

BCIT STUDENT ASSOCIATION

FINANCIAL STATEMENTS

May 31, 2011

BCIT STUDENT ASSOCIATION

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INDEPENDENT AUDITORS' REPORT

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, 2011, and the statements of operations; statement of 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 generally accepted 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 auditors' consider internal controls 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 controls.

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, 2011, and and the statement of operations, changes in fund balances and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

Other Matters

Due to additional fund accounts being presented this year certain prior year balances were reclassified to confirm with the current year's presentation.



REID HURST NAGY INC.
CERTIFIED GENERAL ACCOUNTANTS

RICHMOND, B.C.
NOVEMBER 4, 2011

BCIT STUDENT ASSOCIATION

STATEMENT OF OPERATIONS
For The Year Ended May 31, 2011

Statement 1

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$ (Notes 9, 17 and 20)	Operating Fund \$	Total 2011 \$	Total 2010 \$ (Note 19)
REVENUE						
Student fees	-	-	-	1,196,131	1,196,131	1,104,780
Student medical fees	-	-	1,311,779	-	1,311,779	1,045,634
Capital levy fees - student spaces	-	84,697	-	-	84,697	-
Pub revenue, net (Note 10)	-	-	-	569,114	569,114	535,811
Retail store revenue, net (Note 11)	-	-	-	758,242	758,242	646,306
Pepsi and other sponsorship revenue	-	-	-	180,300	180,300	186,595
Miscellaneous revenues (Note 12)	-	-	466	39,352	39,818	23,976
Image centre revenue, net (Note 13)	-	-	-	51,539	51,539	49,435
Activities - Student Clubs (Note 14)	-	-	-	101,163	101,163	69,895
Publications (Note 15)	-	-	-	37,930	37,930	36,825
Grants	-	-	-	26,893	26,893	17,577
ATM Commissions	-	-	-	20,254	20,254	20,090
Vending revenue	-	-	-	14,390	14,390	14,108
Interest and dividends	-	-	5,711	53,033	58,744	48,558
	-	84,697	1,317,956	3,048,341	4,450,994	3,799,590
EXPENSES						
Advertising and promotion	-	-	1,694	30,004	31,698	21,281
Amortization of deferred charges	-	-	-	13,376	13,376	13,376
Bank charges and interest	-	-	-	44,005	44,005	37,019
Bursaries	-	-	-	27,751	27,751	25,571
Depreciation	144,520	-	-	-	144,520	135,977
Equipment rental	-	-	-	28,019	28,019	28,617
Handbook	-	-	-	32,375	32,375	33,787
SUBTOTAL FORWARD	144,520	-	1,694	175,530	321,744	295,628

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF OPERATIONS For The Year Ended May 31, 2011

Statement 1

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$ (Notes 9, 17 and 20)	Operating Fund \$	Total 2011 \$	Total 2010 \$ (Note 19)
EXPENSES <i>(continued)</i>						
(Subtotal brought forward)	144,520	-	1,694	175,530	321,744	295,628
Honoraria	-	-	-	58,366	58,366	57,174
Insurance	-	-	-	43,841	43,841	43,301
Janitorial	-	-	-	38,581	38,581	38,686
Medical insurance premiums	-	-	1,227,038	-	1,227,038	1,004,796
Office and miscellaneous	-	-	769	56,468	57,237	42,101
Professional development	-	-	715	31,221	31,936	35,082
Professional fees	-	-	875	208,137	209,012	123,709
Rent	-	-	887	162,827	163,714	164,136
Repairs and maintenance	-	-	-	30,552	30,552	11,813
Societies and student services	-	-	4,534	178,753	183,287	158,631
Subcontract printing	-	-	70	32,237	32,307	32,174
Telephone and utilities	-	-	501	23,707	24,208	20,576
Wages and benefits	-	-	38,186	1,734,349	1,772,535	1,684,187
	144,520	-	1,275,269	2,774,569	4,194,358	3,711,994
(DEFICIENCY) / EXCESS OF REVENUE OVER EXPENSES, BEFORE OTHER ITEMS	(144,520)	84,697	42,687	273,772	256,636	87,596
OTHER ITEMS						
Loss on sale of investments	-	-	-	(89)	(89)	(70)
Loss on disposal of capital assets	(4,099)	-	-	-	(4,099)	(13,879)
	(4,099)	-	-	(89)	(4,188)	(13,949)
(DEFICIENCY) / EXCESS OF REVENUE OVER EXPENSES	(148,619)	84,697	42,687	273,683	252,448	73,647

