

Financial Statements of

**NICOLA VALLEY INSTITUTE
OF TECHNOLOGY**

Year ended March 31, 2010



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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, 2010 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, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Kamloops, Canada
April 30, 2010

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Position

Year ended March 31, 2010, with comparative figures for 2009

	Operating	Special Designation	Ancillary	Capital	2010	2009
Assets						(Restated - note 3)
Current assets:						
Cash	\$ 2,014,424	\$ -	\$ 97,350	\$ -	\$ 2,111,774	\$ 1,621,815
Investments (note 5)	2,827,285	-	-	-	2,827,285	2,805,703
Accounts receivable	646,301	3,130	43,110	-	692,541	515,188
Inventories (note 4)	-	-	74,085	-	74,085	84,144
Prepaid expenses and deposits	32,741	-	2,994	-	35,735	33,651
Deposits	-	-	-	-	-	1,500
Due from (to) other funds	(3,309,365)	1,364,092	(308,132)	2,253,405	-	-
	2,211,386	1,367,222	(90,593)	2,253,405	5,741,420	5,062,001
Long-term investments (note 5)	529,723	199,656	-	1,863,544	2,592,923	2,486,152
Capital assets (note 6)	-	-	-	16,126,210	16,126,210	14,488,477
	\$ 2,741,109	\$ 1,566,878	\$ (90,593)	\$ 20,243,159	\$ 24,460,553	\$ 22,036,630

Liabilities and Net Assets

Current liabilities:						
Accounts payable and accrued liabilities (note 7)	\$ 1,135,875	\$ 80,000	\$ 18,112	\$ 11,507	\$ 1,245,494	\$ 661,557
Deferred revenue	1,201,267	699,905	12,052	-	1,913,224	2,310,456
Current portion of capital lease obligation	-	-	-	12,111	12,111	9,211
Current portion of long-term debt	-	-	-	61,502	61,502	55,519
	2,337,142	779,905	30,164	85,120	3,232,331	3,036,743
Deferred capital contributions (note 8)	-	-	-	14,478,418	14,478,418	12,301,097
Obligations under capital lease (note 9)	-	-	-	-	-	12,111
Long-term debt (note 10)	-	-	-	3,150,623	3,150,623	3,215,316
Net assets (deficiency):						
Unrestricted	403,967	-	(120,757)	-	283,210	571,798
Restricted (note 11)	-	786,973	-	-	786,973	823,826
Invested in capital assets	-	-	-	2,528,998	2,528,998	2,075,739
	403,967	786,973	(120,757)	2,528,998	3,599,181	3,471,363
Commitments (note 12)						
Contingent liabilities (note 13)	\$ 2,741,109	\$ 1,566,878	\$ (90,593)	\$ 20,243,159	\$ 24,460,553	\$ 22,036,630

See accompanying notes to financial statements.

On behalf of the Board



Board Chair

VP Corporate Services

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Activity and Changes in Net Assets

Year ended March 31, 2010, with comparative figures for 2009

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2010	2009 (Restated - note 3)
Revenue:						
Grants from the province of British Columbia	\$ 7,895,979	\$ 968,989	\$ -	\$ 79,300	\$ 8,944,268	\$ 8,028,452
Contract services	770,268	11,190	-	-	781,458	1,040,275
Amortization of deferred capital contributions	-	-	-	594,681	594,681	372,673
Tuition fees	577,843	-	-	-	577,843	568,009
Sales	-	-	386,345	-	386,345	304,629
Other income	146,372	43,581	-	-	189,953	142,462
Rent	-	-	121,562	-	121,562	133,106
Donations	-	10,510	-	-	10,510	26,255
Federal Government grants	1,333	-	-	-	1,333	-
	9,391,795	1,034,270	507,907	673,981	11,607,953	10,615,861
Expenditures:						
Amortization	-	-	-	850,148	850,148	643,733
Contract instruction	654,533	-	-	-	654,533	639,710
Cost of sales	-	-	278,237	-	278,237	268,978
Equipment maintenance	26,596	-	-	-	26,596	29,353
Interest and bank charges	5,733	-	-	-	5,733	2,934
Interest on long-term debt	-	-	-	151,623	151,623	153,975
Loss on disposal of capital assets	-	-	-	3,303	3,303	-
Memberships	24,757	3,806	-	-	28,563	21,382
Operating expenses	-	-	104,376	-	104,376	138,955
Premises costs	431,090	3,617	-	-	515,244	572,239
Supplies	348,766	100,246	3,320	80,537	452,332	311,417
Telephone	60,679	-	-	-	60,679	54,972
Travel	320,166	115,205	1,262	-	436,633	500,304
Wages and benefits	5,927,193	301,296	162,770	-	6,391,259	6,143,752
Carried forward	\$ 7,799,513	\$ 524,170	\$ 549,965	\$ 1,085,611	\$ 9,959,259	\$ 9,481,704

