

**FEDERATION OF POST-SECONDARY EDUCATORS'
OF BRITISH COLUMBIA**

FINANCIAL STATEMENTS

MARCH 31, 2010



NEMETH THODY ANDERSON

Chartered Accountants

AUDITORS' REPORT

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

We have audited the Statement of Financial Position of Federation of Post-Secondary Educators' of British Columbia as at March 31, 2010, and the Statements of Revenue and Expenses, General Operating Fund, Strike/Defence Fund, Capital Assets Fund and Staff Professional Development Fund, and Cash Flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Federation as at March 31, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the B.C. Society's Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

Vancouver, B.C.

April 23, 2010



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

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

MARCH 31			2010	2009
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	727,575	7,684,056	8,411,631	6,667,493
Due from General Operating Fund (Note 5)	-	14,192	14,192	-
Due from Strike/Defence Fund (Note 5)	-	-	-	55,492
Membership dues and other receivables	78,118	-	78,118	193,801
Prepaid expenses and deposits	47,351	-	47,351	46,150
	853,044	7,698,248	8,551,292	6,962,936
Capital Assets (Notes 2(c) and 4)	-	51,290	51,290	71,614
	853,044	7,749,538	8,602,582	7,034,550

LIABILITIES

Current Liabilities				
Accounts payable and accrued liabilities	325,478	-	325,478	406,704
Due to Strike/Defence Fund (Note 5)	14,192	-	14,192	-
Due to General Operating Fund (Note 5)	-	-	-	55,492
	339,670	-	339,670	462,196

NET ASSETS

General Operating Fund (Page 3)	513,374	-	513,374	201,935
Strike/Defence Fund (Page 4)	-	7,696,991	7,696,991	6,290,953
Capital Assets Fund (Page 5)	-	51,290	51,290	71,614
Staff Professional Development Fund (Page 6)	-	1,257	1,257	7,852
	513,374	7,749,538	8,262,912	6,572,354
	853,044	7,749,538	8,602,582	7,034,550

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	2010 Budgeted	2010 Actual	2009 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Revenue			
Membership dues	3,295,200	3,484,671	3,128,617
Investment income	17,200	22,316	3,390
	<hr/>	<hr/>	<hr/>
	3,312,400	3,506,987	3,132,007
Less: Transfer to Strike/Defence Reserve	329,520	351,162	318,350
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	2,982,880	3,155,825	2,813,657
Expenses (Schedule, pages 8 to 10)			
Administration	329,500	343,920	368,598
Advocacy and public relations	86,500	106,424	142,875
Affiliations and memberships	255,850	255,601	245,900
Bargaining	55,000	23,064	476
Committees	185,000	157,722	110,155
Events	290,500	325,333	431,147
Local support	310,000	246,708	333,188
Officer's relocation	8,000	17,793	-
President's Council and Executive	42,000	47,812	54,236
Salaries and benefits	1,406,000	1,340,022	1,337,444
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	2,968,350	2,864,399	3,024,019
Excess Of Revenue Over Expenses for The Year	<hr/>	<hr/>	<hr/>
	14,530	291,426	(210,362)

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	2010	2009
	\$	\$
General Operating Fund, Beginning Of Year	201,935	283,049
Add: Amortization	33,355	44,349
Transfers from Strike/Defence Fund	3,289	104,323
Excess of revenues over expenses for the year	291,426	-
	530,005	431,721
Deduct: Transfer to Staff Professional Development Fund	(3,600)	(3,600)
Purchase of capital assets	(13,031)	(15,824)
Excess of expenses over revenue for the year	-	(210,362)
General Operating Fund, End Of Year	513,374	201,935

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	2010	2009
	\$	\$
Strike/Defence Fund, Beginning Of Year	6,290,953	7,160,335
Add: Investment Income	1,106,742	(1,017,824)
Member contributions	351,162	318,350
	7,748,857	6,460,861
Deduct: Better funding . . . Better Futures Campaign	-	6,243
Services charges	48,577	59,342
Transfers to General Operating Fund	3,289	104,323
Strike/Defence Fund, End Of Year	7,696,991	6,290,953

