	1,753,849	1,707,110
Vending	0	0	132,710	132,710	96,886
	953,926	1,765,803	5,104,608	7,824,337	6,335,746
Net Revenues	\$ 953,926	\$ 1,765,803	\$ 6,924,419	\$ 9,644,148	\$ 8,008,569

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statements of Operations
Year Ended May 31

	Capital Levy Fund (note 21)	Medical Insurance Fund (note 21)	Operating Fund (note 21)	2018	2017
Expenses					
Advertising and promotion	\$ 0	\$ 704	\$ 61,668	\$ 62,372	\$ 53,047
Amortization of capital assets	0	1,113	841,627	842,740	621,501
Amortization of deferred costs	0	0	13,376	13,376	13,376
Amortization of prepaid rent	0	0	202,904	202,904	202,904
Bank charges and interest	0	690	135,949	136,639	131,411
Bursaries	500	0	47,329	47,829	34,108
Equipment rental	0	0	69,932	69,932	55,186
Honoraria	0	0	81,899	81,899	79,437
Insurance	0	0	77,254	77,254	84,348
Interest on long-term debt	0	0	174,672	174,672	116,516
Janitorial	0	0	55,566	55,566	46,248
Medical insurance premiums	0	1,586,627	0	1,586,627	1,568,953
Office and miscellaneous	1,095	1,176	69,557	71,828	75,403
Printing - external and internal	0	1,749	52,499	54,248	43,793
Professional development	0	3,542	35,281	38,823	34,344
Professional fees	538	1,822	261,768	264,128	339,952
Provisions and supplies	0	0	108,375	108,375	57,499
Rent	0	0	176,587	176,587	174,669
Repairs and maintenance	1,935	454	54,665	57,054	61,162
Societies and student services	28,666	51,086	346,121	425,873	403,701
Telephone and utilities	0	771	20,425	21,196	23,579
Wages and benefits (note 17)	0	145,641	4,194,990	4,340,631	3,790,939
	32,734	1,795,375	7,082,444	8,910,553	8,012,076
Excess (Deficiency) of Revenues Over Expenses Before Other Item	921,192	(29,572)	(158,025)	733,595	(3,507)
Other Item					
Write-off of capital assets (note 6)	0	(1,335)	(2,263)	(3,598)	(55,578)
Excess (Deficiency) of Revenues Over Expenses	\$ 921,192	\$ (30,907)	\$ (160,288)	\$ 729,997	\$ (59,085)

See notes to financial statements.

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

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2018	2017
Balance, Beginning of Year	\$ 138,940	\$ 525,033	\$ 3,129,308	\$ 3,793,281	\$ 3,852,366
Excess (Deficiency) of Revenues over Expenses	921,192	(30,907)	(160,288)	729,997	(59,085)
Balance, End of Year	\$ 1,060,132	\$ 494,126	\$ 2,969,020	\$ 4,523,278	\$ 3,793,281

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Cash Flows
Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2018	2017
Operating Activities					
Excess (deficiency) of revenues over expenses	\$ 921,192	\$ (30,907)	\$ (160,288)	\$ 729,997	\$ (59,085)
Items not involving cash					
Amortization of capital assets	0	1,113	841,627	842,740	621,501
Amortization of deferred charges	0	0	13,376	13,376	13,376
Write-off of capital assets	0	1,335	2,263	3,598	55,578
Amortization of prepaid rent	0	0	202,904	202,904	202,904
	921,192	(28,459)	899,882	1,792,615	834,274
Net changes in working capital accounts					
Accounts receivable	(39,025)	3,421	(45,797)	(81,401)	19,327
GST receivable (payable)	275	(709)	(10,591)	(11,025)	34,472
Inventory	0	0	16,108	16,108	(64,510)
Prepaid expenses	0	0	(4,095)	(4,095)	49,554
Interfund loans receivable (payable)	(103,612)	(6,849)	110,461	0	0
Accounts payable and accruals	0	0	144,514	144,514	(86,024)
Wages payable	0	(2,338)	98,947	96,609	89,806
Student one-card deposits	0	0	0	0	(8,101)
Deferred revenue	0	2,607	360,756	363,363	229,769
	(142,362)	(3,868)	670,303	524,073	264,293
Cash Provided by (Used in) Operating Activities	778,830	(32,327)	1,570,185	2,316,688	1,098,567
Investing Activities					
Capital assets acquired	0	(6,253)	(1,141,406)	(1,147,659)	(2,986,439)
Assets under construction	0	0	(224,925)	(224,925)	163,468
Cash Used in Investing Activities	0	(6,253)	(1,366,331)	(1,372,584)	(2,822,971)
Financing Activities					
Proceeds from long-term debt	0	0	596,600	596,600	2,800,000
Repayment of long-term debt	0	0	(267,555)	(267,555)	(111,349)
Cash Provided by Financing Activities	0	0	329,045	329,045	2,688,651
Increase (Decrease) in Cash and Cash Equivalents	778,830	(38,580)	532,899	1,273,149	964,247
Cash and Cash Equivalents, Beginning of Year	0	902,097	883,853	1,785,950	821,703
Cash and Cash Equivalents, End of Year	\$ 778,830	\$ 863,517	\$ 1,416,752	\$ 3,059,099	\$ 1,785,950

