

**THE BRITISH COLUMBIA COUNCIL FOR
INTERNATIONAL EDUCATION**

FINANCIAL STATEMENTS

MARCH 31, 2014

STEELE & Co.*

CHARTERED ACCOUNTANTS

*Representing incorporated professionals

SUITE 909
808 WEST HASTINGS STREET
VANCOUVER, BC CANADA V6C 1C8

TELEPHONE: (604) 687-8808
TELEFAX: (604) 687-2702
EMAIL: email@steele-co.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of The British Columbia Council for International Education

We have audited the statements of financial position of The British Columbia Council for International Education ("the Council") as at March 31, 2014 and the statements of operations, change 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 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, 2014 and the results of its operations, 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 12, 2014



CHARTERED ACCOUNTANTS

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

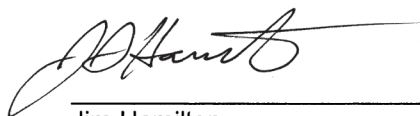
STATEMENT OF FINANCIAL POSITION

		MARCH 31,	
	NOTE	2014	2013
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	4	\$ 112,760	\$ 284,164
GUARANTEED INVESTMENT CERTIFICATES	5	816,540	641,847
ACCOUNTS RECEIVABLE		34,079	40,715
SALES TAX RECEIVABLE		2,800	6,249
		<u>966,179</u>	<u>972,975</u>
LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		56,254	75,322
SALARIES AND ASSESSMENTS PAYABLE		93,799	171,590
EMPLOYEE FUTURE BENEFITS	6	85,962	79,350
DEFERRED REVENUE	8	161,200	101,498
		<u>397,215</u>	<u>427,760</u>
NET FINANCIAL ASSETS		<u>568,964</u>	<u>545,215</u>
NON-FINANCIAL ASSETS			
TANGIBLE CAPITAL ASSETS	9	70,001	87,820
PREPAID EXPENSES		100,114	67,934
		<u>170,115</u>	<u>155,754</u>
ACCUMULATED SURPLUS		<u>\$ 739,079</u>	<u>\$ 700,969</u>
GOING CONCERN CONSIDERATIONS	2		
CONTRACTUAL OBLIGATIONS	6 & 7		

APPROVED ON BEHALF OF THE BOARD



Dr. Randal Martin



Jim Hamilton

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

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF OPERATIONS

	2014 BUDGET	YEAR ENDED MARCH 31,	
	(Note 12)	2014	2013
REVENUES			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	\$ 320,000	\$ 354,385	\$ 376,931
GOVERNMENT GRANTS (SCHEDULE)	1,300,000	1,300,000	1,300,000
ADMINISTRATION AND OPERATING			
CONTRACTS (SCHEDULE)	165,665	242,710	237,361
OTHER (SCHEDULE)	8,000	11,999	20,035
	<u>1,793,665</u>	<u>1,909,094</u>	<u>1,934,327</u>
EXPENSES			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	204,918	222,511	275,707
ADMINISTRATION AND OPERATING			
CONTRACTS (SCHEDULE)	1,588,747	1,648,473	1,349,324
	<u>1,793,665</u>	<u>1,870,984</u>	<u>1,625,031</u>
ANNUAL OPERATING SURPLUS	<u>\$ -</u>	38,110	309,296
ACCUMULATED SURPLUS			
AT BEGINNING OF THE YEAR		<u>700,969</u>	<u>391,673</u>
ACCUMULATED SURPLUS			
AT END OF THE YEAR		<u>\$ 739,079</u>	<u>\$ 700,969</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

	2014 BUDGET	YEAR ENDED MARCH 31,	
	(Note 12)	2014	2013
ANNUAL OPERATING SURPLUS	\$ -	\$ 38,110	\$ 309,297
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	(9,236)	(13,191)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	22,917	27,055	29,381
ACQUISITION OF PREPAID EXPENSES	-	(100,114)	(67,934)
USE OF PREPAID EXPENSES	<u>(22,917)</u>	<u>67,934</u>	<u>25,684</u>
INCREASE IN NET FINANCIAL ASSETS	<u><u>\$ -</u></u>	23,749	283,237
NET FINANCIAL ASSETS BEGINNING OF THE YEAR		<u>545,215</u>	<u>261,978</u>
NET FINANCIAL ASSETS END OF THE YEAR		<u><u>\$ 568,964</u></u>	<u><u>\$ 545,215</u></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