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	2010	2009
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	71,614	100,139
Add: Purchase of capital assets	13,031	15,824
	<u>84,645</u>	<u>115,963</u>
Deduct: Amortization	33,355	44,349
Capital Assets Fund Balance, End Of Year	<u>51,290</u>	<u>71,614</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	2010	2009
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	7,852	5,901
Add: Transfer from General Operating Fund	3,600	3,600
Interest earned	109	212
	11,561	9,713
Deduct: Professional development	10,304	1,861
Staff Professional Development Fund Balance, End Of Year	1,257	7,852

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2010	2009
	\$	\$
Cash From Operating Activities		
Excess of Revenues Over Expenses for the year		
General Operating Fund	291,426	(210,362)
Strike/Defence Fund	1,409,327	(765,059)
Staff Professional Development Fund	(10,195)	(1,649)
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	1,690,558	(977,070)
Item not involving cash		
Amortization of capital assets	33,355	44,349
	<hr/>	<hr/>
	1,723,913	(932,721)
Cash provided by changes in non-cash working capital items:		
Membership dues and other receivables	115,683	24,883
Prepaid expenses and deposits	(1,201)	7,400
Accounts payable and accrued liabilities	(81,226)	67,834
	<hr/>	<hr/>
	33,256	100,117
	<hr/>	<hr/>
	1,757,169	(832,604)
<hr/>		
Investing Activities		
Purchase of capital assets	(13,031)	(15,824)
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Net Increase In Cash And Short-Term Investments	1,744,138	(848,428)
Cash and short-term investments, beginning of year	6,667,493	7,515,921
	<hr/>	<hr/>
Cash And Short-Term Investments, End Of Year	8,411,631	6,667,493
<hr/>		
General Operating Fund	727,575	313,196
Strike/Defence Fund	7,682,799	6,346,445
Staff Professional Development Fund	1,257	7,852
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	8,411,631	6,667,493
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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	2010 Budgeted \$ (Unaudited)	2010 Actual \$	2009 Actual \$
Administration			
Amortization	37,500	33,355	44,349
Audit	8,000	9,303	9,245
Bank charges and interest	3,400	4,249	4,807
Employee relations	5,000	5,310	4,575
Equipment lease and maintenance	20,000	25,732	24,905
Insurance	4,500	4,290	4,262
Office maintenance	2,500	303	262
Office supplies	14,000	23,288	15,460
Parking and transit	16,000	17,105	16,116
Postage and courier	5,000	2,899	3,898
Printing/photocopying	6,000	5,269	8,607
Rent	144,600	144,859	142,143
Staff training	10,000	14,834	11,909
Subscriptions	16,000	17,502	16,768
Telecommunications	30,000	30,699	37,124
Website communication	7,000	4,923	24,168
	329,500	343,920	368,598
Advocacy And Public Relations			
Donations/recognition	10,000	10,547	12,070
FPSE Publications	2,500	-	-
International solidarity	15,000	12,000	15,010
Public relations/communications/lobbying	20,000	28,185	66,242
Representations - B.C. federal/labour groups	10,000	1,870	11,178
Representations - CAUT/NUCAUT	10,000	28,177	16,744
Representations - Federal Government	3,000	429	-
Representations - Other	5,000	19,730	6,927
Representations - Provincial committees/agencies	5,000	3,823	9,294
Representations - Provincial Government	6,000	1,663	5,410
	86,500	106,424	142,875
Affiliations And Memberships			
Affiliation - B.C. Federation of Labour	74,500	72,792	72,792
Affiliation - CAUT	86,450	90,021	84,885
Affiliation - NUCAUT/CLC	83,400	84,924	83,408
Memberships	11,500	7,864	4,815
	255,850	255,601	245,900

