

Financial Statements of

**NICOLA VALLEY INSTITUTE
OF TECHNOLOGY**

Year ended March 31, 2011



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INDEPENDENT AUDITORS' REPORT

To the Board of Governors of Nicola Valley Institute of Technology

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, 2011, 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, 2011 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 20, 2011

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Financial Position

Year ended March 31, 2011, with comparative figures for 2010

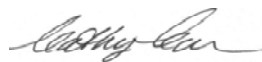
	Operating	Special Designation	Ancillary	Capital	2011	2010
Assets						
Current assets:						
Cash	\$ 957,727	\$ -	\$ 52,871	\$ -	\$ 1,010,598	\$ 2,111,774
Investments (note 3)	2,524,610	-	-	-	2,524,610	2,827,285
Accounts receivable	801,388	6,633	25,038	-	833,059	692,541
Inventories (note 2)	-	-	72,362	-	72,362	74,085
Prepaid expenses and deposits	27,881	-	3,060	-	30,941	35,735
Due from (to) other funds	(2,036,381)	1,062,587	(281,216)	1,255,010	-	-
	2,275,225	1,069,220	(127,885)	1,255,010	4,471,570	5,741,420
Long-term investments (note 3)	-	199,656	-	1,863,544	2,063,200	2,592,923
Capital assets (note 4)	-	-	-	17,384,663	17,384,663	16,558,210
	\$ 2,275,225	\$ 1,268,876	\$ (127,885)	\$ 20,503,217	\$ 23,919,433	\$ 24,892,553
Liabilities and Net Assets						
Current liabilities:						
Accounts payable and accrued liabilities (note 5)	\$ 663,515	\$ 6,721	\$ 21,678	\$ 11,503	\$ 703,417	\$ 1,245,494
Deferred revenue	1,298,187	425,774	12,324	-	1,736,285	1,913,224
Current portion of capital lease obligation	-	-	-	-	-	12,111
Current portion of long-term debt (note 7)	-	-	-	64,427	64,427	61,502
	1,961,702	432,495	34,002	75,930	2,504,129	3,232,331
Deferred capital contributions (note 6)	-	-	-	14,102,128	14,102,128	14,478,418
Long-term debt (note 7)	-	-	-	3,086,196	3,086,196	3,150,623
Net assets (deficiency):						
Unrestricted	313,523	-	(161,887)	-	151,636	283,210
Restricted (note 8)	-	836,381	-	-	836,381	786,973
Invested in capital assets	-	-	-	3,238,963	3,238,963	2,960,998
	313,523	836,381	(161,887)	3,238,963	4,226,980	4,031,181
Commitments (note 9)						
Contingencies (note 10)						
	\$ 2,275,225	\$ 1,268,876	\$ (127,885)	\$ 20,503,217	\$ 23,919,433	\$ 24,892,553

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, 2011, with comparative figures for 2010

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2011	2010
Revenue:						
Grants from the province of British Columbia	\$ 7,564,823	\$ 694,045	\$ -	\$ 27,682	\$ 8,286,550	\$ 8,944,268
Contract services	788,774	-	-	-	788,774	781,458
Amortization of deferred capital contributions	-	-	-	631,768	631,768	594,681
Tuition fees	517,930	-	-	-	517,930	577,843
ITA Funding	255,000	-	-	-	255,000	-
Sales	-	-	381,089	-	381,089	386,345
Other income	214,230	15,646	-	-	229,876	189,953
Rent	-	-	130,490	-	130,490	121,562
Donations	-	39,018	-	-	39,018	10,510
Federal Government grants	1,333	-	-	-	1,333	1,333
	9,342,090	748,709	511,579	659,450	11,261,828	11,607,953
Expenditures:						
Amortization	-	-	-	929,430	929,430	850,148
Contract instruction	617,118	221,881	-	-	838,999	765,521
Cost of sales	-	-	298,849	-	298,849	278,237
Equipment maintenance	14,496	-	-	-	14,496	26,596
Interest and bank charges	8,152	-	-	-	8,152	5,733
Interest on long-term debt	-	-	-	149,039	149,039	151,623
Loss on disposal of capital assets	-	-	-	-	-	3,303
Memberships	48,934	-	275	-	49,209	28,563
Operating expenses	-	-	111,550	-	111,550	104,376
Premises costs	522,020	-	-	76,559	598,579	515,244
Supplies	298,121	125,527	1,129	-	424,777	452,332
Telephone	56,934	-	-	-	56,934	60,679
Travel	342,720	33,621	784	-	377,125	436,633
Wages and benefits	5,631,450	216,444	139,009	-	5,986,903	6,390,090
Carried forward	\$ 7,539,945	\$ 597,473	\$ 551,596	\$ 1,155,028	\$ 9,844,042	\$ 10,069,078

