



AUDITORS' REPORT AND FINANCIAL STATEMENTS



NEMETH THODY ANDERSON

Chartered Accountants

AUDITORS' REPORT

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

We have audited the balance sheet of Federation of Post-Secondary Educators' of British Columbia as at March 31, 2007, and the statements of Revenue and Expenditures, 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 Association as at March 31, 2007, 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 20, 2007



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FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
BALANCE SHEET

MARCH 31			2007	2006
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	338,041	6,864,451	7,202,492	6,969,434
Due from Strike/Defence Fund (Note 5)	110,791	-	110,791	-
Membership dues and other receivables	185,078	-	185,078	110,365
Prepaid expenses and deposits	63,529	-	63,529	83,864
Due from General Operating Fund (Note 5)	-	-	-	5,497
	697,439	6,854,451	7,561,890	7,169,160
Capital Assets (Notes 2(c) and 4)	-	100,166	100,166	92,893
	697,439	6,964,617	7,662,056	7,262,053

LIABILITIES

Current Liabilities				
Accounts payable and accrued liabilities	297,155	-	297,155	298,815
Due to Defence Fund (Note 5)	-	-	-	5,497
Due to General Operating Fund (Note 5)	-	110,791	110,791	-
	297,155	110,791	407,946	304,312

NET ASSETS

General Operating Fund (Page 3)	400,284	-	400,284	392,524
Strike/Defence Fund (Page 4)	-	6,746,439	6,746,439	6,465,253
Capital Assets Fund (Page 5)	-	100,166	100,166	92,893
Staff Professional Development Fund (Page 6)	-	7,221	7,221	7,071
	400,284	6,853,826	7,254,110	6,957,741
	697,439	6,964,617	7,662,056	7,262,053

COMMITMENTS (Note 7)

APPROVED BY THE DIRECTORS

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2007 Budgeted	2007 Actual	2006 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Revenue			
Membership dues	2,815,000	2,861,173	2,712,851
Investment income	48,500	(1,463)	28,033
	<u>2,863,500</u>	<u>2,859,710</u>	<u>2,740,884</u>
Less: Transfer to Strike/Defence Reserve	283,500	288,576	273,040
	<u>2,580,000</u>	<u>2,571,134</u>	<u>2,467,844</u>
Expenditures (Schedule, pages 8 and 9)			
Salaries and benefits	1,264,500	1,227,526	1,212,643
Administration/advocacy	592,647	620,582	574,595
Committee meetings/provincial bargaining	408,000	257,047	202,476
Local support/legal	230,000	240,355	252,662
Events	245,000	294,505	295,439
	<u>2,740,147</u>	<u>2,640,015</u>	<u>2,537,815</u>
Excess Of Expenditures Over Revenue Before Undernoted Items	(160,147)	(68,881)	(69,971)
Transfer to Staff Professional Development Fund	(3,250)	(3,250)	(3,000)
Amortization	(45,500)	(47,836)	(51,772)
Excess Of Expenditures Over Revenues For The Year	<u>(208,897)</u>	<u>(119,967)</u>	<u>(124,743)</u>

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	2007	2006
	\$	\$
General Operating Fund, Beginning Of Year	392,524	483,984
Add: Amortization	47,836	51,772
Excess of expenditures over revenue for the year	(119,967)	(124,743)
Transfer from Strike/Defence Fund for Provincial Bargaining	135,000	-
Proceeds on disposal of capital asset	-	335
	455,393	411,348
Deduct: Purchase of capital assets	55,109	18,824
General Operating Fund, End Of Year	400,284	392,524

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	2007	2006
	\$	\$
Strike/Defence Fund, Beginning Of Year	6,465,253	6,403,058
Add: Contributions received for Feed The Teachers Campaign	-	86,301
Increase in value of short-term investments	-	44,237
Investment Income	398,027	147,744
Member contributions	288,576	273,040
	7,151,856	6,954,380
Deduct: Better funding . . . Better Futures Campaign	231,537	-
Education Awareness Campaign	-	211,776
Feed The Teachers Campaign Expenditures	-	269,995
Services charges	38,880	7,356
Transfer to General Operating Fund for Provincial Bargaining	135,000	-
Strike/Defence Fund, End Of Year	6,746,439	6,465,253

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	2007	2006
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	92,893	126,176
Add: Purchase of capital assets	55,109	18,824
	148,002	145,000
Deduct: Proceeds on disposal of capital asset	-	335
Amortization	47,836	51,772
Capital Assets Fund Balance, End Of Year	100,166	92,893

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	2007	2006
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	7,071	11,605
Add: Transfer from General Operating Fund	3,250	3,000
Interest earned	165	159
	10,486	14,764
Deduct: Professional development	3,265	7,693
Staff Professional Development Fund Balance, End Of Year	7,221	7,071

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2007	2006
	\$	\$
Cash From Operating Activities		
Net earnings/(deficit) for the year		
General Operating Fund	(119,967)	(124,743)
Strike/Defence Fund	416,186	62,195
Staff Professional Development Fund	150	(4,534)
	296,369	(67,082)
Item not involving cash		
Amortization of capital assets	47,836	51,772
	344,205	(15,310)
Cash applied to changes in non-cash working capital items:		
Membership dues and other receivables	(74,713)	(23,575)
Prepaid expenses and deposits	20,335	(17,538)
Accounts payable and accrued liabilities	(1,660)	(55,900)
	(56,038)	(97,013)
	288,167	(112,323)
Investing Activities		
Purchase of capital assets	(55,109)	(18,824)
Proceeds on disposal of capital asset	-	335
	(55,109)	(18,489)
Net Increase In Cash And Short-Term Investments	233,058	(130,812)
Cash and short-term investments, beginning of year	6,969,434	7,100,246
Cash And Short-Term Investments, End Of Year (Note 3)	7,202,492	6,969,434

