

British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements
June 30, 2013

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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, 2013, June 30, 2012 and July 1, 2011, and the statements of changes in net assets, operations, and cash flows for the years ended June 30, 2013 and June 30, 2012, 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 accounting standards for not-for-profit organizations, 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, 2013, June 30, 2012 and July 1, 2011 and the results of its operations, changes in net assets, and cash flows for the years ended June 30, 2013 and June 30, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Port Moody, British Columbia

MNP LLP

October 1, 2013

Chartered Accountants

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Financial Position
As at June 30, 2013**

	June 30, 2013	June 30, 2012	July 1, 2011
Assets			
Current			
Cash	\$ 388,023	\$ 879,292	\$ 800,511
Short term investments - Note 5	1,764,768	1,237,631	1,234,575
Membership dues receivable	50,884	79,832	38,434
Interest receivable	2,535	924	852
Prepaid expenses	<u>5,412</u>	<u>5,675</u>	<u>5,387</u>
	2,211,622	2,203,354	2,079,759
Capital assets - Note 6	<u>47,365</u>	<u>63,089</u>	<u>58,777</u>
	<u>\$ 2,258,987</u>	<u>\$ 2,266,443</u>	<u>2,138,536</u>

Liabilities			
Current			
Accounts payable and accrued liabilities	\$ <u>94,685</u>	\$ <u>104,678</u>	\$ <u>29,836</u>

Net Assets			
Internally restricted reserves - Note 7	2,116,937	2,098,676	2,049,923
Investment in capital assets	<u>47,365</u>	<u>63,089</u>	<u>58,777</u>
	<u>2,164,302</u>	<u>2,161,765</u>	<u>2,108,700</u>
	<u>\$ 2,258,987</u>	<u>\$ 2,266,443</u>	<u>2,138,536</u>

Approved by the Executive Committee:

_____ - Executive

_____ - Executive

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Changes in Net Assets
For the year ended June 30, 2013**

	2013			2012	
	<u>Operating Fund</u>	<u>Internally Restricted Reserves (Note 7)</u>	<u>Capital Assets</u>	<u>Total</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 2,098,676	\$ 63,089	\$ 2,161,765	\$ 2,108,700
Excess (deficiency) of revenue over expenses	<u>184,203</u>	<u>(161,737)</u>	<u>(19,930)</u>	<u>2,536</u>	<u>53,064</u>
Net assets, before interfund transfers	184,203	1,936,939	43,159	2,164,302	2,161,765
Interfund transfers					
Capital replacement fund	(11,500)	11,500	-	-	-
Purchase of capital assets	(4,205)	-	4,205	-	-
Operating fund surplus	<u>(168,498)</u>	<u>168,498</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ -</u>	<u>\$ 2,116,937</u>	<u>\$ 47,365</u>	<u>\$ 2,164,302</u>	<u>\$ 2,161,765</u>

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Operations
Fof the year ended June 30, 2013**

	2013	2012
Revenue		
FSA membership dues	\$ 1,266,622	\$ 1,031,222
Investment income	<u>26,570</u>	<u>19,348</u>
	<u>1,293,192</u>	<u>1,050,570</u>
Expenses		
Books and journals	-	6,008
Computer and equipment lease	2,850	3,070
Executive search	1,646	-
Insurance	9,285	9,249
Professional fees	47,914	56,863
Liaison and meetings	24,420	17,429
Office	13,849	17,046
Research and consulting	21,135	13,725
Salaries and benefits	946,633	799,053
Scholarships	6,000	12,000
Social	1,498	3,006
Staff professional development	25,063	32,031
Strike related expenses	161,737	-
Travel	<u>8,696</u>	<u>10,682</u>
	<u>1,270,726</u>	<u>980,162</u>
Excess of revenue over expenses before other item	22,466	70,408
Other item		
Amortization expense	<u>19,930</u>	<u>17,344</u>
Excess of revenue over expenses	<u>\$ 2,536</u>	<u>\$ 53,064</u>

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Cash Flows
For the year ended June 30, 2013**

