

**THE BRITISH COLUMBIA COUNCIL FOR  
INTERNATIONAL EDUCATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**

# STEELE & CO.\*

CHARTERED ACCOUNTANTS

\*Representing incorporated professionals

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## INDEPENDENT AUDITOR'S REPORT

### To the Members of The British Columbia Council for International Education

We have audited the statement of financial position of The British Columbia Council for International Education ("the Council") as at March 31, 2013 and the statements of operations, changes in net financial assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards and the requirements of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia 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 audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 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 Council as at March 31, 2013 and the results of its operations, net financial assets and cash flows for the year in accordance with Canadian public sector accounting standards and Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

#### *Report on Other Legal and Regulatory Requirements*

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied, after giving retrospective application to the adoption of deferred contributions as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Vancouver, Canada  
May 13, 2013

  
CHARTERED ACCOUNTANTS

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF FINANCIAL POSITION

	<u>NOTE</u>	<u>MARCH 31, 2013</u>	<u>MARCH 31, 2012</u> Restated - Note 10
<b>FINANCIAL ASSETS</b>			
CASH AND CASH EQUIVALENTS	4	\$ 284,164	\$ 250,092
GUARANTEED INVESTMENT CERTIFICATES	5	641,847	367,634
ACCOUNTS RECEIVABLE		40,715	28,369
SALES TAX RECEIVABLE		6,249	3,251
		<u>972,975</u>	<u>649,346</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		75,322	44,894
SALARIES AND ASSESSMENTS PAYABLE		250,940	280,974
DEFERRED REVENUE	8	<u>101,498</u>	<u>61,500</u>
		<u>427,760</u>	<u>387,368</u>
<b>NET FINANCIAL ASSETS</b>		<u>545,215</u>	<u>261,978</u>
<b>NON-FINANCIAL ASSETS</b>			
TANGIBLE CAPITAL ASSETS	9	87,820	104,010
PREPAID EXPENSES		<u>67,934</u>	<u>25,685</u>
		<u>155,754</u>	<u>129,695</u>
<b>ACCUMULATED SURPLUS</b>	10	<u>\$ 700,969</u>	<u>\$ 391,673</u>
GOING CONCERN CONSIDERATIONS	2		
COMMITMENTS	6 & 7		

APPROVED ON BEHALF OF THE BOARD



Dr. Randal Martin



Robin Ciceri

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF OPERATIONS

	<u>2013 BUDGET</u> (Note 14)	<u>YEAR ENDED MARCH 31,</u>	
		<u>2013</u>	<u>2012</u>
			Restated - Note 10
<b>REVENUES</b>			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	\$ 407,500	\$ 376,931	\$ 376,200
GOVERNMENT GRANTS (SCHEDULE)	1,250,000	1,300,000	1,250,000
ADMINISTRATION AND OPERATING CONTRACTS (SCHEDULE)	160,000	237,361	186,690
OTHER (SCHEDULE)	8,000	20,035	1,764
	<u>1,825,500</u>	<u>1,934,327</u>	<u>1,814,654</u>
<b>EXPENSES</b>			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	407,500	275,707	341,886
ADMINISTRATION AND OPERATING CONTRACTS (SCHEDULE)	1,418,000	1,349,324	1,581,242
	<u>1,825,500</u>	<u>1,625,031</u>	<u>1,923,128</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	<u>\$ -</u>	309,296	(108,474)
ACCUMULATED SURPLUS AT BEGINNING OF THE YEAR		<u>391,673</u>	<u>500,147</u>
<b>ACCUMULATED SURPLUS AT END OF THE YEAR</b>		<u>\$ 700,969</u>	<u>\$ 391,673</u>

*The accompanying notes and supplementary schedules are an integral part of these financial statements.*

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	<u>2013 BUDGET</u> (Note 14)	<u>YEAR ENDED MARCH 31,</u>	
		<u>2013</u>	<u>2012</u> Restated - Note 10
ANNUAL SURPLUS (DEFICIT)	\$ -	\$ 309,297	\$ (108,474)
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(13,191)	(39,309)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	24,885	29,381	48,743
USE OF PREPAID EXPENSES	<u>(24,885)</u>	<u>(42,250)</u>	<u>48,726</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	<u>\$ -</u>	283,237	(50,314)
NET FINANCIAL ASSETS BEGINNING OF THE YEAR		<u>261,978</u>	<u>312,292</u>
<b>NET FINANCIAL ASSETS END OF THE YEAR</b>		<u>\$ 545,215</u>	<u>\$ 261,978</u>

