

Financial Statements of

**NICOLA VALLEY INSTITUTE
OF TECHNOLOGY**

Year ended March 31, 2012



KPMG LLP
Chartered Accountants
200-206 Seymour Street
Kamloops BC V2C 6P5
Canada

Telephone (250) 372-5581
Fax (250) 828-2928
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Nicola Valley Institute of Technology, and
To the Minister of Advanced Education, Province of British Columbia

We have audited the accompanying financial statements of the Nicola Valley Institute of Technology (the "Institute"), which comprise the statement of financial position as at March 31, 2012, the statements of financial activity and changes in net assets and cash flows for the year then ended, and notes, comprising 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 principles, 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.

Auditor's 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 an audit to obtain reasonable assurance about whether the consolidated 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 our 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, we consider internal controls relevant to the Institute'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 Institute'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, these financial statements present fairly, in all material respects, the financial position of the Institute as at March 31, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Kamloops, Canada
May 22, 2012

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Position

Year ended March 31, 2012, with comparative figures for 2011

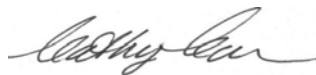
	Operating	Special Designation	Ancillary	Capital	2012	2011
Assets						
Current assets:						
Cash	\$ 1,089,247	\$ -	\$ 65,605	\$ -	\$ 1,154,852	\$ 1,010,598
Short-term investments (note 3)	350,000	-	-	-	350,000	2,524,610
Accounts receivable	786,608	1,903	25,575	-	814,086	833,059
Inventories (note 2)	-	-	80,438	-	80,438	72,362
Prepaid expenses and deposits	23,597	-	2,482	-	26,079	30,941
Due from (to) other funds	(1,776,779)	926,847	(350,769)	1,200,701	-	-
	472,673	928,750	(176,669)	1,200,701	2,425,455	4,471,570
Long-term investments (note 3)	2,200,000	230,074	-	1,868,345	4,298,419	2,063,200
Capital assets (note 4)	-	-	-	16,509,660	16,509,660	17,384,663
	\$ 2,672,673	\$ 1,158,824	\$ (176,669)	\$ 19,578,706	\$ 23,233,534	\$ 23,919,433
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	\$ 598,144	\$ -	\$ 16,472	\$ 11,270	\$ 625,886	\$ 703,417
Deferred revenue	1,419,372	343,211	9,422	-	1,772,005	1,736,285
Current portion of long-term debt (note 7)	-	-	-	67,491	67,491	64,427
	2,017,516	343,211	25,894	78,761	2,465,382	2,504,129
Deferred capital contributions (note 6)	-	-	-	13,491,956	13,491,956	14,102,128
Long-term debt (note 7)	-	-	-	3,018,706	3,018,706	3,086,196
Net assets (deficiency):						
Unrestricted	655,157	-	(202,563)	-	452,594	151,636
Restricted (note 8)	-	815,613	-	-	815,613	836,381
Invested in capital assets	-	-	-	2,989,283	2,989,283	3,238,963
	655,157	815,613	(202,563)	2,989,283	4,257,490	4,226,980
Commitments (note 9)						
Contingencies (note 10)						
	\$ 2,672,673	\$ 1,158,824	\$ (176,669)	\$ 19,578,706	\$ 23,233,534	\$ 23,919,433

See accompanying notes to financial statements.

On behalf of the Board:



Board Chair



Director, Finance & Integrated Systems

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Activity and Changes in Net Assets

Year ended March 31, 2012, with comparative figures for 2011

	Operating (Schedule 1)	Special designation (note 8)	Ancillary	Capital	2012	2011
Revenue:						
Grants from the Province of British Columbia	\$ 7,842,627	\$ 547,588	\$ -	\$ 27,682	\$ 8,417,897	\$ 8,286,550
Contract services	851,485	-	-	-	851,485	788,774
Amortization of deferred capital contributions	-	-	-	626,031	626,031	631,768
Tuition fees	693,475	-	-	-	693,475	517,930
ITA funding	255,000	-	-	-	255,000	255,000
Sales	-	-	330,030	-	330,030	381,089
Other income	173,900	19,234	-	-	193,134	229,876
Rent	-	-	116,597	-	116,597	130,490
Donations (refunded)	-	(1,450)	-	-	(1,450)	39,018
Federal Government grants	1,333	-	-	-	1,333	1,333
Gain on disposal of capital assets	-	-	-	12,400	12,400	-
	9,817,820	565,372	446,627	666,113	11,495,932	11,261,828
Expenses:						
Amortization	-	-	-	952,457	952,457	929,430
Contract instruction	660,184	357,839	-	-	1,018,023	838,999
Cost of sales	-	-	254,862	-	254,862	298,849
Equipment maintenance	79,470	-	-	-	79,470	14,496
Interest and bank charges	9,721	-	-	-	9,721	8,152
Interest on long-term debt	-	-	-	145,882	145,882	149,039
Memberships	56,604	-	-	-	56,604	49,209
Operating expenses	-	-	93,935	-	93,935	111,550
Premises costs	492,623	-	-	70,427	563,050	598,579
Supplies	237,113	20,273	2,432	-	259,818	424,778
Telephone	55,848	-	-	-	55,848	56,934
Travel	440,331	16,949	413	-	457,693	377,124
Wages and benefits	5,785,766	81,988	134,273	-	6,002,027	5,986,903
Carried forward	\$ 7,817,660	\$ 477,049	\$ 485,915	\$ 1,168,766	\$ 9,949,390	\$ 9,844,042