	YEAR ENDED MARCH 31,	
	2014	2013
		(NOTE 14)
OPERATING TRANSACTIONS		
CASH RECEIVED FROM		
EQA	\$ 354,885	\$ 357,231
GOVERNMENT GRANTS	1,357,502	1,339,998
OPERATING/CONTRACTS	97,991	146,919
OTHER INVESTMENT INCOME	11,999	17,519
SUMMER EVENTS	157,060	105,373
	<u>1,979,437</u>	<u>1,967,040</u>
CASH PAID FOR		
EQA	240,942	267,928
EQUIPMENT RENTAL	17,525	9,518
EVENT FEES	82,953	97,066
HOSPITALITY	119,039	54,535
INFORMATION TECHNOLOGY AND WEBSITES	159,235	25,105
INSURANCE	3,599	3,597
LEADERSHIP AND ORGANIZATION	36,034	5,302
MARKETING	9,460	135,302
OFFICE COMMUNICATIONS	33,148	5,926
OFFICE SUPPLIES AND MISCELLANEOUS	28,412	23,326
PROFESSIONAL AND CONSULTING FEES	83,678	54,686
RENT AND FACILITIES	121,415	79,267
SALARIES AND BENEFITS	827,404	837,666
SALES TAXES (RECOVERABLE)	929	(561)
SUBSIDIES	16,200	-
TELECOMMUNICATIONS	13,396	15,011
TRAVEL	173,543	31,890
	<u>1,966,912</u>	<u>1,645,564</u>
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>12,525</u>	<u>321,476</u>
CAPITAL TRANSACTIONS		
CASH USED TO ACQUIRE TANGIBLE CAPITAL ASSETS	<u>(9,236)</u>	<u>(13,191)</u>
CASH APPLIED TO CAPITAL TRANSACTIONS	<u>(9,236)</u>	<u>(13,191)</u>
INVESTING TRANSACTIONS		
GUARANTEED INVESTMENT CERTIFICATES	<u>(174,693)</u>	<u>(274,213)</u>
CASH APPLIED TO INVESTING TRANSACTIONS	<u>(174,693)</u>	<u>(274,213)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(171,404)</u>	<u>34,072</u>
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>284,164</u>	<u>250,092</u>
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u><u>\$ 112,760</u></u>	<u><u>\$ 284,164</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, 2014

1. NATURE OF OPERATIONS

The British Columbia Council for International Education is an educational marketing institution incorporated in 1991 under the Society 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 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 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 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, 2014, the Council had net financial assets of \$568,964 (2013 - \$545,215).

The Council has the Ministry's grant commitments of \$1,300,000 to fund its fiscal 2015 operations and \$100,000 for the EQA program, and received funding of \$1,300,000 and \$200,000 respectively to fund its fiscal 2014 operations and the EQA program. Subsequent to the year end, the Council received notification that as of October 1, 2014 it would no longer be the administrator for the EQA program. As a result, funding was decreased for the EQA program by \$100,000 for the 2014/2015 fiscal year.

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, 2014

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 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, 2014

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, 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 include prepaid insurance, facility rentals and travel and mission expenses and 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, 2014

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 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, GIC's, and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable.

The Council has not presented a statement of measurement gains or losses as it has no reportable transactions for its fiscal years ending March 31, 2014 and 2013.

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, 2014

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>2014</u>	<u>2013</u>
Unrestricted cash and demand deposits	<u>\$ 112,760</u>	<u>\$ 284,164</u>

5. GUARANTEED INVESTMENT CERTIFICATES

	<u>2014</u>	<u>2013</u>
GIC's bear interest at rates ranging from 1.30% to 1.55% (weighted average 1.44%), are non-redeemable for twelve months and have maturity dates to March 8, 2015. Of the total, \$15,000 has been pledged as security for the Council's outstanding Visa commitments from time to time.	<u>\$ 816,540</u>	<u>\$ 641,847</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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 8.82% 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 \$69,206 (2013 - \$42,577) for employer contributions to the plan for fiscal 2014. 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 \$85,962 (2013 - \$79,350) as at March 31, 2014. The estimated payout of the severance entitlement is \$244,662 (2013 - \$238,050) as at March 31, 2014.

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, 2014

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>
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>\$ 304,070</u>	<u>\$ 39,221</u>	<u>\$ 343,291</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, 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	69,000	(9,297)	59,703
Deferred revenue end of the year	<u>\$ 159,000</u>	<u>\$ 2,200</u>	<u>\$ 161,200</u>
	<u>MARCH 31, 2013</u>		
	<u>EQA</u>	<u>BCCIE</u>	<u>TOTAL</u>
Deferred revenue beginning of the year	\$ 61,500	\$ -	\$ 61,500
Net increase in deferred revenue	28,500	11,498	39,998
Deferred revenue end of the year	<u>\$ 90,000</u>	<u>\$ 11,498</u>	<u>\$ 101,498</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. Subsequent to the year end, the Council was notified that effective October 1, 2014, it will no longer be the administrator of the program.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