*The accompanying notes and supplementary schedules are an integral part of these financial statements.*

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF CASH FLOWS

	<b>YEAR ENDED MARCH 31,</b>	
	<b>2013</b>	<b>2012</b>
		Restated - Note 10
<b>OPERATING TRANSACTIONS</b>		
CASH RECEIVED FROM		
EQA	\$ 357,231	\$ 397,350
GOVERNMENT GRANTS	1,339,998	994,900
OPERATING/CONTRACTS	146,919	112,173
OTHER INVESTMENT INCOME	17,519	1,764
SUMMER EVENTS	105,373	33,231
	<u>1,967,040</u>	<u>1,539,418</u>
CASH PAID FOR		
ADVERTISING	629	-
DATABASE AND EQUIPMENT MAINTENANCE	5,361	48,538
EQA	267,928	340,825
EVENT FEES	97,076	6,826
SALES TAX (RECOVERABLE)	(561)	(33,599)
INSURANCE	3,597	2,313
LEADERSHIP AND ORGANIZATION	5,302	-
MARKETING	135,302	144,841
OFFICE COMMUNICATIONS	50,195	51,517
OFFICE SUPPLIES AND MISCELLANEOUS	22,691	28,562
PROFESSIONAL AND CONSULTING FEES	54,686	192,591
RENT AND FACILITIES	79,267	85,600
SALARIES AND BENEFITS	837,666	667,596
TRAVEL AND HOSPITALITY	86,425	111,134
	<u>1,645,564</u>	<u>1,646,744</u>
CASH PROVIDED BY (APPLIED TO)		
OPERATING TRANSACTIONS	<u>321,476</u>	<u>(107,326)</u>
<b>CAPITAL TRANSACTIONS</b>		
CASH USED TO ACQUIRE TANGIBLE CAPITAL ASSETS	<u>(13,191)</u>	<u>(39,309)</u>
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(13,191)</u>	<u>(39,309)</u>
<b>INVESTING TRANSACTIONS</b>		
GUARANTEED INVESTMENT CERTIFICATES	<u>(274,213)</u>	<u>(307,179)</u>
CASH APPLIED TO INVESTING TRANSACTIONS	<u>(274,213)</u>	<u>(307,179)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	34,072	(453,814)
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>250,092</u>	<u>703,906</u>
<b>CASH AND CASH EQUIVALENTS END OF THE YEAR</b>	<u>\$ 284,164</u>	<u>\$ 250,092</u>

*The accompanying notes and supplementary schedules are an integral part of these financial statements.*

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 1. NATURE OF OPERATIONS

The British Columbia Council for International Education ("the Council") is an educational marketing institution incorporated in 1991 under the Society's Act of British Columbia. On January 23, 2009, the Council changed its name from the British Columbia Centre for International Education to the British Columbia Council for International Education, amended its Constitution and replaced its By-Laws in their entirety. At the same time, its mandate was expanded to include overseas missions, new internal and external programs, marketing and communication portfolios and to administer government sponsored initiatives, such as the Education Quality Assurance Program ("EQA"). The Council receives funding for its programs through the Ministry of Advanced Education or other government funded agencies. Previously, the council was funded by internal programs and membership dues. In 2012, the mandate and mission of the Council was further changed and scaled back to focus on the core areas of planning and logistics of international events, marketing British Columbia in the international markets and administering the EQA program.

The Council reports to the Legislative Assembly through the Ministry of Advanced Education and is considered a Government Reporting Entity ("GRE"). The Council has no issued shares.

The Council is exempt from income taxes under the Income Tax Act.

### 2. GOING CONCERN CONSIDERATIONS

These financial statements have been prepared on the assumption that the Council is a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Council is not expected to continue in operation for the foreseeable future. The Council is economically dependent on government support to fund its programs and activities. The Council's continuation as a going concern is dependent upon its ability to receive future government funding sufficient to meet current and future obligations.

As at March 31, 2013, the Council had net financial assets of \$545,215 (2012 - \$261,978).

