



2005 AGM & CONVENTION

AUDITORS' REPORT

& FINANCIAL STATEMENTS – MARCH 31, 2005



NEMETH THODY ANDERSON

Chartered Accountants

To the Members of
the Federation of Post-Secondary Educators of British Columbia
(Formerly CIEA, College Institute Educators' Association of British Columbia):

We have audited the balance sheet of the Federation of Post-Secondary Educators of British Columbia as at March 31, 2005, and the statements of Revenue and Expenditures, General Operating Fund, Strike/Defence Fund, Capital Assets Fund and Staff Professional Development Fund, and cash flow 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 Association as at March 31, 2005, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *BC 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, BC
April 22, 2005

**FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
BALANCE SHEET**

MARCH 31			2005	2004
	Unappropriated Funds	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	689,533	6,410,713	7,100,246	6,886,899
Membership dues and other receivables	86,790	-	86,790	39,560
Prepaid expenses and deposits	66,326	-	66,326	73,685
Due from General Operating Fund (Note 5)	-	3,950	3,950	3,738
	842,649	6,414,663	7,257,312	7,003,882
Capital Assets (Notes 2(c) and 4)	-	126,176	126,176	154,353
	842,649	6,540,839	7,383,488	7,158,235
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	354,715	-	354,715	188,181
Due to Defence Fund (Note 5)	3,950	-	3,950	3,738
	358,665	-	358,665	191,919
NET ASSETS				
General Operating Fund (p. 75)	483,984	-	483,984	700,539
Strike/Defence Fund (p. 75)	-	6,403,058	6,403,058	6,100,558
Capital Assets Fund (p. 76)	-	126,176	126,176	154,353
Staff Professional Development Fund (p. 76)	-	11,605	11,605	10,866
	483,984	6,540,839	7,024,823	6,966,316
	842,649	6,540,839	7,383,488	7,158,235

COMMITMENTS (Note 7)

Refer to accompanying notes.

**FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
STATEMENT OF REVENUE AND EXPENDITURES**

YEAR ENDED MARCH 31	2005	2005	2004
	<i>(Unaudited)</i>		
	Budgeted	Actual	Actual
	\$	\$	\$
Revenue			
Membership dues	2,575,500	2,624,282	2,560,157
Investment income	57,500	52,576	46,027
	2,633,000	2,676,858	2,606,184
Less: Transfer to Strike/Defence Reserve	260,600	265,954	259,245
	2,372,400	2,410,904	2,346,939
Expenditures (Schedule, pages 78-79)			
Salaries and benefits	1,208,926	1,167,249	1,128,253
Administration/advocacy	509,095	515,163	479,058
Committee meetings/provincial bargaining	330,500	399,009	143,854
Local support/legal	200,000	293,188	259,184
Events	212,500	224,678	219,056
	2,461,021	2,599,287	2,229,405
Excess of Expenditures Over Revenue Before Undernoted Items	(88,621)	(188,383)	117,534)
Transfer to Staff Professional Development Fund	-	(3,000)	(3,000)
Gain on disposal of capital assets	-	-	1,150
Valuation increase of investments	-	-	225
Amortization	(49,750)	(53,349)	(41,422)
Excess of Expenditures Over Revenues For The Year	(138,371)	(244,732)	744,487

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2005	2004
	\$	\$
General Operating Fund, Beginning Of Year	700,539	741,298
Add:		
Excess of expenditures over revenue for the year	(244,732)	74,487
Amortization	53,349	41,422
	509,156	857,207
Deduct:		
Purchase of capital assets	25,172	156,668
General Operating Fund, End Of Year	483,984	700,539

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2005	2004
	\$	\$
Strike/Defence Fund, Beginning Of Year	6,100,558	5,429,546
Add:		
Increase in value of short-term investments	-	46,955
Investment Income	365,843	381,146
Member contributions	265,954	259,245
	6,732,355	6,116,892
Deduct:		
Education Awareness Campaign (Note 8)	270,300	-
Services charges	14,760	16,334
Write-down of investments to market value	44,237	-
Strike/Defence Fund, End Of Year	6,403,058	6,100,558

