
**FEDERATION OF POST-SECONDARY EDUCATORS'
OF BRITISH COLUMBIA
FINANCIAL STATEMENTS
MARCH 31, 2016**



INDEPENDENT AUDITORS' REPORT

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, 2016 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 accounting standards for non-profit organizations, 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.



INDEPENDENT AUDITORS' REPORT *(Cont'd)*

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, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia) we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding period.

Manning Elliott LLP

Chartered Professional Accountants
Vancouver, B.C.
May 4, 2016

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

MARCH 31			2016	2015
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and short-term investments (Notes 2(b) and 3)	469,944	8,937,731	9,407,675	10,289,336
Membership dues and other receivables	164,228	-	164,228	45,459
Prepaid expenses and deposits	220,915	-	220,915	95,695
Due from General Operating Fund (Note 5)	-	212,186	30,811	30,811
	855,087	9,149,917	10,005,004	10,461,301
Capital Assets (Notes 2(c) and 4)	-	55,937	55,937	70,776
	855,087	9,205,854	10,060,941	10,532,077
LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities	212,732	-	212,732	423,590
Due to Strike/Defence Fund (Note 5)	212,186	-	212,186	30,811
	424,918	-	424,918	454,401
NET ASSETS				
General Operating Fund (Page 3)	430,169	-	430,169	460,460
Strike/Defence Fund (Page 4)	-	9,139,693	9,139,693	9,537,683
Capital Assets Fund (Page 5)	-	55,937	55,937	70,776
Staff Professional Development Fund (Page 6)	-	10,224	10,224	8,757
	430,169	9,205,854	9,636,023	10,077,676
	855,087	9,205,854	10,060,941	10,532,077

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	2016 Budgeted	2016 Actual	2015 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Revenues			
Membership dues	4,306,087	4,100,760	4,104,125
Investment income	11,500	(3,701)	14,971
	4,317,587	4,097,059	4,119,096
Less: Transfer to Strike/Defence Fund	430,609	436,911	437,691
	3,886,978	3,660,148	3,681,405
Expenses (Schedules, pages 8 to 10)			
Administration	434,625	454,581	404,884
Advocacy and public relations	183,987	147,775	171,066
Affiliations and memberships	285,455	286,744	293,229
Bargaining	1,000	6,657	76,759
Committees	195,000	174,338	199,597
Events	388,025	389,797	520,784
Local support	600,000	428,878	356,958
Officer's relocation	26,600	15,793	20,383
President's Council and Executive	45,000	49,749	54,049
Salaries and benefits	1,688,805	1,745,766	1,678,000
	3,848,497	3,700,078	3,775,709
Excess Of Expenses Over Revenue For The Year	(38,481)	(39,930)	(94,304)

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	2016	2015
	\$	\$
General Operating Fund, Beginning Of Year	460,460	542,319
Add: Amortization	30,181	40,268
Transfers from Strike/Defence Fund	-	-
Excess of revenues over expenses	-	-
	<hr/> 490,641	<hr/> 582,587
Deduct: Transfer to Staff Professional Development Fund	5,200	5,200
Purchase of capital assets	15,342	22,623
Excess of expenses over revenue for the year	<hr/> 39,930	<hr/> 94,304
General Operating Fund, End Of Year	<hr/> 430,169	<hr/> 460,460

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	2016	2015
	\$	\$
Strike/Defence Fund, Beginning Of Year	9,537,683	9,207,365
Add: Investment Income	(196,095)	734,741
Member Contributions	436,911	437,691
	<hr/>	<hr/>
	9,778,499	10,379,797
Deduct:		
Political Action Campaign expense	512,135	770,144
Service charges	68,551	71,970
Job action support	58,120	-
	<hr/>	<hr/>
Strike/Defence Fund, End Of Year	9,139,693	9,537,683

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	2016	2015
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	70,776	88,421
Add: Purchase of capital assets	15,342	22,623
	86,118	111,044
Deduct: Amortization	30,181	40,268
Capital Assets Fund Balance, End Of Year	55,937	70,776

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	2016	2015
	\$	\$
Staff Professional Development Fund Balance, Beginning Of Year	8,757	6,781
Add: Transfer from General Operating Fund	5,200	5,200
Interest earned	30	30
	<hr/>	<hr/>
	13,987	12,011
Deduct: Professional development	3,763	3,254
	<hr/>	<hr/>
Staff Professional Development Fund Balance, End Of Year	10,224	8,757

Refer to accompanying notes.

