

**BCIT STUDENT ASSOCIATION**

**FINANCIAL STATEMENTS**

**May 31, 2010**



# BCIT STUDENT ASSOCIATION

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# BCIT STUDENT ASSOCIATION

## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

May 31, 2010

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

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

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

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

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

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

  
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Director  
\_\_\_\_\_  
Vice President  
Finance & Administration

## AUDITORS' REPORT

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

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We have audited the statement of financial position of BCIT Student Association as at May 31, 2010 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at May 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Reid Hurst Nagy Inc.*

REID HURST NAGY INC.  
CERTIFIED GENERAL ACCOUNTANTS

SEPTEMBER 21, 2010  
RICHMOND, B.C.



# BCIT STUDENT ASSOCIATION

## STATEMENT OF OPERATIONS For The Year Ended May 31, 2010

Statement 1

	2010	2009
	\$	\$
<b>REVENUE</b>		
Student fees	1,104,780	1,039,617
Pub revenue, net (Note 10)	535,811	501,520
Retail store revenue, net (Note 11)	646,306	641,828
Pepsi and other sponsorship revenue	186,595	189,964
Miscellaneous revenues (Note 12)	23,976	47,198
Image centre revenue, net (Note 13)	49,435	65,831
Activities - Student Clubs (Note 14)	69,895	82,014
Publications (Note 15)	36,825	49,734
Grants	17,577	17,703
ATM Commissions	20,090	20,530
Vending revenue	14,108	19,273
Interest and dividend	48,522	55,126
	<b>2,753,920</b>	<b>2,730,338</b>
<b>EXPENSES</b>		
Advertising and promotion	21,281	44,369
Amortization of deferred charges	13,376	13,376
Bank charges and interest	37,019	35,234
Bursaries	25,571	26,595
Depreciation	135,977	118,063
Equipment rental	28,617	38,852
Handbook	33,787	19,747
Honoraria	57,174	56,063
Insurance	43,301	39,666
Janitorial	38,686	50,955
Office and miscellaneous	42,099	37,526
Professional development	35,082	45,273
Professional fees	123,709	120,478
Rent	164,136	161,225
Repairs and maintenance	11,813	22,988
Societies and student services	158,631	174,170
Subcontract printing	32,174	29,026
Telephone and utilities	20,576	20,390
Wages and benefits	1,684,187	1,533,389
	<b>2,707,196</b>	<b>2,587,385</b>
<b>EXCESS OF REVENUE OVER EXPENSES BEFORE OTHER ITEMS</b>	<b>46,724</b>	<b>142,953</b>
<b>OTHER ITEMS</b>		
(Loss) gain on sale of investments	(70)	26,636
Loss on disposal of capital assets	(13,879)	(32,014)
	<b>(13,949)</b>	<b>(5,378)</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>32,775</b>	<b>137,575</b>

The accompanying notes are an integral part of these financial statements

# BCIT STUDENT ASSOCIATION

## STATEMENT OF CHANGES IN FUND BALANCES For The Year Ended May 31, 2010

Statement 2

	Capital Asset Fund \$	Operating Fund \$	Total 2010 \$	Total 2009 \$
Balance, beginning of the year	611,295	1,477,122	2,088,417	1,950,842
(Deficiency) excess of revenue over expenses	(149,856)	182,631	32,775	137,575
Capital assets acquired	241,242	(241,242)	-	-
Proceeds from sale of capital assets	(208)	208	-	-
Balance, end of the year	702,473	1,418,719	2,121,192	2,088,417