The Council has Provincial government grant commitments of \$1,300,000 to fund its fiscal 2014 operations and \$200,000 for the EQA program and received funding of \$1,300,000 and \$200,000 respectively to fund its fiscal 2013 operations and the EQA program.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Accounting

These financial statements are prepared by management in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. This Section requires that financial statements be prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS") modified by B.C. Regulation 198/2011, "Restricted Contributions Regulation". This regulation requires organizations to account for restricted contributions received as deferred contributions and recognize them in revenue as the related expenditures occur or, in the case of restricted contributions for the purchase of tangible capital assets, as amortization expense is recorded for the related asset. There is no significant conflict in the accounting results under the Restricted Contributions Regulation and Sections PS 3100 or PS 3410 on the Council's financial statements.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

#### c. Guaranteed Investment Certificates

Guaranteed investment certificates are interest bearing and generally have a maturity date of one year or less.

#### d. Employee Future Benefits

- i. The employees of the Council belong to the Municipal Pension Plan which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

The contribution of the Council to the plan is recorded as an expense for the year.

- ii. The costs of insured benefits reflected in these financial statements are the Council's portion of the insurance premiums owed for coverage of employees during the period.

#### e. Tangible Capital Assets Including Capital Leases

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The Council does not have any capital leases.

The cost, less estimated residual value, of the tangible capital assets, excluding land, is amortized on a declining balance basis over their estimated useful lives as follows:

Computer equipment and software	50%-100% declining balance method
Office furniture and equipment	20% declining balance method
Website	30% declining balance method
Leasehold improvements	3 years straight line



# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### e. Tangible Capital Assets Including Capital Leases (Continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Council's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations. No write downs were recorded during the year.

Contributed capital assets are recorded into revenues at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of capital assets from related parties are recorded at carrying value. No contributed capital assets were received during the year.

#### f. Prepaid Expenses

Prepaid expenses include prepaid insurance, rental facilities, and travel and mission expenses and are charged to expense over the periods that are expected to benefit from the expense.

#### g. Funds and Reserves

Certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

#### h. Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be reasonably determined or collection is reasonably assured.

Government transfers are recognized as revenues when the transfer is authorized, any eligibility criteria are met, and reasonable estimates of the amounts can be made. Transfers are recognized as deferred revenue when amounts have been received but not all eligibility criteria or stipulations have been met.

Restricted contributions are deferred and recognized as revenue as the related stipulations in the agreement are met. Such amounts are reported as deferred revenue until the stipulation has been met.

#### i. Foreign Currency Translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions unless hedged by forward contracts that specify the rate of exchange. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at year-end. Adjustments to revenue or expense transactions arising as a result of foreign currency translation are credited or charged to operations at the time the adjustments arise. The Council does not undertake any currency hedges.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### j. Measurement Uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets and related amortization and estimated employee benefits.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed periodically to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

#### k. Financial Instruments

##### *Measurement*

Financial assets originated or acquired, or financial liabilities issued or assumed are initially measured at their fair values. In the case of a financial asset or financial liability not being subsequently measured at fair value, the initial fair value will be adjusted for financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs of financial instruments measured at fair value are expensed.

The Council subsequently measures its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Unrealized gains and losses from changes in fair value are recognized in the statement of remeasurement gains and losses until the respective investment is ultimately disposed of, at which time the cumulative gain or loss is recognized in the statement of operations.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

##### *Impairment*

At the end of each reporting period, the Council assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. When there is an indication of impairment, the Council determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset and, in which case, the carrying amount of the asset is reduced to the highest expected value that is actually recoverable from the asset either by holding that asset, by its sale, or by exercising the right to any collateral (net of cost). The carrying amount of the asset is reduced directly or through the use of an allowance account and the amount of the reduction is recognized as an impairment loss in net income. A write down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### k. Financial Instruments (Continued)

##### *Derecognition*

A financial liability or a part of a financial liability is removed from the statement of financial position when it is extinguished (i.e. - when the obligation is discharged or cancelled, or expires). The difference between the carrying amount of that financial liability extinguished or transferred to another party and the fair value of the consideration paid, including any non-cash assets transferred, liabilities assumed or equity instruments issued, is recognized in net income for the period.