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

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

Year ended March 31, 2011, with comparative figures for 2010

	Operating (Schedule 1)	Special designation	Ancillary	Capital	2011	2010
Brought forward	\$ 7,539,945	\$ 597,473	\$ 551,596	\$ 1,155,028	\$ 9,844,042	\$ 10,069,078
Expenditures (continued):						
Bad debts	6,613	-	-	-	6,613	5,791
Contract arrangements	104,167	-	-	-	104,167	152,500
Honoraria	69,733	1,022	-	-	70,755	125,602
Library resources	37,994	-	-	-	37,994	28,619
Meetings	16,538	3,487	-	-	20,025	18,433
Professional fees	408,431	53,279	37,578	-	499,288	619,494
Program development	-	-	-	-	-	4,358
Promotion and recruiting	312,014	5,564	-	-	317,578	273,202
Staff development	47,728	-	-	-	47,728	70,777
Subsidies and awards	39,336	43,556	-	-	82,892	87,267
Vehicle operation	34,947	-	-	-	34,947	25,014
	8,617,446	704,381	589,174	1,155,028	11,066,029	11,480,135
Excess (deficiency) of revenue over expenditures	724,644	44,328	(77,595)	(495,578)	195,799	127,818
Net assets (deficit), beginning of year (note 14)	403,967	786,973	(120,757)	2,960,998	4,031,181	3,903,363
Transfers (note 11)	(815,088)	5,080	36,465	773,543	-	-
Net assets (deficit), end of year	\$ 313,523	\$ 836,381	\$ (161,887)	\$ 3,238,963	\$ 4,226,980	\$ 4,031,181

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Statement of Cash Flows

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Excess of revenue over expenditures	\$ 195,799	\$ 127,818
Amortization of deferred revenue related to capital assets	(631,768)	(594,681)
Amortization expense	929,430	850,148
Loss on disposal of capital assets	-	3,303
	<u>493,461</u>	<u>386,588</u>
Changes in non-cash operating working capital:		
Accounts receivable	(140,518)	(177,353)
Inventory	1,723	10,059
Prepaid expenses	4,794	(2,084)
Deposits	-	1,500
Accounts payable	(542,076)	583,937
Deferred revenue	(176,939)	(397,232)
	<u>(359,555)</u>	<u>405,415</u>
Financing:		
Repayments of long-term debt	(61,502)	(58,711)
Increase in deferred capital contributions	255,480	1,653,488
Principal payments on obligations under capital lease	(12,111)	(9,211)
	<u>181,867</u>	<u>1,585,566</u>
Investments:		
Purchase of capital assets	(1,755,886)	(1,372,669)
Proceeds from sale of (purchase of) investments	832,398	(128,353)
	<u>(923,488)</u>	<u>(1,501,022)</u>
Increase (decrease) in cash position	(1,101,176)	489,959
Cash, beginning of year	2,111,774	1,621,815
Cash, end of year	<u>\$ 1,010,598</u>	<u>\$ 2,111,774</u>
Supplemental information:		
Interest paid	\$ 149,039	\$ 154,186
Contributed capital assets	-	1,118,514

