

Financial Statements of

**NICOLA VALLEY INSTITUTE  
OF TECHNOLOGY**

Year ended March 31, 2008



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## **AUDITORS' REPORT TO THE BOARD OF GOVERNORS**

We have audited the statement of financial position of Nicola Valley Institute of Technology as at March 31, 2008 and the statements of financial activity and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Institute'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 Institute as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a single horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Accountants

Kamloops, Canada  
May 15, 2008

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Position


Year ended March 31, 2008, with comparative figures for 2007

	Operating	Special Designation	Ancillary	Capital	2008	2007
<b>Assets</b>						
<b>Current assets:</b>						
Cash	\$ 1,805,072	\$ 9,562	\$ 101,811	\$ -	\$ 1,916,445	\$ 1,593,028
Investments (note 2)	2,269,356	-	-	-	2,269,356	2,250,311
Accounts receivable	888,499	4,928	15,191	-	908,618	364,664
Inventories	-	-	85,291	-	85,291	45,277
Prepaid expenses and deposits	53,946	-	-	-	53,946	59
Deposits	-	-	-	14,400	14,400	-
Due from other funds	(2,989,703)	1,536,348	(146,193)	1,599,548	-	-
	2,027,170	1,550,838	56,100	1,613,948	5,248,056	4,253,339
Long-term investments (note 2)	-	186,985	-	-	186,985	185,066
Capital assets (note 3)	-	-	-	14,620,801	14,620,801	10,215,090
	\$ 2,027,170	\$ 1,737,823	\$ 56,100	\$ 16,234,749	\$ 20,055,842	\$ 14,653,495
<b>Liabilities and Net Assets</b>						
<b>Current liabilities:</b>						
Accounts payable and accrued liabilities (note 4)	\$ 695,819	\$ -	\$ 7,301	\$ 29,952	\$ 733,072	\$ 1,118,456
Deferred revenue	1,505,706	-	14,375	89,475	1,609,556	1,541,412
Current portion of lease obligation (note 6)	-	-	-	8,077	8,077	7,083
Current portion of long-term debt	-	-	-	50,975	50,975	-
	2,201,525	-	21,676	178,479	2,401,680	2,666,951
Deferred capital contributions (note 5)	-	-	-	10,266,883	10,266,883	9,454,410
Obligations under capital lease (note 6)	-	-	-	21,323	21,323	29,400
Long-term debt (note 13)	-	-	-	3,275,905	3,275,905	-
<b>Net assets:</b>						
Unrestricted	(174,355)	-	34,424	-	(139,931)	(344,564)
Restricted (note 7)	-	1,737,823	-	-	1,737,823	871,919
Invested in capital assets	-	-	-	2,492,159	2,492,159	1,975,379
	(174,355)	1,737,823	34,424	2,492,159	4,090,051	2,502,734
Commitments (note 8)						
Contingent liabilities (note 9)						
	\$ 2,027,170	\$ 1,737,823	\$ 56,100	\$ 16,234,749	\$ 20,055,842	\$ 14,653,495

See accompanying notes to financial statements.

On behalf of the Board:

  
Board Chair

  
Bursar

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Financial Activity and Changes in Net Assets

Year ended March 31, 2008, with comparative figures for 2007

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2008	2007
<b>Revenue:</b>						
Grants from the province of British Columbia	\$ 6,920,477	\$ 156,200	\$ -	\$ 193,707	\$ 7,270,384	\$ 4,854,101
Amortization of deferred capital contributions	-	-	-	252,975	252,975	294,978
Federal Government Grants	196,000	2,393	-	-	198,393	223,459
Tuition fees	423,014	-	-	-	423,014	366,107
Contract services	857,534	41,020	-	-	898,554	913,714
Donations	-	68,332	4,320	10,000	82,652	9,986
Rent	-	-	91,642	-	91,642	-
Sales	-	-	239,739	-	239,739	238,713
Other income	751,773	15,584	-	-	767,357	92,882
	9,148,798	283,529	335,701	456,682	10,224,710	6,993,940
<b>Expenditures:</b>						
Amortization	-	-	-	337,466	337,466	400,383
Contract instruction	549,136	-	-	-	549,136	578,252
Cost of sales	-	-	191,423	-	191,423	179,050
Equipment maintenance	19,779	-	-	-	19,779	13,988
Interest and bank charges	5,438	-	-	265	5,703	8,560
Interest on long-term debt	-	-	-	144,363	144,363	-
Loss on disposal of capital assets	-	-	-	16,884	16,884	-
Memberships	25,210	-	-	-	25,210	24,245
Operating expenses	-	7,374	33,635	-	41,009	-
Premises costs	236,969	-	-	239,591	476,560	269,065
Supplies	226,669	7,734	1,804	-	236,207	194,484
Telephone	55,203	-	-	-	55,203	39,439
Travel	332,117	30,701	1,195	-	364,013	176,918
Wages and benefits	5,055,070	118,385	95,635	-	5,269,090	3,808,361
Carried forward	\$ 6,505,591	\$ 164,194	\$ 323,692	\$ 738,569	\$ 7,732,046	\$ 5,692,745