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, 2011

Statement 2

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$ (Notes 9 and 17)	Operating Fund \$	Total 2011 \$	Total 2010 \$
Balance, beginning of the year	702,473	-	598,020	1,418,718	2,719,211	2,088,417
Prior year adjustment (Note 20)	-	-	-	-	-	557,147
As restated	702,473	-	598,020	1,418,718	2,719,211	2,645,564
(Deficiency) excess of revenue over expenses	(148,619)	84,697	42,687	273,683	252,448	73,647
Capital assets acquired	160,246	-	-	(160,246)	-	-
Proceeds on disposal	(801)	-	-	801	-	-
Balance, end of the year	713,299	84,697	640,707	1,532,956	2,971,659	2,719,211

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As At May 31, 2011

Statement 3

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$ (Notes 9, 17 and 20)	Operating Fund \$	Total 2011 \$	Total 2010 \$ (Note 19)
ASSETS						
CURRENT						
Cash and cash equivalents (Note 3)	-	-	695,054	1,235,151	1,930,205	1,548,354
Accounts receivable	-	-	25,680	214,794	240,474	161,870
Inventory	-	-	-	190,024	190,024	173,268
Prepaid expenses	-	-	-	41,193	41,193	55,085
Interfund loans	-	84,697	-	-	84,697	255,900
	-	84,697	720,734	1,681,162	2,486,593	2,194,477
CAPITAL (Notes 2e and 5)	713,299	-	-	-	713,299	702,473
OTHER						
Investments (Note 4)	-	-	-	476,014	476,014	880,463
Deferred charges (Note 6)	-	-	-	189,508	189,508	201,385
	713,299	84,697	720,734	2,346,684	3,865,414	3,978,798

Approved by the Directors:

_____ Director _____ Director

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF FINANCIAL POSITION As At May 31, 2011

Statement 3

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$ (Notes 9, 17 and 20)	Operating Fund \$	Total 2011 \$	Total 2010 \$ (Note 19)
LIABILITIES						
CURRENT						
Bank indebtedness (Note 7)	-	-	-	-	-	96,219
Accounts payable and accruals	-	-	-	196,709	196,709	297,575
Wages payable	-	-	1,640	246,010	247,650	203,638
Government agencies payable	-	-	-	28,522	28,522	18,330
Student one-card deposits	-	-	-	10,887	10,887	6,757
Deferred revenue (Note 8)	-	-	-	325,291	325,291	381,168
Interfund loans	-	-	78,387	6,309	84,696	255,900
	-	-	80,027	813,728	893,755	1,259,587
NET ASSETS						
Invested in capital assets (Note 5)	713,299	-	-	-	713,299	702,473
Other restricted net assets (Note 20)	-	84,697	640,707	-	725,404	598,020
Unrestricted	-	-	-	1,532,956	1,532,956	1,418,718
	713,299	84,697	640,707	1,532,956	2,971,659	2,719,211
	713,299	84,697	720,734	2,346,684	3,865,414	3,978,798

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF CASH FLOWS For the year ended May 31, 2011