See accompanying notes to financial statements.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements

Year ended March 31, 2011

Authority and purpose:

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

1. Significant accounting policies:

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

(a) Fund accounting:

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

(i) Operating Fund:

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

(ii) Capital Fund:

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

(iii) Special Designation Fund:

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

(iv) Ancillary Fund:

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

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(b) Revenue recognition:

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

Some of these revenues, such as grants and donations received for capital purposes, may be restricted in its use by the external contributor. These externally restricted revenues are deferred and recognized in the same period the related expenses are incurred. In cases where contributions are received for the purchase of capital assets having a limited life, the contributions are deferred and amortized to revenue in an amount equivalent to the related amortization expense. Note 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, and sales of services and products. Monies received from these sources are reported as revenue at the time the product is delivered or the services are substantially provided.

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

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

(c) Inventory:

Inventory held for resale in the bookstore is valued at the lower of cost, determined on a FIFO basis, and net realizable value.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

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 facility	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:

Portfolio investments held on a long term basis are recorded at fair market value. The Institute includes investments with original maturities of three months or less as short term investments. All short term investments are recorded at market value. Unrealized gains and losses on the investments are recorded in income during the year, based on changes in market value.

(f) Long-term debt:

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

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

1. Significant accounting policies (continued):

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of useful lives of capital assets for amortization and the amortization of related deferred capital contributions and provisions for employee future benefits and contingencies. Actual results may differ from these estimates.

(h) Financial instruments:

The Institute classifies its financial instruments into one of these five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are initially recorded at fair value. The Institute has designated its assets and liabilities as follows:

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

Disclosure of the financial significance of financial instruments to the Institute's financial position, performance and cash flows, and to assist in assessing the amounts, timing and certainty of future cash flows associated with those instruments is located in note 12.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

1. Significant accounting policies (continued):

- (i) Accounting pronouncements issued but not yet effective:

In September 2010, the Province of British Columbia announced that all Universities, Colleges, School Boards and Health Authorities in the Province will adopt Public Sector Accounting Board ("PSAB") accounting standards, to be effective for reporting years after January 1, 2012. Following this, in December 2010, the PSAB and the Accounting Standards Board of Canada ("AcSB") announced an accounting framework for government not-for-profit organizations ("Government NPOs"), such as the Institute. The announcement stated PSAB had approved incorporating CICA Handbook Sections for not-for-profits into the CICA's Public Sector Accounting Handbook ("PSA Handbook") with minimal changes. Government NPOs are provided the choice of either adhering to the PSA Handbook with or without the not-for-profit standards. The directive from the Province of British Columbia however, was such that the standards to be adopted will not include reference to not-for-profit provisions.

The prescribed accounting framework will be effective for the Institute for its fiscal year commencing April 1, 2012. The Institute is in the process of reviewing the impact of this change in accounting framework on its financial statements.

2. Inventories:

	2011	2010
Merritt campus	\$ 63,942	\$ 64,053
Vancouver campus	8,420	10,032
	\$ 72,362	\$ 74,085

Inventories expensed during the year were \$298,849 (2010 - \$278,237).

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

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 \$199,656 (2010 - \$199,656) in special designation fund and related income are restricted for use only as specified. The fair market value of the investments are equal to their cost.

