

# **Auditors' Report & Financial Statements**



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**INDEPENDENT AUDITORS' REPORT**

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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, 2012, 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 generally accepted accounting principles, 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*

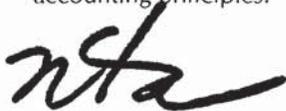
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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.

*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, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants  
Vancouver, B.C.  
April 30, 2012

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

MARCH 31			2012	2011
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and short-term investments (Notes 2(b) and 3)	503,268	8,078,176	8,581,444	8,748,607
Due from Strike/Defence Fund (Note 5)	198,219	-	198,219	783,595
Membership dues and other receivables	104,416	-	104,416	112,258
Prepaid expenses and deposits	65,719	-	65,719	89,976
	<u>871,622</u>	<u>8,078,176</u>	<u>8,949,798</u>	<u>9,734,436</u>
<b>Capital Assets</b> (Notes 2(c) and 4)	-	96,018	96,018	112,141
	<u>871,622</u>	<u>8,174,194</u>	<u>9,045,816</u>	<u>9,846,577</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	292,231	-	292,231	454,685
Due to General Operating Fund (Note 5)	-	198,219	198,219	783,595
	<u>292,231</u>	<u>198,219</u>	<u>490,450</u>	<u>1,238,280</u>
<b>NET ASSETS</b>				
<b>General Operating Fund</b> (Page 3)	579,391	-	579,391	636,279
<b>Strike/Defence Fund</b> (Page 4)	-	7,874,913	7,874,913	7,855,490
<b>Capital Assets Fund</b> (Page 5)	-	96,018	96,018	112,141
<b>Staff Professional Development Fund</b> (Page 6)	-	5,044	5,044	4,387
	<u>579,391</u>	<u>7,975,975</u>	<u>8,555,366</u>	<u>8,608,297</u>
	<u>871,622</u>	<u>8,174,194</u>	<u>9,045,816</u>	<u>9,846,577</u>

COMMITMENTS (Note 6)

APPROVED BY THE DIRECTORS

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Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2012 Budgeted	2012 Actual	2011 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
<b>Revenues</b>			
Membership dues	3,841,181	3,821,280	3,761,244
Investment income	20,500	1,115	23,880
	<u>3,861,681</u>	<u>3,822,395</u>	<u>3,785,124</u>
Less: Transfer to Strike/Defence Fund	384,118	408,307	366,729
	<u>3,477,563</u>	<u>3,414,088</u>	<u>3,418,395</u>
<b>Expenses (Schedules, pages 8 to 10)</b>			
Administration	386,150	446,127	405,316
Advocacy and public relations	141,475	133,504	96,577
Affiliations and memberships	266,000	260,887	260,315
Bargaining	51,000	32,917	114,662
Committees	135,000	143,314	132,039
Events	456,100	489,948	438,976
Local support	470,000	615,587	616,517
Officer's relocation	22,000	9,350	6,470
President's Council and Executive	42,000	55,588	43,135
Salaries and benefits	1,459,150	1,507,284	1,493,116
	<u>3,428,875</u>	<u>3,694,506</u>	<u>3,607,123</u>
<b>Excess Of Expenses Over Revenue For The Year</b>	<u>48,688</u>	<u>(280,418)</u>	<u>(188,728)</u>

Refer to accompanying notes.

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**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**STATEMENT OF GENERAL OPERATING FUND**

(NOTE 2(a)(i))

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<b>YEAR ENDED MARCH 31</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>General Operating Fund, Beginning Of Year</b>	636,279	513,374
Add: Amortization	65,979	48,700
Transfers from Strike/Defence Fund	<u>211,307</u>	<u>376,084</u>
	913,565	938,158
Deduct: Transfer to Staff Professional Development Fund	3,900	3,600
Purchase of capital assets	49,856	109,551
Excess of expenses over revenue for the year	<u>280,418</u>	<u>188,728</u>
<b>General Operating Fund, End Of Year</b>	<u>579,391</u>	<u>636,279</u>

Refer to accompanying notes.

