

BCIT STUDENT ASSOCIATION

Financial Statements
May 31, 2024

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INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BCIT STUDENT ASSOCIATION

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of BCIT Student Association (the "Association"), which comprise:

- ♦ the statement of financial position as at May 31, 2024;
- ♦ the statement of operations for the year then ended;
- ♦ the statement of changes in fund balances for the year then ended;
- ♦ the statement of cash flows for the year then ended; and
- ♦ the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- ♦ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ♦ Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- ♦ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ♦ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- ♦ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 25, 2024

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BCIT STUDENT ASSOCIATION
Statement of Financial Position
May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
Assets (notes 13 and 15)					
Current					
Cash and cash equivalents (note 4)	\$ 130,136	\$ 2,117,103	\$ 298,251	\$ 2,545,490	\$ 3,274,510
Amounts receivable	97,207	31,181	237,543	365,931	251,106
Amount due from Joint Venture (notes 6 and 7)	-	-	161,243	161,243	149,542
GST receivable	3,078	3,660	3,283	10,021	4,714
Inventory	-	-	322,403	322,403	273,416
Prepaid expenses	-	-	95,788	95,788	97,946
Short-term investments (note 5)	-	-	-	-	49,410
Current portion of loan due from Joint Venture (note 11)	-	-	88,517	88,517	1,266,892
Current portion of deferred costs (note 9)	-	-	13,376	13,376	13,376
Current portion of prepaid rent (note 10)	-	-	202,904	202,904	202,904
Interfund loans receivable (payable) (note 22)	293,769	91,458	(385,227)	-	-
	524,190	2,243,402	1,038,081	3,805,673	5,583,816
Investments (note 5)	11,089,531	-	-	11,089,531	8,060,162
Loan due from Joint Venture (note 11)	-	-	1,085,004	1,085,004	-
Capital Assets (note 8)	-	1,682	1,764,164	1,765,846	2,394,352
Deferred Costs (note 9)	-	-	743	743	14,119
Prepaid Rent (note 10)	-	-	101,451	101,451	304,355
	11,089,531	1,682	2,951,362	14,042,575	10,772,988
	\$ 11,613,721	\$ 2,245,084	\$ 3,989,443	\$ 17,848,248	\$ 16,356,804

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Financial Position – Continued
May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
Liabilities					
Current					
Accounts payable and accruals (note 12)	\$ -	\$ 155	\$ 327,354	\$ 327,509	\$ 389,653
Wages payable	-	6,295	545,004	551,299	660,210
GST Payable	-	-	-	-	937
Deferred revenue (note 14)	-	597,282	318,337	915,619	814,273
Current portion of long-term debt (note 15)	-	-	527,881	527,881	1,679,012
	-	603,732	1,718,576	2,322,308	3,544,085
Long-Term Debt (note 15)	-	-	3,255,068	3,255,068	2,615,738
	-	603,732	4,973,644	5,577,376	6,159,823
Net Assets					
Internally Restricted	11,613,721	1,641,352	-	13,255,073	10,191,451
Unrestricted	-	-	(984,201)	(984,201)	5,530
	11,613,721	1,641,352	(984,201)	12,270,872	10,196,981
	\$ 11,613,721	\$ 2,245,084	\$ 3,989,443	\$ 17,848,248	\$ 16,356,804

Commitments (note 20)

Approved on behalf of the Board:

Director

Director

See notes to financial statements.