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Activity and Changes in Net Assets (continued)

Year ended March 31, 2008, with comparative figures for 2007

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2008	2007
Brought forward	\$ 6,505,591	\$ 164,194	\$ 323,692	\$ 738,569	\$ 7,732,046	\$ 5,692,745
Expenditures (continued):						
Bad debts	3,263	-	-	-	3,263	2,927
Contract arrangements	140,000	-	-	-	140,000	140,000
Honoraria	55,401	-	-	-	55,401	34,326
Library resources	27,874	-	-	-	27,874	26,288
Meetings	34,101	-	-	-	34,101	27,602
Professional fees	323,963	2,587	-	-	326,550	181,458
Program development	7,414	-	-	-	7,414	-
Promotion and recruiting	155,202	4,441	-	-	159,643	111,972
Staff development	59,989	-	-	-	59,989	72,836
Subsidies and awards	10,621	51,980	-	-	62,601	67,602
Vehicle operation	28,510	-	-	-	28,510	44,822
	7,351,929	223,202	323,692	738,569	8,637,392	6,402,578
Excess of revenue over expenditures	1,796,869	60,327	12,009	(281,887)	1,587,318	591,362
Net assets, beginning of year	(355,097)	871,919	10,533	1,842,158	2,369,513	1,911,371
Transfers (note 10)	(1,616,127)	805,577	11,882	798,668	-	-
Prior period adjustment (note 14)	-	-	-	133,220	133,220	-
Net assets, end of year	\$ (174,355)	\$ 1,737,823	\$ 34,424	\$ 2,492,159	\$ 4,090,051	\$ 2,502,733

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Statement of Cash Flows

Year ended March 31, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 1,587,318	\$ 591,362
Amortization of deferred revenue related to capital assets	(252,975)	(294,978)
Amortization expense	337,466	400,383
Loss on disposal of capital assets	16,884	-
	<u>1,688,693</u>	<u>696,767</u>
Changes in non-cash operating working capital:		
Increase in accounts receivable	(543,954)	(36,590)
Increase in inventory	(40,017)	(4,210)
Decrease (increase) in prepaid expenses	(53,887)	17
Increase in deposits	(14,400)	-
Decrease in accounts payable	(385,384)	681,683
Decrease (increase) in deferred revenue	68,144	648,145
Increase in deferred capital contributions	1,065,448	1,500,000
	<u>1,784,643</u>	<u>3,485,812</u>
Financing:		
Increase in long-term debt	3,326,879	-
Principal payments on obligations under capital lease	(7,083)	(4,511)
	<u>3,319,796</u>	<u>(4,511)</u>
Investments:		
Purchase of capital assets	(4,760,058)	(2,061,280)
Purchase of investments	(20,964)	(360,138)
	<u>(4,781,022)</u>	<u>(2,421,418)</u>
Net increase in cash	323,417	1,059,883
Cash, beginning of year	1,593,028	533,145
Cash, end of year	<u>\$ 1,916,445</u>	<u>\$ 1,593,028</u>
Supplemental information:		
Interest paid	\$ 80,900	\$ 5,243

See accompanying notes to financial statements.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Notes to Financial Statements

Year ended March 31, 2008

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### Authority and purpose:

Nicola Valley Institute of Technology ("NVIT" or the "Institute") operates under the authority of the College and Institute Act of British Columbia. The Institute provides quality post secondary education relevant to the diverse and evolving needs of First Nations communities at its Merritt and Vancouver campuses. The Institute commenced operations at its Vancouver campus on July 1, 2007 and opened student housing facilities at its Merritt campus in September 2007. The Institute is a not-for-profit entity, governed by a Board of Governors, the majority of which are nominated by an aboriginal band or entity, with approval sought from the Ministry of Advanced Education. The Institute is a registered charity and therefore exempt from income taxes under section 149 of the Income Tax Act.