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

YEAR ENDED MARCH 31	2016	2015
	\$	\$
Cash From Operating Activities		
Excess of Revenues Over Expenses for the year		
General Operating Fund	(39,930)	(94,304)
Strike/Defence Fund	(397,990)	330,318
Staff Professional Development Fund	(3,733)	(3,224)
	<hr/>	<hr/>
	(441,653)	232,790
Item not involving cash		
Amortization of capital assets	30,181	40,268
	<hr/>	<hr/>
	(411,472)	273,058
Cash applied to changes in non-cash working capital items:		
Membership dues and other receivables	(118,769)	25,847
Prepaid expenses and deposits	(125,220)	(40,570)
Accounts payable and accrued liabilities	(210,858)	34,251
	<hr/>	<hr/>
	(454,847)	19,528
	<hr/>	<hr/>
	(866,319)	292,586
Investing Activities		
Purchase of capital assets	(15,342)	(22,623)
Net Decrease In Cash And Short-Term Investments	(881,661)	269,963
Cash and short-term investments, beginning of year	<hr/>	<hr/>
	10,289,336	10,019,373
Cash And Short-Term Investments, End Of Year	<hr/>	<hr/>
	9,407,675	10,289,336
General Operating Fund	469,944	773,707
Strike/Defence Fund	8,927,507	9,506,872
Staff Professional Development Fund	10,224	8,757
	<hr/>	<hr/>
	9,407,675	10,289,336

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	2016 Budgeted	2016 Actual	2015 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Administration			
Amortization	67,295	30,181	40,268
Audit	9,500	13,094	13,059
Bank charges and interest	4,500	6,976	3,682
Employee relations	5,000	12,578	3,113
Equipment lease and maintenance	51,000	66,732	62,109
Insurance	5,000	4,812	5,067
Office maintenance	500	918	10
Office supplies	16,000	26,248	3,180
Parking and transit	21,500	14,769	22,622
Postage and courier	4,250	3,094	2,821
Printing/photocopying	4,000	4,066	3,582
Rent	167,580	165,252	165,239
Staff training	20,000	32,700	20,325
Subscriptions	21,000	31,909	25,928
Telecommunications	35,000	33,834	29,393
Website communication	2,500	7,418	4,486
	<u>434,625</u>	<u>454,581</u>	<u>404,884</u>
Advocacy And Public Relations			
Donations/recognition	60,987	82,300	66,195
Public relations/communications/lobbying	33,000	21,750	34,986
Representations - B.C. federal/labour groups	10,000	2,877	8,485
Representations - CAUT/NUCAUT	30,000	25,123	33,867
Representations - Other	35,000	48,676	41,703
Representations - Provincial committees/agencies	5,000	(38,724)	(18,967)
Representations - Provincial Government	10,000	5,773	4,797
	<u>183,987</u>	<u>147,775</u>	<u>171,066</u>
Affiliations And Memberships			
Affiliation - B.C. Federation of Labour	82,905	82,902	82,901
Affiliation - CAUT	98,055	99,496	97,669
Affiliation - NUCAUT/CLC	90,495	90,485	97,225
Memberships	14,000	13,861	15,434
	<u>285,455</u>	<u>286,744</u>	<u>293,229</u>

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

YEAR ENDED MARCH 31	2016 Budgeted	2016 Actual	2015 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
Bargaining			
JADRC/JCBA/Joint Admin - ERIP	1,000	367	505
Provincial bargaining	-	6,290	76,254
	1,000	6,657	76,759
Committees			
Ad Hoc	1,000	-	-
Bargaining Co-ordination Committee	20,000	17,549	17,681
Contract administration review	20,000	17,686	16,948
Disability management and rehabilitation	10,000	8,972	11,370
Education policy	10,000	9,910	7,071
Human rights and international solidarity	13,000	19,387	17,823
Non-regular faculty	20,000	18,652	22,651
Organizing	40,000	25,646	42,037
Pension advisory	26,000	25,544	30,432
Private sector committee	1,000	896	253
Professional and scholarly development	10,000	10,512	10,019
Status of women	14,000	11,585	12,619
Workplace health, safety and environment	10,000	7,999	10,693
	195,000	174,338	199,597
Events			
Annual general meeting	233,625	228,477	271,910
B.C. Federation of Labour Convention	14,400	9,709	44,473
CLC/NUCAUT Convention	-	-	48,881
Conferences	40,000	25,204	39,996
Joint Committee Conference	70,000	98,530	80,925
Presidents retreat	30,000	27,877	34,599
	388,025	389,797	520,784
Local Support			
Legal	500,000	339,052	278,609
Staff travel to local offices	100,000	89,826	78,349
	600,000	428,878	356,958
Officer's Relocation			
Allowance	16,600	9,710	16,599
Moving expenses	10,000	6,083	3,784
	26,600	15,793	20,383