BCIT STUDENT ASSOCIATION

Statement of Operations

Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
Retail Revenues					
Campus print and copy	\$ -	\$ -	\$ 57,599	\$ 57,599	\$ 63,616
Pub	-	-	497,956	497,956	478,869
Retail stores	-	-	1,093,983	1,093,983	1,117,655
	-	-	1,649,538	1,649,538	1,660,140
Cost of Sales					
Campus print and copy	-	-	1,125	1,125	14,118
Pub	-	-	164,102	164,102	156,208
Retail stores	-	-	557,740	557,740	598,652
	-	-	722,967	722,967	768,978
Gross Profit					
Campus print and copy	-	-	56,474	56,474	49,498
Pub	-	-	333,854	333,854	322,661
Retail stores	-	-	536,243	536,243	519,003
	-	-	926,571	926,571	891,162
Other Revenues					
Activities - student clubs (note 16)	-	-	343,733	343,733	252,923
Capital levy fees - student spaces	127,025	-	-	127,025	116,085
Capital levy fees - student centre building	1,871,944	-	-	1,871,944	1,673,135
Childcare (note 17)	-	-	1,126,393	1,126,393	1,121,556
Coca-Cola and other sponsorship	-	-	131,183	131,183	112,000
Grants	-	-	165,177	165,177	124,824
Interest and dividends	245,437	71,327	54,591	371,355	262,659
Miscellaneous (note 18)	-	838	50,442	51,280	45,944
Publications (note 19)	-	-	7,278	7,278	8,586
Room and equipment rental	-	-	38,775	38,775	42,185
SE2 expansion	-	-	279,455	279,455	255,387
Student fees	-	-	3,963,227	3,963,227	3,337,603
Student medical fees	-	2,455,808	-	2,455,808	2,346,078
Vending	-	-	107,450	107,450	84,300
	2,244,406	2,527,973	6,267,704	11,040,083	9,783,265
Net Revenues	\$ 2,244,406	\$ 2,527,973	\$ 7,194,275	11,966,654	\$ 10,674,427

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Operations – Continued
Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
	(note 24)	(note 24)	(note 24)		
Expenses					
Advertising and promotion	\$ -	\$ 96	\$ 41,359	\$ 41,455	\$ 35,278
Amortization of capital assets	-	420	731,992	732,412	837,433
Amortization of deferred costs	-	-	13,376	13,376	13,376
Amortization of prepaid rent	-	-	202,904	202,904	202,904
Bank charges and interest	12,966	-	72,819	85,785	73,489
Bursaries	-	-	101,572	101,572	77,183
Equipment rental	202	374	165,701	166,277	185,889
Honoraria and councilor fees (note 23)	-	-	115,800	115,800	103,978
Insurance	-	-	93,463	93,463	75,613
Interest on long-term debt	-	-	125,418	125,418	136,818
Janitorial	-	-	58,957	58,957	65,361
Medical insurance premiums	-	2,096,346	-	2,096,346	1,967,596
Office and miscellaneous	5,681	2,865	58,439	66,985	50,270
Printing - external and internal	-	-	3,198	3,198	3,234
Professional development	-	-	17,356	17,356	9,633
Professional fees	44,401	4,304	398,955	447,660	287,603
Provisions and supplies	2,699	1,061	149,287	153,047	69,440
Rent	-	-	204,294	204,294	187,856
Repairs and maintenance	3,394	321	38,365	42,080	46,292
Societies and student services	30,785	176,508	361,853	569,146	437,715
Telephone and utilities	-	-	20,729	20,729	26,984
Wages and benefits (note 21)	-	101,171	5,121,166	5,222,337	4,815,392
	100,128	2,383,466	8,097,003	10,580,597	9,709,337
Excess (Deficiency) of Revenues Over Expenses Before Other Items	2,144,278	144,507	(902,728)	1,386,057	965,090
Other Items					
Increase in fair value of investments	773,670	-	-	773,670	138,979
Foreign exchange gain on investments	1,167	-	-	1,167	68,274
Share in deficiency of revenues over expenses of Joint Venture (note 6)	-	-	(81,521)	(81,521)	(49,858)
Write-off of capital assets (note 8)	-	-	(5,482)	(5,482)	(2,456)
	774,837	-	(87,003)	687,834	154,939
Excess (Deficiency) of Revenues Over Expenses	\$ 2,919,115	\$ 144,507	(989,731)	2,073,891	\$ 1,120,029