The accompanying notes are an integral part of these financial statements

# BCIT STUDENT ASSOCIATION

## STATEMENT OF FINANCIAL POSITION As At May 31, 2010

Statement 3

	2010 \$	2009 \$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents (Note 3)	1,548,354	1,705,309
Accounts receivable	161,870	133,481
Inventory	173,268	163,110
Prepaid expenses	55,085	34,279
	<b>1,938,577</b>	<b>2,036,179</b>
<b>CAPITAL (Notes 2e and 5)</b>	<b>702,473</b>	<b>611,295</b>
<b>OTHER</b>		
Investments (Note 4)	880,463	825,892
Deferred charges (Note 6)	201,385	214,761
	<b>3,722,898</b>	<b>3,688,127</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Bank indebtedness (Note 7)	96,219	209,752
Accounts payable and accruals	431,673	392,694
Wages payable	66,818	48,020
Government agencies payable	21,052	19,277
Student one-card deposits	6,757	14,471
Deferred revenue (Note 8)	125,265	123,472
Current portion of student medical plan payable (Note 9)	255,902	234,877
	<b>1,003,686</b>	<b>1,042,563</b>
<b>OTHER</b>		
Student medical plan payable (Note 9)	598,020	557,147
	<b>1,601,706</b>	<b>1,599,710</b>
<b>NET ASSETS</b>		
Invested in capital assets (Note 5)	702,473	611,295
Unrestricted	1,418,719	1,477,122
	<b>2,121,192</b>	<b>2,088,417</b>
	<b>3,722,898</b>	<b>3,688,127</b>

Approved by the Directors:



Director



Director

The accompanying notes are an integral part of these financial statements

# BCIT STUDENT ASSOCIATION

## STATEMENT OF CASH FLOWS For the year ended May 31, 2010

Statement 4

	2010 \$	2009 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	32,775	137,575
Depreciation	135,977	118,063
Amortization of deferred charges	13,376	13,376
Loss (gain) on disposal of temporary investments	70	(26,636)
Loss on sale of capital assets	13,879	32,014
	196,077	274,392
<b>NET CHANGES IN WORKING CAPITAL ACCOUNTS</b>		
Accounts receivable	(28,388)	225,454
Inventory	(10,159)	(7,536)
Prepaid expenses	(20,806)	3,294
Accounts payable and accruals	38,967	144,381
Wages payable	18,798	1,577
Government agencies payable	1,775	(4,161)
Student one-card deposits	(7,713)	11,690
Deferred revenue	1,794	118,754
Student medical plan payable	61,907	(40,020)
	252,252	727,825
<b>INVESTING ACTIVITIES</b>		
(Increase) decrease in investments	(54,642)	(133,890)
Capital assets acquired	(241,242)	(282,238)
Proceeds on disposition of capital assets	210	-
	(295,674)	(416,128)
<b>(DECREASE) INCREASE IN CASH</b>	<b>(43,422)</b>	<b>311,697</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR</b>	<b>1,495,557</b>	<b>1,183,860</b>
<b>CASH AND CASH EQUIVALENTS - END OF THE YEAR</b>	<b>1,452,135</b>	<b>1,495,557</b>
<b>REPRESENTED BY:</b>		
Cash and cash equivalents (Note 3)	1,548,354	1,705,309
Bank indebtedness	(96,219)	(209,752)
	1,452,135	1,495,557

The accompanying notes are an integral part of these financial statements



# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS May 31, 2010

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### NOTE 1: ORGANIZATION AND MISSION

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

### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Fund accounting

The Association follows the deferral method of accounting for contributions.

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

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

#### b) Revenue recognition

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

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

#### c) Inventory

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

#### d) Investments

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

#### e) Capital assets and depreciation

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

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

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

# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS May 31, 2010

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### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

#### f) Deferred charges

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

#### g) Contributed services

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

#### h) Income taxes

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

#### i) Financial instruments

The Association's financial instruments consist of cash and cash equivalents, accounts receivable, investments, bank indebtedness, accounts payable and accruals, wages payable, student one-card deposits payable and student medical plan payable. Unless otherwise noted, it is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments.

#### j) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and reported amounts of revenue and expenses during the reporting year. Actual results may differ from those estimates.

