

Auditors' Report & 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 statement of Financial Position of Federation of Post-Secondary Educators' of British Columbia as at March 31, 2009, 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, 2009, 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 24, 2009



SUITE 540-475 WEST GEORGIA STREET
VANCOUVER, B.C. CANADA V6B 4M9
TEL: 604 684.8221
FAX: 604 684.8299
WEB: www.ntacan.com

A PARTNERSHIP OF CORPORATIONS:
GERALD S. NEMETH LTD.
GRAHAM C. THODY LTD.
BRUCE J. ANDERSON LTD.
Members of CPA Associates International

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

MARCH 31			2009	2008
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	313,196	6,354,297	6,667,493	7,515,921
Due from Strike/Defence Fund (Note 5)	55,492	-	55,492	170,449
Membership dues and other receivables	193,801	-	193,801	218,684
Prepaid expenses and deposits	46,150	-	46,150	53,550
	608,639	6,354,297	6,962,936	7,958,604
Capital Assets (Notes 2(c) and 4)	-	71,614	71,614	100,139
	608,639	6,425,911	7,034,550	8,058,743
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	406,704	-	406,704	338,870
Due to General Operating Fund (Note 5)	-	55,492	55,492	170,449
	406,704	55,492	462,196	509,319
NET ASSETS				
General Operating Fund (Page 3)	201,935	-	201,935	283,049
Strike/Defence Fund (Page 4)	-	6,290,953	6,290,953	7,160,335
Capital Assets Fund (Page 5)	-	71,614	71,614	100,139
Staff Professional Development Fund (Page 6)	-	7,852	7,852	5,901
	201,935	6,370,419	6,572,354	7,549,424
	608,639	6,425,911	7,034,550	8,058,743

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	2009 Budgeted	2009 Actual	2008 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Revenue			
Membership dues	3,015,498	3,128,617	3,019,976
Investment income	23,100	3,390	27,776
	<u>3,038,598</u>	<u>3,132,007</u>	<u>3,047,752</u>
Less: Transfer to Strike/Defence Reserve	301,550	318,350	303,711
	<u>2,737,048</u>	<u>2,813,657</u>	<u>2,744,041</u>
Expenses (Schedule, pages 8 to 10)			
Administration	335,200	368,598	340,976
Advocacy and public relations	86,500	142,875	90,785
Affiliations and memberships	249,572	245,900	235,118
Bargaining	5,000	476	8,296
Committees	129,000	110,155	118,862
Events	381,000	431,147	334,640
Local support	235,000	333,188	359,487
Officer's relocation	8,000	-	-
President's Council and Executive	42,000	54,236	48,865
Salaries and benefits	1,361,617	1,337,444	1,346,215
	<u>2,832,889</u>	<u>3,024,019</u>	<u>2,883,244</u>
Excess Of Expenses Over Revenue Before Undernoted Items	(95,841)	(210,362)	(139,203)
Transfer to Staff Professional Development Fund	-	(3,600)	(3,250)
Excess Of Expenses Over Revenues For The Year	<u>(95,841)</u>	<u>(213,962)</u>	<u>(142,453)</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	2009	2008
	\$	\$
General Operating Fund, Beginning Of Year	283,049	400,284
Add: Amortization	44,349	41,986
Transfers from Strike/Defence Fund	104,323	6,580
Market value adjustment (Note 8)	-	18,611
	<u>431,721</u>	<u>467,461</u>
Deduct: Purchase of capital assets	(15,824)	(41,959)
Excess of expenses over revenue for the year	<u>(213,962)</u>	<u>(142,453)</u>
General Operating Fund, End Of Year	201,935	283,049

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	2009	2008
	\$	\$
Strike/Defence Fund, Beginning Of Year	7,160,335	6,746,439
Add: Market value adjustment (Note 8)	-	250,294
Investment Income	(1,017,824)	261,526
Member contributions	318,350	303,711
	6,460,861	7,561,970
Deduct: Better funding . . . Better Futures Campaign	6,243	361,243
Services charges	59,342	33,812
Transfers to General Operating Fund	104,323	6,580
Strike/Defence Fund, End Of Year	6,290,953	7,160,335

Refer to accompanying notes.