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

YEAR ENDED MARCH 31	2016 Budgeted	2016 Actual	2015 Actual
	\$	\$	\$
	<i>(Unaudited)</i>		
President's Council And Executive			
President's Council	45,000	49,749	54,049
Salaries and Benefits			
President	87,475	89,692	84,244
Secretary-Treasurer	87,475	86,628	83,002
Vice-President	43,740	39,407	29,453
Other duty release	21,870	31,548	23,348
Officer's transition	20,000	45	-
Benefits (Officers)	106,000	91,550	104,901
Staff Reps	618,000	612,105	609,275
Support Staff	389,500	404,811	392,897
Benefits (Staff)	276,745	323,518	300,322
Overtime	38,000	66,462	50,558
	1,688,805	1,745,766	1,678,000

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016

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 accounting standards for non-profit organizations. To facilitate review of these financial statements, the significant accounting policies followed by the Federation are summarized below.

(a) Fund Accounting

Federation of Post-Secondary Educators of British Columbia follows the deferral method of accounting for membership dues.

(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 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 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 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.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
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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 accordance with Canadian accounting standards for not-for-profit organizations 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

The Federation tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount of the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(f) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, term deposits and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair values include quoted shares.

(g) Foreign Exchange

Monetary assets and liabilities of the Federation which are dominated in foreign currencies are translated at year end exchange rates. Revenue and expenses are translated at the rates of exchange in effect at their transaction dates. The resulting gains or losses are included the general operations and strike/defence funds.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
NOTES TO FINANCIAL STATEMENTS
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(h) 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".

3. Cash And Short-Term Investments

	2016	2015
	\$	\$
Cash	871,943	1,763,296
Fixed income securities	5,032,071	4,934,258
Equity securities	3,503,661	3,591,782
	<u>9,407,675</u>	<u>10,289,336</u>

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

	2016	2016
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	8,913	(506)
Strike/Defence Fund	491,632	229,480
Unrealized gains (losses) of short-term investments at year-end	<u>(829,408)</u>	<u>230,953</u>
	<u>(328,863)</u>	<u>459,927</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, market and foreign exchange 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.

FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA
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3. Cash And Short-Term Investments (Cont'd)

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.

Liquidity Risk

The federation does have a liquidity risk in the accounts payable of \$212,732 (2015 - \$423,590). Liquidity risk is the risk that the federation cannot repay its obligations when they become due to its creditors. The federation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintain sufficient cash and short-term deposits to repay trade creditors. In the opinion of management, the liquidity risk exposure to the federation is low and is not material.

Foreign Exchange Risk

Foreign exchange risk arises from fluctuations in the exchange rate on investments held in foreign currency. FPSE reduces its exposure to foreign exchange risk by carefully monitoring exchange rate movement. FPSE did not have any hedges at the time that the financial statements were issued.

4. Capital Assets

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	236,781	213,572	23,209	37,301
Leasehold improvements	70,188	45,068	25,120	29,116
Office furniture and equipment	269,814	262,206	7,608	4,359
	576,783	520,846	55,937	70,776

5. Inter-Fund Balances

	2016	2015
	\$	\$
Opening Balance	30,811	67,458
Outstanding Defence Fund transfer in the year	436,911	163,779
Cash transfers to General Operating Fund	314,719	569,718
Job action support paid by the General Operating Fund	(58,120)	-
Political Action Campaign paid by the General Operating Fund	(512,135)	(770,144)
	212,186	30,811

6. Commitments

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

	\$
2017	168,383
2018	168,883
2019	176,998
2020	178,137
2021	175,642

7. 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.