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2005	2004
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	154,353	39,107
Add:		
Purchase of capital assets	25,172	156,668
	179,525	195,775
Deduct:		
Amortization	53,349	41,422
Capital Assets Fund Balance, End Of Year	126,176	154,353

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2005	2004
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	10,866	10,110
Add:		
Transfer from General Operating Fund	3,000	3,000
Interest earned	208	229
	14,074	13,339
Deduct:		
Professional development	2,469	2,473
Staff Professional Development Fund Balance, End Of Year	11,605	10,866

Refer to accompanying notes.

FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
STATEMENT OF CASH FLOW

YEAR ENDED MARCH 31	2005	2004
	\$	\$
Cash from Operating Activities		
Net earnings/(deficit) for the year		
General Operating Fund	(244,732)	74,487
Strike/Defence Fund	302,500	671,012
Staff Professional Development Fund	739	756
	<hr/>	<hr/>
	58,507	746,255
Amortization of capital assets	53,349	41,422
Net change in non-cash working capital	126,663	(586)
	<hr/>	<hr/>
Net cash generated through operating activities	238,519	787,091
	<hr/>	<hr/>
Financing and Investing Activities		
Purchase of capital assets	(25,172)	(156,668)
	<hr/>	<hr/>
Net Increase in Cash and Short-Term Investments	213,347	630,423
Cash and short-term investments, beginning of year	6,886,899	6,256,476
	<hr/>	<hr/>
Cash And Short-Term Investments, End Of Year	7,100,246	6,886,899

Refer to accompanying notes.

**FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
SCHEDULE OF EXPENDITURES**

YEAR ENDED MARCH 31	2005 (Unaudited) Budgeted	2005 Actual	2004 Actual
	\$	\$	\$
Salaries and Benefits			
President	73,257	67,621	65,277
Vice-Presidents	36,628	31,019	22,428
Secretary-Treasurer	73,257	65,167	64,200
Benefits of officers and staff	242,600	242,946	232,474
Other duty release	5,000	-	-
Officer's transition	18,314	-	5,455
Staff representatives	480,370	470,129	467,722
Staff overtime	35,000	42,809	37,296
Support staff	244,500	247,558	233,401
	1,208,926	1,167,249	1,128,253
Administration/Advocacy			
Audit	6,350	6,452	6,349
Bank charges and interest	800	2,555	1,095
Employee relations	2,500	3,548	1,293
Equipment lease and maintenance	6,000	9,612	9,876
Insurance	4,500	4,500	3,496
Lobbying and public relations			
Lobbying and public relations	50,000	17,719	23,017
FPSE publications	13,000	16,027	4,746
Donations	5,000	8,040	5,170
Hosting	500	286	255
Special representations (Note 6)	25,500	39,308	30,375
Memberships			
BC Federation Of Labour	50,725	52,564	49,140
CAUT	60,775	62,151	59,184
CLC/NUCAUT	55,095	56,268	54,306
Other	9,000	7,940	8,145
Office maintenance	2,000	2,641	2,012
Office move	-	-	10,335
Postage and courier	6,000	8,034	3,691
Printing	8,500	7,571	4,280
Relocation	8,000	-	-
Rent	144,350	147,008	140,912
Staff training	4,000	1,798	4,933
Subscriptions and books	15,000	17,216	16,424
Supplies	12,000	18,443	17,157
Telecommunications	13,000	18,551	14,445
Website maintenance	6,500	6,931	8,422
	509,095	515,163	479,058

**FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
SCHEDULE OF EXPENDITURES**

YEAR ENDED MARCH 31	2005 (Unaudited) Budgeted	2005 Actual	2004 Actual
	\$	\$	\$
Committee Meetings/Provincial Bargaining			
Bargaining Co-ordination & Review	14,000	4,714	11,735
Provincial bargaining	190,000	281,938	40,802
Common Agreement	1,000	-	472
Contract Administration Review	13,000	12,139	9,379
Disability Management & Rehabilitation	16,000	4,688	8,232
Education Policy	6,500	7,454	3,364
Executive	5,000	3,316	3,388
Human Rights & Intl Solidarity	6,500	6,756	5,418
Occupational Health & Safety	6,500	7,223	5,041
Other	1,000	983	-
Pension Advisory	15,000	18,503	15,337
Presidents' Council	30,000	28,507	22,391
Professional Development	6,500	5,544	4,688
Status of Non-Regular Faculty	13,000	10,572	8,561
Status of Women	6,500	6,672	5,046
	330,500	399,009	143,854
Local Support/Legal			
Legal	120,000	216,302	180,455
Direct services	80,000	76,886	78,729
	200,000	293,188	259,184
Events			
Annual General Meeting & Convention	130,000	131,716	136,628
Presidents' Retreat	14,000	16,453	18,223
BC Federation of Labour Convention	12,000	9,734	10,329
Joint Committees Conference	32,500	37,339	33,451
Other conferences	24,000	29,436	20,425
	212,500	224,678	219,056

**FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005**

1. Operations

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, university colleges, institutes and agencies across British Columbia.

2. Significant Accounting Policies

The undernoted accounting policies are set forth to facilitate an understanding of the accompanying financial statements.

(a) Fund Accounting

The financial statements of the Association reflect the accrual basis of accounting and follow the restricted fund method of accounting for dues collected.

(i) General Operating Fund

The amount in this reserve represents excess member funding, interest earned on term deposits, miscellaneous grants and other income. Amounts in the reserve are available to provide interim working capital and discretionary appropriations to the encumbered reserve.

(ii) Strike/Defence Fund

The amount in these reserves represents discretionary appropriations from the operating reserve to a defence fund for the purposes of protecting member interests during negotiations and job actions.

(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 the lesser of cost and market value. As the majority of investments are represented by long-term bonds and related instruments, there is an inherent risk that the market value of these financial instruments may increase or decrease in value materially based on the prevailing interest rates.

FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
PAGE TWO

2. Significant Accounting Policies (continued)

(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	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, other receivables and accrued interest income, 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.

(e) Income Taxes

No provision exists in the accounts for income taxes as the organization is not subject to income taxes.

3. Cash and Short-Term Investments

	2005		2004	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Unappropriated				
Cash	106,187	106,187	123,674	123,674
Marketable securities and accrued interest	583,346	586,564	655,539	667,863
	689,533	692,751	779,213	791,537
Appropriated				
Cash	65,348	65,348	145,995	145,995
Marketable securities and accrued interest	6,389,602	6,345,365	5,961,691	6,043,394
	6,454,950	6,410,713	6,107,686	6,189,389

FPSE, FEDERATION OF POST-SECONDARY EDUCATORS OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
PAGE THREE

4. Capital Assets

	Cost	2005 Accumulated Amortization	Net Book Value	2004 Net Book Value
	\$	\$	\$	\$
Computer	184,298	134,010	50,288	67,203
Office furniture and equipment	238,685	181,569	57,116	69,026
Leasehold improvements	21,794	3,022	18,772	18,124
	444,777	318,601	126,176	154,353

5. To/From Strike/Defence Fund

The inter-fund receivable/payable balance is the amount not transferred relating to March Strike/Defence Fund contributions.

6. Special Representations

These expenditures include representations to provincial and federal governments, provincial committees/agencies, BC Federation of Labour/labour groups and CAUT/educational organizations.

7. Commitments

The Association is committed to minimum lease payments on premises over the next five fiscal years ended as follows:

	\$
2006	70,525
2007	70,525
2008	70,525
2009	74,317
2010	75,075

8. Education Awareness Campaign

At the May 2004 Annual General Meeting of FPSE, it was resolved that the Association would allocate 9% of its Defence Fund balance (approximately \$549,000) to a publicity campaign promoting awareness of issues concerning public post-secondary education in British Columbia. The campaign would last until May 2005. As of March 31, 2005, \$270,300 has been spent on this campaign.

♦♦♦