

# **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, 2011, 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, 2011 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.  
May 2, 2011

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

MARCH 31			2011	2010
	Unappropriated Fund	Appropriated Funds	Total	Total
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and short-term investments (Notes 2(b) and 3)	105,135	8,643,472	8,748,607	8,411,631
Due from General Operating Fund (Note 5)	-	-	-	14,192
Due from Strike/Defence Fund (Note 5)	783,595	-	783,595	-
Membership dues and other receivables	112,258	-	112,258	78,118
Prepaid expenses and deposits	89,976	-	89,976	47,351
	<u>1,090,964</u>	<u>8,643,472</u>	<u>9,734,436</u>	<u>8,551,292</u>
<b>Capital Assets</b> (Notes 2(c) and 4)	-	112,141	112,141	51,290
	<u>1,090,964</u>	<u>8,755,613</u>	<u>9,846,577</u>	<u>8,602,582</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	454,685	-	454,685	325,478
Due to Strike/Defence Fund (Note 5)	-	-	-	14,192
Due to General Operating Fund (Note 5)	-	783,595	783,595	-
	<u>454,685</u>	<u>783,595</u>	<u>1,238,280</u>	<u>339,670</u>
<b>NET ASSETS</b>				
<b>General Operating Fund</b> (Page 3)	636,279	-	636,279	513,374
<b>Strike/Defence Fund</b> (Page 4)	-	7,855,490	7,855,490	7,696,991
<b>Capital Assets Fund</b> (Page 5)	-	112,141	112,141	51,290
<b>Staff Professional Development Fund</b> (Page 6)	-	4,387	4,387	1,257
	<u>636,279</u>	<u>7,972,018</u>	<u>8,608,297</u>	<u>8,262,912</u>
	<u>1,090,964</u>	<u>8,755,613</u>	<u>9,846,577</u>	<u>8,602,582</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**

<b>YEAR ENDED MARCH 31</b>	<b>2011 Budgeted</b>	<b>2011 Actual</b>	<b>2010 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<i>(Unaudited)</i>		
<b>Revenue</b>			
Membership dues	3,448,155	3,761,244	3,484,671
Investment income	17,000	23,880	22,316
	<u>3,465,155</u>	<u>3,785,124</u>	<u>3,506,987</u>
Less: Transfer to Strike/Defence Reserve	<u>344,816</u>	<u>366,729</u>	<u>351,162</u>
	<u>3,120,339</u>	<u>3,418,395</u>	<u>3,155,825</u>
<b>Expenses (Schedule, pages 8 to 10)</b>			
Administration	352,825	405,316	343,920
Advocacy and public relations	121,500	96,577	106,424
Affiliations and memberships	262,665	260,315	255,601
Bargaining	52,000	114,662	23,064
Committees	127,000	132,039	157,722
Events	397,700	438,976	325,333
Local support	315,000	616,517	246,708
Officer's relocation	22,000	6,470	17,793
President's Council and Executive	42,000	43,135	47,812
Salaries and benefits	1,428,575	1,493,116	1,340,022
	<u>3,121,265</u>	<u>3,607,123</u>	<u>2,864,399</u>
<b>Excess Of Expenses Over Revenue For The Year</b>	<b>(926)</b>	<b>(188,728)</b>	<b>291,426</b>

Refer to accompanying notes.

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

<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
	\$	\$
<b>General Operating Fund, Beginning Of Year</b>	513,374	201,935
Add: Amortization	48,700	33,355
Transfers from Strike/Defence Fund	376,084	3,289
Excess of revenues over expenses for the year	-	291,426
	938,158	530,005
Deduct: Transfer to Staff Professional Development Fund	3,600	3,600
Purchase of capital assets	109,551	13,031
Excess of expenses over revenue for the year	188,728	-
<b>General Operating Fund, End Of Year</b>	636,279	513,374

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	2011	2010
	\$	\$
<b>Strike/Defence Fund, Beginning Of Year</b>	7,696,991	6,290,953
Add: Investment Income	645,834	1,106,742
Member contributions	366,729	351,162
	8,709,554	7,748,857
Deduct: Vancouver Island University Faculty Association strike pay	422,280	-
Services charges	55,700	48,577
Transfers to General Operating Fund	376,084	3,289
<b>Strike/Defence Fund, End Of Year</b>	<b>7,855,490</b>	<b>7,696,991</b>

Refer to accompanying notes.