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2007 Budgeted	2007 Actual	2006 Actual
	\$ (Unaudited)	\$	\$
Salaries and Benefits			
President	79,000	73,278	63,211
Vice-Presidents	39,500	31,016	23,431
Secretary Treasurer	79,000	70,853	71,200
Benefits of officers and staff	266,000	280,367	266,098
Other duty release	5,000	-	-
Officer's transition	19,750	-	-
Staff representatives	488,600	490,312	491,590
Staff overtime	40,000	35,293	51,851
Support staff	247,650	246,407	245,262
	1,264,500	1,227,526	1,212,643
Administration/Advocacy			
Audit	6,650	6,881	6,614
Bank charges and interest	1,200	1,934	1,917
Employee relations	5,000	5,903	9,165
Equipment lease and maintenance	10,000	31,831	9,118
Insurance	4,650	4,640	4,550
Lobbying and public relations			
Lobbying and public relations	25,000	14,725	19,107
FPSE publications	5,000	-	7,659
Donations	15,000	15,000	16,795
Special representations (Note 6)	38,000	38,098	37,314
Memberships			
B.C. Federation Of Labour	72,792	73,260	72,792
CAUT	75,775	77,798	74,942
CLC/NUCAUT	80,880	104,808	80,324
Other	11,500	8,208	8,580
Office maintenance	2,500	1,872	2,300
Postage and courier	6,000	3,696	4,838
Printing	6,000	4,814	3,985
Relocation	8,000	-	-
Rent	153,700	153,282	148,948
Staff training	6,000	3,190	5,620
Subscriptions and books	16,000	19,437	16,428
Supplies	14,000	16,268	14,462
Telecommunications	22,500	28,749	23,242
Website maintenance	6,500	6,188	5,895
	592,647	620,582	574,595

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

YEAR ENDED MARCH 31	2007 Budgeted	2007 Actual	2006 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Committee Meetings/Provincial Bargaining			
Bargaining co-ordination and review	16,000	13,094	15,729
Provincial bargaining	241,000	125,440	46,872
Common Agreement	-	2,873	628
Contract administration review	16,000	11,054	14,755
Disability Management and Rehabilitation	16,000	8,078	7,315
Education policy	8,000	8,486	6,503
Executive	10,000	2,867	9,462
Human rights	8,000	3,900	7,914
Occupational health and safety	8,000	7,491	7,242
Other	1,000	-	545
Pension advisory	20,000	6,149	19,355
Presidents' council	32,000	38,620	36,085
Professional development	8,000	7,725	7,236
Status non-regular faculty	16,000	12,030	16,785
Status of women	8,000	9,240	6,050
	408,000	257,047	202,476
Local Support/Legal			
Direct services	80,000	73,900	86,051
Legal	150,000	166,455	166,611
	230,000	240,355	252,662
Events			
Annual General Meeting And Convention	130,000	156,091	126,453
B.C. Federation of Labour Convention	14,000	32,835	18,763
Bargaining Strategy Conference	24,000	15,449	26,885
Canadian Labour Congress	-	-	38,780
Developmental Education Conference	8,000	160	-
Joint Committee Conference	40,000	44,987	51,486
President's orientation	14,000	15,965	13,563
Other conference	15,000	29,018	19,509
	245,000	294,505	295,439

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2007

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, university-colleges, institutes and agencies across British Columbia. The Federation is a certified bargaining agent under the labour code of British Columbia.

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

The financial statements of the Federation 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 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 encumbered fund.

(ii) Strike/Defence Fund

The amount in this fund represents discretionary appropriations from the operating fund to a strike/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. 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.

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	- 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.

(f) 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 market value of the asset and its carrying value.

(g) Revenue Recognition

The organization uses the restricted fund method for accounting for membership dues. Unrestricted contributions 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.

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

3. Cash And Short-Term Investments

	2007		2006	
	Cost	Market Value	Cost	Market Value
	\$	\$	\$	\$
Unappropriated				
Cash	24,438	24,438	21,748	21,748
Marketable securities and accrued interest	313,603	332,214	480,859	491,570
	<u>338,041</u>	<u>356,652</u>	<u>502,607</u>	<u>513,318</u>
Appropriated				
Cash	43,397	43,397	206,339	206,339
Marketable securities and accrued interest	6,821,054	7,071,348	6,260,488	6,613,424
	<u>6,864,451</u>	<u>7,114,745</u>	<u>6,466,827</u>	<u>6,819,763</u>
Total Cash And Short-Term Investments	<u>7,202,492</u>	<u>7,471,397</u>	<u>6,969,434</u>	<u>7,333,081</u>

4. Capital Assets

	2007		2006	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer	242,025	190,593	51,432	23,875
Office furniture and equipment	243,584	215,994	27,590	44,415
Leasehold improvements	30,029	8,885	21,144	24,603
	<u>515,638</u>	<u>415,472</u>	<u>100,166</u>	<u>92,893</u>

5. Inter-Fund Balances

	2007	2006
	\$	\$
Outstanding March Strike/Defence Fund transfer	16,684	5,497
Better Funding . . . Better Futures Campaign expenditures paid by the General Operating Fund	<u>(127,475)</u>	-
	<u>(110,791)</u>	<u>5,497</u>

6. Special Representations

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

7. Commitments

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

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

8. Financial Instruments

The financial instruments of the organization consist of cash and short-term investments, membership dues and other receivables and accounts payable. 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.