### 4. CASH AND CASH EQUIVALENTS

	<u>2013</u>	<u>2012</u>
Unrestricted cash and demand deposits	<u>\$ 284,164</u>	<u>\$ 250,092</u>

### 5. GUARANTEED INVESTMENT CERTIFICATES

	<u>2013</u>	<u>2012</u>
Guaranteed investment certificates bear interest at rates ranging from 1.30% to 1.55% (weighted average 1.35%), are non-redeemable for twelve months and have maturity dates to February 14, 2014. Of the total, \$35,545 has been pledged as security for the Council's outstanding Visa commitments from time to time.	<u>\$ 641,847</u>	<u>\$ 367,634</u>

### 6. EMPLOYEES' PENSION PLAN AND BENEFITS PLAN

The Council contracts out its employee and payroll services under a fee arrangement currently with Capilano University ("CU"). Under this arrangement, the Council's employees are considered employees of CU. Employee compensation costs invoiced to the Council include employee salaries and related pension and employment benefits as determined by CU. Any funding adjustments are reflected ongoing in the CU's invoices to the Council.

#### a. Retirement Benefits - Pension Plan

The Council and its employees contribute to the Municipal Pension Plan which is a multi-employer plan in accordance with the Public Sector Pension Plan Act. The plan provides defined pension benefits to employees based on their length of service and employee's salary. The contribution rate for eligible employees is 7.8% of the employee's salary until the yearly insurable earnings is reached, increasing to 9.3% thereafter. The Council matches contributions to the plan at the rate of 8.74% and 9.78% respectively of the eligible employee's salary. As the plan is not under the Council's control, no pension liability, other than amounts invoiced, is included in the financial statements. The Council paid \$42,577 (2012 - \$52,760) for employer contributions to the plan for fiscal 2013.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 6. EMPLOYEES' PENSION PLAN AND BENEFITS PLAN (CONTINUED)

#### b. Other Employee Benefits

The Council has entered into an employment contract with its Executive Director ("ED") which provides for administrative leave of one full month of paid compensation for each year of completed service from October 2007, and a severance package of one full year's salary plus benefits should the ED terminate his employment for specified reasons. The contract also provides that the severance package will be fully payable on the termination of employment for any reason after the completion of five full years of service.

Payroll liabilities include a provision for accrued administrative leave of \$79,350 as at March 31, 2013. The estimated payout of the severance entitlement is \$238,050 as at March 31, 2013.

The Council provides for its employees life insurance, disability and health care benefits which are funded by monthly premium payments to independent benefit providers. The benefits cease upon termination of employment with the Council. The Council currently has no long-term commitments with these benefit provisions.

### 7. COMMITMENTS

The Council has entered operating leases for premises and office equipment pursuant to agreements extending to September 2018. Repayments over the remaining terms are due as follows:

<u>YEAR ENDED MARCH 31,</u>	OFFICE		<u>TOTAL</u>
	<u>PREMISES</u>	<u>EQUIPMENT</u>	
2014	\$ 92,050	\$ 11,206	\$ 103,256
2015	92,050	11,206	103,256
2016	93,890	11,206	105,096
2017	94,504	11,206	105,710
2018	23,626	5,603	29,229
	<u>\$ 277,990</u>	<u>\$ 33,618</u>	<u>\$ 311,608</u>

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 8. DEFERRED REVENUE

Deferred revenues represent externally restricted contributions received by the Council for the EQA program or for future general operating expenses.

The following is a summary of externally restricted funds received.

	MARCH 31, 2013		
	<u>EQA</u>	<u>BCCIE</u>	<u>TOTAL</u>
Deferred revenue			
beginning of the year	\$ 61,500	\$ -	\$ 61,500
Net increase in deferred revenue	<u>28,500</u>	<u>11,498</u>	<u>39,998</u>
Deferred revenue			
end of the year	<u>\$ 90,000</u>	<u>\$ 11,498</u>	<u>\$ 101,498</u>
	MARCH 31, 2012		
	Restated - Note 10		
	<u>EQA</u>	<u>BCCIE</u>	<u>TOTAL</u>
Deferred revenue			
beginning of the year	\$ 316,600	\$ -	\$ 316,600
Net revenue recognized in the year	<u>(255,100)</u>	<u>-</u>	<u>(255,100)</u>
Deferred revenue			
end of the year	<u>\$ 61,500</u>	<u>\$ -</u>	<u>\$ 61,500</u>

The Council is the administrator of the EQA program. This is a program that has been implemented in conjunction with the British Columbia Provincial Government ("the Government") and is British Columbia's brand for quality post-secondary education. The EQA is a voluntary mechanism available to all eligible public and private post-secondary institutions in British Columbia. The EQA designation provides for a standard logo that can be recognized as an assurance of quality. Designation is based on an institution having met or exceeded existing quality assurance standards and being in good standing with both the Ministry and the applicable body. The agreement with the Government stipulates that the program is to be self-sustaining by 2014.