Statement 4

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$	Operating Fund \$	Total 2011 \$	Total 2010 \$
OPERATING ACTIVITIES						
(Deficiency)/ excess of revenue over expenses	(148,619)	84,697	42,687	273,683	252,448	73,647
Depreciation	144,520	-	-	-	144,520	135,977
Amortization of deferred charges	-	-	-	13,376	13,376	13,376
Loss (gain) on disposal of temporary investments	-	-	-	89	89	70
Loss on sale of capital assets	4,099	-	-	-	4,099	13,879
	-	84,697	42,687	287,148	414,532	236,949
NET CHANGES IN WORKING CAPITAL ACCOUNTS						
Accounts receivable	-	-	25,134	(103,740)	(78,606)	(28,388)
Inventory	-	-	-	(16,756)	(16,756)	(10,159)
Prepaid expenses	-	-	-	13,893	13,893	(20,806)
Accounts payable and accruals	-	-	-	(100,866)	(100,866)	9,260
Wages payable	-	-	1,640	42,372	44,012	49,365
Government agencies payable	-	-	-	10,193	10,193	915
Student one-card deposits	-	-	-	4,129	4,129	(7,713)
Deferred revenue	-	-	-	(55,877)	(55,877)	22,828
Interfund	-	(84,697)	(177,513)	262,210	-	-
	-	-	(108,052)	342,706	234,654	252,251
INVESTING ACTIVITIES						
(Increase) decrease in investments	-	-	-	404,360	404,360	(54,641)
Capital assets acquired	-	-	-	(161,746)	(161,746)	(241,242)
Proceeds on disposition of capital assets	-	-	-	801	801	210
	-	-	-	243,415	243,415	(295,673)

(Continued...)

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

STATEMENT OF CASH FLOWS *(continued)*
For the year ended May 31, 2011

Statement 4

	Capital Asset Fund \$	Capital Levy Fund \$	Medical Insurance Fund \$	Operating Fund \$	Total 2011 \$	Total 2010 \$
(DECREASE)/ INCREASE IN CASH CASH AND CASH EQUIVALENTS - BEGINNING OF THE YEAR	-	-	(108,052)	586,121	478,069	(43,422)
CASH AND CASH EQUIVALENTS - END OF THE YEAR	-	-	695,054	1,235,151	1,930,205	1,452,135
REPRESENTED BY:						
Cash and cash equivalents (Note 3)	-	-	695,054	1,235,151	1,930,205	1,548,354
Bank indebtedness	-	-	-	-	-	(96,219)
	-	-	695,054	1,235,151	1,930,205	1,452,135

The accompanying notes are an integral part of these financial statements

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

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.

The Medical Insurance Fund reports the assets, liabilities, revenues and expenses related to the students medical insurance program.

The Capital Levy Fund reports the assets, liabilities, revenues and expenses related to the Association's Capital assets and student spaces 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.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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, accounts payable and accruals, wages payable, student one-card deposits and deferred revenue. 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.

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2011

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (continued)

j) Use of estimates

When preparing financial statements according to Canadian GAAP, the Association makes estimates and assumptions relating to:

- Reported amounts of revenue and expenses
- Reported amounts of assets and liabilities
- Disclosure of contingent assets and liabilities.

The Association base assumptions on a number of factors including historical experience, current events and actions that the Association may undertake in the future, and other assumptions that the Association believe are reasonable under the circumstances. Actual results could differ from those estimates under different conditions and assumptions. The Association use estimates when accounting for certain items such as useful lives of capital assets, impairment of long-lived assets, the deferral of medical plan premiums received.

NOTE 3: CASH AND CASH EQUIVALENTS

	2011 \$	2010 \$
Unrestricted Cash	318,779	216,686
Restricted Cash	695,054	803,106
Equity securities (market value \$429,522, 2010: \$348,765)	271,123	271,212
Bonds (market value \$594,238, 2010: \$145,000)	510,216	119,277
Money market fund (market value \$135,033, 2010: \$138,073)	135,033	138,073
	<u>1,930,205</u>	<u>1,548,354</u>

NOTE 4: INVESTMENTS

	2011 \$	2010 \$
Bonds (market value \$475,354, 2010: \$893,946)	476,014	880,463

NOTE 5: CAPITAL ASSETS

	<u>COST</u> \$	<u>ACCUMULATED DEPRECIATION</u> \$	<u>2011 NET</u> \$	<u>2010 NET</u> \$
Computer hardware	182,201	113,715	68,486	70,448
Computer software	14,550	9,428	5,122	2,154
Furniture and fixtures	1,392,335	1,124,736	267,599	293,075
Leasehold improvements	512,585	157,946	354,639	314,980
Office equipment	397,576	380,123	17,453	21,816
Vehicle	20,708	20,708	-	-
	<u>2,519,955</u>	<u>1,806,656</u>	<u>713,299</u>	<u>702,473</u>