### NOTE 3: CASH AND CASH EQUIVALENTS

	2010 \$	2009 \$
Cash	1,019,792	1,155,876
Equity securities (market value \$348,765, 2009: \$208,432)	271,212	171,432
Bonds (market value \$145,000, 2009: \$174,370)	119,277	146,108
Money market fund (market value \$138,073, 2009: \$231,893)	138,073	231,893
	<u>1,548,354</u>	<u>1,705,309</u>

# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS May 31, 2010

### NOTE 4: INVESTMENTS

	2010 \$	2009 \$
Bonds (market value \$893,946, 2009: \$847,295)	880,463	825,892

### NOTE 5: CAPITAL ASSETS

	<u>COST</u> \$	<u>ACCUMULATED DEPRECIATION</u> \$	<u>2010 NET</u> \$	<u>2009 NET</u> \$
Computer hardware	174,811	104,363	70,448	75,985
Computer software	11,983	9,829	2,154	3,838
Furniture and fixtures	1,355,513	1,062,438	293,075	271,937
Leasehold improvements	425,997	111,017	314,980	232,265
Office equipment	397,576	375,760	21,816	27,270
Vehicle	20,708	20,708	-	-
	2,386,588	1,684,115	702,473	611,295

### NOTE 6: DEFERRED CHARGES

	<u>COST</u> \$	<u>ACCUMULATED AMORTIZATION</u> \$	<u>2010 NET</u> \$	<u>2009 NET</u> \$
Capital funding contribution	289,500	144,276	145,224	154,874
Professional fees	111,787	55,626	56,161	59,887
	401,287	199,902	201,385	214,761

### NOTE 7: BANK INDEBTEDNESS

The Association has available a line of credit to a maximum of \$330,000 of which \$30,000 is reserved for letters of guarantee. The letters of guarantee are contingent liabilities in the amount of \$20,000 and \$10,000 issued by Vancouver City Savings Credit Union in favour of Brewers Distributors Ltd. and the BC Liquor Distribution Branch respectively.

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



# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2010

### NOTE 8: DEFERRED REVENUE

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

### NOTE 9: STUDENT MEDICAL PLAN PAYABLE

	2010 \$	2009 \$
Student medical plan payable	853,922	792,024
Less: current portion	255,902	234,877
	<hr/>	<hr/>
	598,020	557,147

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. The current portion of the medical plan reflects premiums payable through August 2010.

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

### NOTE 10: PUB REVENUE, NET

	2010 \$	2009 \$
Pub sales	830,926	854,747
Less: cost of sales	295,115	353,227
	<hr/>	<hr/>
	535,811	501,520

### NOTE 11: RETAIL STORE REVENUE, NET

	2010 \$	2009 \$
Retail store sales	1,553,995	1,496,180
Less: cost of sales	907,689	854,352
	<hr/>	<hr/>
	646,306	641,828

# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS May 31, 2010

### NOTE 12: MISCELLANEOUS REVENUES

	2010 \$	2009 \$
Miscellaneous	10,252	13,064
Fundraising	904	14,392
Advertising and media	9,120	11,086
Ticket sales	1,571	3,619
Cost recovery	2,129	5,037
	23,976	47,198

### NOTE 13: IMAGE CENTRE REVENUE, NET

	2010 \$	2009 \$
Image centre sales	65,826	70,218
Less: cost of sales	16,391	4,387
	49,435	65,831

### NOTE 14: ACTIVITIES - STUDENT CLUBS

	2010 \$	2009 \$
Fundraising	11,885	10,467
Sponsorship	34,871	35,015
Cost recovery	4,909	15,934
Student membership club fees	12,820	14,457
Ticket sales	5,335	6,141
Miscellaneous	75	-
	69,895	82,014

### NOTE 15: PUBLICATIONS

	2010 \$	2009 \$
Advertising and media	8,026	22,377
Handbook and newspaper advertising	28,783	27,307
Miscellaneous	16	50
	36,825	49,734



# BCIT STUDENT ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

May 31, 2010

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### NOTE 16: LEASE COMMITMENTS

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

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

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

	Premises	Equipment	Total
	\$	\$	\$
2011	163,360 *	21,421	184,781
2012	163,360 *	21,421	184,781
2013	163,360 *	3,598	166,958
2014	163,360 *	-	163,360
2015	163,360 *	-	163,360
	<u>816,800</u>	<u>46,440</u>	<u>863,240</u>

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

### NOTE 17: PENSION PLAN

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

### NOTE 18: COMPARATIVE FIGURES

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