



AUDITED FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

To the Members of
Federation of Post-Secondary Educators' of British Columbia

We have audited the accompanying financial statements of Federation of Post-Secondary Educators' of British Columbia, which comprise the statement of financial position as at March 31, 2014 and the statements of revenue and expenses, general operating fund, strike/defence fund, capital assets fund, staff professional development fund, 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 accounting standards for non-profit organizations, 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 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 auditors' 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 auditors' consider 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.



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A PARTNERSHIP OF CORPORATIONS:

- GERALD S. NEMETH LTD.
- BRUCE J. ANDERSON LTD.

INDEPENDENT AUDITORS' REPORT (Cont'd)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Federation of Post-Secondary Educators' of British Columbia as at March 31, 2014 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 period.



Chartered Accountants
Vancouver, B.C.
April 29, 2014



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FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF FINANCIAL POSITION

			March 31, 2014	March 31, 2013
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	872,685	9,146,688	10,019,373	8,917,464
Due from Strike/Defence Fund (Note 5)	-	-	-	220,377
Membership dues and other receivables	71,306	-	71,306	107,278
Prepaid expenses and deposits	55,125	-	55,125	42,049
Due from General Operating Fund (Note 5)	-	67,458	67,458	-
	999,116	9,214,146	10,213,262	9,287,168
Capital Assets (Notes 2(c) and 4)	-	88,421	88,421	44,799
	999,116	9,302,567	10,301,683	9,331,967
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	389,339	-	389,339	364,920
Due to General Operating Fund (Note 5)	-	-	-	220,377
Due to Strike/Defence Fund (Note 5)	67,458	-	67,458	-
	456,797	220,377	456,797	585,297
NET ASSETS				
General Operating Fund (Page 3)	542,319	-	542,319	377,419
Strike/Defence Fund (Page 4)	-	9,207,365	9,207,365	8,316,778
Capital Assets Fund (Page 5)	-	88,421	88,421	44,799
Staff Professional Development Fund (Page 6)	-	6,781	6,781	7,674
	542,319	9,302,567	9,844,886	8,746,670
	999,116	9,302,567	10,301,683	9,331,967

COMMITMENTS (Note 6)

APPROVED BY THE DIRECTORS

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF REVENUE AND EXPENSES

YEAR ENDED MARCH 31	2014 Budgeted \$ <i>(Unaudited)</i>	2014 Actual \$	2013 Actual \$
Revenues			
Membership dues	3,956,416	4,098,693	3,884,513
Investment income	9,000	10,553	23,918
	3,965,416	4,109,246	3,908,431
Less: Transfer to Strike/Defence Fund	395,642	437,466	415,016
	3,569,774	3,671,780	3,493,415
Expenses (Schedules, pages 8 to 10)			
Administration	435,861	418,998	454,863
Advocacy and public relations	155,212	123,820	156,249
Affiliations and memberships	270,347	275,239	265,343
Bargaining	26,000	614	30,416
Committees	183,000	174,609	154,953
Events	445,425	343,995	473,481
Local support	600,000	675,695	609,047
Officer's relocation	22,000	15,600	12,000
President's Council and Executive	45,000	48,150	46,196
Salaries and benefits	1,541,109	1,566,586	1,538,058
	3,723,954	3,643,306	3,740,606
Excess Of Expenses Over Revenue For The Year	154,180	28,474	(247,191)

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF GENERAL OPERATING FUND
(NOTE 2(a)(i))

YEAR ENDED MARCH 31	2014	2013
	\$	\$
General Operating Fund, Beginning Of Year	377,419	579,391
Add: Amortization	39,642	61,470
Transfers from Strike/Defence Fund	184,848	-
Excess of revenues over expenses	28,474	-
	<u>630,383</u>	<u>640,861</u>
Deduct: Transfer to Staff Professional Development Fund	4,800	6,000
Purchase of capital assets	83,264	10,251
Excess of expenses over revenue for the year	-	247,191
	<u>-</u>	<u>247,191</u>
General Operating Fund, End Of Year	<u>542,319</u>	<u>377,419</u>

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF STRIKE/DEFENCE FUND
(NOTE 2(a)(ii))