	2013	2012
Cash provided by (used for) the following activities:		
Operating activities		
Excess of revenue over expenses	\$ 2,536	\$ 53,064
Amortization expense	<u>19,930</u>	<u>17,344</u>
	22,466	70,408
Changes in non-cash working capital balances		
Decrease (increase) in membership dues receivable	28,948	(41,398)
(Increase) in interest receivable	(1,611)	(72)
Decrease (increase) in prepaid expenses	263	(288)
(Decrease) increase in accounts payable and accrued liabilities	<u>(9,992)</u>	<u>74,841</u>
	40,074	103,491
Investing activity		
Purchase of capital assets	(4,205)	(21,655)
Increase in short term investments	<u>(527,138)</u>	<u>(3,055)</u>
(Decrease) Increase in cash	(491,269)	78,781
Cash, beginning of year	<u>879,292</u>	<u>800,511</u>
Cash, end of year	\$ <u>388,023</u>	\$ <u>879,292</u>

**British Columbia Institute of Technology
Faculty and Staff Association**

Notes to Financial Statements

June 30, 2013

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. Impact of adopting accounting standards for not-for-profit organizations

These are the Association's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 4 have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information for the year ended March 30, 2012, and the opening ASNPO balance sheet as at April 1, 2011 (the Association's date of transition to ASNPO).

In preparing these financial statements, the Association has not elected to apply the transitional provisions permitted by CICA 1501 First-time adoption by not-for-profit organizations at the date of transition to ASNPO.

The transition to ASNPO has not affected the statement of financial position, statement of operations or statement of cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

3. 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, 2013 was \$1,686,937 (2012 - \$1,680,176).

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, 2013 was \$25,000 (2012 - \$25,000).

**British Columbia Institute of Technology
Faculty and Staff Association**

Notes to Financial Statements

June 30, 2013

3. Basis of presentation - continued

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, 2013 was \$285,000 (2012 - \$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, 2013 was \$100,000 (2012 - \$100,000).

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, 2013 was \$20,000 (2012 - \$8,500).

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.

4. 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.

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, 2013

4. Significant accounting policies - continued

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%

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

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.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in earnings in the periods in which they become known.

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

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value. Financial assets and liabilities originated and issued in any related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the statement of operations. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or at cost.

**British Columbia Institute of Technology
Faculty and Staff Association**

Notes to Financial Statements

June 30, 2013

5. Short term investments

Short term investments consist of highly liquid short-term interest bearing guaranteed investment certificates and investment savings accounts held with various financial institutions and managed by an independent investment counsel.

6. Capital assets

	2013			2012
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment and software	\$ 60,588	\$ 39,302	\$ 21,286	\$ 29,234
Furniture and fixtures	54,515	45,290	9,225	10,261
Leasehold improvements	<u>122,704</u>	<u>105,850</u>	<u>16,854</u>	<u>23,594</u>
	<u>\$ 237,807</u>	<u>\$ 190,442</u>	<u>\$ 47,365</u>	<u>\$ 63,089</u>

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	Income and	Interfund	Balance
	June 30			expenses
	<u>2012</u>	<u>2012</u>	<u>2012</u>	<u>2013</u>
Strike Fund	\$ 1,680,176	\$ (161,737)	\$ 168,498	\$ 1,686,937
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>8,500</u>	<u>-</u>	<u>11,500</u>	<u>20,000</u>
	<u>\$ 2,098,676</u>	<u>\$ (161,737)</u>	<u>\$ 179,998</u>	<u>\$ 2,116,937</u>

In the current year, expenses of \$161,737 (2012 - \$Nil) were recorded in the Strike Fund which consist of strike related expenses incurred by the Association. The total surplus remaining in the Operating Fund was transferred to the Strike Fund and Capital Replacement Fund in the current year amounting to \$179,998 (2012 - \$48,753).

**British Columbia Institute of Technology
Faculty and Staff Association**

Notes to Financial Statements

June 30, 2013

8. Financial instruments

The Association as part of its operations carries a number of financial instruments. It is the 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. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.