

**THE BRITISH COLUMBIA COUNCIL FOR  
INTERNATIONAL EDUCATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2015**

# 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, 2015 and the statements of operations, change in net financial assets, and cash flows for the year ended March 31, 2015, 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 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 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 Council as at March 31, 2015 and the results of its operations, changes in net financial assets and cash flows for the year in accordance with Canadian public sector accounting standards.

#### *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 on a basis consistent with that of the preceding year.

Vancouver, Canada  
May 14, 2015

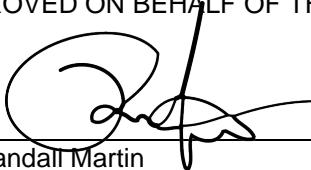
  
CHARTERED ACCOUNTANTS

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF FINANCIAL POSITION

		MARCH 31,	
	NOTE	2015	2014
<b>FINANCIAL ASSETS</b>			
CASH AND CASH EQUIVALENTS	4	\$ 55,192	\$ 112,760
GUARANTEED INVESTMENT CERTIFICATES	5	841,682	816,540
ACCOUNTS RECEIVABLE		8,418	34,079
SALES TAX RECEIVABLE		2,835	2,800
		<u>908,127</u>	<u>966,179</u>
<b>LIABILITIES</b>			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		33,474	56,254
SALARIES AND ASSESSMENTS PAYABLE		95,664	93,799
EMPLOYEE FUTURE BENEFITS	6	99,188	85,962
DEFERRED REVENUE	8	76,500	161,200
		<u>304,826</u>	<u>397,215</u>
<b>NET FINANCIAL ASSETS</b>		<u>603,301</u>	<u>568,964</u>
<b>NON-FINANCIAL ASSETS</b>			
TANGIBLE CAPITAL ASSETS	9	72,448	70,001
PREPAID EXPENSES		77,532	100,114
		<u>149,980</u>	<u>170,115</u>
<b>ACCUMULATED SURPLUS</b>		<u>\$ 753,281</u>	<u>\$ 739,079</u>
GOING CONCERN CONSIDERATIONS	2		
CONTRACTUAL OBLIGATIONS	6 & 7		

