
**FEDERATION OF POST-SECONDARY EDUCATORS'
OF BRITISH COLUMBIA
FINANCIAL STATEMENTS
MARCH 31, 2015**





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, 2015 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.

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, 2015 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.

Manning Elliott LLP

Chartered Accountants
Vancouver, B.C.
May 5, 2015



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

MARCH 31			2015	2014
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	773,707	9,515,629	10,289,336	10,019,373
Membership dues and other receivables	45,459	-	45,459	71,306
Prepaid expenses and deposits	95,695	-	95,695	55,125
Due from General Operating Fund (Note 5)	-	30,811	30,811	67,458
	914,861	9,546,440	10,461,301	10,213,262
Capital Assets (Notes 2(c) and 4)	-	70,776	70,776	88,421
	914,861	9,617,216	10,532,077	10,301,683
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	423,590	-	423,590	389,339
Due to Strike/Defence Fund (Note 5)	30,811	-	30,811	67,458
	454,401	-	454,401	456,797
NET ASSETS				
General Operating Fund (Page 3)	460,460	-	460,460	542,319
Strike/Defence Fund (Page 4)	-	9,537,683	9,537,683	9,207,365
Capital Assets Fund (Page 5)	-	70,776	70,776	88,421
Staff Professional Development Fund (Page 6)	-	8,757	8,757	6,781
	460,460	9,617,216	10,077,676	9,844,886
	914,861	9,617,216	10,532,077	10,301,683

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	2015 Budgeted \$ <i>(Unaudited)</i>	2015 Actual \$	2014 Actual \$
Revenues			
Membership dues	4,221,654	4,104,125	4,098,693
Investment income	10,000	14,971	10,553
	4,231,654	4,119,096	4,109,246
Less: Transfer to Strike/Defence Fund	422,165	437,691	437,466
	3,809,489	3,681,405	3,671,780
Expenses (Schedules, pages 8 to 10)			
Administration	405,600	404,884	418,998
Advocacy and public relations	145,501	171,066	123,820
Affiliations and memberships	280,324	293,229	275,239
Bargaining	26,000	76,759	614
Committees	179,000	199,597	174,609
Events	481,900	520,784	343,995
Local support	600,000	356,958	675,695
Officer's relocation	26,600	20,383	15,600
President's Council and Executive	45,000	54,049	48,150
Salaries and benefits	1,638,420	1,678,000	1,566,586
	3,828,420	3,775,709	3,643,306
Excess Of Expenses Over Revenue For The Year	(18,856)	(94,304)	28,474

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	2015	2014
	\$	\$
General Operating Fund, Beginning Of Year	542,319	377,419
Add: Amortization	40,268	39,642
Transfers from Strike/Defence Fund	-	184,848
Excess of revenues over expenses	-	28,474
	582,587	630,383
Deduct: Transfer to Staff Professional Development Fund	5,200	4,800
Purchase of capital assets	22,623	83,264
Excess of expenses over revenue for the year	94,304	-
General Operating Fund, End Of Year	460,460	542,319

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	2015	2014
	\$	\$
Strike/Defence Fund, Beginning Of Year	9,207,365	8,316,778
Add: Investment Income	734,741	627,211
Member Contributions	437,691	437,466
	10,379,797	9,381,455
Deduct:		
Political Action Campaign expense (recovery)	770,144	(77,621)
Service charges	71,970	66,863
Transfers to General Operating Fund	-	184,848
Strike/Defence Fund, End Of Year	9,537,683	9,207,365

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	2015	2014
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	88,421	44,799
Add: Purchase of capital assets	<u>22,623</u>	<u>83,264</u>
	111,044	128,063
Deduct: Amortization	<u>40,268</u>	<u>39,642</u>
Capital Assets Fund Balance, End Of Year	<u>70,776</u>	<u>88,421</u>

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	2015	2014
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	6,781	7,674
Add: Transfer from General Operating Fund	5,200	4,800
Interest earned	30	30
	<u>12,011</u>	<u>12,504</u>
Deduct: Professional development	<u>3,254</u>	<u>5,723</u>
Staff Professional Development Fund Balance, End Of Year	<u>8,757</u>	<u>6,781</u>

Refer to accompanying notes.