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	2024	2023
Balance, Beginning of Year	\$ 8,694,606	\$ 1,496,845	\$ 5,530	\$ 10,196,981	\$ 9,076,952
Excess (Deficiency) of Revenues over Expenses	2,919,115	144,507	(989,731)	2,073,891	1,120,029
Balance, End of Year	\$ 11,613,721	\$ 1,641,352	\$ (984,201)	\$ 12,270,872	\$ 10,196,981

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Cash Flows
Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
Operating Activities					
Excess (deficiency) of revenues over expenses	\$ 2,919,115	\$ 144,507	\$ (989,731)	\$ 2,073,891	\$ 1,120,029
Items not involving cash					
Amortization of capital assets	-	420	731,992	732,412	837,433
Amortization of deferred costs	-	-	13,376	13,376	13,376
Amortization of prepaid rent	-	-	202,904	202,904	202,904
Foreign exchange gain on investments	(1,167)	-	-	(1,167)	(68,274)
Increase in fair value of investments	(773,670)	-	-	(773,670)	(138,979)
Share in deficiency of revenues over expenses of Joint Venture	-	-	81,521	81,521	49,858
Write-off of capital assets	-	-	5,482	5,482	2,456
	2,144,278	144,927	45,544	2,334,749	2,018,803
Net changes in working capital accounts					
Amounts receivable	(31,596)	6,907	(90,136)	(114,825)	156,282
GST receivable / payable	1,438	(3,462)	(4,220)	(6,244)	85
Inventory	-	-	(48,987)	(48,987)	(78,523)
Prepaid expenses	18,838	-	(16,680)	2,158	(27,300)
Due from Joint Venture	-	-	81,670	81,670	154,882
Interfund loans receivable (payable)	(103,106)	180,690	(77,584)	-	-
Accounts payable and accruals	(2,308)	(1,199)	(58,637)	(62,144)	142,528
Wages payable	-	1,163	(110,074)	(108,911)	(56,659)
Deferred revenue	-	59,307	42,039	101,346	42,445
	(116,734)	243,406	(282,609)	(155,937)	333,740
Cash Provided by (Used in) Operating Activities	2,027,544	388,333	(237,065)	2,178,812	2,352,543
Investing Activities					
Acquisition of capital assets	-	-	(109,388)	(109,388)	(113,592)
Investment purchases, net	(2,205,122)	-	-	(2,205,122)	(1,529,655)
Investment in Joint Venture	-	-	(81,521)	(81,521)	(49,858)
Cash Used in Investing Activities	(2,205,122)	-	(190,909)	(2,396,031)	(1,693,105)
Total Cash Provided by (Used in) Operating and Investing Activities	\$ (177,578)	\$ 388,333	\$ (427,974)	\$ (217,219)	\$ 659,438

See notes to financial statements.

BCIT STUDENT ASSOCIATION
Statement of Cash Flows – Continued
Year Ended May 31

	Capital Levy Fund	Medical Insurance Fund	Operating Fund	2024	2023
Total Cash Provided by (Used in) Operating and Investing Activities – carry forward	\$ (177,578)	\$ 388,333	\$ (427,974)	\$ (217,219)	\$ 659,438
Financing Activity					
Repayment of long-term debt	-	-	(511,801)	(511,801)	(487,513)
Increase (Decrease) in Cash and Cash Equivalents	(177,578)	388,333	(939,775)	(729,020)	171,925
Cash and Cash Equivalents, Beginning of Year	307,714	1,728,770	1,238,026	3,274,510	3,102,585
Cash and Cash Equivalents, End of Year	\$ 130,136	\$ 2,117,103	\$ 298,251	\$ 2,545,490	\$ 3,274,510
Represented by					
Cash	\$ 56,009	\$ 2,117,103	\$ 298,251	\$ 2,471,363	\$ 3,217,010
Treasury bill	74,127	-	-	74,127	57,500
	\$ 130,136	\$ 2,117,103	\$ 298,251	\$ 2,545,490	\$ 3,274,510

See notes to financial statements.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

1. NATURE OF OPERATIONS

The BCIT Student Association (the "Association") is a not-for-profit organization and is a registered charity incorporated under the *Societies Act* (British Columbia). As such, the Association is exempt from taxes under section 149(1)(f) 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.

