

**British Columbia Institute of Technology  
Faculty and Staff Association  
Financial Statements**  
*June 30, 2011*

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY  
FACULTY AND STAFF ASSOCIATION  
Contents

*For the year ended June 30, 2011*

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

We have audited the accompanying financial statements of British Columbia Institute of Technology Faculty and Staff Association which comprise the statement of financial position as at as at June 30, 2011 and the statements of changes in net assets, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Administration's Responsibility for Financial Statements*

The administration 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 the administration determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditors' 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 of 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' judgment, 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 auditor considers 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 administration, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence 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 the British Columbia Institute of Technology Faculty and Staff Association as at June 30, 2011 and the results of its operations, changes in net assets, and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Port Moody, British Columbia  
August 31, 2011

*MNP LLP*  
Chartered Accountants

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

**STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2011**

	2011	2010
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 800,511	\$ 660,690
Short term investments - Note 4	1,234,575	1,231,729
Membership dues receivable	-	69,670
Interest receivable	852	885
Prepaid expenses	<u>5,387</u>	<u>4,912</u>
	2,041,325	1,967,886
<b>Capital assets - Note 5</b>	<u>58,777</u>	<u>27,615</u>
	<u>\$ 2,100,102</u>	<u>\$ 1,995,501</u>

<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ <u>29,836</u>	\$ <u>34,582</u>

<b>NET ASSETS</b>		
<b>Internally restricted reserves</b>	2,011,489	1,933,304
<b>Investment in capital assets</b>	<u>58,777</u>	<u>27,615</u>
	<u>2,070,266</u>	<u>1,960,919</u>
	<u>\$ 2,100,102</u>	<u>\$ 1,995,501</u>

Approved by the Executive Committee:

Temp Gordon - Committee member  
Atle - Committee member

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

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

	<b>2011</b>			<b>2010</b>	
	<u>Operating Fund</u>	<u>Restricted Reserves</u>	<u>Capital Assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 1,933,304	\$ 27,615	<b>\$ 1,960,919</b>	\$ 1,871,043
Excess of revenue over Expenses (expenses over revenue)	<u>130,264</u>	<u>-</u>	<u>(20,917)</u>	<u><b>109,347</b></u>	<u>89,876</u>
Net assets, before interfund transfers	130,264	1,933,304	6,698	<b>2,070,266</b>	1,960,919
Interfund transfers					
Purchase of Capital Assets	(27,079)	(25,000)	52,079	-	-
Operating fund surplus - Note 6	<u>(103,185)</u>	<u>103,185</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,011,489</u>	<u>\$ 58,777</u>	<u><b>\$ 2,070,266</b></u>	<u>\$ 1,960,919</u>

See Accompanying Independent Auditors' Report and Notes to Financial Statements

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

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
<b>Revenue</b>		
FSA membership dues	\$ 963,730	\$ 974,577
Investment income	<u>18,192</u>	<u>8,085</u>
	<u>981,922</u>	<u>982,662</u>
<b>Expenses</b>		
Books and journals	4,633	4,506
Computer and equipment lease	3,129	3,146
Conference fees	2,252	747
Insurance	8,774	8,233
Legal and audit	43,293	29,093
Liaison and meetings	16,461	9,160
Miscellaneous	652	1,611
Office	17,068	10,284
Public relations and donations	5,005	5,274
Research and consulting	14,138	10,715
Salaries and benefits	705,137	773,410
Scholarships	8,250	8,000
Social	2,310	3,546
Staff professional development	20,214	10,107
Travel	<u>342</u>	<u>615</u>
	<u>851,658</u>	<u>878,447</u>
Excess of revenue over expenses before other item	130,264	104,215
<b>Other item</b>		
Amortization expense	<u>(20,917)</u>	<u>(14,339)</u>
<b>Excess of revenue over expenses</b>	<u>\$ 109,347</u>	<u>\$ 89,876</u>