APPROVED ON BEHALF OF THE BOARD

  
 \_\_\_\_\_  
 Dr. Randall Martin

  
 \_\_\_\_\_  
 Jim Hamilton

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

STATEMENT OF OPERATIONS

	<u>2015 BUDGET</u> (NOTE 12)	<u>YEAR ENDED MARCH 31,</u>	
		<u>2015</u>	<u>2014</u>
<b>REVENUES</b>			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	\$ 365,000	\$ 333,314	\$ 354,385
GOVERNMENT GRANTS (SCHEDULE)	1,300,000	1,450,000	1,345,000
ADMINISTRATION AND OPERATING			
CONTRACTS (SCHEDULE)	237,905	206,700	197,710
OTHER (SCHEDULE)	8,000	15,900	11,999
	<u>1,910,905</u>	<u>2,005,914</u>	<u>1,909,094</u>
<b>EXPENSES</b>			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	215,967	117,590	222,511
ADMINISTRATION AND OPERATING			
CONTRACTS (SCHEDULE)	1,694,938	1,874,122	1,648,473
	<u>1,910,905</u>	<u>1,991,712</u>	<u>1,870,984</u>
<b>ANNUAL OPERATING SURPLUS</b>	<u>\$ -</u>	14,202	38,110
ACCUMULATED SURPLUS			
BEGINNING OF THE YEAR		<u>739,079</u>	<u>700,969</u>
<b>ACCUMULATED SURPLUS</b>			
<b>END OF THE YEAR</b>		<u>\$ 753,281</u>	<u>\$ 739,079</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>2015 BUDGET</u> (NOTE 12)	<u>YEAR ENDED MARCH 31,</u> <u>2015</u> <u>2014</u>	
ANNUAL OPERATING SURPLUS	\$ -	\$ 14,202	\$ 38,110
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(34,296)	(9,236)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	26,295	31,849	27,055
ACQUISITION OF PREPAID EXPENSES	-	(77,532)	(100,114)
USE OF PREPAID EXPENSES	<u>(26,295)</u>	<u>100,114</u>	<u>67,934</u>
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<u>\$ -</u>	34,337	23,749
NET FINANCIAL ASSETS BEGINNING OF THE YEAR		<u>568,964</u>	<u>545,215</u>
<b>NET FINANCIAL ASSETS END OF THE YEAR</b>		<u>\$ 603,301</u>	<u>\$ 568,964</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>2015</b>	<b>2014</b>
<b>OPERATING TRANSACTIONS</b>		
CASH RECEIVED FROM		
EQA	\$ 270,014	\$ 412,388
GOVERNMENT GRANTS	1,450,000	1,345,000
OPERATING/CONTRACTS	12,425	52,991
OTHER INVESTMENT INCOME	15,900	11,998
SUMMER EVENTS	192,540	157,060
	<u>1,940,879</u>	<u>1,979,437</u>
CASH PAID FOR		
EQA	121,923	240,942
EQUIPMENT RENTAL	21,833	17,525
EVENT FEES	117,421	82,953
HOSPITALITY	143,389	119,039
INFORMATION TECHNOLOGY AND WEBSITES	131,809	159,235
INSURANCE	3,932	3,599
LEADERSHIP AND ORGANIZATION	15,302	36,034
MARKETING	17,196	9,460
OFFICE COMMUNICATIONS	39,090	33,148
OFFICE SUPPLIES AND MISCELLANEOUS	21,755	28,412
PROFESSIONAL AND CONSULTING FEES	91,623	83,678
RENT AND FACILITIES	145,660	121,415
SALARIES AND BENEFITS	880,549	827,404
SALES TAXES (RECOVERABLE)	(433)	929
SUBSIDIES (RECOVERABLE)	(3,200)	16,200
TELECOMMUNICATIONS	16,858	13,396
TRAVEL	174,302	173,543
	<u>1,939,009</u>	<u>1,966,912</u>
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>1,870</u>	<u>12,525</u>
<b>CAPITAL TRANSACTIONS</b>		
CASH USED TO ACQUIRE TANGIBLE CAPITAL ASSETS	<u>(34,296)</u>	<u>(9,236)</u>
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(34,296)</u>	<u>(9,236)</u>
<b>INVESTING TRANSACTIONS</b>		
GUARANTEED INVESTMENT CERTIFICATES	<u>(25,142)</u>	<u>(174,693)</u>
CASH APPLIED TO INVESTING TRANSACTIONS	<u>(25,142)</u>	<u>(174,693)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(57,568)</b>	<b>(171,404)</b>
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>112,760</u>	<u>284,164</u>
<b>CASH AND CASH EQUIVALENTS END OF THE YEAR</b>	<u><u>\$ 55,192</u></u>	<u><u>\$ 112,760</u></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, 2015

### 1. NATURE OF OPERATIONS

The British Columbia Council for International Education is an educational marketing institution incorporated in 1991 under the Society Act (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 for the Province of British Columbia ("the Ministry") and other government funded agencies. Previously, the Council was funded by internal programs and membership dues. In 2012, the mandate and mission of the Council were 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 and is considered a Government Reporting Entity. 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, 2015, the Council had net financial assets of \$603,301 (2014 - \$568,964).

The Council has the Ministry's grant commitment of \$1,500,000 to fund its fiscal 2016 operations, and received funding of \$1,360,000 and \$140,000 respectively to fund its fiscal 2015 operations and the EQA program.

Subsequent to the year end, the Council was notified by the Government that it required the Council's assistance in administering the EQA program during the transition process to the Government. The Council has been granted the right to retain the EQA fees received from April 1, 2015 to March 31, 2016.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 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 ("GIC's") 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 the 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, 2015

### 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 is 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 as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, and 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, which include prepaid insurance, facility rentals, travel and mission expenses, are charged to operations over the periods that are expected to benefit from the expense.

#### g. 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.

Contributions from other sources are deferred and recognized as revenue as the related stipulations in the agreement are met. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable and are presented as non-financial assets in the statement of financial position.

Revenue related to fees or services received in advance of the fee being earned or service performed is deferred and recognized when the fee is earned or service performed.

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

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

#### h. 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.

#### i. 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 re-measurement 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, GIC's, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

The Council has not presented a statement of re-measurement gains or losses as it has no reportable transactions for its fiscal years ending March 31, 2015 and 2014.

##### *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.

##### *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.

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

**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.

**4. CASH AND CASH EQUIVALENTS**

	<u>2015</u>	<u>2014</u>
Unrestricted cash and demand deposits	<u>\$ 55,192</u>	<u>\$ 112,760</u>

**5. GUARANTEED INVESTMENT CERTIFICATES**

	<u>2015</u>	<u>2014</u>
GIC's bear interest at rates ranging from 1.30% to 1.55% (weighted average 1.23%), are non-redeemable for twelve months and have maturity dates to January 2, 2016. Of the total, \$55,787 has been pledged as security for the Council's outstanding Visa commitments from time to time.	<u>\$ 841,682</u>	<u>\$ 816,540</u>

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 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 8.5% of the employee's salaries until the yearly insurable earnings are reached, increasing to 10.0% thereafter. The Council matches contributions to the plan at the rate of 9.61% 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 \$64,070 (2014 - \$69,206) for employer contributions to the plan for fiscal 2015. The contribution rates are subject to change as determined by the plan administrators.