On January 1, 2018, the Association entered into a Food Service Collaboration Agreement (the "Joint Venture") with British Columbia Institute of Technology ("BCIT") to establish the Pavilion, a cafeteria, and combine the Stand North retail store with the purpose to better coordinate and serve the growing demand for food services on campus. Operations of the Joint Venture commenced during the 2019 year-end and net profits (losses) are shared on a 50% basis between the Association and BCIT. The Food Service Collaboration Agreement expired during the year ended May 31, 2023. The Joint Venture has continued operating under the terms of the expired agreement.

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, administrative activities, and share in the Joint Venture's 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 is an internally restricted fund that reports the assets, liabilities, revenues, and expenses related to capital levy amounts for student spaces charged to the members.

(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, contributions, and grants relating to the Child Care Centre facility operations, are recognized as revenue in the appropriate fund when received. 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, SE2 expansion fees, club fee revenue, and grants, are recognized as revenue in the year received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

Student medical fees are recognized as revenue within the Medical Insurance Fund in the year in which the related medical premiums are incurred.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue recognition (Continued)

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

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

The Association recognizes interest revenue when earned, dividends when declared, and realized gains and losses upon settlement.

Coca-Cola sponsorship revenue is recognized annually in accordance to the terms of the contract, when received or receivable. Other sponsorship revenues are recognized when received or receivable if the amount receivable can be reasonably estimated and collection is reasonably assured.

All other revenues are recognized when services have been rendered, the amounts to be received or receivable can be reasonably estimated, and collection is reasonably assured.

(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:

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

(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) Investment in Joint Venture

The Association accounts for its 50% interest in its Joint Venture with BCIT (note 6) using the equity method whereby the original cost of investment in the Joint Venture is adjusted annually for the Association's share of the excess (deficiency) of revenues over expenses of the Joint Venture.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(h) Deferred costs

Deferred costs represent professional fees paid in relation to the lease agreement for the Campus Centre lease with 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. Estimates include collectability of amounts receivable and loan from Joint Venture, useful lives of capital assets, net realizable value of inventories, completeness of accrued liabilities, and fair market value of investments. 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 include cash on hand, funds on deposit, 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, 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and fixed income investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in operations. In the event a previously recognized impairment loss should be reversed, the amount of the reversal is recognized in operations 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 operations on a straight-line basis over the term of the instrument. All other transaction costs are recognized in operations in the period incurred.

Financial assets measured at amortized cost include cash and cash equivalents, amounts receivable, amount due from Joint Venture, and loan due from Joint Venture. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, wages payable, and long-term debt. Financial assets measured at fair value include investments.

(m) Foreign currency transactions

Amounts recorded in foreign currency are translated into Canadian dollars as follows:

- i) Monetary assets and liabilities, at the rate of exchange in effect at the statement of financial position date;
- ii) Non-monetary assets and liabilities, at the rate of exchange prevailing at the time of the acquisition of the assets or assumption of the liabilities; and
- iii) Revenues and expenses, at the rate of exchange prevailing at the time of the transaction.

Gains and losses arising from the translation of foreign currency are recognized in operations.

(n) Pension plan

The Association and its employees participate in a defined contribution pension plan. Under the terms of the plan, employees with more than 12 months of permanent employment may participate. Employee contributions are based on a percentage of employees' wages, and the Association contributes a matching contribution to the plan. The Association does not record an asset or liability associated with its participation in the pension plan. All contributions to the pension plan are expensed when due.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

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 amounts receivable and loan receivable are primarily due from various BCIT departments and the Joint Venture. 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.