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

<u>YEAR ENDED MARCH 31</u>	<u>2009</u>	<u>2008</u>
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	100,139	100,166
Add: Purchase of capital assets	<u>15,824</u>	<u>41,959</u>
	115,963	142,125
Deduct: Amortization	<u>44,349</u>	<u>41,986</u>
<u>Capital Assets Fund Balance, End Of Year</u>	<u>71,614</u>	<u>100,139</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	2009	2008
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	5,901	7,221
Add: Transfer from General Operating Fund	3,600	3,250
Interest earned	212	184
	9,713	10,655
Deduct: Professional development	1,861	4,754
Staff Professional Development Fund Balance, End Of Year	7,852	5,901

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2009	2008
	\$	\$
Cash From Operating Activities		
Excess of Revenues Over Expenses for the year		
General Operating Fund	(213,962)	(142,453)
Strike/Defence Fund	(765,059)	170,182
Staff Professional Development Fund	1,951	(1,320)
Market value adjustment		
General Operating Fund	-	18,611
Strike/Defence Fund	-	250,294
	<u>(977,070)</u>	<u>295,314</u>
Item not involving cash		
Amortization of capital assets	<u>44,349</u>	<u>41,986</u>
	<u>(932,721)</u>	<u>337,300</u>
Cash provided by changes in non-cash working capital items:		
Membership dues and other receivables	24,883	(33,606)
Prepaid expenses and deposits	7,400	9,979
Accounts payable and accrued liabilities	<u>67,834</u>	<u>41,715</u>
	<u>100,117</u>	<u>18,088</u>
	<u>(832,604)</u>	<u>355,388</u>
Investing Activities		
Purchase of capital assets	<u>(15,824)</u>	<u>(41,959)</u>
Net Increase In Cash And Short-Term Investments	<u>(848,428)</u>	<u>313,429</u>
Cash and short-term investments, beginning of year	<u>7,515,921</u>	<u>7,202,492</u>
Cash And Short-Term Investments, End Of Year	<u>6,667,493</u>	<u>7,515,921</u>
General Operating Fund	313,196	179,236
Strike/Defence Fund	6,346,445	7,330,784
Staff Professional Development Fund	<u>7,852</u>	<u>5,901</u>
	<u>6,667,493</u>	<u>7,515,921</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	2009 Budgeted \$ (Unaudited)	2009 Actual \$	2008 Actual \$
Administration			
Amortization	45,500	44,349	41,986
Audit	8,000	9,245	10,030
Bank charges and interest	2,900	4,807	3,846
Employee relations	5,000	4,575	6,128
Equipment lease and maintenance	20,000	24,905	17,335
Insurance	4,500	4,262	4,394
Office maintenance	2,500	262	161
Office supplies	14,000	15,460	21,829
Parking and transit	16,000	16,116	16,101
Postage and courier	5,000	3,898	7,283
Printing/photocopying	6,000	8,607	5,305
Rent	142,800	142,143	135,186
Staff training	10,000	11,909	9,704
Subscriptions	16,000	16,768	16,491
Telecommunications	30,000	37,124	39,484
Website communication	7,000	24,168	5,713
	335,200	368,598	340,976
Advocacy And Public Relations			
Donations/recognition	10,000	12,070	17,887
FPSE Publications	2,500	-	-
International solidarity	15,000	15,010	5,000
Public relations/communications/lobbying	20,000	66,242	4,166
Representations - B.C. federal/labour groups	10,000	11,178	6,313
Representations - CAUT/NUCAUT	10,000	16,744	34,164
Representations - Federal Government	3,000	-	3,985
Representations - Provincial Government	6,000	5,410	14,197
Representations - Other	5,000	6,927	10,453
Representations - Provincial committees/agencies	5,000	9,294	(5,380)
	86,500	142,875	90,785
Affiliations And Memberships			
Affiliation - B.C. Federation of Labour	74,500	72,792	72,792
Affiliation - CAUT	80,160	84,885	80,493
Affiliation - NUCAUT/CLC	83,412	83,408	76,457
Memberships	11,500	4,815	5,376
	249,572	245,900	235,118

