

**British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements**
June 30, 2009

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

JUNE 30, 2009

INDEX

	Page
AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Changes in Net Assets	3
Statement of Operations	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 11

To the Executive Committee of
British Columbia Institute of Technology
Faculty and Staff Association

We have audited the statement of financial position of British Columbia Institute of Technology Faculty and Staff Association as at June 30, 2009 and the statements of changes in net assets, operations 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 Association as at June 30, 2009 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Meyer Norris Penny LLP

Port Moody, British Columbia

July 27, 2009

Chartered Accountants


BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

STATEMENT OF FINANCIAL POSITION


AS AT JUNE 30, 2009

	2009	2008
ASSETS		
Current Assets		
Cash and cash equivalents - Note 4	\$ 1,822,089	\$ 1,760,473
Membership dues receivable	62,822	62,036
Interest receivable	1,411	3,195
Prepaid expenses	<u>4,711</u>	<u>3,555</u>
	1,891,033	1,829,259
Capital Assets - Note 6	<u>41,954</u>	<u>30,099</u>
	<u>\$ 1,932,987</u>	<u>\$ 1,859,358</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ <u>61,944</u>	\$ <u>120,846</u>
NET ASSETS		
Internally Restricted Reserves	1,829,089	1,708,413
Investment in Capital Assets	<u>41,954</u>	<u>30,099</u>
	<u>1,871,043</u>	<u>1,738,512</u>
	<u>\$ 1,932,987</u>	<u>\$ 1,859,358</u>

Approved By The Executive Committee:



Committee Member



Committee Member

See Accompanying Notes to Financial Statements

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

**STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	2009			2008	
	<u>Operating Fund</u>	<u>Internally Restricted Reserves</u>	<u>Investment in Capital Assets</u>	<u>Total</u>	<u>Total</u>
Net Assets, Beginning of Year	\$ -	\$ 1,708,413	\$ 30,099	\$ 1,738,512	\$ 1,679,556
Excess of Revenue Over Expenses (Expenses Over Revenue)	<u>94,923</u>	<u>49,567</u>	<u>(11,959)</u>	<u>132,531</u>	<u>58,956</u>
Net Assets, Before Interfund Transfers	94,923	1,757,980	18,140	1,871,043	1,738,512
Interfund Transfers					
Purchase of Capital Assets	(23,814)	-	23,814	-	-
Operating Fund Surplus - Note 7	<u>(71,109)</u>	<u>71,109</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,829,089</u>	<u>\$ 41,954</u>	<u>\$ 1,871,043</u>	<u>\$ 1,738,512</u>

See Accompanying Notes to Financial Statements

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Revenue		
FSA membership dues	\$ 922,078	\$ 945,640
Investment income	<u>33,120</u>	<u>69,936</u>
	<u>955,198</u>	<u>1,015,576</u>
Expenses		
Books and journals	4,122	5,501
Computer and equipment lease	9,344	10,789
Conference fees	5,227	2,911
Insurance	7,359	8,623
Legal and audit	34,071	145,507
Liaison and meetings	19,042	7,593
Miscellaneous	192	443
Office	16,322	15,128
Public relations and donations	2,543	3,130
Research and consulting	10,396	8,347
Salaries and benefits	741,742	717,988
Scholarships	8,000	8,000
Social	2,500	500
Staff professional development	7,139	11,347
Strike related expenses - Note 9	5,343	-
Travel	<u>276</u>	<u>280</u>
	<u>873,618</u>	<u>946,087</u>
Excess of Revenue Over Expenses Before Other Items	81,580	69,489
Other Items		
Amortization Expense	(11,959)	(10,533)
Gain on Retirement of Estimated Liability - Note 13	<u>62,910</u>	<u>-</u>
Excess of Revenue Over Expenses	<u>\$ 132,531</u>	<u>\$ 58,956</u>

See Accompanying Notes to Financial Statements

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2009

	2009	2008
Operating Activities		
Cash provided by operations		
Excess of revenue over expenses	\$ 132,531	\$ 58,956
Add charges to income not involving cash		
Amortization	<u>11,959</u>	<u>10,533</u>
	144,490	69,489
Changes in non-cash working capital balances related to operations		
Increase in membership dues receivable	(786)	(10,053)
Decrease in interest receivable	1,784	1,156
Decrease (increase) in prepaid expenses	(1,156)	383
Increase (decrease) in accounts payable and accrued liabilities	<u>(58,902)</u>	<u>38,146</u>
	85,430	99,121
Investing Activity		
Purchase of capital assets	<u>(23,814)</u>	<u>-</u>
Increase in Cash and Cash Equivalents	61,616	99,121
Cash and Cash Equivalents, Beginning of Year	<u>1,760,473</u>	<u>1,661,352</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,822,089</u>	<u>\$ 1,760,473</u>