	2011	2010
Operating:		
Guaranteed investment certificates at interest rates ranging from 3.25% to 7%	\$ 2,524,610	\$ 3,357,008
Less short-term investments	2,524,610	2,827,285
	-	529,723
Endowments:		
Guaranteed investment certificates at interest rates ranging from 1.25% to 7%	199,656	199,656
Capital:		
Guaranteed investment certificate at interest rates ranging from 0.75% to 6.75%	1,863,544	1,863,544
	\$ 2,063,200	\$ 2,592,923

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

4. Capital assets:

			2011	2010
	Cost	Accumulated amortization	Net book value	Net book value
Land	\$ 432,000	\$ -	\$ 432,000	\$ 432,000
Building	17,563,575	2,485,302	15,078,273	13,938,336
Site improvements	381,726	268,789	112,937	151,110
Library acquisitions	389,789	108,964	280,825	319,804
Mobile instructional equipment	1,149,050	230,475	918,575	1,034,171
Automotive	72,948	49,785	23,163	36,532
Classroom furniture	6,472	6,472	-	422
Artwork	9,363	-	9,363	9,363
Office equipment	1,065,909	642,030	423,879	486,188
Office furniture	41,827	30,734	11,093	15,714
Computers	255,620	215,588	40,032	94,367
Software	122,642	80,967	41,675	31,711
Leasehold improvements	14,683	1,835	12,848	-
	21,505,604	4,120,941	17,384,663	16,549,718
Capital asset under lease obligation:				
Office equipment	-	-	-	8,492
	\$ 21,505,604	\$ 4,120,941	\$ 17,384,663	\$ 16,558,210

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities is accrued holiday pay of \$201,837 (2010 - \$209,952).

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, 2011

6. Deferred capital contributions:

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

	2011	2010
Balance, beginning of year	\$ 14,478,418	\$ 12,301,097
Add: Contributions received	255,478	2,772,002
Less: Amounts amortized to revenue	(631,768)	(594,681)
	<u>\$ 14,102,128</u>	<u>\$ 14,478,418</u>

There are \$nil (2010 - \$469,779) in unexpended deferred capital contributions at the end of the year.

7. Long-term debt:

	2011	2010
BC Immigrant Investment Fund term loan, repayable in monthly principal installments of \$52,636, including interest at 4.9%, unsecured, due September 2017	\$ 3,150,623	\$ 3,212,125
Current portion of long-term debt	64,427	61,502
	<u>\$ 3,086,196</u>	<u>\$ 3,150,623</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.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

7. Long-term debt (continued):

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

2012	\$	64,427
2013		67,491
2014		70,700
2015		74,063
2016		77,585
Thereafter		2,796,357

8. Special designation fund:

	Endowment equity	Other	2011	2010
Balance, beginning of year	\$ 285,530	\$ 501,443	\$ 786,973	\$ 823,826
Add:				
Donations received during the year	29,091	9,927	39,018	10,510
Interest earned on funds	6,503	-	6,503	4,974
Grants from the Province of British Columbia	-	694,045	694,045	968,989
Other	-	9,143	9,143	49,797
Transfers from other funds	5,000	10,800	15,800	16,110
	40,594	723,915	764,509	1,050,380
Deduct:				
Administration costs and workshops	-	(660,824)	(660,824)	(1,021,658)
Scholarships and bursaries	(4,138)	(39,418)	(43,556)	(42,365)
Transfers to other funds	-	(10,721)	(10,721)	(23,210)
	(4,138)	(710,963)	(715,101)	(1,087,233)
Balance, end of year	\$ 321,986	\$ 514,395	\$ 836,381	\$ 786,973

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

9. Commitments:

The Institute is committed under operating leases for premises, vehicles, office equipment and maintenance contracts extending for various periods to the year 2016. Estimated future minimum annual lease payments required over the next five years are as follows:

	Total
2012	\$ 278,876
2013	191,612
2014	41,856
2015	8,676
2016	2,122
	<hr/>
	\$ 523,142

10. Contingencies:

Pension liability:

The college and its employees contribute to the College Pension Plan and Municipal Pension Plan, jointly trustee pension plans. The boards of trustees for these plans represent plan members and employers and are responsible for the management of the pension plan including investment of the assets and administration of benefits. The pension plans are multi-employer contributory pension plans. Basic pension benefits provided are defined. The College Pension Plan has about 12,000 active members from college senior administration and instructional staff and approximately 4,500 retired members. The Municipal Pension Plan has about 163,000 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 plan 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 \$411,336 (2010 - \$390,790) for employer contributions to the plan in fiscal 2011.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