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**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**STATEMENT OF STRIKE/DEFENCE FUND**

(NOTE 2(a)(ii))

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<b>YEAR ENDED MARCH 31</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Strike/Defence Fund, Beginning Of Year</b>	7,855,490	7,696,991
Add: Investment Income	161,894	645,834
Member contributions	408,307	366,729
	<hr/>	<hr/>
	8,425,691	8,709,554
Deduct: Political Action Campaign	16,624	-
Vancouver Island University Faculty Association strike pay	260,820	422,280
Services charges	62,027	55,700
Transfers to General Operating Fund	211,307	376,084
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<b>Strike/Defence Fund, End Of Year</b>	<b>7,874,913</b>	<b>7,855,490</b>

Refer to accompanying notes.

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**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**STATEMENT OF STAFF PROFESSIONAL DEVELOPMENT FUND**

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(NOTE 2(a)(iv))

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<b>YEAR ENDED MARCH 31</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Staff Professional Development Fund Balance, Beginning Of Year</b>	4,387	1,257
Add: Transfer from General Operating Fund	3,900	3,600
Interest earned	28	101
	<hr/>	<hr/>
	8,315	4,958
Deduct: Professional development	3,271	571
	<hr/>	<hr/>
<b>Staff Professional Development Fund Balance, End Of Year</b>	<b>5,044</b>	<b>4,387</b>

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2012	2011
	\$	\$
<b>Cash From Operating Activities</b>		
Excess of Revenues Over Expenses for the year		
General Operating Fund	(280,418)	(188,728)
Strike/Defence Fund	230,730	534,583
Staff Professional Development Fund	(3,243)	(470)
	<u>(52,931)</u>	<u>345,385</u>
Item not involving cash		
Amortization of capital assets	65,979	48,700
	<u>13,048</u>	<u>394,085</u>
Cash applied to changes in non-cash working capital items:		
Membership dues and other receivables	7,842	(34,140)
Prepaid expenses and deposits	24,257	(42,625)
Accounts payable and accrued liabilities	(162,454)	129,207
	<u>(130,355)</u>	<u>52,442</u>
	<u>(117,307)</u>	<u>446,527</u>
<b>Investing Activities</b>		
Purchase of capital assets	(49,856)	(109,551)
<b>Net Increase In Cash And Short-Term Investments</b>	(167,163)	336,976
Cash and short-term investments, beginning of year	8,748,607	8,411,631
<b>Cash And Short-Term Investments, End Of Year</b>	<u>8,581,444</u>	<u>8,748,607</u>
General Operating Fund	503,268	105,135
Strike/Defence Fund	8,073,132	8,639,085
Staff Professional Development Fund	5,044	4,387
	<u>8,581,444</u>	<u>8,748,607</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	2012 Budgeted \$ (Unaudited)	2012 Actual \$	2011 Actual \$
<b>Administration</b>			
Amortization	61,400	65,979	48,700
Audit	8,250	9,896	10,307
Bank charges and interest	3,500	5,826	4,374
Employee relations	5,000	5,340	6,068
Equipment lease and maintenance	31,500	53,965	46,910
Insurance	4,500	4,624	4,707
Office maintenance	1,500	131	-
Office supplies	17,500	19,688	19,904
Parking and transit	19,000	21,500	21,356
Postage and courier	4,000	4,796	4,445
Printing/photocopying	2,000	5,703	3,650
Rent	157,500	157,743	153,235
Staff training	15,000	19,281	20,871
Subscriptions	16,000	23,984	17,890
Telecommunications	32,500	46,232	39,731
Website communication	7,000	1,439	3,168
	386,150	446,127	405,316
<b>Advocacy And Public Relations</b>			
Donations/recognition	52,475	52,350	35,630
Public relations/communications/lobbying	30,000	29,402	32,030
Representations - B.C. federal/labour groups	10,000	6,499	4,820
Representations - CAUT/NUCAUT	20,000	27,315	14,305
Representations - Federal Government	3,000	378	111
Representations - Other	15,000	17,605	10,196
Representations - Provincial committees/agencies	5,000	(5,249)	(7,146)
Representations - Provincial Government	6,000	5,204	6,631
	141,475	133,504	96,577
<b>Affiliations And Memberships</b>			
Affiliation - B.C. Federation of Labour	74,500	72,792	72,791
Affiliation - CAUT	93,000	94,065	93,546
Affiliation - NUCAUT/CLC	87,000	85,430	85,430
Memberships	11,500	8,600	8,548
	266,000	260,887	260,315