#### b. Other Employee Benefits

In fiscal 2011, the Council 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 \$99,188 (2014 - \$85,962) as at March 31, 2015. The estimated payout of the severance entitlement is \$257,888 (2014 - \$244,662) as at March 31, 2015.

The Council provides for its employees life insurance and 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.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 7. CONTRACTUAL OBLIGATIONS

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

<u>YEAR ENDED MARCH 31,</u>	<u>PREMISES</u>	<u>OFFICE EQUIPMENT</u>	<u>TOTAL</u>
2016	\$ 93,890	\$ 10,106	\$ 103,996
2017	94,504	10,106	104,610
2018	94,504	10,106	104,610
	<u>23,626</u>	<u>5,053</u>	<u>28,679</u>
	<u>\$ 282,898</u>	<u>\$ 30,318</u>	<u>\$ 313,216</u>

### 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.

	<u>MARCH 31, 2015</u>		
	<u>EQA</u>	<u>BCCIE</u>	<u>TOTAL</u>
Deferred revenue beginning of the year	\$ 159,000	\$ 2,200	\$ 161,200
Net decrease in deferred revenue	<u>(82,500)</u>	<u>(2,200)</u>	<u>(84,700)</u>
Deferred revenue end of the year	<u>\$ 76,500</u>	<u>\$ -</u>	<u>\$ 76,500</u>
	<u>MARCH 31, 2014</u>		
	<u>EQA</u>	<u>BCCIE</u>	<u>TOTAL</u>
Deferred revenue beginning of the year	\$ 90,000	\$ 11,497	\$ 101,497
Net increase (decrease) in deferred revenue	<u>69,000</u>	<u>(9,297)</u>	<u>59,703</u>
Deferred revenue end of the year	<u>\$ 159,000</u>	<u>\$ 2,200</u>	<u>\$ 161,200</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 stipulated that the program was to be self-sustaining by 2014. The Council was notified that effective October 1, 2014, it will no longer be the administrator of the program, and was requested by the Government to continue administering the program until it has been transferred to the Government's control.

**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

**9. TANGIBLE CAPITAL ASSETS**

	<u>WEBSITE</u>	<u>OFFICE FURNITURE AND EQUIPMENT</u>	<u>COMPUTER EQUIPMENT AND SOFTWARE</u>	<u>LEASEHOLD IMPROVEMENTS</u>	<u>TOTAL</u>
<u>MARCH 31, 2015</u>					
Cost					
Opening balance	\$ 91,511	\$ 78,131	\$ 67,379	\$ 57,897	\$ 294,918
Additions	-		29,675	4,621	34,296
Closing balance	<u>91,511</u>	<u>78,131</u>	<u>97,054</u>	<u>62,518</u>	<u>329,214</u>
Accumulated amortization					
Opening balance	64,301	46,689	61,996	51,931	224,917
Amortization	<u>8,163</u>	<u>6,288</u>	<u>11,121</u>	<u>6,277</u>	<u>31,849</u>
Closing balance	<u>72,464</u>	<u>52,977</u>	<u>73,117</u>	<u>58,208</u>	<u>256,766</u>
Net book value	<u>\$ 19,047</u>	<u>\$ 25,154</u>	<u>\$ 23,937</u>	<u>\$ 4,310</u>	<u>\$ 72,448</u>
<u>MARCH 31, 2014</u>					
Cost					
Opening balance	\$ 91,511	\$ 76,704	\$ 60,672	\$ 56,795	\$ 285,682
Additions	-	1,427	6,707	1,102	9,236
Closing balance	<u>91,511</u>	<u>78,131</u>	<u>67,379</u>	<u>57,897</u>	<u>294,918</u>
Accumulated amortization					
Opening balance	52,639	39,007	59,515	46,701	197,862
Amortization	<u>11,662</u>	<u>7,682</u>	<u>2,481</u>	<u>5,230</u>	<u>27,055</u>
Closing balance	<u>64,301</u>	<u>46,689</u>	<u>61,996</u>	<u>51,931</u>	<u>224,917</u>
Net book value	<u>\$ 27,210</u>	<u>\$ 31,442</u>	<u>\$ 5,383</u>	<u>\$ 5,966</u>	<u>\$ 70,001</u>

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 10. RELATED PARTY TRANSACTIONS

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

	YEAR ENDED MARCH 31,	
	2015	2014
Government Grants		
BCCIE	\$ 1,450,000	\$ 1,345,000
EQA	140,000	200,000
	<u>\$ 1,590,000</u>	<u>\$ 1,545,000</u>

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.