### 1. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles for not for profit organizations, which encompasses the following principles:

#### (a) Fund accounting:

The Institute records accounting transactions using the fund method generally in use for not-for-profit organizations and follows the deferral method of accounting for contributions. As a result, the resources, operations and transactions of the Institute, for accounting and financial reporting and control purposes, are segregated into various funds, each being treated as a separate entity and each complying with the purposes for which it was established. The Institute maintains the following funds:

#### (i) Operating Fund:

Reflects the revenue and expenditures related to the base-funded teaching and administration operations of the Institute.

#### (ii) Capital Fund:

Reflects the Institute's receipts and disbursements for the acquisition of capital assets.

#### (iii) Special Designation Fund:

Reflects the contributions which are restricted for use only on behalf of specific purposes. Endowment equity and student financial aid funding are recorded in this fund.

#### (iv) Ancillary Fund:

Reflects the revenue and expenditures related to the operation of the bookstore, residence, and parking facilities.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

### (b) Revenue recognition:

The Institute receives monies from a number of different sources and classifies these monies into separate categories of revenue. These categories include provincial and federal government grants, tuition fees, contract revenue, donations, investment income, and monies received from the sale of goods or services. The Institute recognizes revenue using the deferral method.

Some of these revenues, such as grants and donations received for capital purposes, may be restricted in its use by the external contributor. These externally restricted revenues are deferred and recognized in the same period the related expenses are incurred. In cases where contributions are received for the purchase of capital assets having a limited life, the contributions are deferred and amortized to revenue in an amount equivalent to the related amortization expense. Note 5 provides a summary of changes in deferred capital contributions over the course of the year.

Revenues received without restrictions include the operating grants from the Province of British Columbia, Federal grants, contract revenue, tuition fees, non-restricted donations, and sales of services and products. Monies received from these sources are reported as revenue at the time the product is delivered or the services are substantially provided.

Contract revenue and related profits are recognized on the percentage of completion basis. The percentage of completion is determined by the costs incurred. Costs are the most reasonably determinable measure of performance which relate as directly as possible to the activities critical to completion of the contract.

Externally restricted contributions containing stipulations that the principal should be retained have been recorded as a direct increase in endowment equity. Income earned on endowment investments is deferred and recognized as revenue in accordance with the stipulations of the related endowments. Income from unrestricted investments is recognized as revenue when earned.

### (c) Inventory:

Inventory held for resale in the bookstore is valued at the lower of cost and net realizable value.



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

### (d) Capital assets:

Capital assets are recorded at cost, or in the case of donated assets, at their fair value at the date of the contribution. Amortization is provided for over the estimated useful lives of the capital assets on a straight line basis at the following annual rates:

Asset	Rate
Building	2 1/2%
Site improvements	10%
Library acquisitions	10%
Classroom furniture	20%
Office furniture	20%
Office equipment	25%
Automotive	25%
Computers	33 1/3%
Software	50%

Capital assets are written down to net realizable value at the point they no longer contribute to the Institute's ability to provide services. Deferred capital contributions associated with the written down capital asset are recognized as revenue if all restrictions have been complied with.

### (e) Investments:

Portfolio investments held on a long term basis are recorded at cost. Investments are written down to net realizable value if there is a permanent impairment in value. Short term investments are recorded at the lower of cost or market value.

### (f) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 the financial statements and the reported amounts of revenues and expenses during that period. Actual results could differ from those estimates.