Interest rate risk consists of two components:

- i) To the extent that payments made or received on the Association's monetary assets and liabilities are affected by changes in prevailing market interest rates, the Association is exposed to interest rate cash flow risk.
- ii) To the extent that the market rates differ from the interest rates on the Association's monetary assets and liabilities, the Association is exposed to interest rate price risk.

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 fixed interest rates.

(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 line of credit. The available line of credit provides flexibility in the short term to meet operational needs.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

3. FINANCIAL INSTRUMENTS (Continued)

(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, or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk through its investments. The risk in regard to investments has been mitigated through close monitoring by professional investment advisors.

(e) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

As at May 31, 2024, the Association has the following US dollar amounts recorded at their Canadian dollar equivalents:

	2024	2023
Cash	\$ 1,962	\$ 1,843
Investments	2,337,244	1,764,117

4. CASH AND CASH EQUIVALENTS

	2024	2023
Internally restricted cash	\$ 2,173,122	\$ 2,036,484
Internally restricted cash equivalents	74,127	-
Cash	298,251	1,238,026
	\$ 2,545,490	\$ 3,274,510

Internally restricted cash equivalents are a treasury bill held with a major Canadian financial institution with interest at 4.8% and maturing on August 29, 2024.

This investment was pledged as security for any advances to the Association from its Canadian financial institution.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

5. INVESTMENTS

Investments made by the Association through its restricted funds are classified as follows:

	2024	2023
Short-term investments		
Fixed income (cost: 2024 - \$nil; 2023 - \$51,890)	\$ -	\$ 49,410
Long-term investments		
Equities (cost: 2024 - \$4,883,368 2023 - \$4,036,673)	6,157,439	4,575,186
Fixed income (cost: 2024 - \$5,126,498; 2023 - \$3,735,243)	4,932,092	3,484,976
	11,089,531	8,060,162
	\$ 11,089,531	\$ 8,109,572

Fixed income investments represent corporate and government-backed securities bearing fixed interest yields ranging from 2.40% to 2.90% (2023 - 2.30% to 3.75%) and have maturity dates between February 2026 to August 2026 (2023 - January 2024 to June 2027).

6. INVESTMENT IN JOINT VENTURE

The excess (deficiency) of revenues over expenses of the Joint Venture is allocated to the joint venturers on the following basis:

BCIT Student Association	50%
British Columbia Institute of Technology	50%
	100%

The details of the Association's investment in the Joint Venture are as follows:

	2024	2023
Opening balance	\$ -	\$ -
Additional investment during the year (note 7)	81,521	49,858
Share in the deficiency of revenue over expenses of the Joint Venture for the year	(81,521)	(49,858)
Ending balance	\$ -	\$ -

During the year ended May 31, 2024, the Association's share in the deficiency of the Joint Venture exceeded the investment balance by \$81,521 (2023 - \$49,858). This amount has been treated as an additional contribution to the Joint Venture.

BCIT STUDENT ASSOCIATION**Notes to Financial Statements****Year Ended May 31, 2024****6. INVESTMENT IN JOINT VENTURE (Continued)**

The Association's 50% share in the assets, liabilities, net assets, and cash flows of the Joint Venture is as follows:

	2024		2023	
Assets	\$	376,339	\$	493,200
Liabilities	\$	983,999	\$	1,019,338
Deficiency	\$	(607,659)	\$	(526,138)
Cash flows from operating activities	\$	46,801	\$	44,420
Cash flows from investing activities	\$	(615)	\$	-
Cash flows from financing activities	\$	(46,686)	\$	(44,420)

7. AMOUNT DUE FROM JOINT VENTURE

The amount due from Joint Venture relates to purchases and expenses paid by the Association on behalf of the Joint Venture. The amount is non-interest-bearing with no specified terms of repayment.