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**9. TANGIBLE CAPITAL ASSETS**

<u>MARCH 31, 2013</u>	<u>WEBSITE</u>	<u>FURNITURE AND EQUIPMENT</u>	<u>COMPUTER HARDWARE AND SOFTWARE</u>	<u>LEASEHOLD IMPROVEMENTS</u>	<u>TOTAL</u>
<b>Cost</b>					
Opening balance	\$ 91,511	\$ 75,625	\$ 60,672	\$ 44,683	\$ 272,491
Additions	-	1,079	-	12,112	13,191
Closing balance	<u>91,511</u>	<u>76,704</u>	<u>60,672</u>	<u>56,795</u>	<u>285,682</u>
<b>Accumulated amortization</b>					
Opening balance	35,980	29,717	58,101	44,683	168,481
Amortization	16,659	9,289	1,414	2,019	29,381
Closing balance	<u>52,639</u>	<u>39,006</u>	<u>59,515</u>	<u>46,702</u>	<u>197,862</u>
Net book value	<u>\$ 38,872</u>	<u>\$ 37,698</u>	<u>\$ 1,157</u>	<u>\$ 10,093</u>	<u>\$ 87,820</u>

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**9. TANGIBLE CAPITAL ASSETS (CONTINUED)**

<u>MARCH 31, 2012</u>	<u>WEBSITE</u>	<u>FURNITURE AND EQUIPMENT</u>	<u>COMPUTER HARDWARE AND SOFTWARE</u>	<u>LEASEHOLD IMPROVEMENTS</u>	<u>TOTAL</u>
Cost					
Opening balance	\$ 55,037	\$ 75,625	\$ 57,838	\$ 44,683	\$ 233,183
Additions	36,474	-	2,834	-	39,308
Closing balance	<u>91,511</u>	<u>75,625</u>	<u>60,672</u>	<u>44,683</u>	<u>272,491</u>
Accumulated amortization					
Opening balance	19,997	18,240	51,713	29,788	119,738
Amortization	15,983	11,477	6,388	14,895	48,743
Closing balance	<u>35,980</u>	<u>29,717</u>	<u>58,101</u>	<u>44,683</u>	<u>168,481</u>
Net book value	<u>\$ 55,531</u>	<u>\$ 45,908</u>	<u>\$ 2,571</u>	<u>\$ -</u>	<u>\$ 104,010</u>

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 10. COMPARATIVE FIGURES

The comparative figures as at March 31, 2012 have been restated to reflect the retroactive adoption of accounting for externally restricted contributions as deferred referred revenue (Note 3 (a)), and recognize them in revenues as the related expenditures are incurred or service provided. The impact of this change on the accumulated surplus of the Council is summarized in Note 11 to the financial statements.

### 11. ACCUMULATED SURPLUS

	MARCH 31,	
	2013	2012
		Restated - Note 10
Accumulated surplus beginning of the year as originally reported	\$ 391,673	\$ 566,747
Adjustments for restricted contributions	-	(66,600)
Accumulated surplus beginning of the year as restated	<u>391,673</u>	<u>500,147</u>
Annual surplus (deficit) for the year as originally reported	309,296	(113,574)
Adjustments for restricted contributions for the year	-	5,100
Annual surplus (deficit) for the year as restated	<u>309,296</u>	<u>(108,474)</u>
Accumulated surplus end of the year	<u>\$ 700,969</u>	<u>\$ 391,673</u>

As at March 31, 2013 and 2012 there were no restrictions against the Council's accumulated surplus.

### 12. RELATED PARTY TRANSACTIONS

The Council had the following transactions with the Government and other government controlled organizations:

	YEAR ENDED MARCH 31,	
	2013	2012
Grants from the Province		
BCCIE	\$ 1,300,000	\$ 1,250,000
EQA	200,000	250,000
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</u>

The Council had entered into a management contract with a company controlled by its former chief executive officer. The contract provided for a guaranteed remuneration of \$200,000 per calendar year and the reimbursement of expenses at the Group 3 rate. Fees paid during fiscal 2013 aggregated \$Nil (2012 - \$31,920). The chief executive officer waived his entitlement to the balance of fees for 2013 and 2012. The chief executive officer retired December 31, 2011 at which time the contract was terminated. These transactions are considered to be in the normal course of business and are measured at their exchange amounts, being the amounts agreed to by the parties.



# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 13. EXPENSES BY OBJECT

The following is a summary of expenses by object:

<u>EXPENSES</u>	YEAR ENDED MARCH 31,	
	<u>2013</u>	<u>2012</u>
Advertising	\$ 740	\$ -
Amortization	29,382	48,743
Database and equipment maintenance	37,010	25,032
Event fees	58,764	51,309
Insurance	4,233	2,949
Leadership and organization	6,238	-
Marketing	153,133	179,809
Office communications	55,876	57,027
Office supplies and miscellaneous	24,179	43,865
Professional and consulting fees	66,168	192,023
Rent and facilities	92,345	101,444
Salaries and benefits	971,275	1,094,830
Travel and hospitality	125,688	126,097
	<u>\$ 1,625,031</u>	<u>\$ 1,923,128</u>

### 14. BUDGETED FIGURES

The budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors.

### 15. FINANCIAL RISK MANAGEMENT

#### Risks and Concentrations

The Council is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Council's risk exposure at March 31, 2013.

#### a. Liquidity Risk

Liquidity risk arises if the Council is unable to meet its obligations associated with financial liabilities. The Council is exposed to this risk mainly in respect to its accounts payable. The Council mitigates this risk by preparing and monitoring operating budgets that are used to assist with the planning of cash flows to meet its obligations as they come due.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

### 15. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### b. Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge its obligation.

Cash and cash equivalents, guaranteed investment certificates and accounts receivable are exposed to credit risk due to the potential for counterparties to default on their contractual obligations. The maximum potential loss on these financial instruments equals their carrying value.

The Council mitigates its credit risk exposure by maintaining its cash in major Canadian chartered banks. Accounts receivable are owed from various entities and there is no concentration of risk associated with any particular customer. As at March 31, 2013 there were no overdue account receivable balances.

#### c. Market Risk

Market risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Council is mainly exposed to interest rate risk and other price risk.

##### i. *Currency risk*

Currency risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council is not exposed to any currency risk and does not maintain any foreign denominated financial currencies.

##### ii. *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of changes in market interest rates. The Council is exposed to interest rate risk on its guaranteed investment certificates ("GICs"), which bear interest at fixed rates which could expose the Council to interest rate price risk. Fluctuations in market interest rates could affect the fair value of these financial instruments.

##### iii. *Other price risk*

Other price risk is the risk that the fair market value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument traded in the market.

The Council is not exposed to other price risk.

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES

PROGRAMS

	EDUCATION QUALITY ASSURANCE		ADMINISTRATION AND OPERATING CONTRACTS	
	YEAR ENDED MARCH 31, 2013	2012 Restated - Note 10	YEAR ENDED MARCH 31, 2013	2012 Restated Note 10
<b>REVENUE</b>				
FEES - PRIVATE INSTITUTIONS	\$ 135,575	\$ 126,200	\$ -	\$ -
GRANTS	200,000	250,000	1,300,000	1,250,000
OPERATING	-	-	237,361	186,690
OTHER	41,356	-	20,036	1,764
	<u>376,931</u>	<u>376,200</u>	<u>1,557,397</u>	<u>1,438,454</u>
<b>EXPENSES</b>				
ADVERTISING	111	-	629	-
AMORTIZATION	-	-	29,382	48,743
DATABASE AND EQUIPMENT MAINTENANCE	16,072	25,684	20,938	(652)
EVENT FEES	9,114	-	49,650	51,309
INSURANCE	636	639	3,597	2,313
LEADERSHIP AND ORGANIZATION	936	-	5,302	-
MARKETING	22,970	21,798	130,163	158,012
OFFICE COMMUNICATIONS	10,727	10,388	45,149	46,639
OFFICE SUPPLIES AND MISCELLANEOUS	5,892	2,750	18,287	41,111
PROFESSIONAL AND CONSULTING FEES	8,726	16,111	57,442	175,912
RENT AND FACILITIES	13,852	15,070	78,493	86,374
SALARIES AND BENEFITS	167,755	229,518	803,520	865,312
TRAVEL AND HOSPITALITY	18,916	19,928	106,772	106,169
	<u>275,707</u>	<u>341,886</u>	<u>1,349,324</u>	<u>1,581,242</u>
<b>NET INCOME</b>	<u>\$ 101,224</u>	<u>\$ 34,314</u>	<u>\$ 208,073</u>	<u>\$ (142,788)</u>