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

YEAR ENDED MARCH 31	2015	2014
	\$	\$
Cash From Operating Activities		
Excess of Revenues Over Expenses for the year		
General Operating Fund	(94,304)	28,474
Strike/Defence Fund	330,318	1,075,435
Staff Professional Development Fund	(3,224)	(5,693)
	<u>232,790</u>	<u>1,098,216</u>
Item not involving cash		
Amortization of capital assets	40,268	39,642
	<u>273,058</u>	<u>1,137,858</u>
Cash provided by changes in non-cash working capital items:		
Membership dues and other receivables	25,847	35,972
Prepaid expenses and deposits	(40,570)	(13,076)
Accounts payable and accrued liabilities	34,251	24,419
	<u>19,528</u>	<u>47,315</u>
	<u>292,586</u>	<u>1,185,173</u>
Investing Activities		
Purchase of capital assets	(22,623)	(83,264)
Net Increase In Cash And Short-Term Investments	<u>269,963</u>	<u>1,101,909</u>
Cash and short-term investments, beginning of year	<u>10,019,373</u>	<u>8,917,464</u>
Cash And Short-Term Investments, End Of Year	<u>10,289,336</u>	<u>10,019,373</u>
General Operating Fund	773,707	872,685
Strike/Defence Fund	9,506,872	9,139,907
Staff Professional Development Fund	8,757	6,781
	<u>10,289,336</u>	<u>10,019,373</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	2015 Budgeted \$ <i>(Unaudited)</i>	2015 Actual \$	2014 Actual \$
Administration			
Amortization	65,650	40,268	39,642
Audit	9,500	13,059	10,498
Bank charges and interest	4,500	3,682	5,310
Employee relations	5,000	3,113	10,329
Equipment lease and maintenance	46,000	62,109	53,743
Insurance	4,500	5,067	4,927
Office maintenance	500	10	6,348
Office supplies	6,000	3,180	24,804
Parking and transit	20,000	22,622	22,016
Postage and courier	4,250	2,821	4,549
Printing/photocopying	3,000	3,582	2,727
Rent	166,200	165,239	160,035
Staff training	15,000	20,325	8,931
Subscriptions	19,000	25,928	25,727
Telecommunications	35,000	29,393	37,978
Website communication	1,500	4,486	1,434
	405,600	404,884	418,998
Advocacy And Public Relations			
Donations/recognition	50,501	66,195	50,975
Public relations/communications/lobbying	30,000	34,986	28,451
Representations - B.C. federal/labour groups	7,500	8,485	2,580
Representations - CAUT/NUCAUT	20,000	33,867	26,742
Representations - Other	25,000	41,703	26,869
Representations - Provincial committees/agencies	2,500	(18,967)	(28,102)
Representations - Provincial Government	10,000	4,797	16,305
	145,501	171,066	123,820
Affiliations And Memberships			
Affiliation - B.C. Federation of Labour	80,348	82,901	78,268
Affiliation - CAUT	97,078	97,669	96,388
Affiliation - NUCAUT/CLC	90,898	97,225	85,430
Memberships	12,000	15,434	15,153
	280,324	293,229	275,239



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

YEAR ENDED MARCH 31	2015 Budgeted \$ <i>(Unaudited)</i>	2015 Actual \$	2014 Actual \$
Bargaining			
JADRC/JCBA/Joint Admin - ERIP	1,000	505	614
Provincial bargaining	25,000	76,254	-
	26,000	76,759	614
Committees			
Ad Hoc	1,000	-	-
Bargaining Co-ordination Committee	18,000	17,681	20,255
Contract administration review	18,000	16,948	16,908
Disability management and rehabilitation	9,000	11,370	12,896
Education policy	9,000	7,071	10,087
Human rights and international solidarity	12,000	17,823	11,763
Non-regular faculty	18,000	22,651	16,638
Organizing	40,000	42,037	38,003
Pension advisory	24,000	30,432	23,256
Private sector committee	-	253	-
Professional and scholarly development	9,000	10,019	9,294
Status of women	12,000	12,619	8,594
Workplace health, safety and environment	9,000	10,693	6,915
	179,000	199,597	174,609
Events			
Annual general meeting	253,900	271,910	174,951
B.C. Federation of Labour Convention	55,000	44,473	8,124
Bargaining Strategy Conference	-	-	19,359
CLC/NUCAUT Convention	42,000	48,881	-
Conferences	35,000	39,996	30,542
Joint Committee Conference	70,000	80,925	82,545
Presidents retreat	26,000	34,599	28,474
	481,900	520,784	343,995
Local Support			
Legal	500,000	278,609	576,417
Staff travel to local offices	100,000	78,349	99,278
	600,000	356,958	675,695
Officer's Relocation			
Allowance	16,600	16,599	15,600
Moving expenses	10,000	3,784	-
	26,600	20,383	15,600



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

YEAR ENDED MARCH 31	2015 Budgeted	2015 Actual	2014 Actual
	\$ <i>(Unaudited)</i>	\$	\$
President's Council And Executive			
President's Council	45,000	54,049	48,150
Salaries and Benefits			
President	86,610	84,244	83,252
Secretary-Treasurer	86,610	83,002	85,822
Vice-President	43,305	29,453	44,767
Other duty release	21,655	23,348	2,312
Officer's transition	20,000	-	-
Benefits (Officers)	104,450	104,901	101,254
Staff Reps	599,025	609,275	550,331
Support Staff	375,200	392,897	372,374
Benefits (Staff)	263,565	300,322	279,536
Overtime	38,000	50,558	46,938
	1,638,420	1,678,000	1,566,586



FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2015

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

	2015	2014
	\$	\$
Cash	1,763,296	659,596
Fixed income securities	4,934,258	5,714,174
Equity securities	3,591,782	3,645,603
	<u>10,289,336</u>	<u>10,019,373</u>

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

	2015	2014
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	(506)	1,882
Strike/Defence Fund	229,480	224,910
Unrealized gains (losses) of short-term investments at year-end	<u>230,953</u>	<u>128,306</u>
	<u>459,927</u>	<u>355,098</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.



FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
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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 \$423,590 (2014 - \$389,339). 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

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	235,676	198,375	37,301	48,252
Leasehold improvements	70,188	41,072	29,116	33,112
Office furniture and equipment	264,641	260,282	4,359	7,057
	570,505	499,729	70,776	88,421

5. Inter-Fund Balances

	2015	2014
	\$	\$
Opening Balance	67,458	(220,377)
Outstanding Defence Fund transfer in the year	163,779	10,214
Cash transfers to General Operating Fund	569,718	303,090
Political Action Campaign paid by the General Operating Fund	(770,144)	(25,469)
	30,811	67,458



6. Commitments

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

	<u>\$</u>
2016	161,275
2017	161,195
2018	162,137
2019	159,810
2020	170,949

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.

