

**THE BRITISH COLUMBIA COUNCIL FOR
INTERNATIONAL EDUCATION**

FINANCIAL STATEMENTS

MARCH 31, 2016

STEELE & CO.*

CHARTERED PROFESSIONAL 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, 2016 and the statements of operations, change in net financial assets, and cash flows for the year ended March 31, 2016, 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, 2016 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 10, 2016



CHARTERED PROFESSIONAL ACCOUNTANTS

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

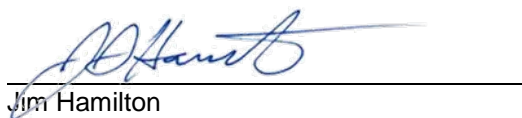
STATEMENT OF FINANCIAL POSITION

		MARCH 31,	
	NOTE	2016	2015
FINANCIAL ASSETS			
CASH AND CASH EQUIVALENTS	4	\$ 276,990	\$ 55,192
GUARANTEED INVESTMENT CERTIFICATES	5	857,030	841,682
ACCOUNTS RECEIVABLE		35	8,418
SALES TAX RECEIVABLE		376	2,835
		<u>1,134,431</u>	<u>908,127</u>
LIABILITIES			
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES		60,200	33,474
SALARIES AND ASSESSMENTS PAYABLE		143,613	95,664
EMPLOYEE FUTURE BENEFITS	6	112,413	99,188
DEFERRED REVENUE	8	158,790	76,500
		<u>475,016</u>	<u>304,826</u>
NET FINANCIAL ASSETS		<u>659,415</u>	<u>603,301</u>
NON-FINANCIAL ASSETS			
TANGIBLE CAPITAL ASSETS	9	46,154	72,448
PREPAID EXPENSES		50,049	77,532
		<u>96,203</u>	<u>149,980</u>
ACCUMULATED SURPLUS		<u>\$ 755,618</u>	<u>\$ 753,281</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>2016 BUDGET</u> (NOTE 12)	<u>YEAR ENDED MARCH 31,</u> <u>2016</u> <u>2015</u>	
REVENUES			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	\$ 234,000	\$ 267,625	\$ 333,314
GOVERNMENT GRANTS (SCHEDULE)	1,500,000	1,814,877	1,450,000
ADMINISTRATION AND OPERATING CONTRACTS (SCHEDULE)	215,515	223,257	206,700
OTHER (SCHEDULE)	8,000	10,333	15,900
	<u>1,957,515</u>	<u>2,316,092</u>	<u>2,005,914</u>
EXPENSES			
EDUCATION QUALITY			
ASSURANCE (EQA) (SCHEDULE)	17,275	32,140	117,590
ADMINISTRATION AND OPERATING CONTRACTS (SCHEDULE)	1,940,240	2,281,615	1,874,122
	<u>1,957,515</u>	<u>2,313,755</u>	<u>1,991,712</u>
ANNUAL OPERATING SURPLUS	<u>\$ -</u>	2,337	14,202
ACCUMULATED SURPLUS BEGINNING OF THE YEAR		<u>753,281</u>	<u>739,079</u>
ACCUMULATED SURPLUS END OF THE YEAR		<u>\$ 755,618</u>	<u>\$ 753,281</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	<u>2016 BUDGET</u> (NOTE 12)	<u>YEAR ENDED MARCH 31,</u> <u>2016</u> <u>2015</u>	
ANNUAL OPERATING SURPLUS	\$ -	\$ 2,337	\$ 14,202
ACQUISITION OF TANGIBLE CAPITAL ASSETS	-	-	(34,296)
AMORTIZATION OF TANGIBLE CAPITAL ASSETS	25,000	26,294	31,849
ACQUISITION OF PREPAID EXPENSES	-	(50,049)	(77,532)
USE OF PREPAID EXPENSES	<u>(25,000)</u>	<u>77,532</u>	<u>100,114</u>
INCREASE IN NET FINANCIAL ASSETS	<u>\$ -</u>	56,114	34,337
NET FINANCIAL ASSETS BEGINNING OF THE YEAR		<u>603,301</u>	<u>568,964</u>
NET FINANCIAL ASSETS END OF THE YEAR		<u>\$ 659,415</u>	<u>\$ 603,301</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION**STATEMENT OF CASH FLOWS**