9. TANGIBLE CAPITAL ASSETS

	WEBSITE	OFFICE FURNITURE AND EQUIPMENT	COMPUTER EQUIPMENT AND SOFTWARE	LEASEHOLD IMPROVEMENTS	TOTAL
<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	91,511	78,131	67,379	57,897	294,918
Accumulated amortization					
Opening balance	52,639	39,007	59,515	46,701	197,862
Amortization	11,662	7,682	2,481	5,230	27,055
Closing balance	64,301	46,689	61,996	51,931	224,917
Net book value	\$ 27,210	\$ 31,442	\$ 5,383	\$ 5,966	\$ 70,001
<u>MARCH 31, 2013</u>					
Cost					
Opening balance	\$ 91,511	\$ 75,625	\$ 60,672	\$ 44,683	\$ 272,491
Additions	-	1,079	-	12,112	13,191
Closing balance	91,511	76,704	60,672	56,795	285,682
Accumulated amortization					
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	52,639	39,006	59,515	46,702	197,862
Net book value	\$ 38,872	\$ 37,698	\$ 1,157	\$ 10,093	\$ 87,820

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

10. RELATED PARTY TRANSACTIONS

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

	YEAR ENDED MARCH 31,	
	2014	2013
Government Grants		
BCCIE	\$ 1,300,000	\$ 1,300,000
EQA	200,000	200,000
	<u>\$ 1,500,000</u>	<u>\$ 1,500,000</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,	
	2014	2013
		(Note 14)
AMORTIZATION	\$ 27,055	\$ 29,381
BAD DEBT	3,000	-
BANK CHARGES AND FOREIGN EXCHANGE	6,115	3,953
EQUIPMENT RENTAL	17,868	11,717
EVENT FEES	75,782	58,764
HOSPITALITY	119,825	63,899
INFORMATION TECHNOLOGY AND WEBSITES	183,826	56,782
INSURANCE	4,244	4,233
LEADERSHIP AND ORGANIZATION	36,184	6,238
MARKETING	-	153,133
OFFICE COMMUNICATIONS	32,876	7,350
OFFICE SUPPLIES AND MISCELLANEOUS	27,987	20,967
PROFESSIONAL AND CONSULTING FEES	82,117	56,437
RENT AND FACILITIES	136,306	92,345
SALARIES AND BENEFITS	939,846	971,275
SUBSIDIES	6,000	-
TELECOMMUNICATIONS	15,318	17,857
TRANSLATION SERVICES	480	9,731
TRAVEL	156,155	60,969
	<u>\$ 1,870,984</u>	<u>\$ 1,625,031</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 BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

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, 2014.

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, 2014 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 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, 2014

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		ADMINISTRATION AND	
	QUALITY ASSURANCE		OPERATING CONTRACTS	
REVENUE	YEAR ENDED MARCH 31, 2014	2013 (NOTE 14)	YEAR ENDED MARCH 31, 2014	2013 (NOTE 14)
FEES - PRIVATE INSTITUTIONS	\$ 152,950	\$ 135,575	\$ -	\$ -
GRANTS	200,000	200,000	1,300,000	1,300,000
OPERATING	-	-	242,710	237,361
OTHER	1,435	41,356	11,999	20,035
	<u>354,385</u>	<u>376,931</u>	<u>1,554,709</u>	<u>1,557,396</u>
EXPENSES				
AMORTIZATION	-	-	27,055	29,381
BAD DEBT	-	-	3,000	-
BANK CHARGES AND FOREIGN EXCHANGE	5,265	3,484	850	469
EQUIPMENT RENTAL	746	1,759	17,122	9,958
EVENT FEES	585	9,114	75,197	49,650
HOSPITALITY	1,027	9,722	118,798	54,177
INFORMATION TECHNOLOGY AND WEBSITES	30,952	20,604	152,874	36,178
INSURANCE	645	636	3,599	3,597
LEADERSHIP AND ORGANIZATION	150	936	36,034	5,302
MARKETING	-	22,970	-	130,163
OFFICE COMMUNICATIONS	-	1,023	32,876	6,327
OFFICE SUPPLIES AND MISCELLANEOUS	2,590	2,519	25,397	18,448
PROFESSIONAL AND CONSULTING FEES	6,153	7,266	75,964	49,171
RENT AND FACILITIES	14,875	13,852	121,431	78,493
SALARIES AND BENEFITS	156,009	167,755	783,837	803,520
SUBSIDIES	-	-	6,000	-
TELECOMMUNICATIONS	1,714	3,413	13,604	14,444
TRANSLATION SERVICES	-	1,460	480	8,271
TRAVEL	1,801	9,194	154,354	51,775
	<u>222,512</u>	<u>275,707</u>	<u>1,648,472</u>	<u>1,349,324</u>
SURPLUS (DEFICIT) FOR THE YEAR	\$ 131,873	\$ 101,224	\$ (93,763)	\$ 208,072