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## AUDITORS' REPORT

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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, 2005, and the statements of Revenue and Expenditures, General Operating Fund, Strike/Defence Fund, Capital Assets Fund and Staff Professional Development Fund, and Cash Flow 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, 2006, 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 21, 2006

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

**BALANCE SHEET**

**MARCH 31** **2006** **2005**

|   | Unappropriated<br>Fund | Appropriated<br>Funds | Total     | Total     |
|---|------------------------|-----------------------|-----------|-----------|
|   | \$                     | \$                    | \$        | \$        |
| <b>ASSETS</b>   |                        |                       |           |           |
| <b>Current Assets</b>                                 |                        |                       |           |           |
| Cash and short-term investments<br>(Notes 2(b) and 3) | 502,607                | 6,466,827             | 6,969,434 | 7,100,246 |
| Membership dues and other receivables                 | 110,365                | -                     | 110,365   | 86,790    |
| Prepaid expenses and deposits                         | 83,864                 | -                     | 83,864    | 66,326    |
| Due from General Operating Fund (Note 5)              | -                      | 5,497                 | 5,497     | 3,950     |
|   | 696,836                | 6,472,324             | 7,169,160 | 7,257,312 |
| <b>Capital Assets</b> (Notes 2(c) and 4)              | -                      | 92,893                | 92,893    | 126,176   |
|   | 696,836                | 6,565,217             | 7,262,053 | 7,383,488 |

**LIABILITIES**

**Current Liabilities**

|  |         |   |         |         |
|--|---------|---|---------|---------|
| Accounts payable and accrued liabilities | 298,815 | - | 298,815 | 354,715 |
| Due to Defence Fund (Note 5)             | 5,497   | - | 5,497   | 3,950   |
|  | 304,312 | - | 304,312 | 358,665 |

**NET ASSETS**

|   |         |           |           |           |
|---|---------|-----------|-----------|-----------|
| <b>General Operating Fund</b> (Page 3)              | 392,524 | -         | 392,524   | 483,984   |
| <b>Strike/Defence Fund</b> (Page 4)                 | -       | 6,465,253 | 6,465,253 | 6,403,058 |
| <b>Capital Assets Fund</b> (Page 5)                 | -       | 92,893    | 92,893    | 126,176   |
| <b>Staff Professional Development Fund</b> (Page 6) | -       | 7,071     | 7,071     | 11,605    |
|   | 392,524 | 6,565,217 | 6,957,741 | 7,024,823 |
|   | 696,836 | 6,565,217 | 7,262,053 | 7,383,488 |

COMMITMENTS (Note 7)

APPROVED BY THE MEMBERS \_\_\_\_\_

Refer to accompanying notes.

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

**STATEMENT OF REVENUE AND EXPENDITURES**

| <b>YEAR ENDED MARCH 31</b>   | <b>2006<br/>Budgeted</b> | <b>2006<br/>Actual</b> | <b>2005<br/>Actual</b> |
|--|--------------------------|------------------------|------------------------|
|  | <b>\$</b>                | <b>\$</b>              | <b>\$</b>              |
|  | <i>(Unaudited)</i>       |                        |                        |
| <b>Revenue</b>   |                          |                        |                        |
| Membership dues  | 2,634,500                | 2,712,851              | 2,624,282              |
| Investment income  | 52,500                   | 28,033                 | 52,576                 |
|  | <hr/>                    | <hr/>                  | <hr/>                  |
|  | 2,687,000                | 2,740,884              | 2,676,858              |
| Less: Transfer to Strike/Defence Reserve                               | 266,550                  | 273,040                | 265,954                |
|  | <hr/>                    | <hr/>                  | <hr/>                  |
|  | 2,420,450                | 2,467,844              | 2,410,904              |
| <b>Expenditures (Schedule, pages 8 and 9)</b>                          |                          |                        |                        |
| Salaries and benefits  | 1,215,956                | 1,212,643              | 1,167,249              |
| Administration/advocacy  | 585,302                  | 574,595                | 515,163                |
| Committee meetings/provincial bargaining                               | 166,000                  | 202,476                | 399,009                |
| Local support/legal  | 230,000                  | 252,662                | 293,188                |
| Events   | 228,000                  | 295,439                | 224,678                |
|  | <hr/>                    | <hr/>                  | <hr/>                  |
|  | 2,425,258                | 2,537,815              | 2,599,287              |
| <b>Excess Of Expenditures Over Revenue Before<br/>Undernoted Items</b> | (4,808)                  | (69,971)               | (188,383)              |
| Transfer to Staff Professional Development Fund                        | -                        | (3,000)                | (3,000)                |
| Amortization   | (51,500)                 | (51,772)               | (53,349)               |
|  | <hr/>                    | <hr/>                  | <hr/>                  |
| <b>Excess Of Expenditures Over Revenues For The Year</b>               | (56,308)                 | (124,743)              | (244,732)              |