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

NOTE 6: DEFERRED CHARGES

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>2011 NET</u>	<u>2010 NET</u>
	\$	\$	\$	\$
Capital funding contribution	289,500	153,926	135,574	145,224
Professional fees	113,287	59,353	53,934	56,161
	402,787	213,279	189,508	201,385

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.

NOTE 8: DEFERRED REVENUE

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

NOTE 9: STUDENT MEDICAL INSURANCE FUND

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 Association reflected the Student Medical Fund as a liability in the prior year. During the year ended May 31, 2011 the Association changed their policy to reflect this as a separate fund, reflecting Excess (Deficiency) revenue over expenses.

For additional information see (Notes 17 and 20).

NOTE 10: PUB REVENUE, NET

	<u>2011</u>	<u>2010</u>
	\$	\$
Pub sales	877,426	830,926
Less: cost of sales	308,312	295,115
	569,114	535,811

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2011

NOTE 11: RETAIL STORE REVENUE, NET

	2011 \$	2010 \$
Retail store sales	1,800,678	1,553,995
Less: cost of sales	1,042,436	907,689
	<hr/> 758,242	<hr/> 646,306

NOTE 12: MISCELLANEOUS REVENUES

	2011 \$	2010 \$
Miscellaneous	28,113	10,252
Fundraising	3,044	904
Advertising and media	6,715	9,120
Ticket sales	1,023	1,571
Cost recovery	922	2,129
	<hr/> 39,817	<hr/> 23,976

NOTE 13: IMAGE CENTRE REVENUE, NET

	2011 \$	2010 \$
Image centre sales	67,253	65,826
Less: cost of sales	15,714	16,391
	<hr/> 51,539	<hr/> 49,435

NOTE 14: ACTIVITIES - STUDENT CLUBS

	2011 \$	2010 \$
Fundraising	8,887	11,885
Sponsorship	45,854	34,871
Cost recovery	14,560	4,909
Student membership club fees	21,426	12,820
Ticket sales	10,357	5,335
Miscellaneous	79	75
	<hr/> 101,163	<hr/> 69,895

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS May 31, 2011

NOTE 15: PUBLICATIONS

	2011 \$	2010 \$
Advertising and media	9,020	8,026
Handbook and newspaper advertising	28,641	28,783
Miscellaneous	269	16
	37,930	36,825

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 *	3,598	166,958
2013	163,360 *	-	163,360
2014	163,360 *	-	163,360
2015	163,360 *	-	163,360
	<u>816,800</u>	<u>25,019</u>	<u>841,819</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: CHANGE IN ACCOUNTING POLICY

During the year the Association changed its policy for the treatment of funds held on behalf of the medical plan. In previous periods the fund held had been stated as a liability, the Association has decided to present this fund in a separate restricted fund.

For additional information see (Notes 9 and 20)

BCIT STUDENT ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

May 31, 2011

NOTE 18: 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 19: COMPARATIVE FIGURES

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

NOTE 20: PRIOR YEAR ADJUSTMENT

In the prior year funds held by the Association on behalf of the student medical plan were reflected as liabilities. During the year ended May 31, 2011 the Association changed their policy to report the Student Medical Plan as a restricted fund.

The fund balance brought forward from May 31, 2009 of \$557,147 has been included in the fund balances brought forward, restating the Fund balances brought forward, previously stated as \$2,088,417 have now been restated as \$2,645,564. The excess premiums received over premiums paid of \$40,872 has been reflected in the comparative statement of operations. As at May 31, 2010, excess of revenue over expenses, previously stated as \$32,775 has been restated as \$73,647.

For additional information see (Notes 9 and 17)