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

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<u>YEAR ENDED MARCH 31</u>	<u>2011</u>	<u>2010</u>
	\$	\$
Capital Assets Fund Balance, Beginning Of Year	51,290	71,614
Add: Purchase of capital assets	<u>109,551</u>	<u>13,031</u>
	160,841	84,645
Deduct: Amortization	<u>48,700</u>	<u>33,355</u>
<u>Capital Assets Fund Balance, End Of Year</u>	<u>112,141</u>	<u>51,290</u>

Refer to accompanying notes.

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

<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Staff Professional Development Fund Balance, Beginning Of Year</b>	1,257	7,852
Add: Transfer from General Operating Fund	3,600	3,600
Interest earned	101	109
	4,958	11,561
Deduct: Professional development	571	10,304
<b>Staff Professional Development Fund Balance, End Of Year</b>	4,387	1,257

Refer to accompanying notes.

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

<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Cash From Operating Activities</b>		
Excess of Revenues Over Expenses for the year		
General Operating Fund	(188,728)	291,426
Strike/Defence Fund	534,583	1,409,327
Staff Professional Development Fund	(470)	(10,195)
	<u>345,385</u>	<u>1,690,558</u>
Item not involving cash		
Amortization of capital assets	<u>48,700</u>	<u>33,355</u>
	<u>394,085</u>	<u>1,723,913</u>
Cash provided by changes in non-cash working capital items:		
Membership dues and other receivables	(34,140)	115,683
Prepaid expenses and deposits	(42,625)	(1,201)
Accounts payable and accrued liabilities	<u>129,207</u>	<u>(81,226)</u>
	<u>52,442</u>	<u>33,256</u>
	<u>446,527</u>	<u>1,757,169</u>
<b>Investing Activities</b>		
Purchase of capital assets	<u>(109,551)</u>	<u>(13,031)</u>
<b>Net Increase In Cash And Short-Term Investments</b>	<u>336,976</u>	<u>1,744,138</u>
Cash and short-term investments, beginning of year	<u>8,411,631</u>	<u>6,667,493</u>
<b>Cash And Short-Term Investments, End Of Year</b>	<u>8,748,607</u>	<u>8,411,631</u>
General Operating Fund	105,135	727,575
Strike/Defence Fund	8,639,085	7,682,799
Staff Professional Development Fund	<u>4,387</u>	<u>1,257</u>
	<u>8,748,607</u>	<u>8,411,631</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	2011 Budgeted \$ <i>(Unaudited)</i>	2011 Actual \$	2010 Actual \$
<b>Administration</b>			
Amortization	58,085	48,700	33,355
Audit	8,250	10,307	9,303
Bank charges and interest	3,500	4,374	4,249
Employee relations	5,000	6,068	5,310
Equipment lease and maintenance	24,000	46,910	25,732
Insurance	4,500	4,707	4,290
Office maintenance	1,500	-	303
Office supplies	16,000	19,904	23,288
Parking and transit	18,125	21,356	17,105
Postage and courier	4,000	4,445	2,899
Printing/photocopying	1,500	3,650	5,269
Rent	145,365	153,235	144,859
Staff training	10,000	20,871	14,834
Subscriptions	16,000	17,890	17,502
Telecommunications	30,000	39,731	30,699
Website communication	7,000	3,168	4,923
	352,825	405,316	343,920
<b>Advocacy And Public Relations</b>			
Donations/recognition	15,000	17,630	10,547
FPSE Publications	2,500	-	-
International solidarity	15,000	18,000	12,000
Public relations/communications/lobbying	30,000	32,030	28,185
Representations - B.C. federal/labour groups	10,000	4,820	1,870
Representations - CAUT/NUCAUT	20,000	14,305	28,177
Representations - Federal Government	3,000	111	429
Representations - Other	15,000	10,196	19,730
Representations - Provincial committees/agencies	5,000	(7,146)	3,823
Representations - Provincial Government	6,000	6,631	1,663
	121,500	96,577	106,424
<b>Affiliations And Memberships</b>			
Affiliation - B.C. Federation of Labour	74,500	72,791	72,792
Affiliation - CAUT	91,215	93,546	90,021
Affiliation - NUCAUT/CLC	85,450	85,430	84,924
Memberships	11,500	8,548	7,864
	262,665	260,315	255,601