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>2006</b>    | <b>2005</b>    |
|---|----------------|----------------|
|   | <b>\$</b>      | <b>\$</b>      |
| <b>General Operating Fund, Beginning Of Year</b>      | 483,984        | 700,539        |
| Add: Excess of expenditures over revenue for the year | (124,743)      | (244,732)      |
| Amortization  | 51,772         | 53,349         |
| Proceeds on disposal of capital asset                 | 335            | -              |
|   | 411,348        | 509,156        |
| Deduct: Purchase of capital assets                    | 18,824         | 25,172         |
| <b>General Operating Fund, End Of Year</b>            | <b>392,524</b> | <b>483,984</b> |

Refer to accompanying notes.

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

(NOTE 2(a)(ii))

| <b>YEAR ENDED MARCH 31</b>                                 | <b>2006</b>      | <b>2005</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>Strike/Defence Fund, Beginning Of Year</b>              | 6,403,058        | 6,100,558        |
| Add: Contributions received for Feed The Teachers Campaign | 86,301           | -                |
| Increase in value of short-term investments                | 44,237           | -                |
| Investment Income  | 147,744          | 365,843          |
| Member contributions                                       | 273,040          | 265,954          |
|  | 6,954,380        | 6,732,355        |
| Deduct: Feed The Teachers Campaign Expenditures            | 269,995          | -                |
| Education Awareness Campaign (Note 8)                      | 211,776          | 270,300          |
| Services charges   | 7,356            | 14,760           |
| Write-down of investments to market value                  | -                | 44,237           |
| <b>Strike/Defence Fund, End Of Year</b>                    | <b>6,465,253</b> | <b>6,403,058</b> |

Refer to accompanying notes.

**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA****STATEMENT OF CAPITAL ASSETS FUND**

(NOTE 2(a)(iii))

| <b>YEAR ENDED MARCH 31</b>                            | <b>2006</b>   | <b>2005</b>    |
|---|---------------|----------------|
|   | <b>\$</b>     | <b>\$</b>      |
| <b>Capital Assets Fund Balance, Beginning Of Year</b> | 126,176       | 154,353        |
| Add: Purchase of capital assets                       | 18,824        | 25,172         |
|   | 145,000       | 179,525        |
| Deduct: Proceeds on disposal of capital asset         | 335           | -              |
| Amortization  | 51,772        | 53,349         |
| <b>Capital Assets Fund Balance, End Of Year</b>       | <b>92,893</b> | <b>126,176</b> |

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>2006</b>  | <b>2005</b>   |
|---|--------------|---------------|
|   | <b>\$</b>    | <b>\$</b>     |
| <b>Staff Professional Development Fund Balance, Beginning Of Year</b> | 11,605       | 10,866        |
| Add: Transfer from General Operating Fund                             | 3,000        | 3,000         |
| Interest earned   | 159          | 208           |
|   | 14,764       | 14,074        |
| Deduct: Professional development                                      | 7,693        | 2,469         |
| <b>Staff Professional Development Fund Balance, End Of Year</b>       | <b>7,071</b> | <b>11,605</b> |

Refer to accompanying notes.

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

| <b>YEAR ENDED MARCH 31</b>                             | <b>2006</b>      | <b>2005</b>      |
|--|------------------|------------------|
|  | <b>\$</b>        | <b>\$</b>        |
| <b>Cash From Operating Activities</b>                  |                  |                  |
| Net earnings/(deficit) for the year                    |                  |                  |
| General Operating Fund                                 | (124,743)        | (244,732)        |
| Strike/Defence Fund                                    | 62,195           | 302,500          |
| Staff Professional Development Fund                    | (4,534)          | 739              |
|  | <u>(67,082)</u>  | <u>58,507</u>    |
| Amortization of capital assets                         | 51,772           | 53,349           |
| Net change in non-cash working capital                 | <u>(97,013)</u>  | <u>126,663</u>   |
| Net cash generated through operating activities        | <u>(112,323)</u> | <u>238,519</u>   |
| <b>Financing And Investing Activities</b>              |                  |                  |
| Purchase of capital assets                             | (18,824)         | (25,172)         |
| Proceeds on disposal of capital asset                  | <u>335</u>       | <u>-</u>         |
|  | <u>(18,489)</u>  | <u>(25,172)</u>  |
|  | (130,812)        | 213,347          |
| <b>Net Decrease In Cash And Short-Term Investments</b> |                  |                  |
| Cash and short-term investments, beginning of year     | <u>7,100,246</u> | <u>6,886,899</u> |
|  | 6,969,434        | 7,100,246        |
| <b>Cash And Short-Term Investments, End Of Year</b>    |                  |                  |

Refer to accompanying notes.

# FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA

## SCHEDULE OF EXPENDITURES

| YEAR ENDED MARCH 31              | 2006<br>Budgeted  | 2006<br>Actual | 2005<br>Actual |
|----------------------------------|-------------------|----------------|----------------|
|                                  | \$<br>(Unaudited) | \$             | \$             |
| <b>Salaries and Benefits</b>     |                   |                |                |
| President                        | 73,257            | 63,211         | 67,621         |
| Vice-Presidents                  | 36,628            | 23,431         | 31,019         |
| Secretary Treasurer              | 73,257            | 71,200         | 65,167         |
| Benefits of officers and staff   | 242,600           | 266,098        | 242,946        |
| Other duty release               | 5,000             | -              | -              |
| Officer's transition             | 18,314            | -              | -              |
| Staff representatives            | 485,175           | 491,590        | 470,129        |
| Staff overtime                   | 35,000            | 51,851         | 42,809         |
| Support staff                    | 246,725           | 245,262        | 247,558        |
|                                  | 1,215,956         | 1,212,643      | 1,167,249      |
| <b>Administration/Advocacy</b>   |                   |                |                |
| Audit                            | 6,450             | 6,614          | 6,452          |
| Bank charges and interest        | 800               | 1,917          | 2,555          |
| Employee relations               | 2,500             | 9,165          | 3,548          |
| Equipment lease and maintenance  | 8,000             | 9,118          | 9,612          |
| Insurance                        | 4,500             | 4,550          | 4,500          |
| Lobbying and public relations    |                   |                |                |
| Lobbying and public relations    | 35,000            | 19,107         | 17,719         |
| FPSE publications                | 16,000            | 7,659          | 16,027         |
| Donations                        | 10,000            | 16,795         | 8,040          |
| Hosting                          | 500               | -              | 286            |
| Special representations (Note 6) | 35,000            | 37,314         | 39,308         |
| Memberships                      |                   |                |                |
| B.C. Federation Of Labour        | 72,792            | 72,792         | 52,564         |
| CAUT                             | 72,450            | 74,942         | 62,151         |
| CLC/NUCAUT                       | 79,060            | 80,324         | 56,268         |
| Other                            | 11,500            | 8,580          | 7,940          |
| Office maintenance               | 2,500             | 2,300          | 2,641          |
| Postage and courier              | 7,000             | 4,838          | 8,034          |
| Printing                         | 8,500             | 3,985          | 7,571          |
| Relocation                       | 8,000             | -              | -              |
| Rent                             | 147,750           | 148,948        | 147,008        |
| Staff training                   | 4,000             | 5,620          | 1,798          |
| Subscriptions and books          | 16,000            | 16,428         | 17,216         |
| Supplies                         | 13,000            | 14,462         | 18,443         |
| Telecommunications               | 17,500            | 23,242         | 18,551         |
| Website maintenance              | 6,500             | 5,895          | 6,931          |
|                                  | 585,302           | 574,595        | 515,163        |