YEAR ENDED MARCH 31	2014	2013
	\$	\$
Strike/Defence Fund, Beginning Of Year	8,316,778	7,874,913
Add: Investment Income	627,211	476,816
Member Contributions	437,466	415,016
	9,381,455	8,766,745
Deduct: Pension Survey	-	45,568
Political Action Campaign expense (recovery)	(77,621)	202,941
Service charges	66,863	67,758
Transfers to General Operating Fund	184,848	-
B.C. Federation of Labour:		
Political Action Campaign	-	33,700
Public sector bargaining coordination campaign	-	100,000
Strike/Defence Fund, End Of Year	9,207,365	8,316,778

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF CAPITAL ASSETS FUND
(NOTE 2(a)(iii))

YEAR ENDED MARCH 31	2014	2013
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	44,799	96,018
Add: Purchase of capital assets	83,264	10,251
	128,063	106,269
Deduct: Amortization	39,642	61,470
Capital Assets Fund Balance, End Of Year	88,421	44,799

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF STAFF PROFESSIONAL DEVELOPMENT FUND
(NOTE 2(a)(iv))

YEAR ENDED MARCH 31	2014	2013
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	7,674	5,044
Add: Transfer from General Operating Fund	4,800	6,000
Interest earned	30	29
	12,504	11,073
Deduct: Professional development	5,723	3,399
Staff Professional Development Fund Balance, End Of Year	6,781	7,674

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31	2014	2013
	\$	\$
Cash From Operating Activities		
Excess of Revenues Over Expenses for the year		
General Operating Fund	28,474	(247,191)
Strike/Defence Fund	1,075,435	441,865
Staff Professional Development Fund	(5,693)	(3,370)
	<u>1,098,216</u>	<u>191,304</u>
Item not involving cash		
Amortization of capital assets	39,642	61,470
	<u>1,137,858</u>	<u>252,774</u>
Cash provided by changes in non-cash working capital items:		
Membership dues and other receivables	35,972	(2,862)
Prepaid expenses and deposits	(13,076)	23,670
Accounts payable and accrued liabilities	24,419	72,689
	<u>47,315</u>	<u>93,497</u>
	<u>1,185,173</u>	<u>346,271</u>
Investing Activities		
Purchase of capital assets	(83,264)	(10,251)
Net Increase In Cash And Short-Term Investments	1,101,909	336,020
Cash and short-term investments, beginning of year	8,917,464	8,581,444
Cash And Short-Term Investments, End Of Year	10,019,373	8,917,464
General Operating Fund	872,685	372,635
Strike/Defence Fund	9,139,907	8,537,155
Staff Professional Development Fund	6,781	7,674
	<u>10,019,373</u>	<u>8,917,464</u>

Short-term investments include marketable securities which are readily convertible to cash.

Refer to accompanying notes.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31	2014 Budgeted	2014 Actual	2013 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Administration			
Amortization	80,000	39,642	61,470
Audit	9,000	10,498	10,981
Bank charges and interest	4,500	5,310	5,511
Employee relations	5,000	10,329	7,358
Equipment lease and maintenance	46,000	53,743	48,925
Insurance	4,500	4,927	4,737
Office maintenance	500	6,348	370
Office supplies	17,500	24,804	19,906
Parking and transit	20,000	22,016	22,561
Postage and courier	4,000	4,549	4,406
Printing/photocopying	4,000	2,727	4,590
Rent	164,361	160,035	161,105
Staff training	20,000	8,931	21,855
Subscriptions	19,000	25,727	24,293
Telecommunications	35,000	37,978	40,195
Website communication	2,500	1,434	16,600
	435,861	418,998	454,863
Advocacy And Public Relations			
Donations/recognition	50,212	50,975	54,153
Public relations/communications/lobbying	30,000	28,451	19,349
Representations - B.C. federal/labour groups	10,000	2,580	3,563
Representations - CAUT/NUCAUT	20,000	26,742	30,419
Representations - Other	30,000	26,869	45,004
Representations - Provincial committees/agencies	5,000	(28,102)	(5,306)
Representations - Provincial Government	10,000	16,305	9,067
	155,212	123,820	156,249
Affiliations And Memberships			
Affiliation - B.C. Federation of Labour	77,847	78,268	73,212
Affiliation - CAUT	94,250	96,388	95,487
Affiliation - NUCAUT/CLC	88,250	85,430	85,430
Memberships	10,000	15,153	11,214
	270,347	275,239	265,343