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

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

Year ended March 31, 2012, with comparative figures for 2011

	Operating (Schedule 1)	Special designation (note 8)	Ancillary	Capital	2012	2011
Brought forward	\$ 7,817,660	\$ 477,049	\$ 485,915	\$ 1,168,766	\$ 9,949,390	\$ 9,844,042
Expenses (continued):						
Bad debts	9,031	-	-	-	9,031	6,613
Contract arrangements	148,099	-	-	-	148,099	104,167
Honoraria	67,530	-	-	-	67,530	70,755
Library resources	40,082	-	-	-	40,082	37,994
Meetings	11,742	699	-	-	12,441	20,025
Professional fees	572,112	18,198	1,388	-	591,698	499,288
Program development	29,208	-	-	-	29,208	-
Promotion and recruiting	365,793	1,240	-	-	367,033	317,578
Staff development	75,617	-	-	-	75,617	47,728
Subsidies and awards	63,618	66,579	-	-	130,197	82,892
Vehicle operation	45,096	-	-	-	45,096	34,947
	9,245,588	563,765	487,303	1,168,766	11,465,422	11,066,029
Excess (deficiency) of revenue over expenses	572,232	1,607	(40,676)	(502,653)	30,510	195,799
Net assets (deficit), beginning of year	313,523	836,381	(161,887)	3,238,963	4,226,980	4,031,181
Transfers (note 11)	(230,598)	(22,375)	-	252,973	-	-
Net assets (deficit), end of year	\$ 655,157	\$ 815,613	\$ (202,563)	\$ 2,989,283	\$ 4,257,490	\$ 4,226,980

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2012, with comparative figures for 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 30,510	\$ 195,799
Amortization of deferred capital contributions	(626,031)	(631,768)
Amortization	952,457	929,430
Gain on disposal of capital assets	12,400	-
Changes in non-cash operating working capital:		
Accounts receivable	18,973	(140,518)
Inventories	(8,076)	1,723
Prepaid expenses and deposits	4,862	4,794
Accounts payable and accrued liabilities	(77,531)	(542,076)
Deferred revenue	35,720	(176,939)
	343,284	(359,555)
Financing:		
Repayments of long-term debt	(64,427)	(61,502)
Deferred capital contributions received	15,859	255,480
Principal payments on obligations under capital lease	-	(12,111)
	(48,568)	181,867
Investments:		
Purchase of investments	(4,648,419)	(4,494,178)
Proceeds from disposal of investments	4,587,810	5,326,576
Purchase of capital assets	(77,453)	(1,755,886)
Proceeds on disposal of capital assets	(12,400)	-
	(150,462)	(923,488)
Increase (decrease) in cash	144,254	(1,101,176)
Cash, beginning of year	1,010,598	2,111,774
Cash, end of year	\$ 1,154,852	\$ 1,010,598
Supplemental information:		
Interest paid	\$ 154,469	\$ 149,039

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2012

Authority and purpose:

Nicola Valley Institute of Technology (the "Institute") was designated as a Provincial institute in 1995 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 Aboriginal (First Nations, Inuit and Metis) learners at its Merritt and Vancouver campuses as well as in communities. The Institute expanded its operations to a 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, which encompass the following policies:

(a) Fund accounting:

The Institute records accounting transactions using fund accounting 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 expenses related to the base-funded teaching and administration operations of the Institute.

(ii) Capital fund:

Reflects the Institute's receipts and disbursements for 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 expenses 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, 2012

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, rent, 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 6 provides a summary of changes in deferred capital contributions over the year. Where the capital asset involved has an unlimited life, the contribution is reported as a direct increase in invested in capital assets.