## **FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**

### **SCHEDULE OF EXPENDITURES**

| YEAR ENDED MARCH 31                             | 2006<br>Budgeted  | 2006<br>Actual | 2005<br>Actual |
|---|-------------------|----------------|----------------|
|   | \$<br>(Unaudited) | \$             | \$             |
| <b>Committee Meetings/Provincial Bargaining</b> |                   |                |                |
| Bargaining co-ordination and review             | 14,000            | 15,729         | 4,714          |
| Provincial bargaining                           | 25,000            | 46,872         | 281,938        |
| Common Agreement                                | -                 | 628            | -              |
| Contract administration review                  | 14,000            | 14,755         | 12,139         |
| Disability Management and Rehabilitation        | 14,000            | 7,315          | 4,688          |
| Education policy                                | 7,000             | 6,503          | 7,454          |
| Executive                                       | 5,000             | 9,462          | 3,316          |
| Human rights                                    | 7,000             | 7,914          | 6,756          |
| Occupational health and safety                  | 7,000             | 7,242          | 7,223          |
| Other   | 1,000             | 545            | 983            |
| Pension advisory                                | 14,000            | 19,355         | 18,503         |
| Presidents' council                             | 30,000            | 36,085         | 28,507         |
| Professional development                        | 7,000             | 7,236          | 5,544          |
| Status non-regular faculty                      | 14,000            | 16,785         | 10,572         |
| Status of women                                 | 7,000             | 6,050          | 6,672          |
|   | 166,000           | 202,476        | 399,009        |
| <b>Local Support/Legal</b>                      |                   |                |                |
| Direct services                                 | 80,000            | 86,051         | 76,886         |
| Legal   | 150,000           | 166,611        | 216,302        |
|   | 230,000           | 252,662        | 293,188        |
| <b>Events</b>                                   |                   |                |                |
| Annual General Meeting And Convention           | 130,000           | 126,453        | 131,716        |
| B.C. Federation of Labour Convention            | 12,000            | 18,763         | 9,734          |
| Bargaining Strategy Conference                  | -                 | 26,885         | -              |
| Canadian Labour Congress                        | 22,000            | 38,780         | -              |
| Joint Committee Conference                      | 35,000            | 51,486         | 37,339         |
| President's orientation                         | 14,000            | 13,563         | 16,453         |
| Other conference                                | 15,000            | 19,509         | 29,436         |
|   | 228,000           | 295,439        | 224,678        |

# **FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**

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## **NOTES TO FINANCIAL STATEMENTS**

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FOR THE YEAR ENDED MARCH 31, 2006

### **1. Operations**

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.

### **2. Significant Accounting Policies**

The undernoted accounting policies are set forth to facilitate an understanding of the accompanying financial statements.

#### **(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 reserve represents excess member funding, interest earned on term deposits, miscellaneous grants and other income. Amounts in the reserve are available to provide interim working capital and discretionary appropriations to the encumbered reserve.

##### **(ii) Strike/Defence Fund**

The amount in these reserves represents discretionary appropriations from the operating reserve to a 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.

**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                       | - 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.

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

|  | 2006             |                  | 2005             |                  |
|--|------------------|------------------|------------------|------------------|
|  | Cost             | Market Value     | Cost             | Market Value     |
|  | \$               | \$               | \$               | \$               |
| <b>Unappropriated</b>                      |                  |                  |                  |                  |
| Cash                                       | 21,748           | 21,748           | 106,187          | 106,187          |
| Marketable securities and accrued interest | 480,859          | 491,570          | 583,346          | 586,564          |
|  | <u>502,607</u>   | <u>513,318</u>   | <u>689,533</u>   | <u>692,751</u>   |
| <b>Appropriated</b>                        |                  |                  |                  |                  |
| Cash                                       | 206,339          | 206,339          | 65,348           | 65,348           |
| Marketable securities and accrued interest | 6,260,488        | 6,613,424        | 6,389,602        | 6,345,365        |
|  | <u>6,466,827</u> | <u>6,819,763</u> | <u>6,454,950</u> | <u>6,410,713</u> |

**FEDERATION OF POST-SECONDARY EDUCATORS' OF BRITISH COLUMBIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**4. Capital Assets**

|                                | 2006    |                          | 2005           |                |
|--------------------------------|---------|--------------------------|----------------|----------------|
|                                | Cost    | Accumulated Amortization | Net Book Value | Net Book Value |
|                                | \$      | \$                       | \$             | \$             |
| Computer                       | 186,916 | 163,041                  | 23,875         | 50,288         |
| Office furniture and equipment | 243,584 | 199,169                  | 44,415         | 57,116         |
| Leasehold improvements         | 30,029  | 5,426                    | 24,603         | 18,772         |
|                                | 460,529 | 367,636                  | 92,893         | 126,176        |

**5. To/From Strike/Defence Fund**

The inter-fund receivable/payable balance is the amount not transferred relating to March Strike/Defence Fund contributions.

**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 four fiscal years ended as follows:

|      | \$     |
|------|--------|
| 2007 | 70,525 |
| 2008 | 70,525 |
| 2009 | 74,317 |
| 2010 | 75,075 |

**8. Education Awareness Campaign**

At the May 2004 Annual General Meeting of FPSE, it was resolved that the Federation would allocate 9% of its Defence Fund balance (approximately \$549,000) to a publicity campaign promoting awareness of issues concerning public post-secondary education in British Columbia. The campaign would last until May 2005. As a March 31, 2006, the Federation had spent \$482,076.