### (g) Accounting pronouncements adopted during the year:

Effective April 1, 2007 the Institute adopted the following CICA Handbook sections, which became effective for non-profit organizations, such as the Institute on that date:

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

Section 3855 "Financial Instruments - Recognition and Measurement", which prescribes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet and at what amount, requiring fair value or cost-based measures under different circumstances. Under Section 3855, financial instruments must be classified into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured in the balance sheet at fair value except for loans and receivables, held to maturity investments and other financial liabilities which are measured at amortized cost. Upon adoption of this standard, the Institute designated its assets and liabilities as follows:

- Cash and short-term and long-term investments were designated as held for trading and measured at their fair value, with changes in fair value recognized in the statement of operations;
- Accounts receivable have been classified as loans and receivables and are measured at amortized cost; and
- Accounts payable and accrued liabilities and long-term debt have been classified as other financial liabilities and are measured at amortized cost.

The adoption of this Section has not significantly impacted the Institute's financial statements.

Section 3861 "Financial Instruments - Disclosure and Presentation", which establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them. The adoption of this Section has not significantly impacted the Institute's financial statements. Disclosure of the financial significance of financial instruments to the Institute's financial position, performance and cash flows, and to assist in assessing the amounts, timing and certainty of future cash flows associated with those instruments is located in note 11.

### (h) Accounting pronouncements issued but not yet effective:

The following new CICA Handbook sections have been issued and become effective for the Institute, as of its fiscal year commencing April 1, 2008:

Section 3031 "inventories", which prescribe the accounting treatment for inventories, particularly the determination of inventory cost and its subsequent recognition as an expense, including any write-down to net realizable value. The adoption of this section is not expected to significantly impact the Institute's financial statements.

Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments -

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 1. Significant accounting policies (continued):

Presentation", which further expand on the standards financial statement disclosure and presentation of financial instruments prescribed in Section 3861 above. The adoption of these sections is not expected to significantly impact the Institute's financial statements

### (i) Long-term debt:

Long-term debt is initially recorded at total proceeds received less direct issuance costs. Long-term debt is subsequently measured at amortized cost and calculated using the effective interest rate method.

## 2. Long-term investments:

The Institute has established a permanent endowment fund to provide income from which scholarships and bursaries can be awarded to students. The investments of \$186,985 in special designation fund and related income are restricted for use only as specified. The fair market value of the investments is equal to their cost.

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	2008	2007
Operating:		
Guaranteed investment certificates at interest rates ranging from 3.4% to 3.65%	\$ 2,269,356	\$ 2,250,311
Endowments:		
Guaranteed investment certificates at interest rates ranging from 3.75% to 5%	186,985	185,066
	<hr/> \$ 2,456,341	<hr/> \$ 2,435,377

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# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

### 3. Capital assets:

			2008	2007
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 14,863,581	\$ 1,330,840	\$ 13,532,741	\$ 7,798,449
Site improvements	378,164	154,636	223,528	178,690
Library acquisitions	166,562	14,842	151,720	36,906
Automotive	46,829	19,473	27,356	4,869
Classroom furniture	6,472	4,937	1,535	2,228
Office equipment	608,349	87,990	520,359	67,614
Office furniture	27,843	20,858	6,985	8,651
Computers	179,580	71,164	108,416	54,319
Software	42,150	19,464	22,686	9,731
Asset under construction	-	-	-	2,019,666
	16,319,530	1,724,204	14,595,326	10,181,123
Capital asset under lease obligation:				
Office equipment	42,459	16,984	25,475	33,967
	\$ 16,361,989	\$ 1,741,188	\$ 14,620,801	\$ 10,215,090

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is accrued holiday pay of \$199,956 (2007 - \$161,585).

NVIT accrues holiday pay entitlements as they are earned by the employee; however, it is expected that these unfunded liabilities will be met on a continuous basis over the long term. Payments of these amounts will be funded from revenues of the period in which they occur.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

## 5. Deferred capital contributions:

Deferred capital contributions represent contributed capital assets and restricted contributions with which specified capital assets were purchased. The changes in the deferred contributions balance for the period are as follows:

	2008	2007
Balance, beginning of year	\$ 9,454,410	\$ 8,249,388
Add: Contributions received	1,065,448	1,500,000
Less: Amounts amortized to revenue	(252,975)	(294,978)
	<u>\$ 10,266,883</u>	<u>\$ 9,454,410</u>

There are no unexpended deferred capital contributions at the end of the year.