Revenues received without restrictions include the operating grants from the Province of British Columbia, Federal grants, contract revenue, tuition fees, non-restricted donations, rent, 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) Inventories:

Inventories held for resale in the bookstore is measured at the lower of cost, determined on a first-in, first-out basis, and net realizable value.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2012

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%
Library acquisitions	10%
Mobile instructional equipment	10%
Automotive	25%
Classroom furniture	20%
Office equipment	25%
Office furniture	20%
Computers	33 1/3%
Software	50%
Leasehold improvements	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:

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, 2012

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 financial activity;
- 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 12.

(i) Pension plan:

The Institute is a member of multi-employer pension plans and applies defined contribution plan accounting.

(j) Future accounting framework:

Effective April 1, 2012, the Institute will transition to a new accounting framework which will include Public Sector Accounting Standards ("PSAB") supplemented by directives from the Government of British Columbia's Treasury Board. The transition to the new accounting framework will be applied on a retrospective basis. The Institute is reviewing the impact of these changes on the financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2012

2. Inventories:

	2012	2011
Merritt campus	\$ 61,651	\$ 63,942
Vancouver campus	18,787	8,420
	<u>\$ 80,438</u>	<u>\$ 72,362</u>

Inventories expensed in cost of sales during the year were \$254,862 (2011 - \$298,849).

3. 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 \$230,074 (2011 - \$199,656) in the 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 amount.

	2012	2011
Operating:		
Guaranteed investment certificates at interest rates ranging from 1.50% to 2.03%	\$ 2,550,000	\$ 2,524,610
Less short-term investments	350,000	2,524,610
	<u>2,200,000</u>	<u>-</u>
Endowments:		
Guaranteed investment certificates at interest rates ranging from 0.80% to 4.25%	230,074	199,656
Capital:		
Guaranteed investment certificate at interest rate of 1.55%	1,868,345	1,863,544
	<u>\$ 4,298,419</u>	<u>\$ 2,063,200</u>

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2012

4. Capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 432,000	\$ -	\$ 432,000	\$ 432,000
Building	17,563,575	2,924,392	14,639,183	15,078,272
Site improvements	381,726	306,509	75,217	112,937
Library acquisitions	389,789	147,943	241,846	280,825
Mobile instructional equipment	1,149,050	346,070	802,980	918,575
Automotive	86,434	40,081	46,353	23,163
Classroom furniture	6,472	6,472	-	-
Artwork	9,363	-	9,363	9,363
Office equipment	1,102,520	879,441	223,079	423,879
Office furniture	41,827	34,682	7,145	11,093
Computers	255,620	240,935	14,685	40,032
Software	122,642	110,339	12,303	41,676
Leasehold improvements	14,683	9,177	5,506	12,848
	\$ 21,555,701	\$ 5,046,041	\$ 16,509,660	\$ 17,384,663

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is accrued holiday pay of \$225,279 (2011 - \$201,837).

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, 2012

6. Deferred capital contributions:

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

	2012	2011
Balance, beginning of year	\$ 14,102,128	\$ 14,478,418
Contributions received	15,859	255,478
Amounts amortized to revenue	(626,031)	(631,768)
	<u>\$ 13,491,956</u>	<u>\$ 14,102,128</u>

7. Long-term debt:

	2012	2011
BC Immigrant Investment Fund term loan, repayable in quarterly installments of \$52,636, including interest at 4.9%, unsecured, due September 2017	\$ 3,086,197	\$ 3,150,623
Less current portion	(67,491)	(64,427)
	<u>\$ 3,018,706</u>	<u>\$ 3,086,196</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.

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

2013	\$	67,491
2014		70,700
2015		74,063
2016		77,585
2017		81,274
Thereafter		2,715,084

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2012

8. Special designation fund:

	Endowment equity	Other	2012	2011
Balance, beginning of year	\$ 321,986	\$ 514,395	\$ 836,381	\$ 786,973
Add:				
Donations received (refunded)	(11,000)	9,550	(1,450)	39,018
Interest	6,541	-	6,541	6,503
Grants from the Province of British Columbia	-	547,588	547,588	694,045
Other	-	12,693	12,693	9,143
Transfers from other funds	-	3,005	3,005	15,800
	(4,459)	572,836	568,377	764,509
Deduct:				
Administration costs and workshops	-	(497,186)	(497,186)	(660,824)
Scholarships and bursaries	(19,225)	(47,354)	(66,579)	(43,556)
	(19,225)	(544,540)	(563,765)	(704,380)
Transfer to other funds	-	(25,380)	(25,380)	(10,721)
Balance, end of year	\$ 298,302	\$ 517,311	\$ 815,613	\$ 836,381

