

British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements
June 30, 2012

British Columbia Institute of Technology
Faculty and Staff Association
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For the year ended June 30, 2012

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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 (the "Association"), which comprise the statement of financial position as at as at June 30, 2012, 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 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 British Columbia Institute of Technology Faculty and Staff Association as at June 30, 2012 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

September 19, 2012

MNP LLP

Chartered Accountants

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2012**

	2012	2011 Restated (Note 10)
ASSETS		
Current		
Cash	\$ 879,292	\$ 800,511
Short term investments - Note 4	1,237,631	1,234,575
Membership dues receivable	79,832	38,434
Interest receivable	924	852
Prepaid expenses	<u>5,675</u>	<u>5,387</u>
	2,203,354	2,079,759
Capital assets - Note 5	<u>63,089</u>	<u>58,777</u>
	<u>\$ 2,266,443</u>	<u>\$ 2,138,536</u>

LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ <u>104,678</u>	\$ <u>29,836</u>

NET ASSETS		
Internally restricted reserves - Note 6	2,098,676	2,049,923
Investment in capital assets	<u>63,089</u>	<u>58,777</u>
	<u>2,161,765</u>	<u>2,108,700</u>
	<u>\$ 2,266,443</u>	<u>\$ 2,138,536</u>

Approved by the Executive Committee:

 - Committee member

 - Committee member

BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

	2012			2011 Restated (Note 10)	
	<u>Operating Fund</u>	<u>Restricted Reserves (Note 6)</u>	<u>Capital Assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 2,049,923	\$ 58,777	\$ 2,108,700	\$ 1,960,919
Excess (deficiency) of revenue over expenses	<u>70,408</u>	<u>-</u>	<u>(17,344)</u>	<u>53,064</u>	<u>147,781</u>
Net assets, before interfund transfers	70,408	2,049,923	41,433	2,161,765	2,108,700
Interfund transfers					
Capital replacement fund	(8,500)	8,500	-	-	-
Purchase of capital assets	(21,655)	-	21,655	-	-
Operating fund surplus	<u>(40,253)</u>	<u>40,253</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,098,676</u>	<u>\$ 63,089</u>	<u>\$ 2,161,765</u>	<u>\$ 2,108,700</u>

**BRITISH COLUMBIA INSTITUTE OF TECHNOLOGY
FACULTY AND STAFF ASSOCIATION
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2012**

	2012	2011 Restated (Note 10)
Revenue		
FSA membership dues	\$ 1,031,222	\$ 1,002,164
Investment income	<u>19,348</u>	<u>18,192</u>
	<u>1,050,570</u>	<u>1,020,356</u>
Expenses		
Books and journals	6,008	4,633
Computer and equipment lease	3,070	3,129
Conference fees	2,350	2,252
Insurance	9,249	8,774
Professional fees	56,863	43,293
Liaison and meetings	17,429	16,461
Miscellaneous	4,408	652
Office	18,541	17,068
Public relations and donations	2,335	5,005
Research and consulting	13,725	14,138
Salaries and benefits	799,053	705,137
Scholarships	12,000	8,250
Social	3,006	2,310
Staff professional development	32,031	20,214
Travel	<u>94</u>	<u>342</u>
	<u>980,162</u>	<u>851,658</u>
Excess of revenue over expenses before other item	70,408	168,698
Other item		
Amortization expense	<u>(17,344)</u>	<u>(20,917)</u>
Excess of revenue over expenses	<u>\$ 53,064</u>	<u>\$ 147,781</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, 2012

	2012	2011 Restated (Note 10)
Cash provided by (used for) the following activities:		
Operating activities		
Excess of revenue over expenses	\$ 53,064	\$ 147,781
Amortization expense	<u>17,344</u>	<u>20,917</u>
	70,408	168,698
Changes in non-cash working capital balances		
(Increase) decrease in membership dues receivable	(41,398)	31,236
(Increase) decrease in interest receivable	(72)	33
Increase in prepaid expenses	(288)	(475)
Increase (decrease) in accounts payable and accrued liabilities	<u>74,841</u>	<u>(4,745)</u>
	103,491	194,747
Investing activity		
Purchase of capital assets	(21,655)	(52,079)
Increase in short term investments	<u>(3,055)</u>	<u>(2,847)</u>
Increase in cash	78,781	139,821
Cash, beginning of year	<u>800,511</u>	<u>660,690</u>
Cash, end of year	<u>\$ 879,292</u>	<u>\$ 800,511</u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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, 2012 was \$1,680,176 (2011 - \$1,639,923).

B. Special Projects Fund

The Association has established the Special Projects 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. The value of the Fund as at June 30, 2012 was \$25,000 (2011 - \$25,000).

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. The value of the Fund as at June 30, 2012 was \$285,000 (2011 - \$285,000).

D. Legal and Arbitration 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. The value of the fund as at June 30, 2012 was \$100,000 (2011 - \$100,000).

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

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. The value of the Fund as at June 30, 2012 was \$8,500 (2011 - Nil).

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.

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.

	Method	Rate
Computer equipment and software	straight line	20%
Furniture and fixtures	straight line	20%
Leasehold improvements	straight line	20%

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, 2012

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 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 the related capital assets.

The financial statements have, in administration'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.

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.

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

3. Significant accounting policies - continued

Financial instruments - 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.

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.

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 Association expects to adopt as its new financial reporting standards Part III of the Handbook. The Association 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 \$487,631 (2011 - \$484,575) and a one year cashable term deposit bearing interest at 1.4% of \$750,000 (2011 - \$750,000).

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

5. Capital assets

	<u>2012</u>			<u>2011</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment and software	\$ 58,489	\$ 29,255	\$ 29,234	\$ 15,249
Furniture and fixtures	52,409	42,148	10,261	13,193
Leasehold improvements	<u>122,703</u>	<u>99,109</u>	<u>23,594</u>	<u>30,335</u>
	<u>\$ 233,601</u>	<u>\$ 170,512</u>	<u>\$ 63,089</u>	<u>\$ 58,777</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:

	Balance			Balance
	June 30 2011 <u>(Restated)</u>	Income and <u>expenses</u>	Interfund <u>transfers</u>	<u>June 30 2012</u>
Strike Fund	\$ 1,639,923	\$ -	\$ 40,253	\$ 1,680,176
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	-	-	8,500	8,500
	<u>\$ 2,049,923</u>	<u>\$ -</u>	<u>\$ 48,753</u>	<u>\$ 2,098,676</u>

The surplus remaining in the Operating Fund was transferred to the Strike Fund and Capital Replacement Fund, in the current year amounting to \$48,753 (2011 - \$141,619).

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.

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

8. Financial instruments

The Association as part of its operations carries a number of financial instruments. It is administration'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, short term investments, membership dues receivable, interest receivable, 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.

10. Prior period adjustment

During the year, the Association received \$38,434 of member dues related to the prior period. Prior year figures have been adjusted to reflect a \$38,434 increase in member dues revenue. The net effect of the prior period adjustment is an increase in membership dues receivable of \$38,434, an increase in FSA membership dues revenue of \$38,434 and an increase in the opening internally restricted reserve balance for the strike fund of \$38,434 (Note 6).