## 6. Obligations under capital lease:

In a prior year the Institute entered into a capital lease with IOS Financial Services for a new photocopier.

The following is a schedule of the future minimum lease payments of the capital lease expiring on Jan 16, 2011, together with the balance of the obligation:

	2008	2007
Year ending:		
2008	\$ -	\$ 11,482
2009	11,482	11,482
2010	11,482	11,482
2011	13,024	13,024
Total minimum lease payments	35,988	47,470
Less amount representing interest (at 13.2%)	6,588	10,987
Present value of net minimum capital lease payments	29,400	36,483
Current portion of obligations under capital lease	8,077	7,083
	<u>\$ 21,323</u>	<u>\$ 29,400</u>

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

## 7. Special designation fund:

	Endowment equity	Other	2008	2007
Balance, beginning of year	\$ 225,117	\$ 664,803	\$ 871,919	\$ 590,680
Add:				
Donations received during the year	30,984	37,348	68,332	18,866
Interest earned on funds	4,684	-	4,684	6,414
Grants from the Province of British Columbia	-	156,200	156,200	29,455
Other	-	54,313	54,313	14,698
Transfers from other funds	-	805,577	805,577	293,504
	35,668	1,053,438	1,089,106	362,937
Deduct:				
Administration costs and workshops	-	(171,222)	(171,222)	(35,841)
Scholarships and bursaries	(2,707)	(49,273)	(51,980)	(45,857)
	(2,707)	(220,495)	(223,202)	(81,698)
Balance, end of year	\$ 258,078	\$ 1,497,746	\$ 1,737,823	\$ 871,919

## 8. Commitments:

The Institute is committed under operating leases for vehicles and office equipment extending for various periods to the year 2012. Estimated future minimum annual payments required over the next four years are as follows:

	Total
2009	\$ 29,095
2010	29,095
2011	25,558
2012	8,682
	\$ 92,430

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 9. Contingent liabilities:

### (a) Pension liability:

The college and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has over 11,000 active contributors from college senior administration and instructional staff and approximately 3,200 retired members. The Municipal Pension Plan has about 130,000 active contributors, with approximately 4,900 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the plan funding. The most recent valuation for the College Pension Plan as at August 31, 2006 indicated an unfunded liability of \$54 million for basic pension benefits. The next valuation will be as at August 31, 2009 with results available in 2010. The most recent valuation for the Municipal Pension Plan as at December 31, 2006 indicated a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the unfunded liability to individual employers. NVIT paid \$339,757 for employer contributions to the plan in fiscal 2008.

## 10. Interfund transfers:

During the year, \$798,668 was transferred from the Operating fund to the Capital Fund in order to fund the cash outlays for capital asset acquisitions. In addition, \$805,577 was transferred from the Operating Fund to the Special Designation Fund in order to fund specific programs. During the year \$11,882 was transferred from the Operating Fund to the Ancillary Fund.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 11. Financial instruments:

### (a) Fair value:

Assets and liabilities designated as held for trading include cash, short-term and long-term investments are measured in the statement of financial position at fair value. The fair value for accounts receivable, accounts payable and accrued liabilities approximate their carrying value due to the relatively short term to maturity of these instruments. The fair value of long-term debt balances approximates its carrying value as it has a market rate of interest attached.

### (b) Interest rate risk:

The Institute is exposed to interest rate risk in respect of its short-term and long-term investments, which earn interest income at fixed rates as disclosed in note 2, and its long-term debt, which bears interest at fixed rates as disclosed in note 13.

### (c) Credit risk:

It is management's opinion that the Institute is not subject to significant credit risk associated with its financial instruments.

## 12. Subsequent events:

NVIT is currently finalizing an agreement to transfer the assets of the Institute of Indigenous Government (the "IIG"), now operating as the Vancouver campus of NVIT, which is expected to complete in 2009. Included in accounts receivable is \$581,858 from the Ministry of Advanced Education relating to the transition and creation of NVIT Vancouver.