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

YEAR ENDED MARCH 31	2012 Budgeted \$ (Unaudited)	2012 Actual \$	2011 Actual \$
<b>Bargaining</b>			
JADRC/JCBA/Joint Admin - ERIP	1,000	3,669	-
Provincial bargaining	50,000	29,248	114,662
	51,000	32,917	114,662
<b>Committees</b>			
Ad Hoc	1,000	5,709	-
Bargaining Co-ordination Committee	16,000	11,282	17,523
Contract administration review	8,000	17,744	15,225
Disability management and rehabilitation	8,000	11,633	7,032
Education policy	8,000	12,295	7,476
Human rights and international solidarity	12,000	7,617	11,627
Non-regular faculty	16,000	15,920	13,110
Outreach	14,000	-	5,143
Pension advisory	20,000	24,008	24,937
Private sector committee	4,000	465	1,352
Professional and scholarly development	8,000	12,847	8,712
Status of women	12,000	15,774	13,167
Workplace health, safety and environment	8,000	8,020	6,735
	135,000	143,314	132,039
<b>Events</b>			
Annual general meeting	252,400	259,256	197,051
B.C. Federation of Labour Convention	46,700	10,993	44,919
Bargaining Strategy Conference	-	24,521	47,198
CLC/NUCAUT Convention	40,000	40,166	-
Conferences	40,000	47,483	41,403
Joint Committee Conference	56,000	84,557	83,508
Presidents retreat	21,000	22,972	24,697
Scholarly Activities Conference	-	-	200
	456,100	489,948	438,976
<b>Local Support</b>			
Legal	400,000	532,360	511,424
Staff travel to local offices	70,000	83,227	105,093
	470,000	615,587	616,517
<b>Officer's Relocation</b>			
Allowance	12,000	9,350	3,700
Moving expenses	10,000	-	2,770
	22,000	9,350	6,470

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

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YEAR ENDED MARCH 31	2012 Budgeted	2012 Actual	2011 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
<b>President's Council And Executive</b>			
Executive Committee	-	-	181
President's Council	42,000	55,588	42,954
	42,000	55,588	43,135
<b>Salaries and Benefits</b>			
President	83,250	82,233	83,220
Secretary-Treasurer	83,250	83,660	83,232
Vice-President	42,250	42,750	35,732
Other duty release	20,800	26,701	19,629
Officer's transition	20,000	-	14,922
Benefits (Officer)	93,100	106,047	108,640
Staff Reps	550,800	567,754	544,505
Support Staff	306,200	304,355	303,153
Benefits (Staff)	221,500	266,356	238,628
Overtime	38,000	27,428	61,455
	1,459,150	1,507,284	1,493,116

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**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2012**

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**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 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, investment income, 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 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 classified as held for trading and 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 conformity with Canadian 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, 2012, that the Federation will be required to adopt.

**3. Cash And Short-Term Investments**

	2012	2011
	\$	\$
Cash	405,553	52,032
Fixed income securities	4,864,822	5,015,733
Equity securities	3,311,069	3,680,842
	<u>8,581,444</u>	<u>8,748,607</u>

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

	2012	2011
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	1,912	8,699
Strike/Defence Fund	212,794	305,421
Unrealized gains (losses) of short-term investments at year-end	<u>(351,158)</u>	<u>77,601</u>
	<u>(136,452)</u>	<u>391,721</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 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**

	2012		2011	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	451,925	370,492	81,433	90,094
Leasehold improvements	35,034	29,868	5,166	9,878
Office furniture and equipment	258,900	249,481	9,419	12,169
	745,859	649,841	96,018	112,141

**5. Inter-Fund Balances**

	2012	2011
	\$	\$
Opening Balance	(783,595)	14,192
Outstanding Defence Fund transfer in the year	50,887	579
Cash transfers to General Operating Fund	1,023,240	-
Legal fees to be funded by Defence Fund	(211,307)	(311,424)
Political Action Campaign paid by the General Operating Fund	(16,624)	-
Provincial bargaining costs paid by the General Operating Fund	-	(64,662)
Vancouver Island University Faculty Association strike pay	(260,820)	(422,280)
	(198,219)	(783,595)

**6. Commitments**

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

	\$
2013	149,664
2014	28,464
2015	3,993
2016	580

**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. Unless otherwise noted (see Note 3), 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 approximates 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.