See notes to financial statements.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

1. NATURE OF OPERATIONS

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) Revenue recognition

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions, including capital levy student spaces fees, capital levy student centre building fees and student medical fees revenue, are recognized as revenue in the appropriate fund. When a restricted contribution is received for which there is not a separate fund established, the contribution is deferred in the Operating Fund and recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, including student fees, 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.

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.

Capital contributions relating to the Child Care Centre facility are deferred and recognized as revenue on the same basis as the related amortization expense.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) 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.

(d) Capital assets and amortization

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. Amortization 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 amortized at one-half the annual rates.

(e) Impairment of long-lived assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

(f) Assets under construction

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

(g) Prepaid rent

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

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Deferred costs

Deferred costs 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.

(i) 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.

(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, net realizable value of inventories 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.

(k) Cash and cash equivalents

Cash and cash equivalents includes cash and highly liquid investments with initial terms to maturity of 90 days or less.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

3. 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 payable, 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 lines of credit. The available lines of credit provides flexibility in the short term to meet operational needs.

(d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, of factors affecting all similar financial instruments traded in the market. The Association is not subject to significant other price risk..

4. CASH AND CASH EQUIVALENTS

	2018	2017
Internally restricted cash	\$ 1,642,347	\$ 902,097
Cash and cash equivalents	1,416,752	883,853
	<u>\$ 3,059,099</u>	<u>\$ 1,785,950</u>

Included in cash and cash equivalents is a guaranteed investment certificate in the amount of \$57,500 (2017 - \$57,500) held with a major Canadian financial institution. The investment bears interest at prime minus 2.60% (2017 - 2.10%) and matures April 2, 2019 (2017 - April 3, 2018).

Any interest earned from this investment is pledged as security for any advances to the Association from a Canadian financial institution.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

5. GOVERNMENT REMITTANCES

Included in accounts payable are government remittances payable of \$41,669 (2017 - \$35,638).

6. CAPITAL ASSETS

	Cost	Accumulated Amortization	2018	2017
Furniture and equipment	\$ 1,902,139	\$ 1,130,585	\$ 771,554	\$ 846,217
Computer hardware	285,089	142,603	142,486	148,674
Vehicle	34,044	24,904	9,140	13,056
Leasehold improvements	6,649,334	1,736,233	4,913,101	4,391,825
	\$ 8,870,606	\$ 3,034,325	\$ 5,836,281	\$ 5,399,772

During the year ended May 31, 2018, the Association wrote-off capital assets with a net book value of \$3,598 (cost of \$36,911, net of accumulated amortization of \$33,313) (2017 - \$55,578 with cost of \$1,177,704, net of accumulated amortization of \$1,121,626).

7. DEFERRED COSTS

	2018	2017
Capital funding contribution	\$ 289,500	\$ 289,500
Professional fees	111,787	111,787
	401,287	401,287
Accumulated amortization	(306,912)	(293,536)
	94,375	107,751
Current portion	(13,376)	(13,376)
	\$ 80,999	\$ 94,375

8. PREPAID RENT

	2018	2017
Cost	\$ 2,637,750	\$ 2,637,750
Accumulated amortization	(1,115,972)	(913,068)
	1,521,778	1,724,682
Current portion	(202,904)	(202,904)
	\$ 1,318,874	\$ 1,521,778

The Association entered into a Lease Amending Agreement dated March 15, 2012 with BCIT to include 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 plus applicable taxes during 2012 as a prepayment of rent for the third floor of the Campus Building. 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 which expires in fiscal 2026.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

9. LINES OF CREDIT

The Association has available the following lines of credit:

- (a) An operating line of credit to a maximum of \$330,000 (2017 - \$330,000). 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 (2017 - \$nil).
- (b) Electronic funds transfer credit facility ("EFT") to a maximum of \$150,000 (2017 - \$150,000). The EFT credit facility does not bear any terms of interest. As of year-end, the balance of the EFT credit facility was \$nil (2017 - \$nil).