8. CAPITAL ASSETS

	2024			2023	
	Cost	Accumulated Amortization	Net	Net	
Computer hardware and software	\$ 429,474	\$ (350,153)	\$ 79,321	\$ 135,975	
Furniture and equipment	2,166,726	(1,799,808)	366,918	423,074	
Vehicle	62,445	(56,194)	6,251	8,930	
Leasehold improvements	6,531,723	(5,218,367)	1,313,356	1,826,373	
	\$ 9,190,368	\$ (7,424,522)	\$ 1,765,846	\$ 2,394,352	

During the year ended May 31, 2024, the Association wrote-off capital assets with a net book value of \$5,482 (2023 - \$2,456).

9. DEFERRED COSTS

	2024		2023	
Capital contribution	\$	289,500	\$	289,500
Professional fees		111,787		111,787
		401,287		401,287
Accumulated amortization		(387,168)		(373,792)
		14,119		27,495
Current portion		(13,376)		(13,376)
	\$	743	\$	14,119

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

10. PREPAID RENT

	2024	2023
Cost	\$ 2,637,750	\$ 2,637,750
Accumulated amortization	(2,333,395)	(2,130,491)
	304,355	507,259
Current portion	(202,904)	(202,904)
	\$ 101,451	\$ 304,355

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.

11. LOAN DUE FROM JOINT VENTURE

During the year ended May 31, 2019, the Association entered into a fixed term loan of \$1,600,000 with Vancouver City Savings Credit Union. These funds were subsequently disbursed as a loan to the Joint Venture for the building construction and improvements of the Pavilion and purchase of furniture and equipment.

The loan due from Joint Venture bears interest at 6.17% per annum, repayable in monthly blended instalments of \$13,200 with a maturity date of May 2029, which matches the bank loan (note 15).

12. GOVERNMENT REMITTANCES

Included in accounts payable are government remittances payable of \$85,929 (2023 - \$87,873).

13. BANK FACILITIES

The Association has an operating line of credit to a maximum of \$330,000 (2023 - \$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 (2023 - \$nil).

The Association has a letter of credit to a maximum of \$5,000 (2023 - \$5,000). The letter of credit does not bear interest and has been issued to the Association's liquor supplier.

The Association also has an electronic funds transfer limit to a maximum of \$220,000 (2023 - \$220,000).

BCIT STUDENT ASSOCIATION**Notes to Financial Statements****Year Ended May 31, 2024****14. DEFERRED REVENUE**

Deferred revenue represents sponsorships, grant revenue, and medical insurance premiums received in the prior and current years for use in subsequent years.

	2024			2023	
	Balance, beginning of year	Received during the year	Recognized during the year	Balance, end of year	Balance, end of year
Deferred grant and sponsorship revenue	\$ 276,298	\$ 338,536	\$ 296,497	\$ 318,337	\$ 276,298
Deferred grant for medical insurance fund	33,129	-	33,129	-	33,129
Deferred medical insurance premiums	504,846	2,532,076	2,439,640	597,282	504,846
	\$ 814,273	\$ 2,870,612	\$ 2,769,266	\$ 915,619	\$ 814,273

15. LONG-TERM DEBT

	2024	2023
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 3.70% (2023 - 3.70%) per annum, repayable in monthly blended instalments of \$21,603 (2023 - \$21,603), with a maturity date of March 2027.	\$ 1,747,275	\$ 1,937,890
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 5.81% (2023 - 5.81%) per annum, repayable in monthly blended instalments of \$16,254 (2023 - \$16,254), with a maturity date of October 2027.	588,679	744,491
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 5.63% (2023 - 5.63%) per annum, repayable in monthly blended instalments of \$7,471 (2023 - \$7,471), with a maturity date of October 2027.	273,474	345,477
Vancouver City Savings Credit Union fixed rate term loan bearing interest at 6.17% (2023 - 4.17%) per annum, repayable in monthly blended instalments of \$13,200 (2023 - \$11,975), with a maturity date of May 2029 (2023 - May 2024).	1,173,521	1,266,892
	3,782,949	4,294,750
Current portion	(527,881)	(1,679,012)
	\$ 3,255,068	\$ 2,615,738

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

15. LONG-TERM DEBT (Continued)

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

2025	\$	527,881
2026		555,036
2027		1,809,310
2028		106,417
2029		784,305
	\$	3,872,949

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, 2024, the Association was in compliance with its debt covenants.

