

**British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements**
June 30, 2010

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

JUNE 30, 2010

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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, 2010 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, 2010 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

August 6, 2010

Chartered Accountants



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

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2010

	2010	2009
ASSETS		
Current Assets		
Cash	\$ 660,690	\$ 1,341,144
Short term investments - Note 5	1,231,729	480,945
Membership dues receivable	69,670	62,822
Interest receivable	885	1,411
Prepaid expenses	<u>4,912</u>	<u>4,711</u>
	1,967,886	1,891,033
Capital Assets - Note 7	<u>27,615</u>	<u>41,954</u>
	<u>\$ 1,995,501</u>	<u>\$ 1,932,987</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ <u>34,582</u>	\$ <u>61,944</u>
NET ASSETS		
Internally Restricted Reserves	1,933,304	1,829,089
Investment in Capital Assets	<u>27,615</u>	<u>41,954</u>
	<u>1,960,919</u>	<u>1,871,043</u>
	<u>\$ 1,995,501</u>	<u>\$ 1,932,987</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, 2010

				2010	2009
	<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	\$ -	\$ 1,829,089	\$ 41,954	\$ 1,871,043	\$ 1,738,512
Excess of Revenue Over Expenses (Expenses Over Revenue)	<u>112,215</u>	<u>(8,000)</u>	<u>(14,339)</u>	<u>89,876</u>	<u>132,531</u>
Net Assets, Before Interfund Transfers	112,215	1,821,089	27,615	1,960,919	1,871,043
Interfund Transfers Operating Fund Surplus - Note 8	<u>(112,215)</u>	<u>112,215</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets, End of Year	<u>\$ -</u>	<u>\$ 1,933,304</u>	<u>\$ 27,615</u>	<u>\$ 1,960,919</u>	<u>\$ 1,871,043</u>

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

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
Revenue		
FSA membership dues	\$ 974,577	\$ 922,078
Investment income	<u>8,085</u>	<u>33,120</u>
	<u>982,662</u>	<u>955,198</u>
Expenses		
Books and journals	4,506	4,122
Computer and equipment lease	3,146	9,344
Conference fees	747	5,227
Insurance	8,233	7,359
Legal and audit	29,093	34,071
Liaison and meetings	9,160	19,042
Miscellaneous	1,611	192
Office	10,284	16,322
Public relations and donations	5,274	2,543
Research and consulting	10,715	10,396
Salaries and benefits	773,410	741,742
Scholarships	8,000	8,000
Social	3,546	2,500
Staff professional development	10,107	7,139
Strike related expenses	-	5,343
Travel	<u>615</u>	<u>276</u>
	<u>878,447</u>	<u>873,618</u>
Excess of Revenue Over Expenses Before Other Items	104,215	81,580
Other Items		
Amortization Expense	(14,339)	(11,959)
Gain on Retirement of Estimated Liability	<u>-</u>	<u>62,910</u>
Excess of Revenue Over Expenses	<u>\$ 89,876</u>	<u>\$ 132,531</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, 2010

	2010	2009
Operating Activities		
Cash provided by operations		
Excess of revenue over expenses	\$ 89,876	\$ 132,531
Add charges to income not involving cash		
Amortization	<u>14,339</u>	<u>11,959</u>
	104,215	144,490
Changes in non-cash working capital balances related to operations		
Increase in membership dues receivable	(6,848)	(786)
Decrease in interest receivable	526	1,784
Decrease (increase) in prepaid expenses	(201)	(1,156)
Increase (decrease) in accounts payable and accrued liabilities	<u>(27,362)</u>	<u>(58,902)</u>
	70,330	85,430
Investing Activity		
Purchase of capital assets	-	(23,814)
Increase in short term investments	<u>(750,784)</u>	<u>(9,120)</u>
(Decrease) Increase in Cash	(680,454)	52,496
Cash, Beginning of Year	<u>1,341,144</u>	<u>1,288,648</u>
Cash, End of Year	<u>\$ 660,690</u>	<u>\$ 1,341,144</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

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, 2010 was \$1,498,304 (June 30, 2009 - \$1,386,089) 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, 2010

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. Interest and other investment income is recorded when earned by the Association.