See Accompanying Notes to Financial Statements

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

1. Purpose of the Association

The British Columbia Institute of Technology Faculty and Staff Association (the Association) acts as the bargaining agent for technical faculty and staff of the British Columbia Institute of Technology promoting the interest and well-being of the members and providing formal channels for collective bargaining with their employers on all matters relating to curriculum, employment, production, wages, hours of work, holidays and all other matters affecting the welfare of the employees. The Association also assists the faculty and staff members, as a group, to interrelate with the student body, the Administration, the Board of Governors and with the Ministry of Advanced Education and other ministries and administrative agencies of the Province of British Columbia.

The Association is registered under the Society Act and is a certified trade union.

2. Basis of Presentation

The Operating Fund reports the operating activities of the Association.

The Association has set aside certain discretionary reserves which have been appropriated from the Operating Fund for the following purposes:

A. Strike Fund

The Association has established the Strike Fund for the purposes of paying strike pay, or strike support pay, consistent with established policy, during periods of labour disruption affecting faculty and staff association members. The Fund shall also be used to pay the supplementary costs of office relocation, staff overtime during periods of labour dispute, rental of additional equipment/services, purchase of strike-related supplies, and other relevant expenses. The value of the Fund as at June 30, 2009 was \$1,386,089 (June 30, 2008 - \$1,257,413) and has a maximum value of \$1,500,000.

B. Special Projects Reserve Fund

The Association has established the Special Projects Reserve Fund (maximum value of \$25,000) for the purposes of providing a funding source for special projects undertaken by the Executive Committee, which have arisen after the adoption of the operating budget in any period.

C. General Reserve Fund

The Association has established the General Reserve Fund (maximum value of \$285,000) for the purposes of paying the cost of winding up the affairs of the Association, discharging any indebtedness arising through employee contracts, maintaining services in the circumstances where membership dues are disrupted or for other purposes of like magnitude approved by the Executive Committee.

D. Legal and Arbitration Reserve Fund

The Association has established a Legal and Arbitration Reserve Fund (maximum value of \$100,000) for the purposes of paying the costs of legal advice and representation and arbitration costs which exceed the funds allocated in the operating budget in any period.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

2. Basis of Presentation - Continued

E. Capital Replacement Fund

The Association has established a Capital Replacement Fund (maximum value of \$25,000) for the purposes of paying the costs of replacing capital equipment at the end of its useful life.

F. Scholarship Fund

The Association has established a Scholarship Fund for the purposes of providing a funding source for scholarships to be awarded by the Association. A maximum of eight scholarships are to be awarded on an annual basis.

G. Access to Reserve Funds

All expenses from Reserve Funds require a special resolution of the Executive Committee, which must be approved by a 2/3 majority of the Executive Committee voting at a meeting in which the motion is debated. The 2/3 majority vote of the Executive Committee is waived if the Funds are to be used for strike activity. In case of strike activity, a majority vote of the Executive Committee is necessary. If necessary, all Funds can be used for strike activities in case of a strike by the Association's membership.

3. Significant Accounting Policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, and include the following significant accounting policies:

Capital Assets

Capital Assets are stated at cost. Amortization is provided over the estimated useful lives of the assets on a straight-line basis. One-half year's amortization is taken in the period of acquisition.

Leasehold improvements are amortized over the term of the lease which expires on August 2012. All other assets are amortized over five years.

Revenue Recognition

The Association records membership dues as revenue in the period in which the dues relate if the amounts can be reasonably estimated and collection is reasonably assured.

All of the Association's revenue has no external restrictions and is therefore reported as revenue of the Operating Fund.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

3. Significant Accounting Policies - Continued

Income Taxes

The Association is a non-profit organization and is therefore exempt from income taxes.

Measurement Uncertainty

The financial statements of the Association have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement.

Membership dues receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of Property and Equipment.

The financial statements have, in management's and Executive Committee's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies.

Financial Instruments

Held for trading:

The Association has classified the following financial assets and liabilities as held for trading: cash and cash equivalents, membership dues and interest receivable. These instruments are initially recognized at their fair value determined by published price quotations in an active market. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in the statement of operations.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current year earnings. All fees and costs incurred on the exchange or modification of a financial liability not accounted for as an extinguishment, are recognized in current year earnings.

Held for trading financial instruments are subsequently measured at their fair value. Gains and losses arising from changes in fair value are recognized immediately in the statement of operations.