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31	2014 Budgeted	2014 Actual	2013 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Bargaining			
JADRC/JCBA/Joint Admin - ERIP	1,000	614	33
Provincial bargaining	25,000	-	30,383
	26,000	614	30,416
Committees			
Ad Hoc	1,000	--	434
Bargaining Co-ordination Committee	18,000	20,255	9,164
Contract administration review	18,000	16,908	16,715
Disability management and rehabilitation	9,000	12,896	10,030
Education policy	9,000	10,087	7,115
Human rights and international solidarity	12,000	11,763	8,065
Non-regular faculty	18,000	16,638	16,213
Organizing	40,000	38,003	40,088
Pension advisory	24,000	23,256	21,416
Private sector committee	4,000	-	260
Professional and scholarly development	9,000	9,294	8,219
Status of women	12,000	8,594	10,581
Workplace health, safety and environment	9,000	6,915	6,653
	183,000	174,609	154,953
Events			
Annual general meeting	247,925	174,951	239,785
B.C. Federation of Labour Convention	22,500	8,124	51,172
Bargaining Strategy Conference	40,000	19,359	37,788
Conferences	40,000	30,542	44,808
Joint Committee Conference	70,000	82,545	74,663
Presidents retreat	25,000	28,474	25,265
	445,425	343,995	473,481
Local Support			
Legal	500,000	576,417	484,848
Staff travel to local offices	100,000	99,278	124,199
	600,000	675,695	609,047
Officer's Relocation			
Allowance	12,000	15,600	12,000
Moving expenses	10,000	-	-
	22,000	15,600	12,000

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
SCHEDULE OF EXPENSES

YEAR ENDED MARCH 31	2014 Budgeted	2014 Actual	2013 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
President's Council And Executive			
President's Council	45,000	48,150	46,196
Salaries and Benefits			
President	84,915	83,252	83,525
Secretary-Treasurer	84,915	85,822	83,231
Vice-President	43,095	44,767	37,633
Other duty release	21,216	2,312	14,922
Officer's transition	20,000	-	-
Benefits (Officer)	104,448	101,254	104,076
Staff Reps	573,613	550,331	573,059
Support Staff	318,884	372,374	319,039
Benefits (Staff)	252,023	279,536	267,817
Overtime	38,000	46,938	54,756
	1,541,109	1,566,586	1,538,058

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2014

1. Purpose Of The Federation

Federation of Post-Secondary Educators' of British Columbia ("FPSE") is a non-profit organization incorporated under the provisions of "The Society Act" of British Columbia. FPSE represents the professional and labour relations interests of its membership. Its membership includes faculty and staff of colleges, universities, institutes and agencies across British Columbia.

The Federation is a non-profit organization and is exempt from income taxes.

2. Significant Accounting Policies

The financial statements of the Federation are prepared using Canadian accounting standards for non-profit organizations. To facilitate review of these financial statements, the significant accounting policies followed by the Federation are summarized below.

(a) Fund Accounting

Federation of Post-Secondary Educators of British Columbia follows the deferral method of accounting for membership dues.

(i) General Operating Fund

The amount in this fund represents excess member funding, investment income, miscellaneous grants and other income. Amounts in the fund are available to provide working capital and discretionary appropriations to the appropriated fund.

(ii) Strike/Defence Fund

The amount in this fund represents discretionary appropriations from the General Operating Fund and investment income for the purposes of protecting member interests during negotiations and job actions and for other purposes approved by the Presidents Council and at the Annual General Meeting.

(iii) Capital Assets Fund

Amounts included in this fund represent the acquisition of capital assets at cost, net of accumulated amortization.

(iv) Staff Professional Development Fund

A fund administered by the FPSE Staff Professional Development Committee for the purpose of funding activities which enhance employees' abilities to perform their duties and further their career development.