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

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

Year ended March 31, 2010, with comparative figures for 2009

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2010	2009 (Restated - note 3)
Brought forward	\$ 7,799,513	\$ 524,170	\$ 549,965	\$ 1,085,611	\$ 9,959,259	\$ 9,481,704
Expenditures (continued):						
Bad debts	5,791	-	-	-	5,791	6,973
Contract arrangements	132,500	20,000	-	-	152,500	297,490
Honoraria	96,293	29,309	-	-	125,602	123,064
Library resources	28,619	-	-	-	28,619	23,507
Meetings	18,433	-	-	-	18,433	41,803
Professional fees	292,043	437,270	-	-	729,313	387,080
Program development	4,358	-	-	-	4,358	7,000
Promotion and recruiting	262,293	10,909	-	-	273,202	278,702
Staff development	70,777	-	-	-	70,777	113,337
Subsidies and awards	44,902	42,365	-	-	87,267	121,205
Vehicle operation	25,014	-	-	-	25,014	33,086
	8,780,536	1,064,023	549,965	1,085,611	11,480,135	10,914,951
Excess (deficiency) of revenue over expenditures	611,259	(29,753)	(42,058)	(411,630)	127,818	(299,090)
Net assets, beginning of year	650,497	823,826	(78,699)	2,075,739	3,471,363	3,770,453
Transfers (note 14)	(857,789)	(7,100)	-	864,889	-	-
Net assets, end of year	\$ 403,967	\$ 786,973	\$ (120,757)	\$ 2,528,998	\$ 3,599,181	\$ 3,471,363

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2010, with comparative figures for 2009

	2010	2009
		(Restated - note 3)
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenditures	\$ 127,818	\$ (299,090)
Amortization of deferred revenue related to capital assets	(594,681)	(372,673)
Amortization expense	850,148	643,733
Loss on disposal of capital assets	3,303	-
	<u>386,588</u>	<u>(28,030)</u>
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(177,353)	393,430
Decrease in inventory	10,059	1,147
Decrease (increase) in prepaid expenses	(2,084)	20,295
Decrease in deposits	1,500	12,900
Increase (decrease) in accounts payable	583,937	(71,515)
Increase (decrease) in deferred revenue	(397,232)	700,900
	<u>405,415</u>	<u>1,029,127</u>
Financing:		
Repayments of long-term debt	(58,711)	(56,045)
Increase in deferred capital contributions	1,653,488	2,087,289
Principal payments on obligations under capital lease	(9,211)	(8,078)
	<u>1,585,566</u>	<u>2,023,166</u>
Investments:		
Purchase of capital assets	(1,372,669)	(511,409)
Purchase of investments	(128,353)	(2,835,514)
	<u>(1,501,022)</u>	<u>(3,346,923)</u>
Increase (decrease) in cash position	489,959	(294,630)
Cash, beginning of year	1,621,815	1,916,445
Cash, end of year	<u>\$ 2,111,774</u>	<u>\$ 1,621,815</u>
Supplemental information:		
Interest paid	\$ 154,186	\$ 154,469
Contributed capital assets	1,118,514	-

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2010

Authority and purpose:

Nicola Valley Institute of Technology (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 appointed by 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 encompass the following policies:

(a) Fund accounting:

The Institute records accounting transactions using fund accounting 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, 2010

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 8 provides a summary of changes in deferred capital contributions over 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, determined on a FIFO basis, and net realizable value.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

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, starting in the month of acquisition, at the following annual rates:

Asset	Rate
Building	2 1/2%
Site improvements	10%
Mobile instructional facility	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 residual 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 fair market value. The Institute includes investments with original maturities of three months or less as short term investments. All short term investments are recorded at market value. Unrealized gains and losses on the investments are recorded in income during the year, based on changes in market value.