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

YEAR ENDED MARCH 31	2011 Budgeted \$ (Unaudited)	2011 Actual \$	2010 Actual \$
<b>Bargaining</b>			
JADRC/JCBA/Joint Admin - ERIP	2,000	-	916
Provincial bargaining	50,000	114,662	22,148
	52,000	114,662	23,064
<b>Committees</b>			
Ad Hoc	1,000	-	130
Bargaining Co-ordination Committee	16,000	17,523	12,950
Contract administration review	8,000	15,225	8,515
Disability management and rehabilitation	8,000	7,032	12,814
Education policy	8,000	7,476	16,678
Human rights and international solidarity	8,000	11,627	17,502
Non-regular faculty	16,000	13,110	12,970
Outreach	14,000	5,143	14,141
Pension advisory	20,000	24,937	23,930
Private sector committee	4,000	1,352	-
Professional and scholarly development	8,000	8,712	14,743
Status of women	8,000	13,167	8,858
Workplace health, safety and environment	8,000	6,735	14,491
	127,000	132,039	157,722
<b>Events</b>			
Annual general meeting	210,000	197,051	224,711
B.C. Federation of Labour Convention	46,700	44,919	28,749
Bargaining Strategy Conference	-	47,198	25,434
Conferences	65,000	41,403	23,883
Joint Committee Conference	56,000	83,508	1,955
Presidents retreat	20,000	24,697	19,829
Scholarly Activities Conference	-	200	772
	397,700	438,976	325,333
<b>Local Support</b>			
Legal	275,000	511,424	203,290
Staff travel to local offices	40,000	105,093	43,418
	315,000	616,517	246,708
<b>Officer's Relocation</b>			
Allowance	12,000	3,700	9,000
Moving expenses	10,000	2,770	8,793
	22,000	6,470	17,793

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

YEAR ENDED MARCH 31	2011 Budgeted \$ (Unaudited)	2011 Actual \$	2010 Actual \$
<b>Bargaining</b>			
JADRC/JCBA/Joint Admin - ERIP	2,000	-	916
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	22,000	6,470	17,793

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

<b>YEAR ENDED MARCH 31</b>	<b>2011 Budgeted</b>	<b>2011 Actual</b>	<b>2010 Actual</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<i>(Unaudited)</i>		
<b>President's Council And Executive</b>			
Executive Committee	2,000	181	189
President's Council	40,000	42,954	47,623
	<hr/>	<hr/>	<hr/>
	42,000	43,135	47,812
<b>Salaries and Benefits</b>			
Benefits (Officers)	84,600	108,640	82,447
Benefits (Staff)	209,100	238,628	205,961
Officer's transition	20,000	14,922	13,763
Other duty release	20,800	19,629	13,903
Overtime	38,000	61,455	24,107
President	83,150	83,220	82,787
Secretary-Treasurer	83,150	83,232	76,072
Staff reps	550,880	544,505	528,219
Support staff	297,295	303,153	304,497
Vice-Presidents	41,600	35,732	8,266
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	1,428,575	1,493,116	1,340,022

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**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2011**

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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, 2011, that the Federation will be required to adopt.

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Cash	52,032	616,199
Fixed income securities	5,015,733	4,019,895
Equity securities	3,680,842	3,775,537
	<u>8,748,607</u>	<u>8,411,631</u>

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

	<b>2011</b>	<b>2010</b>
	\$	\$
Realized gains (losses) on disposition of short-term investments:		
General Operating Fund	8,699	10,134
Strike/Defence Fund	305,421	35,637
Unrealized gains (losses) of short-term investments at year-end	<u>77,601</u>	<u>816,719</u>
	<u>391,721</u>	<u>862,490</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**  
 PAGE FOUR

**4. Capital Assets**

	2011		2010	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer equipment	402,069	311,975	90,094	33,684
Leasehold improvements	35,034	25,156	9,878	14,591
Office furniture and equipment	258,900	246,731	12,169	3,015
	696,003	583,862	112,141	51,290

**5. Inter-Fund Balances**

	2011	2010
	\$	\$
Outstanding Defence Fund transfer	14,731	17,481
Legal fees to be funded by Defence Fund	(311,424)	(3,289)
Provincial bargaining costs paid by the General Operating Fund	(64,622)	-
Vancouver Island University Faculty Association strike pay	(422,280)	-
	(783,595)	14,192

**6. Commitments**

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

	\$
2012	149,664
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.