(b) Short-Term Investments

Short-term investments are recorded at fair value. Changes in fair values during the year are included in revenue of the General Operating and Strike/Defence Funds. The Federation's investments include fixed income securities, trust units and shares. The fair value of investments is determined by quoted market prices plus any accrued interest on fixed income securities at the year end date.

2. Significant Accounting Policies (Cont'd)

(c) Capital Assets

Capital assets are recorded at cost less accumulated amortization which is calculated on the straight-line basis over the following periods:

Computer equipment	- 3 years
Office furniture and equipment	- 5 years
Leasehold improvements	- Term of premises lease

(d) Use Of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, particularly the recoverability of membership dues and other receivables, capital assets, and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates. Significant estimates include the economic lives of capital assets for amortization and the accrued liabilities.

(e) Impairment Of Long-Lived Assets

The Federation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount of the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair values include quoted shares.

(g) Foreign Exchange

Monetary assets and liabilities of the Federation which are dominated in foreign currencies are translated at year end exchange rates. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included the general operations and strike/defence funds.

(h) Revenue Recognition

- (i) Membership dues received for the organization's programs are recognized as income when received or receivable. Other revenues are recognized on an accrual basis and are recorded in the appropriate funds, according to source.
- (ii) Unrealized gains and losses on held-for-trading financial assets are included in investment income and recognized as revenue in the statements of "Revenue and Expenses" and "Strike/Defence Fund".

3. Cash And Short-Term Investments

	2014	2013
	\$	\$
Cash	659,596	255,131
Fixed income securities	5,714,174	5,646,836
Equity securities	3,645,603	3,015,497
	<u>10,019,373</u>	<u>8,917,464</u>

Included in investment income for the year of the General Operating Fund and Strike/Defence Fund, were the following:

	2014	2013
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	1,882	(8,429)
Strike/Defence Fund	224,910	(56,255)
Unrealized gains (losses) of short-term investments at year-end	<u>128,306</u>	<u>275,500</u>
	<u>355,098</u>	<u>210,816</u>

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the operations and the associated operating environment. Investments are primarily exposed to interest rate, market and foreign exchange risk. FPSE has formal policies and procedures that establish target asset mix.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by FPSE. FPSE has formal policies and procedures that establish target asset mix, minimum credit ratings and varying terms of the securities held.

3. Cash And Short-Term Investments (Cont'd)

Market Risk

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market expose FPSE to a risk of loss. FPSE mitigates this risk through controls to monitor and limit concentration levels.

Liquidity Risk

The federation does have a liquidity risk in the accounts payable of \$389,339 (2013 - \$364,920). Liquidity risk is the risk that the federation cannot repay its obligations when they become due to its creditors. The federation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintain sufficient cash and short-term deposits to repay trade creditors. In the opinion of management the liquidity risk exposure to the federation is low and is not material.

Foreign Exchange Risk

Foreign exchange risk arises from fluctuations in the exchange rate on investments held in foreign currency. FPSE reduces its exposure to foreign exchange risk by carefully monitoring exchange rate movement. FPSE did not have any hedges at the time that the financial statements were issued.

4. Capital Assets

	2014		2013	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	214,450	166,198	48,252	38,444
Leasehold improvements	70,188	37,076	33,112	-
Office furniture and equipment	263,244	256,187	7,057	6,355
	547,882	459,461	88,421	44,799

5. Inter-Fund Balances

	2014	2013
	\$	\$
Opening Balance	(220,377)	(198,219)
Outstanding Defence Fund transfer in the year	10,214	13,598
Cash transfers to General Operating Fund	303,090	150,000
Political Action Campaign paid by the General Operating Fund	(25,469)	(185,756)
	67,458	(220,377)

6. **Commitments**

The Federation is committed to minimum lease payments on premises and equipment as follows:

	\$
2015	164,188
2016	161,275
2017	161,195
2018	162,137
2019	159,810

7. **Capital Disclosures**

FPSE defines its capital as the amounts included in its net asset balances.

FPSE's objective when managing its capital is to safeguard its ability to continue as a going concern so that it can continue to provide the appropriate level of services to its members.