(f) 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.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(g) 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 the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of useful lives of capital assets for amortization and the amortization of related deferred capital contributions and provisions for employee future benefits and contingencies. Actual results may differ from these estimates.

(h) Financial instruments:

The Institute classifies its financial instruments 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 initially recorded at fair value. The Institute has designated its assets and liabilities as follows:

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

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 15.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

1. Significant accounting policies (continued):

(i) New Accounting standards:

The following new or amended CICA Handbook sections made effective for entities such as the Institute have been adopted in the current year:

Certain amendments to the CICA Handbook Section 4400, "Financial Statement Presentation by Not-for Profit Organizations" and Section 4470, "Disclosure of Allocated Expenses by Not-for-Profit Organizations", were effective for the Institute's fiscal year commencing April 1, 2009. The amendments include removal of requirements to treat net assets invested in capital assets as a separate component of net assets. The adoption of these amendments has not significantly impacted the Institute's financial statements.

Section 3862 "Financial Instruments - Disclosure" and Section 3863 "Financial Instruments - Presentation", which require expanded financial instrument disclosure and presentation standards from those prescribed in Section 3861 "Financial Instruments - Disclosure and Presentation", including increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks. However, the CICA announced during the Institute's 2009 fiscal year that not-for-profit organizations, including entities such as the Institute, may elect to continue to apply Section 3861 in place of Sections 3862 and 3863. Accordingly, the Institute has elected to continue to apply the financial instrument disclosure and presentation standards in Section 3861 in its March 31, 2010 financial statements.

(j) Accounting pronouncements issued but not yet effective:

In March 2010, the Public Sector Accounting Board ("PSAB") released an exposure draft prescribing an accounting framework for government not-for-profit organizations ("Government NPOs"), such as the Institute. The proposed accounting framework will incorporate current CICA Handbook Sections 4400 to 4470 into the CICA's Public Sector Accounting Handbook, although the proposed framework may result in different accounting for certain balances and transactions from the Institute's current accounting framework. The exposure draft is open for comment until July 15, 2010 with a final standard to be released in late 2010. The proposed accounting framework would be effective for the Institute for its fiscal year commencing April 1, 2012. The Institute is in the process of reviewing the impact of these documents on its reporting framework and financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

2. Change in accounting policy:

The Institute has changed its policy regarding the timing of recording amortization expense on capital assets. Amortization on capital assets formerly was not taken in the year of acquisition and full amortization in year of disposal. The change applied takes amortization starting in the month of acquisition and only the months of the year before disposal. The change in the basis of amortization has had an effect of increasing the amortization expense by \$139,989 in 2010. The prior period affect of this change had been deemed immaterial, and has not been reflected in the comparative balances.

3. Correction of prior period error:

Contributions intended for the purchase of capital assets for fiscal years ended March 31, 2008 and March 31, 2009 were incorrectly recorded as revenue. Compliant with the Institute's accounting policy and in compliance with the deferral method of accounting, funds received for the purchase of capital assets should be deferred and recognized at the same rate the related asset is amortized. This change has been recorded retroactively and accordingly, the comparative financial statements have been restated as described below.

The impact of the adjustments on the prior period statement of financial position is as follows:

	As at March 31, 2009
Deferred capital contributions:	
As previously reported	\$ 11,678,532
Increase due to correction of prior period error	622,565
As restated	\$ 12,301,097
Net assets invested in capital assets:	
As previously reported	\$ 2,698,304
Decrease due to correction of prior period error	(622,565)
As restated	\$ 2,075,739

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

3. Correction of prior period error (continued):

The impact of the adjustments on the prior period statement of financial activity and changes in net assets is as follows:

	For the year ended March 31, 2009
Excess of revenue over expenditures, as previously reported	\$ 3,877
Correction of prior period errors:	
Decrease of grants from the province of British Columbia	(303,983)
Decrease of other revenue	(62,239)
Increase in amortization of deferred capital contributions	63,255
	(302,967)
As restated	\$ (299,090)
Net assets:	
Opening net assets, as previously reported, April 1, 2008	\$ 4,090,051
Correction of prior period errors:	
Decrease in other revenue	(319,598)
Opening net assets, as restated, April 1, 2008	3,770,453
Deficiency of revenues over expenditures, as restated	(299,090)
Ending net assets, as restated, March 31, 2009	\$ 3,471,363

4. Inventories:

	2010	2009
Merritt campus	\$ 64,053	\$ 54,691
Vancouver campus	10,032	29,453
	\$ 74,085	\$ 84,144

Inventories expensed during the year were \$278,237 (2009 - \$268,978).