9. Commitments:

The Institute is committed under operating leases for premises, vehicles, office equipment and maintenance contracts extending for various periods to the 2017 fiscal year. Estimated future minimum annual lease payments required over the next five years to maturity are as follows:

2013	\$ 217,728
2014	42,605
2015	9,424
2016	2,870
2017	374
	\$ 273,001

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2012

10. Contingencies:

Pension liability:

The Institute 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 plans 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 13,000 active members from college senior administration and instructional staff and approximately 5,000 retired members. The Municipal Pension Plan has about 173,000 active members, with approximately 5,600 from colleges.

Every three years an actuarial valuation is performed to assess the financial position of the plans and the adequacy of the plans' funding. The most recent valuation for the College Pension Plan as at August 31, 2009 indicated an unfunded liability of \$28 million for basic pension benefits. The next valuation will be as at August 31, 2012 with results available in 2013. The most recent valuation for the Municipal Pension Plan as at December 31, 2009 indicated an unfunded liability of \$1.024 billion for basic pension benefits. The next valuation will be as at December 31, 2012 with results available in 2013. The actuary does not attribute portions of the unfunded liability to individual employers.

The Institute paid \$415,705 (2011 - \$411,336) for employer contributions to the plan in fiscal 2012.

11. Interfund transfers:

During the year, \$252,973 was transferred from the Operating fund to the Capital fund for cash outlays for interest on long term debt of \$145,882 and to fund capital purchases and premise costs of \$107,091. During the year, \$3,005 was transferred from the Operating fund to the Special Designation fund and \$25,380 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, 2012

12. 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 and 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 bears interest at a rate similar to market rates.

(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 3, and its long-term debt, which bears interest at fixed rates as disclosed in note 7.

(c) Credit risk:

Credit risk is the risk that a counterparty may default on its contractual obligations resulting in a financial loss. Unless otherwise disclosed in these financial statements, the Institute is not subject to significant credit risk associated with its financial instruments. The maximum credit risk for the Institute's financial assets is the carrying value of the assets.

13. 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 expenses 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, 2012, with comparative figures for 2011

	Operating Fund			2012	2011
	General	Community Education	Continuing Studies		
Revenue:					
Grants from the Province of British Columbia	\$ 7,842,627	\$ -	\$ -	\$ 7,842,627	\$ 7,564,823
Contract services	-	851,485	-	851,485	788,774
Tuition fees	654,430	-	39,045	693,475	517,930
ITA funding	255,000	-	-	255,000	255,000
Other income	173,900	-	-	173,900	214,230
Federal Government grants	1,333	-	-	1,333	1,333
	8,927,290	851,485	39,045	9,817,820	9,342,090
Expenses:					
Contract instruction	70,903	562,536	26,745	660,184	617,118
Equipment maintenance	27,948	51,522	-	79,470	14,496
Interest and bank charges	9,721	-	-	9,721	8,152
Memberships	56,604	-	-	56,604	48,934
Premises costs	492,623	-	-	492,623	522,020
Supplies	137,579	98,960	574	237,113	298,121
Telephone	55,848	-	-	55,848	56,934
Travel	248,578	191,753	-	440,331	342,720
Wages and benefits	5,501,469	284,297	-	5,785,766	5,631,450
Bad debts	9,031	-	-	9,031	6,613
Contract arrangements	148,099	-	-	148,099	104,167
Honoraria	67,509	21	-	67,530	69,733
Library resources	40,082	-	-	40,082	37,994
Meetings	11,742	-	-	11,742	16,538
Professional fees	563,304	8,808	-	572,112	408,431
Program development	24,408	4,800	-	29,208	-
Promotion and recruiting	365,757	-	36	365,793	312,014
Staff development	75,617	-	-	75,617	47,728
Subsidies and awards	59,099	4,519	-	63,618	39,336
Vehicle operation	45,096	-	-	45,096	34,947
	8,011,017	1,207,216	27,355	9,245,588	8,617,446
Excess (deficiency) of revenue over expenses	916,273	(355,731)	11,690	572,232	724,644
Net assets (deficit), beginning of year	374,623	(107,698)	46,598	313,523	403,967
Transfers (note 11)	(515,314)	284,716	-	(230,598)	(815,088)
Net assets (deficit), end of year	\$ 775,582	\$ (178,713)	\$ 58,288	\$ 655,157	\$ 313,523