See Accompanying Independent Auditors' Report and Notes to Financial Statements

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

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

	2011	2010
<b>Operating activities</b>		
Cash provided by operations		
Excess of revenue over expenses	\$ 109,347	\$ 89,876
Add charges to income not involving cash		
Amortization	<u>20,917</u>	<u>14,339</u>
	130,264	104,215
Changes in non-cash working capital balances related to operations		
Decrease (increase) in membership dues receivable	69,670	(6,848)
Decrease in interest receivable	33	526
Increase in prepaid expenses	(475)	(201)
Decrease in accounts payable and accrued liabilities	<u>(4,745)</u>	<u>(27,362)</u>
	194,747	70,330
<b>Investing activity</b>		
Purchase of capital assets	(52,079)	-
Increase in short term investments	<u>(2,847)</u>	<u>(750,784)</u>
Increase in cash	139,821	(680,454)
Cash, beginning of year	<u>660,690</u>	<u>1,341,144</u>
Cash, end of year	<u>\$ 800,511</u>	<u>\$ 660,690</u>

See Accompanying Independent Auditors' Report and Notes to Financial Statements

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2011**

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**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, 2011 was \$1,601,489 (June 30, 2010 - \$1,498,304).

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.



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BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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**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. During the year, \$25,000 of this reserve was used to fund capital asset purchases.

F. 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 as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

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.

Financial instruments

Held for trading

The Association has classified the following financial assets and liabilities as held for trading: cash and funds held in trust.

Held for trading financial instruments are initially and subsequently measured at their fair value. Fair value is determined by published price quotations in an active market. Transactions to purchase or sell these items are recorded on the trade date. Gains and losses arising from changes in fair value are recognized immediately in the statement of revenues and expenses.

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BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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3. Significant accounting policies - continued

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.

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.

Capital assets

Capital assets are recorded at cost. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization is provided using the straight line basis at a rates intended to amortize the cost of assets over their estimated useful lives. One-half year's amortization is taken in the period of acquisition.

	<b>Method</b>	<b>Rate</b>
Computer equipment	straight line	20%
Furniture and fixtures	straight line	20%
Leasehold improvements	straight line	20%

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BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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**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 judgment.

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.

Recent accounting pronouncements

Canadian accounting standards for not-for-profit organizations

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and

The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Organization expects to adopt as its new financial reporting standards Part III of the Handbook. The Organization has not yet determined the impact of the adoption of the new standards on its financial statements.

**4. 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 \$484,575 (2010 - \$481,729) and a one year cashable term deposit bearing interest at 1.1% of \$750,000 (2010 - \$750,000).

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

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2011**

**5. Capital assets**

	<u>2011</u>			<u>2010</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 36,833	\$ 21,584	\$ 15,249	\$ 17,007
Furniture and fixtures	52,409	39,216	13,193	-
Leaseholds	<u>122,703</u>	<u>92,368</u>	<u>30,335</u>	<u>10,608</u>
	<u>\$ 211,945</u>	<u>\$ 153,168</u>	<u>\$ 58,777</u>	<u>\$ 27,615</u>

**6. 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:

	<u>Balance June 30 2010</u>	<u>Income and expenses</u>	<u>Interfund transfers</u>	<u>Balance June 30 2011</u>
	Strike Fund	\$ 1,498,304	\$ -	\$ 103,185
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	<u>25,000</u>	<u>-</u>	<u>(25,000)</u>	<u>-</u>
	<u>\$ 1,933,304</u>	<u>\$ -</u>	<u>\$ 103,185</u>	<u>\$ 2,011,489</u>

The surplus remaining in the Operating Fund was transferred to the Strike Fund, in the current year amounting to \$103,185 (2010- \$112,215). This was in accordance with a motion passed by the Executive Board during the year.

**7. 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.

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BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2011

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**8. Financial instruments**

The Association as part of its operations carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

The carrying amount of cash, prepaid expenses, and accounts payable and accruals is approximated by their fair value due to their short-term nature.

**9. 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.