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

5. 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 \$199,656 in special designation fund and related income are restricted for use only as specified. The fair market value of the investments are equal to their cost.

	2010	2009
Operating:		
Guaranteed investment certificates at interest rates ranging from 2.1% to 3.65%	\$ 3,357,008	\$ 3,335,426
Less current portion	2,827,285	2,805,703
	<u>529,723</u>	<u>529,723</u>
Endowments:		
Guaranteed investment certificates at interest rates ranging from 2.05% to 5%	199,656	192,885
Capital:		
Guaranteed investment certificate at an interest rate of 3.5%	1,863,544	1,763,544
	<u>\$ 2,592,923</u>	<u>\$ 2,486,152</u>

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

6. Capital assets:

			2010	2009
	Cost	Accumulated amortization	Net book value	Net book value
Building	\$ 16,012,541	\$ 2,074,205	\$ 13,938,336	\$ 13,161,152
Site improvements	381,726	230,616	151,110	188,104
Library acquisitions	389,789	69,985	319,804	324,593
Mobile instructional equipment	1,149,050	114,879	1,034,171	25,545
Automotive	72,948	36,416	36,532	20,517
Classroom furniture	6,472	6,050	422	845
Artwork	9,363	-	9,363	9,363
Office equipment	913,650	427,462	486,188	638,953
Office furniture	41,827	26,112	15,715	10,488
Computers	255,620	161,253	94,367	78,268
Software	84,734	53,024	31,710	13,666
	19,317,720	3,200,002	16,117,718	14,471,494
Capital asset under lease obligation:				
Office equipment	42,459	33,967	8,492	16,983
	\$ 19,360,179	\$ 3,233,969	\$ 16,126,210	\$ 14,488,477

7. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is accrued holiday pay of \$209,952 (2009 - \$171,771).

The Institute 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, 2010

8. 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:

	2010	2009
		(Restated - note 3)
Balance, beginning of year	\$ 12,301,097	\$ 10,266,883
Add: Contributions received	2,772,002	2,406,887
Less: Amounts amortized to revenue	(594,681)	(372,673)
	<u>\$ 14,478,418</u>	<u>\$ 12,301,097</u>

There are \$469,779 (2009 - nil) in unexpended deferred capital contributions at the end of the year.

9. 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:

	2010	2009
2010	\$ -	\$ 11,482
2011	13,024	13,024
Total minimum lease payments	13,024	24,506
Less amount representing interest (at 13.2%)	913	3,184
Present value of net minimum capital lease payments	12,111	21,322
Current portion of obligations under capital lease	12,111	9,211
	<u>\$ -</u>	<u>\$ 12,111</u>

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

10. Long-term debt:

	2010	2009
Term loan bearing interest at 4.9%, repayable in monthly principal installments of \$52,636, including interest, due September, 2017	\$ 3,212,125	\$ 3,270,836
Current portion of long-term debt	61,502	55,519
	<u>\$ 3,150,623</u>	<u>\$ 3,215,317</u>

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

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

2011	\$	61,502
2012		64,427
2013		67,491
2014		70,700
2015		74,063
Thereafter		2,873,942

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

11. Special designation fund:

	Endowment equity	Other	2010	2009
Balance, beginning of year	\$ 274,103	\$ 549,723	\$ 823,826	\$ 1,737,823
Add:				
Donations received during the year	510	10,000	10,510	26,255
Interest earned on funds	4,974	-	4,974	19,606
Grants from the Province of British Columbia	-	968,989	968,989	409,388
Other	-	49,797	49,797	22,000
Transfers from other funds	16,110	-	16,110	4,246
	21,594	1,028,786	1,050,380	481,495
Deduct:				
Administration costs and workshops	-	(1,021,658)	(1,021,658)	(756,165)
Scholarships and bursaries	(10,167)	(32,198)	(42,365)	(51,868)
Transfers to other funds	-	(23,210)	(23,210)	(587,459)
	(10,167)	(1,077,066)	(1,087,233)	(1,395,492)
Balance, end of year	\$ 285,530	\$ 501,443	\$ 786,973	\$ 823,826

12. Commitments:

The Institute is committed under operating leases for premises, vehicles, office equipment and maintenance contracts extending for various periods to the year 2014. Estimated future minimum annual payments required over the next four years are as follows:

	Total
2011	\$ 291,839
2012	262,409
2013	170,268
2014	28,163
	\$ 752,679

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

13. Contingent liabilities:

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 about 12,000 active members from college senior administration and instructional staff and approximately 3,900 retired members. The Municipal Pension Plan has about 158,000 active members, with approximately 5,400 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. The Institute paid \$390,790 (2009 - \$385,406) for employer contributions to the plan in fiscal 2010.