### 11. EXPENSES BY OBJECT

The following is a summary of expenses by object:

	YEAR ENDED MARCH 31,	
	2015	2014
AMORTIZATION	\$ 31,849	\$ 27,055
BAD DEBT	-	3,000
BANK CHARGES AND FOREIGN EXCHANGE	3,462	6,115
EQUIPMENT RENTAL	22,054	17,868
EVENT FEES	115,646	75,782
HOSPITALITY	143,322	119,825
INFORMATION TECHNOLOGY AND WEBSITES	177,698	183,826
INSURANCE	4,231	4,244
LEADERSHIP AND ORGANIZATION	14,802	36,184
MARKETING	17,196	-
OFFICE COMMUNICATIONS	39,705	32,876
OFFICE SUPPLIES AND MISCELLANEOUS	17,835	27,987
PROFESSIONAL AND CONSULTING FEES	92,773	82,117
RENT AND FACILITIES	153,154	136,306
SALARIES AND BENEFITS	945,723	939,846
SUBSIDIES	7,000	6,000
TELECOMMUNICATIONS	17,142	15,318
TRANSLATION SERVICES	3,674	480
TRAVEL	184,446	156,155
	<u>\$ 1,991,712</u>	<u>\$ 1,870,984</u>

### 12. BUDGETED FIGURES

The budgeted figures have been provided for comparison purposes and have been derived from the estimates approved by the Board of Directors. The budgeted figures have not been audited.

# THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

### 13. 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, 2015.

#### 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.

#### 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, GIC's, 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, cash equivalents, and GIC's 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, 2015 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.

#### 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 GIC's, 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.



**THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2015

**13. FINANCIAL RISK MANAGEMENT (CONTINUED)**

Risks and Concentrations (Continued)

c. Market Risk (Continued)

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.

**14. COMPARATIVE FIGURES**

Certain of the prior year's comparative figures have been reclassified to agree to the current year's financial statement presentation.

**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, 2015	2014	YEAR ENDED MARCH 31, 2015	2014
<b>REVENUE</b>				
FEES - PRIVATE INSTITUTIONS	\$ 193,100	\$ 152,950	\$ -	\$ -
GRANTS	140,000	200,000	1,450,000	1,345,000
OPERATING	-	-	14,160	37,650
OTHER	214	1,435	15,900	11,999
SUMMER SEMINAR	-	-	192,540	160,060
	<u>333,314</u>	<u>354,385</u>	<u>1,672,600</u>	<u>1,554,709</u>
<b>EXPENSES</b>				
AMORTIZATION	-	-	31,849	27,055
BAD DEBT	-	-	-	3,000
BANK CHARGES AND FOREIGN EXCHANGE	2,797	5,265	666	850
EQUIPMENT RENTAL	321	746	21,733	17,122
EVENT FEES	-	585	115,646	75,197
HOSPITALITY	770	1,027	142,552	118,798
INFORMATION TECHNOLOGY AND WEBSITES	51,432	30,952	126,265	152,874
INSURANCE	299	645	3,932	3,599
LEADERSHIP AND ORGANIZATION	-	150	14,802	36,034
MARKETING	-	-	17,196	-
OFFICE COMMUNICATIONS (RECOVERY)	(79)	-	39,784	32,876
OFFICE SUPPLIES AND MISCELLANEOUS	1,130	2,590	16,705	25,397
PROFESSIONAL AND CONSULTING FEES	1,439	6,153	91,334	75,964
RENT AND FACILITIES	7,510	14,875	145,644	121,431
SALARIES AND BENEFITS	50,083	156,009	895,640	783,837
SUBSIDIES	-	-	7,000	6,000
TELECOMMUNICATIONS	959	1,714	16,184	13,604
TRANSLATION SERVICES	-	-	3,674	480
TRAVEL	929	1,801	183,516	154,354
	<u>117,590</u>	<u>222,512</u>	<u>1,874,122</u>	<u>1,648,472</u>
<b>SURPLUS (DEFICIT) FOR THE YEAR</b>	<u>\$ 215,724</u>	<u>\$ 131,873</u>	<u>\$ (201,522)</u>	<u>\$ (93,763)</u>