10. LONG-TERM DEBT

	2018	2017
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 3.9% per annum, repayable in monthly blended instalments of \$20,530, maturing May 2022	\$ 2,660,380	\$ 2,800,000
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 4.17% (2017 - 5%) per annum, repayable in monthly blended instalments of \$15,815, with a revised maturity date of November 2022	1,391,245	1,514,514
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 4.17% per annum, repayable in monthly blended instalments of \$6,100, with a maturity date of May 2023	591,932	0
	4,643,557	4,314,514
Less: Current portion	321,275	260,124
	\$ 4,322,282	\$ 4,054,390

The above loans are secured by a general security agreement. Principal repayments to be made during the next five fiscal years are as follows:

2019	\$ 321,275
2020	335,128
2021	349,589
2022	378,717
2023 and thereafter	3,258,848
	\$ 4,643,557

The loans are 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, 2018, the Association was in compliance with its covenants.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

11. DEFERRED REVENUE

Deferred revenue represents sponsorships, grant revenue and medical insurance premiums received in the prior and current years for use in subsequent years. During the year ended May 31, 2018, the Association received \$967,699 (2017 - \$803,175) and recognized \$604,336 (2017 - \$573,406) in the statement of operations.

12. CHILDCARE REVENUE

	2018	2017
Childcare fees	\$ 496,410	\$ 244,510
Childcare grant	147,614	34,194
	\$ 644,024	\$ 278,704

13. MISCELLANEOUS REVENUE

	2018	2017
Advertising and media	\$ 23,895	\$ 12,517
ATM commissions	2,321	3,395
Cost recovery	8,546	1,198
Other - Operating fund	45,077	30,608
Ticket sales	10,325	7,435
	\$ 90,164	\$ 55,153

14. ACTIVITIES – STUDENT CLUBS

	2018	2017
Cost recovery	\$ 1,834	\$ 264
Fundraising	22,609	22,847
Grants	5,600	4,825
Interest	231	1,255
Miscellaneous	6,914	2,658
Sponsorships	137,199	96,404
Student membership club fees	54,649	40,359
Ticket sales	35,441	13,549
	\$ 264,477	\$ 182,161

15. PUBLICATIONS

	2018	2017
Advertising and media	\$ 5,100	\$ 2,750
Handbook and newspaper advertising, net of broker commissions	28,023	32,471
Miscellaneous	600	505
	\$ 33,723	\$ 35,726

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2018

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 fiscal years and thereafter are as follows:

	Premises	Equipment	Total
2019	\$ 181,377	\$ 29,949	\$ 211,326
2020	185,185	22,418	207,603
2021	189,074	22,418	211,492
2022	193,045	0	193,045
2023	197,099	0	197,099
2024 and thereafter	1,562,427	0	1,562,427
	\$ 2,508,207	\$ 74,785	\$ 2,582,992

17. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

During the year, the Association paid seven employees in excess of \$75,000 for total remuneration of \$689,023 (2017 - six employees totaling \$578,788) and there were no contractors paid more than \$75,000 each. The Association remunerated its Board of Directors a total of \$81,899 (2017 - \$79,437).

18. 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. The contribution made by the Association vest immediately to the employees.

During the year, the Association's pension expense was \$117,637 (2017 - \$107,900). This amount is included in wages and benefits on the statement of operations.

19. INTERFUND LOANS

Interfund loans are temporary transfers from internally restricted funds to the unrestricted fund. These are non-interest-bearing with no terms of repayment.

20. GUARANTEE

The Association has a letter of credit to a maximum of \$10,000 (2017 - \$10,000). The letter of credit does not bear any terms of interest. A letter of credit of \$10,000 has been issued to the Association's liquor supplier.

21. 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.