14. Interfund transfers:

During the year, \$864,889 was transferred from the Operating fund to the Capital fund for cash outlays for interest on long-term debt of \$151,623 and to fund capital purchases of \$713,266. During the year, \$7,100 was transferred from the Special Designation fund to the Operating fund.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2010

15. 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 5, and its long-term debt, which bears interest at fixed rates as disclosed in note 10.

(c) Credit risk:

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

16. Comparative figures:

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in 2010.

17. Net asset management:

The Institute defines operating capital to be net assets. The Institute receives its principal source of operating capital through funding received from the Province of British Columbia and tuition fees. The Institute's objective when managing operating capital is to fund its operations and capital asset additions. The Institute manages the operating capital structure in conjunction with the Province of British Columbia and makes adjustments based on available government funding and economic conditions. Currently, the Institute's strategy is to monitor expenditures to preserve operating capital. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Institute has complied with the external restrictions on the funding provided.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Schedule 1

Year ended March 31, 2010, with comparative figures for 2009

	Operating Fund			2010	2009 (Restated - note 3)
	General	Community Education	Continuing Studies		
Revenue:					
Grants from the province of British Columbia	\$ 7,762,993	\$ 132,986	-	\$ 7,895,979	\$ 7,326,304
Federal Government Grants	1,333	-	-	1,333	-
Tuition fees	524,958	-	52,885	577,843	568,009
Contract services	-	770,268	-	770,268	1,018,275
Other income	146,372	-	-	146,372	122,856
	8,435,656	903,254	52,885	9,391,795	9,035,444
Expenditures:					
Contract instruction	132,088	488,924	33,521	654,533	639,710
Equipment maintenance	26,596	-	-	26,596	29,353
Interest and bank charges	5,733	-	-	5,733	2,934
Memberships	24,757	-	-	24,757	21,382
Premises costs	429,551	1,539	-	431,090	326,609
Supplies	174,772	173,412	582	348,766	277,233
Telephone	60,679	-	-	60,679	54,972
Travel	197,290	122,876	-	320,166	386,845
Wages and benefits	5,592,575	334,618	-	5,927,193	5,670,804
	\$ 6,644,041	\$ 1,121,369	\$ 34,103	\$ 7,799,513	\$ 7,409,842
Carried forward					

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Schedule 1 (continued)

Year ended March 31, 2010, with comparative figures for 2009

	Operating Fund			2010	2009
	General	Community Education	Continuing Studies		
Brought forward	\$ 6,644,041	\$ 1,121,369	\$ 34,103	\$ 7,799,513	\$ 7,409,842
Expenditures (continued):					
Bad debts	5,791	-	-	5,791	6,973
Contract arrangements	132,500	-	-	132,500	140,000
Honoraria	96,293	-	-	96,293	114,499
Library resources	28,619	-	-	28,619	23,507
Meetings	15,895	2,538	-	18,433	41,803
Professional fees	292,043	-	-	292,043	308,049
Program development	-	4,358	-	4,358	7,000
Promotion and recruiting	261,692	600	-	262,293	257,171
Staff development	70,777	-	-	70,777	113,337
Subsidies and awards	44,902	-	-	44,902	69,337
Vehicle operation	25,014	-	-	25,014	33,086
	7,617,567	1,128,865	34,103	8,780,536	8,524,604
Excess of revenue over expenditures	818,089	(225,611)	18,782	611,259	510,840
Net assets, beginning of year	541,542	91,946	17,010	650,497	(174,355)
Transfers (note 14)	(958,841)	101,052	-	(857,789)	10,029
Net assets, end of year	\$ 400,790	\$ (32,613)	\$ 35,792	\$ 403,967	\$ 346,514

See accompanying notes to financial statements.