11. Interfund transfers:

During the year, \$773,543 was transferred from the Operating fund to the Capital fund for cash outlays for interest on long-term debt of \$149,039 and to fund capital purchases of \$624,504. During the year, \$15,800 was transferred from the Operating fund to the Special Designation fund. During the year, \$36,465 was transferred from the Operating fund to the Ancillary fund for an HST audit ruling. During the year, \$10,721 was transferred from the Special Designation fund to the Operating fund for administrative fees.

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, accounts payable and accrued liabilities approximate their carrying value due to the relatively short term to maturity of these instruments. The fair value of long-term debt balances approximates its carrying value as it has a market rate of interest attached.

(b) Interest rate risk:

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

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Notes to Financial Statements (continued)

Year ended March 31, 2011

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 expenditures to preserve operating capital. Funding received for designated purposes must be used for the purpose outlined in the funding letter. The Institute has complied with the external restrictions on the funding provided.

14. Comparative figures:

The statements were revised to reflect immaterial adjustments to the comparative figures with respect to the value of land contributed in February 2000 of \$432,000, increasing land and net assets invested in capital assets. This adjustment had no impact on prior period operating results or other net assets.

Certain of the comparative figures have been reclassified to conform with the financial statement presentation adopted in 2011.

NICOLA VALLEY INSTITUTE OF TECHNOLOGY

Schedule 1

Year ended March 31, 2011, with comparative figures for 2010

	Operating Fund			2011	2010
	General	Community Education	Continuing Studies		
Revenue:					
Grants from the Province of British Columbia	\$ 7,564,823	\$ -	\$ -	\$ 7,564,823	\$ 7,895,979
Federal Government grants	1,333	-	-	1,333	1,333
Tuition fees	471,430	-	46,500	517,930	577,843
Contract services	-	788,774	-	788,774	770,268
Other income	214,230	-	-	214,230	146,372
ITA funding	255,000	-	-	255,000	-
	8,506,816	788,774	46,500	9,342,090	9,391,795
Expenditures:					
Contract instruction	91,163	490,263	35,692	617,118	654,533
Equipment maintenance	14,496	-	-	14,496	26,596
Interest and bank charges	8,152	-	-	8,152	5,733
Memberships	48,934	-	-	48,934	24,757
Premises costs	522,020	-	-	522,020	431,090
Supplies	163,196	134,925	-	298,121	348,766
Telephone	56,934	-	-	56,934	60,679
Travel	216,086	126,634	-	342,720	320,166
Wages and benefits	5,303,032	328,418	-	5,631,450	5,927,193
Bad debts	6,613	-	-	6,613	5,791
Contract arrangements	104,167	-	-	104,167	132,500
Honoraria	69,733	-	-	69,733	96,293
Library resources	37,994	-	-	37,994	28,619
Meetings	16,538	-	-	16,538	18,433
Professional fees	408,431	-	-	408,431	292,043
Program development	-	-	-	-	4,358
Promotion and recruiting	312,014	-	-	312,014	262,293
Staff development	47,728	-	-	47,728	70,777
Subsidies and awards	34,105	5,231	-	39,336	44,902
Vehicle operation	34,947	-	-	34,947	25,014
	7,496,283	1,085,471	35,692	8,617,446	8,780,536
Excess (deficiency) of revenue over expenditures	1,010,533	(296,697)	10,808	724,644	611,259
Net assets (deficit), beginning of year	400,790	(32,613)	35,790	403,967	650,497
Transfers (note 11)	(1,036,700)	221,612	-	(815,088)	(857,789)
Net assets (deficit), end of year	\$ 374,623	\$ (107,698)	\$ 46,598	\$ 313,523	\$ 403,967