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

Income Taxes

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

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

3. Significant Accounting Policies - Continued

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 short term investments. 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.

Loans and Receivables:

The Association has classified the following financial asset as loans and receivables: membership dues receivable and interest receivable. These assets are initially recognized at their fair value, determined by the initial cost in a transaction between unrelated parties. Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are discounted over the asset's expected life to its net carrying value. Gains or losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

3. Significant Accounting Policies - Continued

Loans and Receivables - continued:

Loans and receivables are subsequently measured at their amortized cost, using the effective interest method. Under this method, estimated future cash receipts are exactly discounted over the asset's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial asset is measured at initial recognition less principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and less any reduction for impairment or uncollectability. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

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.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carry value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in net income upon derecognition or impairment.

4. Recent Accounting Pronouncements

Financial Statement Presentation

Several sections of the Canadian Institute of Chartered Accountants ("CICA") Handbook have been amended to include not-for-profit organizations within their scope. The amendments apply to financial statements relating to fiscal years beginning on or after January 1, 2009. The Association has adopted these standards for its fiscal year ending June 30, 2010. The main features of the amendments are as follows:

Section 4460, Disclosure of Related Party Transactions by Not-for-profit Organizations. This section has been amended to make the language in Section 4460 consistent with Section 3840, Related Party Transactions. There was no impact in adopting this section, as the Association's previous reporting was in compliance with the standard.

Section 1540, Cash Flow Statements. This section was amended to include Not-for-profit organizations within its scope. There was no impact in adopting this section, as the Association's previous reporting was in compliance with the standard.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

4. Change in Accounting Policy - Continued

Financial Instruments

Effective for years beginning on or after October 1, 2008, the Association could elect to adopt the provisions of Canadian Institute of Chartered Accountants ("CICA") Section 3862, Financial Instruments - Disclosures, and Section 3863, Financial Instruments - Presentation. Section 3862 on financial instrument disclosures, requires the disclosure of information about the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 provides standards for the presentation of financial instruments and identifies the information that should be disclosed about them. These standards replace CICA Handbook Section 3861, Financial Instruments - Disclosure and Presentation, which the Association currently applies. The Association has reviewed these sections and has elected to not adopt the provisions and to continue following Section 3861, Financial Instruments - Disclosure and Presentation.

5. Short Term Investments

Short term investments consist of highly liquid short-term interest bearing securities consisting of a money market fund, managed by an independent investment counsellor, of \$481,728 (2009 - \$480,945) and a one year cashable term deposit bearing interest at 1.1% of \$750,000 (2009 - Nil).

6. 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.

7. Capital Assets

	<u>2010</u>			<u>2009</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 33,119	\$ 16,112	\$ 17,007	\$ 23,256
Furniture and fixtures	37,750	37,750	-	-
Leaseholds	<u>88,997</u>	<u>78,389</u>	<u>10,608</u>	<u>18,698</u>
	<u>\$ 159,866</u>	<u>\$ 132,251</u>	<u>\$ 27,615</u>	<u>\$ 41,954</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

8. 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 June 30 <u>2009</u>	Income and <u>expenses</u>	Interfund <u>transfers</u>	Balance June 30 <u>2010</u>
Strike Fund	\$ 1,386,089	\$ -	\$ 112,215	\$ 1,498,304
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>8,000</u>	<u>(8,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,829,089</u>	<u>\$ (8,000)</u>	<u>\$ 112,215</u>	<u>\$ 1,933,304</u>

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 \$112,215 (2009- \$71,109).

9. 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.

10. Fair Value of Financial Instruments

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

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2010

11. Capital Management

The Association defines capital as fund balances, as determined based on the fair value of net assets and liabilities. The Association's objective when managing capital is the preservation of capital to safeguard the entity's ability to continue as a going concern. Capital is internally restricted as approved by the membership. There are no external restrictions.

The Association sets the amount of capital in proportion to risk and manages the capital structure and makes adjustments to it in light of changes to economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Association invests in highly liquid and low risk financial instruments to enable the Association to meet or exceed its short and long term cash flow requirements within an acceptable level of risk.

The Association monitors capital on the basis of interest rates, rates of return and other performance indicators in the market. There has been no changes in the overall capital management strategy employed during the year.