## 13. Long-term debt:

	2008	2007
Term loan bearing interest at 4.9% repayable in monthly principal installments of \$52,636 including interest, due September, 2017	\$ 3,326,880	\$ -
Current portion of long-term debt	50,975	-
	\$ 3,275,905	\$ -

Proceeds for the term loan were received in April and May 2007 with repayments scheduled to begin in December 2007. The loan had an interest free period until September 2007 which



# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2008

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## 13. Long-term debt (continued):

impacted the accounting balance and effective interest rate of the loan. For accounting purposes, the estimated interest foregone has been recorded as an increase in the term loan using the effective interest method to the maturity date of the loan. As a result, the effective interest rate on the loan is 4.76% per annum. During the year ended March 31, 2008, the term loan includes \$51,451 as an adjustment reflecting the interest terms on the loan, which is being accreted to interest expense.

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Principal payments over the next five years are estimated as follows:

2009	\$	50,975
2010		53,519
2011		56,190
2012		58,994
2013		61,938
Thereafter		3,045,264

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## 14. Prior period adjustment:

The comparative figures have been restated to reflect the correction relating to the Annual Capital Allowance calculation from the prior year.

The effect of this adjustment is a decrease to deferred revenue and an increase to revenue for 2007 in the amount of \$133,220. Opening net assets have therefore also increased by \$133,220.

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

## Schedule 1

Year ended March 31, 2008, with comparative figures for 2007

	Operating Fund				2008	2007
	General	Community Education	Continuing Studies	ISSP Project		
<b>Revenue:</b>						
Grants from the province of British Columbia	\$ 6,702,365	\$ 218,112	\$ -	\$ -	\$ 6,920,477	\$ 4,674,629
Federal Government Grants	-	-	-	196,000	196,000	221,667
Tuition fees	397,217	-	25,797	-	423,014	366,107
Contract services	298,278	559,256	-	-	857,534	899,024
Other income	751,773	-	-	-	751,773	77,581
	8,149,633	777,368	25,797	196,000	9,148,798	6,239,008
<b>Expenditures:</b>						
Contract instruction	125,236	268,478	18,227	137,195	549,136	578,252
Equipment maintenance	19,779	-	-	-	19,779	13,988
Interest and bank charges	5,438	-	-	-	5,438	3,317
Memberships	25,210	-	-	-	25,210	24,245
Premises costs	233,543	1,886	1,540	-	236,969	117,256
Supplies	149,317	66,994	277	10,081	226,669	194,069
Telephone	55,203	-	-	-	55,203	39,439
Travel	253,739	68,039	-	10,339	332,117	175,187
Wages and benefits	4,733,218	309,867	-	11,985	5,055,070	3,744,348
Carried forward	\$ 5,600,683	\$ 715,264	\$ 20,044	\$ 169,600	\$ 6,505,591	\$ 4,890,101

# NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Schedule 1 (continued)

Year ended March 31, 2008, with comparative figures for 2007

	Operating Fund				2008	2007
	General	Community Education	Continuing Studies	ISSP Project		
Brought forward	\$ 5,600,683	\$ 715,264	\$ 20,044	\$ 169,600	\$ 6,505,591	\$ 4,890,101
Expenditures (continued):						
Bad debts	3,263	-	-	-	3,263	2,927
Contract arrangements	140,000	-	-	-	140,000	140,000
Honoraria	45,401	-	-	10,000	55,401	34,326
Library resources	27,874	-	-	-	27,874	26,288
Meetings	27,239	6,862	-	-	34,101	27,601
Professional fees	290,063	10,000	7,500	16,400	323,963	165,708
Program development	7,414	-	-	-	7,414	-
Promotion and recruiting	152,098	1,741	1,362	-	155,202	111,972
Staff development	59,989	-	-	-	59,989	72,836
Subsidies and awards	9,161	1,460	-	-	10,621	21,746
Vehicle operation	28,510	-	-	-	28,510	44,822
	6,391,695	735,327	28,906	196,000	7,351,929	5,538,327
Excess of revenue over expenditures	1,757,938	42,041	(3,109)	-	1,796,869	700,681
Net assets, beginning of year	(403,418)	37,875	10,446	-	(355,097)	1,021,363
Transfers (note 10)	(1,584,580)	(31,547)	-	-	(1,616,127)	(2,077,141)
Net assets, end of year	\$ (230,060)	\$ 48,369	\$ 7,337	\$ -	\$ (174,355)	\$ (355,097)

See accompanying notes to financial statements.