16. ACTIVITIES – STUDENT CLUBS

	2024	2023
Fundraising and donation	\$ 445	\$ 2,332
Grants	43,813	24,060
Interest	10,164	9,494
Miscellaneous	82,234	25,438
Sponsorships	178,884	172,849
Student membership club fees	18,708	10,429
Ticket sales	9,485	8,321
	\$ 343,733	\$ 252,923

17. CHILDCARE

	2024	2023
Childcare fees	\$ 327,400	\$ 505,222
Childcare grant	791,914	604,325
Cost recovery	3,914	12,009
Miscellaneous	3,165	-
	\$ 1,126,393	\$ 1,121,556

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

18. MISCELLANEOUS

	2024	2023
Advertising and media	\$ 9,759	\$ 19,758
Cost recovery	122	3,527
Other	39,759	21,659
Ticket sales	1,640	1,000
	\$ 51,280	\$ 45,944

19. PUBLICATIONS

	2024	2023
Advertising and media	\$ 2,588	\$ 1,700
Grants	4,690	6,886
	\$ 7,278	\$ 8,586

20. 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, unless the Association gives notice to terminate the lease. The potential renewal period and the prepaid rent related to the third floor of the SE2 building are not included in the commitments below.

The Association has entered into a lease agreement for equipment expiring July 29, 2026.

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

2025	\$ 226,462
2026	50,957
2027	2,367
	\$ 279,786

21. 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 vests immediately to the employees.

During the year, the Association's pension expense was \$136,661 (2023 - \$133,870). This amount is included in wages and benefits on the statement of operations.

22. INTERFUND LOANS

Interfund loans are temporary transfers between unrestricted funds and the internally restricted funds. These are non-interest-bearing with no specified terms of repayment.

BCIT STUDENT ASSOCIATION

Notes to Financial Statements

Year Ended May 31, 2024

23. REMUNERATION OF DIRECTORS, EMPLOYEES AND CONTRACTORS

During the year, the Association did not pay any contractors more than \$75,000 each. Eight employees were paid in excess of \$75,000 for total remuneration excluding benefits of \$884,118 (2023 - eight employees totaling \$772,205) as follows:

	2024	2023
Director of Finance/Interim Executive Director	\$ 177,865	\$ 116,353
Executive Director	158,570	131,470
Director of People and Culture	110,016	100,066
Director of Retail Operations	97,582	91,088
Director of Student Services	97,241	78,315
Director of Food Operations	83,908	79,018
Controller	81,748	80,349
Entrepreneurship Manager	77,188	-
Director of Marketing and Communications	-	95,546
	\$ 884,118	\$ 772,205

The Association remunerated its Board of Directors a total of \$95,850 (2023 - \$89,818) as follows:

	2024	2023
President	\$ 11,558	\$ 13,140
Chair, DTC	9,240	8,760
Chair, Specialized Transport Campuses	9,240	8,760
VP Finance	7,313	6,570
VP External	7,313	6,860
VP Student Experience	7,313	6,570
VP Equity	7,313	6,308
Chair, School of Business and Media	7,312	6,570
Chair, School of Energy	7,312	6,570
Chair, School of Computing	7,312	6,570
Chair, School of Health	7,312	6,570
Chair, School of Transportation	7,312	6,570
	\$ 95,850	\$ 89,818

24. 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.

25. COMPARATIVE FIGURES

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year. The changes do not affect prior year earnings.