	YEAR ENDED MARCH 31,	
	2016	2015
OPERATING TRANSACTIONS		
CASH RECEIVED FROM		
EQA	\$ 267,626	\$ 270,014
GOVERNMENT GRANTS	1,814,877	1,450,000
ADMINISTRATIVE AND OPERATING CONTRACTS	15,472	12,425
OTHER	10,333	15,900
SUMMER SEMINAR	295,033	192,540
	<u>2,403,341</u>	<u>1,940,879</u>
CASH PAID FOR		
EQA	25,134	121,923
EQUIPMENT RENTAL	17,096	21,833
EVENT FEES	119,744	117,421
HOSPITALITY	142,068	143,389
INFORMATION TECHNOLOGY AND WEBSITES	92,699	131,809
INSURANCE	4,276	3,932
LEADERSHIP AND ORGANIZATION	7,778	15,302
MARKETING	186,947	17,196
OFFICE COMMUNICATIONS	42,443	39,090
OFFICE SUPPLIES AND MISCELLANEOUS	17,527	21,755
PROFESSIONAL AND CONSULTING FEES	144,149	91,623
RENT AND FACILITIES	161,781	145,660
SALARIES AND BENEFITS	1,008,135	880,549
SALES TAXES (RECOVERABLE)	(235)	(433)
SUBSIDIES (RECOVERABLE)	500	(3,200)
TELECOMMUNICATIONS	23,526	16,858
TRAVEL	172,627	174,302
	<u>2,166,195</u>	<u>1,939,009</u>
CASH PROVIDED BY OPERATING TRANSACTIONS	<u>237,146</u>	<u>1,870</u>
CAPITAL TRANSACTIONS		
CASH USED TO ACQUIRE TANGIBLE CAPITAL ASSETS	-	(34,296)
CASH APPLIED TO CAPITAL TRANSACTIONS	-	(34,296)
INVESTING TRANSACTIONS		
GUARANTEED INVESTMENT CERTIFICATES	(15,348)	(25,142)
CASH APPLIED TO INVESTING TRANSACTIONS	(15,348)	(25,142)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>221,798</u>	<u>(57,568)</u>
CASH AND CASH EQUIVALENTS BEGINNING OF THE YEAR	<u>55,192</u>	<u>112,760</u>
CASH AND CASH EQUIVALENTS END OF THE YEAR	<u>\$ 276,990</u>	<u>\$ 55,192</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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. In 2014 the Council was notified that it would no longer be the administrator of 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, 2016, the Council had net financial assets of \$659,415 (2015 - \$603,301).

The Council has the Ministry's grant commitment of \$1,500,000 and \$20,000 to fund its fiscal 2017 operations and EQA respectively, and received funding of \$1,500,000 to fund its fiscal 2016 operations.

The Government has requested the Council's assistance in administering the EQA program during the transition process. The Council has been granted the right to retain the EQA fees received for memberships from April 1, 2015 to March 31, 2016. Subsequent to the year end, the Council was informed that membership fees would no longer be charged to qualifying institutions. In order to continue running the program, the government provided a one-time grant of \$20,000 to fund the EQA program for fiscal 2017.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

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.

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 maturity dates 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 to the plan by the Council 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, 2016

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2016 and 2015.

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, 2016

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>2016</u>	<u>2015</u>
Cash and demand deposits	<u>\$ 276,990</u>	<u>\$ 55,192</u>

Cash includes \$158,790 (2015 - \$Nil), the use of which is restricted and may be used only for specified purposes.

5. GUARANTEED INVESTMENT CERTIFICATES

	<u>2016</u>	<u>2015</u>
GIC's bear interest at rates ranging from 1.05% to 1.10% (weighted average 1.09%), are non-redeemable for twelve months and have maturity dates to January 2, 2017. Of the total, \$71,192 has been pledged as security for the Council's outstanding Visa commitments from time to time.	<u>\$ 857,030</u>	<u>\$ 841,682</u>

6. EMPLOYEES' PENSION PLAN AND BENEFITS PLAN

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

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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

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 9.57% 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 \$64,887 (2015 - \$64,070) for employer contributions to the plan for fiscal 2016. The contribution rates are subject to change as determined by the plan administrators.

b. Other Employee Benefits

In fiscal 2011, and as renegotiated in 2016, 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 at the discretion of the Council twelve month's notice or pay in lieu of notice, should the Council terminate the ED's employment without just cause.

Payroll liabilities include a provision for accrued administrative leave of \$112,413 (2015 - \$99,188) as at March 31, 2016.

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.

7. CONTRACTUAL OBLIGATIONS

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

<u>Year Ended March 31,</u>	Office		<u>Total</u>
	<u>Premises</u>	<u>Equipment</u>	
2017	\$ 94,504	\$ 10,106	\$ 104,610
2018	94,504	10,106	104,610
2019	23,626	5,053	28,679
	<u>\$ 212,634</u>	<u>\$ 25,265</u>	<u>\$ 237,899</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

8. DEFERRED REVENUE

Deferred revenues represent externally restricted contributions received by the Council for the EQA program or for future general operating expenses. The following is a summary of externally restricted funds received.

	March 31, 2016		
	<u>EQA</u>	<u>BCCIE</u>	<u>Total</u>
Deferred revenue beginning of the year	\$ 76,500	\$ -	\$ 76,500
Net increase (decrease) in deferred revenue	<u>(76,500)</u>	<u>158,790</u>	<u>82,290</u>
Deferred revenue end of the year	<u>\$ -</u>	<u>\$ 158,790</u>	<u>\$ 158,790</u>

	March 31, 2015		
	<u>EQA</u>	<u>BCCIE</u>	<u>Total</u>
Deferred revenue beginning of the year	\$ 159,000	\$ 2,200	\$ 161,200
Net increase (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>

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. Subsequent to the year end, the Council was informed that the institutions would no longer be charged a membership fee and therefore there would be no revenue for fiscal 2017. To offset the costs of running the program the Council was given a one-time grant of \$20,000.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