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

YEAR ENDED MARCH 31	2010 Budgeted \$ (Unaudited)	2010 Actual \$	2009 Actual \$
Bargaining			
JADRC/JCBA/Joint Admin - ERIP	5,000	916	476
Provincial bargaining	50,000	22,148	-
	55,000	23,064	476
Committees			
Ad Hoc	1,000	130	1,358
Bargaining Co-ordination Committee	16,000	12,950	13,425
Contract administration review	16,000	8,515	6,163
Disability management and rehabilitation	16,000	12,814	9,248
Education policy	16,000	16,678	5,702
Human rights and international solidarity	16,000	17,502	6,518
Non-regular faculty	16,000	12,970	11,555
Outreach	20,000	14,141	19,821
Pension advisory	20,000	23,930	15,415
Professional and scholarly development	16,000	14,743	7,218
Status of women	16,000	8,858	7,068
Workplace health, safety and environment	16,000	14,491	6,664
	185,000	157,722	110,155
Events			
Annual general meeting	185,500	224,711	171,192
B.C. Federation of Labour Convention	25,000	28,749	37,554
Bargaining Strategy Conference	20,000	25,434	18,412
Canadian Labour Congress Convention	-	-	44,907
Conferences	40,000	23,883	41,302
Joint Committee Conference	-	1,955	67,765
Presidents retreat	20,000	19,829	25,599
Scholarly Activities Conference	-	772	24,416
	290,500	325,333	431,147
Local Support			
Legal	275,000	203,290	280,367
Staff travel to local offices	35,000	43,418	52,821
	310,000	246,708	333,188
Officer's Relocation			
Allowance	3,500	9,000	-
Moving expenses	4,500	8,793	-
	8,000	17,793	-

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

YEAR ENDED MARCH 31	2010 Budgeted	2010 Actual	2009 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
President's Council And Executive			
Executive Committee	2,000	189	1,134
President's Council	40,000	47,623	53,102
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	42,000	47,812	54,236
Salaries and Benefits			
Benefits (Officers)	84,600	82,447	91,930
Benefits (Staff)	209,100	205,961	207,151
Officer's transition	20,000	13,763	-
Other duty release	5,000	13,903	-
Overtime	38,000	24,107	38,468
President	83,700	82,787	81,204
Secretary-Treasurer	83,700	76,072	81,372
Staff reps	544,600	528,219	516,192
Support staff	295,450	304,497	285,367
Vice-Presidents	41,850	8,266	35,760
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	1,406,000	1,340,022	1,337,444

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

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 British Columbia Society's Act*". 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 certified bargaining agent under the labour code of 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 generally accepted accounting principles. To facilitate review of these financial statements, the significant accounting policies followed by the Federation are summarized below.

(a) Fund Accounting

(i) General Operating Fund

The amount in this fund represents excess member funding, interest earned on investments, miscellaneous grants and other income. Amounts in the fund are available to provide interim 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 to the Strike/Defence Fund 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 classified as held for trading and are recorded at market value.

Quoted market prices were used to determine the market value of the investments as 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 conformity with generally accepted accounting principles 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

An impairment charge is recognized for long-lived assets, including intangible assets with definite lives, when an event or change in circumstances causes the assets carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the asset and its carrying value.

(f) 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*".

(g) New Accounting Pronouncements

There are no new accounting standard pronouncements subsequent to March 31, 2010, that the Federation will be required to adopt.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
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3. Cash And Short-Term Investments

	2010	2009
	\$	\$
Petty cash	200	200
Vancouver City Savings Credit Union	271,992	(117,590)
Macquarie Private Wealth (formerly Blackmont Capital)	8,139,439	6,784,883
	<u>8,411,631</u>	<u>6,667,493</u>

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

	2010	2009
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	10,134	(14,150)
Strike/Defence Fund	35,637	(667,548)
Unrealized gains (losses) of short-term investments at year-end	<u>816,719</u>	<u>(607,474)</u>
	<u>862,490</u>	<u>(1,289,172)</u>

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate and market 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.

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.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
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4. Capital Assets

	2010		2009	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	304,710	271,026	33,684	48,920
Leasehold improvements	35,034	20,443	14,591	17,740
Office furniture and equipment	246,708	243,693	3,015	4,954
	586,452	535,162	51,290	71,614

5. Inter-Fund Balances

	2010	2009
	\$	\$
Outstanding Defence Fund transfer	17,481	55,074
Legal fees to be funded by Defence Fund	(3,289)	(80,367)
Provincial bargaining costs paid by the General Operating Fund	-	(6,243)
Dialogue on Post-Secondary education expenses to be funded by Defence Fund	-	(23,956)
	14,192	(55,492)

6. Commitments

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

	\$
2011	149,664
2012	149,664
2013	149,664
2014	28,464
2015	3,993

7. Financial Instruments

The financial instruments of the organization consist of cash and short-term investments, membership dues and other receivables and accounts payable and accrued liabilities. It is management's opinion that the organization is not exposed to significant credit or interest rate risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

8. 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.

9. Comparative Figures

Certain comparative figures have been reclassified to conform to current year financial statement presentation.