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

3. Significant Accounting Policies - Continued

Other financial liabilities:

The Association has classified the following financial liabilities as other financial liabilities: accounts payable and accrued liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the settlement date, and transaction costs are immediately recognized in income.

Fees incurred on an exchange of financial liabilities or a modification of the terms of financial liabilities that is accounted for as an extinguishment are included as part of the gain or loss on extinguishment, while any related other costs incurred are recognized in current earnings. Any fees incurred on the exchange or modification of a financial liability not accounted for as an extinguishment are included in the carrying amount of the modified financial liability and amortized over its remaining expected life. Any related other costs incurred are recognized in current year statement of operations.

4. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit and highly liquid short-term interest bearing securities at market value. Cash and cash equivalents are comprised of \$1,341,144 (2008 - \$1,288,648) in an interest bearing bank account and \$480,945 (2008 - \$471,825), at market value, in a money market fund managed by an independent investment counsellor.

5. Going Concern

These financial statements have been prepared on a going concern basis which presumes that the Association will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations.

6. Capital Assets

	<u>2009</u>			<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 33,119	\$ 9,863	\$ 23,256	\$ 3,309
Furniture and fixtures	37,750	37,750	-	-
Leaseholds	<u>88,997</u>	<u>70,299</u>	<u>18,698</u>	<u>26,790</u>
	<u>\$ 159,866</u>	<u>\$ 117,912</u>	<u>\$ 41,954</u>	<u>\$ 30,099</u>

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

7. Internally Restricted Reserves

The amounts allocated to the undernoted Funds are internally restricted and are not available for purposes other than as approved by the Executive Committee:

	Balance			Balance
	June 30	Income and	Interfund	June 30
	<u>2008</u>	<u>expenses</u>	<u>transfers</u>	<u>2009</u>
Strike Fund	\$ 1,257,413	\$ 57,567	\$ 71,109	\$ 1,386,089
Special Projects Fund	25,000	-	-	25,000
General Reserve Fund	285,000	-	-	285,000
Legal and Arbitration Fund	100,000	-	-	100,000
Capital Replacement Fund	25,000	-	-	25,000
Scholarship Fund	<u>16,000</u>	<u>(8,000)</u>	<u>-</u>	<u>8,000</u>
	<u>\$ 1,708,413</u>	<u>\$ 49,567</u>	<u>\$ 71,109</u>	<u>\$ 1,829,089</u>

Income and expenses of \$57,567 recorded in the Strike Fund during the year consist of strike related expenses of \$5,343 as explained in Note 9 and other income of \$62,910 as explained in Note 13.

Per Policy 3.1.2, Financial Reserves, if the Strike Fund is not at the maximum of \$1,500,000, then any surplus remaining in the Operating Fund is to be transferred to the Strike Fund at the fiscal year end, in the current year this amounted to \$71,109 (2008- \$77,489).

8. Commitment

The British Columbia Institute of Technology has provided the Association the tenancy of its present location for 11 years commenced September 2001. The rental rate with the British Columbia Institute of Technology has been agreed at \$Nil.

9. Strike related expenses

During the year, custodial workers at BCIT represented by the United Steel Workers (USW) went on strike. The Executive Committee voted to recognize this strike and to temporarily relocate the Association's office off-campus. The Association incurred expenses of \$5,343 which related to the cost of relocating the office and strike pay for Association members who recognized the USW picket lines. This amount was charged to the Strike Fund.

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

10. Lease Commitments

The Association leases certain office equipment under a long-term operating lease. The minimum aggregate annual lease payments required to expiry are as follows:

2010	\$ 2,204
2011	2,204
2012	2,117
2013	<u>2,029</u>
	<u>\$ 8,554</u>

11. Capital Management

The Association's objective when managing capital is the preservation of capital. As such, the investment of funds to cover net assets is maintained within highly liquid and low risk financial instruments. Capital is internally restricted as approved by the membership. There are no external restrictions. These policies are consistent with the prior year.

12. Fair Value of Financial Instruments

The Association's financial instruments consist of cash and cash equivalents, membership dues receivable, interest receivable, and accounts payable and accrued liabilities. The carrying amounts of these financial instruments approximate their fair value. It is managements' opinion that the Association is not exposed to significant interest, currency or credit risk arising from these financial instruments.

13. Gain on Retirement of Estimated Liability

An estimated liability in the prior period for the amount of \$62,910 was reversed in the current period due to a change in the assessment as to the likelihood of payment of the liability by the Association. This amount was allocated to the Strike Fund.