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

YEAR ENDED MARCH 31	2009 Budgeted \$ (Unaudited)	2009 Actual \$	2008 Actual \$
Bargaining			
JADRC/JCBA/Joint Admin - ERIP	5,000	476	1,838
Provincial bargaining	-	-	6,458
	5,000	476	8,296
Committees			
Ad Hoc	1,000	1,358	-
Bargaining Co-ordination Committee	16,000	13,425	7,858
Contract administration review	8,000	6,163	9,270
Disability management and rehabilitation	8,000	9,248	5,692
Education policy	8,000	5,702	4,000
Human rights and international solidarity	8,000	6,518	6,535
Non-regular faculty	16,000	11,555	26,064
Outreach	20,000	19,821	5,589
Pension advisory	20,000	15,415	20,937
Professional and scholarly development	8,000	7,218	12,616
Status of women	8,000	7,068	9,291
Workplace health, safety and environment	8,000	6,664	11,010
	129,000	110,155	118,862
Events			
B.C. Federation of Labour Convention	25,000	37,554	26,001
Bargaining Strategy Conference	20,000	18,412	-
Canadian Labour Congress Convention	45,000	44,907	-
Conferences	20,000	41,302	26,034
Annual general meeting	175,000	171,192	190,364
Joint Committee Conference	56,000	67,765	51,172
President's retreat	20,000	25,599	25,547
Scholarly Activities Conference	20,000	24,416	15,522
	381,000	431,147	334,640
Local Support			
Legal	200,000	280,367	323,795
Staff travel to local offices	35,000	52,821	35,692
	235,000	333,188	359,487
Officer's Relocation			
Allowance	3,500	-	-
Moving expenses	4,500	-	-
	8,000	-	-

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

YEAR ENDED MARCH 31	2009 Budgeted	2009 Actual	2008 Actual
	\$ <i>(Unaudited)</i>	\$	\$
President's Council And Executive			
Executive Committee	2,000	1,134	2,393
President's Council	40,000	53,102	46,472
	42,000	54,236	48,865
Salaries and Benefits			
Benefits to officers	82,950	91,930	93,674
Benefits to staff	209,100	207,151	214,739
Officer's transition	20,000	-	-
Other duty release	5,000	-	-
Overtime	40,000	38,468	36,320
President	82,000	81,204	77,754
Secretary-Treasurer	82,000	81,372	77,776
Staff reps	518,358	516,192	527,481
Support staff	281,209	285,367	281,997
Vice-Presidents	41,000	35,760	36,474
	1,361,617	1,337,444	1,346,215

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2009

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.

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

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 appropriated 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 classified as held for trading and are recorded at market value.

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 market value of the asset and its carrying value.

(f) Revenue Recognition

- (i) 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.
- (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, 2009, that the Federation will be required to adopt.

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

3. Cash And Short-Term Investments

	2009	2008
	\$	\$
Petty cash	200	200
Vancouver City Savings Credit Union	(117,590)	(152,582)
Blackmont Capital	6,784,883	7,668,303
	<u>6,667,493</u>	<u>7,515,921</u>

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

	2009	2008
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	(14,150)	4,566
Strike/Defence Fund	(667,548)	212,642
Unrealized gains (losses) of short-term investments at yearend	<u>(607,474)</u>	<u>170,584</u>
	<u>(1,289,172)</u>	<u>387,792</u>

4. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	293,025	244,105	48,920	71,185
Office furniture and equipment	246,708	241,754	4,954	11,269
Leasehold improvements	33,688	15,948	17,740	17,685
	<u>573,421</u>	<u>501,807</u>	<u>71,614</u>	<u>100,139</u>

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

5. Inter-Fund Balances

	2009	2008
	\$	\$
Outstanding Defence Fund transfer	55,074	24,849
Legal fees to be funded by Defence Fund	(80,367)	-
Provincial bargaining costs paid by the General Operating Fund	(6,243)	(6,580)
Dialogue on Post-Secondary education expenses to be funded by Defence Fund	(23,956)	-
Better Funding . . . Better Futures Campaign expenditures paid by the General Operating Fund	-	(188,718)
	<u>(55,492)</u>	<u>(170,449)</u>

6. Commitments

The Federation is committed to minimum lease payments on premises over the next fiscal year in the amount of \$75,075.

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. Accounting Policy Change

The CICA issued a new accounting standard that applied to the Federation for its 2008 fiscal year. This new standard is found in the CICA Handbook Section 3855 "*Financial Instruments, Recognition and Measurement*".

The new standard was adopted by the Federation on April 1, 2007 (the first day of the 2008 fiscal year).

Effective for the 2008 fiscal year, the rules governing accounting for financial instruments changed. In prior years, investments were reported at the lower of their cost or market value. The new rules require reporting of investments at their market value. The difference between the carrying value of the short-term investments and their market value as at March 31, 2007 was applied directly to the opening fund balances as follows:

	\$
<u>General Operating Fund market value increase</u>	<u>18,611</u>
<u>Strike/Defence Fund market value increase</u>	<u>250,294</u>