9. TANGIBLE CAPITAL ASSETS

	Website	Office Furniture and Equipment	Computer Equipment and Software	Leasehold Improvements	Total
<u>March 31, 2016</u>					
Cost					
Opening balance	\$ 91,511	\$ 78,131	\$ 97,054	\$ 62,518	\$ 329,214
Additions	-	-	-	-	-
Closing balance	91,511	78,131	97,054	62,518	329,214
Accumulated amortization					
Opening balance	72,464	52,977	73,117	58,208	256,766
Amortization	5,714	5,031	13,165	2,384	26,294
Closing balance	78,178	58,008	86,282	60,592	283,060
Net book value	<u>\$ 13,333</u>	<u>\$ 20,123</u>	<u>\$ 10,772</u>	<u>\$ 1,926</u>	<u>\$ 46,154</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	91,511	78,131	97,054	62,518	329,214
Accumulated amortization					
Opening balance	64,301	46,689	61,996	51,931	224,917
Amortization	8,163	6,288	11,121	6,277	31,849
Closing balance	72,464	52,977	73,117	58,208	256,766
Net book value	<u>\$ 19,047</u>	<u>\$ 25,154</u>	<u>\$ 23,937</u>	<u>\$ 4,310</u>	<u>\$ 72,448</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

10. RELATED PARTY TRANSACTIONS

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

	Year Ended March 31,	
	2016	2015
Government Grants		
BCCIE	\$ 1,814,877	\$ 1,450,000
EQA	-	140,000
	<u>\$ 1,814,877</u>	<u>\$ 1,590,000</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,	
	2016	2015
Amortization	\$ 26,294	\$ 31,849
Bank charges and foreign exchange	8,939	3,462
Equipment rental	17,898	22,054
Event fees	148,895	115,646
Hospitality	145,063	143,322
Information technology and websites	126,612	177,698
Insurance	4,276	4,231
Leadership and organization	7,778	14,802
Marketing	186,947	17,196
Office communications	42,215	39,705
Office supplies and miscellaneous	19,574	17,835
Professional and consulting fees	145,758	92,773
Rent and facilities	162,581	153,154
Salaries and benefits	1,069,308	945,723
Subsidies	500	7,000
Telecommunications	23,547	17,142
Translation services	60	3,674
Travel	177,510	184,446
	<u>\$ 2,313,755</u>	<u>\$ 1,991,712</u>

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2016

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.

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, 2016.

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, 2016, 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.

13. FINANCIAL RISK MANAGEMENT (CONTINUED)

Risks and Concentrations (Continued)

c. Market Risk (Continued)

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.

iii. *Other price risk*

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

The Council is not exposed to other price risk.

THE BRITISH COLUMBIA COUNCIL FOR INTERNATIONAL EDUCATION

SCHEDULE OF PROGRAM REVENUES ND EXPENDITURES

	EDUCATION QUALITY ASSURANCE		ADMINISTRATION AND OPERATING CONTRACTS	
	YEAR ENDED MARCH 31,		YEAR ENDED MARCH 31,	
	2016	2015	2016	2015
REVENUE				
FEES - PRIVATE INSTITUTIONS	\$ 267,625	\$ 193,100	\$ -	\$ -
GRANTS	-	140,000	1,814,877	1,450,000
OPERATING	-	-	22,215	14,160
OTHER	-	214	10,333	15,900
SUMMER SEMINAR	-	-	201,042	192,540
	<u>267,625</u>	<u>333,314</u>	<u>2,048,467</u>	<u>1,672,600</u>
EXPENSES				
AMORTIZATION	-	-	26,294	31,849
BANK CHARGES AND FOREIGN EXCHANGE	8,069	2,797	870	666
EQUIPMENT RENTAL	-	321	17,898	21,733
EVENT FEES	-	-	148,895	115,646
HOSPITALITY	-	770	145,063	142,552
INFORMATION TECHNOLOGY AND WEBSITES	24,071	51,432	102,541	126,265
INSURANCE	-	299	4,276	3,932
LEADERSHIP AND ORGANIZATION	-	-	7,778	14,802
MARKETING	-	-	186,947	17,196
OFFICE COMMUNICATIONS (RECOVERY)	-	(79)	42,215	39,784
OFFICE SUPPLIES AND MISCELLANEOUS	-	1,130	19,574	16,705
PROFESSIONAL AND CONSULTING FEES	-	1,439	145,758	91,334
RENT AND FACILITIES	-	7,510	162,581	145,644
SALARIES AND BENEFITS	-	50,083	1,069,308	895,640
SUBSIDIES	-	-	500	7,000
TELECOMMUNICATIONS	-	959	23,547	16,184
TRANSLATION SERVICES	-	-	60	3,674
TRAVEL	-	929	177,510	183,516
	<u>32,140</u>	<u>117,590</u>	<u>2,281,615</u>	<u>1,874,122</u>
SURPLUS (DEFICIT) FOR THE YEAR	<u>\$ 235,485</u>	<u>\$ 215,724</u>	<u>\$ (233,148)</u>	<u>\$ (201,522)</u>