

**British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements**
June 30, 2017

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

For the year ended June 30, 2017

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To the Board of Directors 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 June 30, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Administration's Responsibility for the Financial Statements

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 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 from 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 that the audit evidence we have obtained in our audit 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, 2017 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Port Moody, British Columbia

September 20, 2017

MNP LLP

Chartered Professional Accountants

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Financial Position**

As at June 30, 2017

	<u>2017</u>	<u>2016</u>
Assets		
Current		
Cash	751,532	755,254
Short term investments (Note 3)	1,849,502	1,841,103
Membership dues receivable	65,164	54,540
Accounts receivable	17,096	267
Prepaid expenses	8,279	6,942
	2,691,573	2,658,106
Capital assets (Note 4)	43,371	61,354
	2,734,944	2,719,460
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	163,252	161,416
Net Assets		
Internally restricted reserves (Note 6)	2,528,321	2,496,690
Investment in capital assets	43,371	61,354
	2,571,692	2,558,044
	2,734,944	2,719,460

Approved on behalf of the Board of Directors


Director


Director

The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Statement of Operations
For the year ended June 30, 2017

	2017	2016
<hr/>		
Revenue		
FSA membership dues	1,609,823	1,370,950
Investment income	29,128	30,726
	<hr/>	<hr/>
	1,638,951	1,401,676
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Expenses		
Salaries and benefits	1,179,644	1,035,808
Professional fees	101,248	57,674
Affiliation per capita	81,780	-
Research and consulting	60,059	39,459
Liaison meetings	57,077	40,185
Professional development	39,216	24,507
Office	38,680	48,774
Travel	11,581	3,186
Publications and materials	10,340	9,471
Insurance	8,791	8,717
Scholarships	6,000	6,000
Computer lease	3,707	3,578
Donations	2,460	-
Bank charges	2,190	1,198
	<hr/>	<hr/>
	1,602,773	1,278,557
<hr/>		
Excess of revenue over expenses before other items	36,178	123,119
Other item		
Amortization expense	22,530	27,955
	<hr/>	<hr/>
Excess of revenue over expenses	13,648	95,164
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The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Statement of Changes in Net Assets

For the year ended June 30, 2017

	<i>Internally Restricted Reserves (Note 6)</i>	<i>Unrestricted Operating Fund</i>	<i>Investment in Capital assets</i>	2017	2016
Net assets, beginning of year	2,496,690	-	61,354	2,558,044	2,462,880
Excess (deficiency) of revenue over expenses	-	36,178	(22,530)	13,648	95,164
	2,496,690	36,178	38,824	2,571,692	2,558,044
Purchase of capital assets	-	(4,547)	4,547	-	-
Operating fund surplus	31,631	(31,631)	-	-	-
Net assets, end of year	2,528,321	-	43,371	2,571,692	2,558,044

The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Statement of Cash Flows
For the year ended June 30, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	13,648	95,164
Amortization	22,530	27,955
	36,178	123,119
Changes in non-cash working capital balances		
Increase in membership dues receivable	(10,624)	(3,030)
Increase in accounts receivable	(16,829)	-
(Increase) decrease in prepaid expenses	(1,337)	288
Increase in accounts payable and accrued liabilities	1,836	32,855
	9,224	153,232
Investing		
Purchase of short term investments	(8,399)	(25,542)
Purchase of capital assets	(4,547)	(11,500)
	(12,946)	(37,042)
Increase (decrease) in cash resources	(3,722)	116,190
Cash, beginning of year	755,254	639,064
Cash, end of year	751,532	755,254

The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2017

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 wellbeing 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. The Association is registered as a not-for-profit organization under the Income Tax Act ("the Act") and as such is exempt from income taxes. In order to maintain its status as a registered not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of administration, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Revenue recognition

The Association follows the deferral method of accounting for revenue. Unrestricted membership dues contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Measurement uncertainty (use of estimates)

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 and accounts 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 capital assets.

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

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, including financial assets and liabilities originated and issued in a related party transaction with administration. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 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.

The Association subsequently measures financial assets and liabilities at amortized cost, with transaction costs and financing fees added to the carrying amount of the Association's financial instruments.

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2017

2. Significant accounting policies (Continued from previous page)

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Administration considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

Long-lived assets

Long-lived assets consist of capital assets. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Association performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying amount of an asset, or group of assets, may not be recoverable. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Prices for similar items are used to measure fair value of long-lived assets. Any impairment is included in earnings for the year.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	20 %
Furniture and fixtures	20 %
Leasehold improvements	20 %

3. 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.

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2017 Net book value</i>	<i>2016 Net book value</i>
Computer equipment	107,380	84,937	22,443	33,250
Furniture and fixtures	75,467	63,847	11,620	12,471
Leasehold improvements	153,729	144,421	9,308	15,633
	336,576	293,205	43,371	61,354

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2017

5. Accounts payable and accrued liabilities

	2017	2016
Trade accounts payable	43,618	55,185
Payroll liabilities	119,634	106,231
	163,252	161,416

6. Internally restricted reserves

The Association maintains five internally restricted reserves: the strike fund, special projects fund, general reserve fund, legal and arbitration fund, and the capital replacement fund. The amounts allocated to the internally restricted reserves are not available for purposes other than as approved by the Board of Directors. The purpose of these reserves are as follows:

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

The General Reserve Fund was established 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 Board of Directors.

The Legal and Arbitration Fund was established 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 (maximum value of \$100,000).

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

All disbursements from internally restricted reserve funds require a special resolution of the Board of Directors, which must be approved by a 2/3 majority of the Directors voting at a meeting in which the motion is debated. The 2/3 majority vote of the Board of Directors is waived if the funds are to be used for strike activity. In case of strike activity, a majority vote of the Board of Directors is necessary. If necessary, all internally restricted reserve funds can be used for strike activities in case of a strike by the Association's membership.

	<i>Opening balance</i>	<i>Fund expenses</i>	<i>Interfund transfers</i>	2017 Ending balance	<i>2016 Ending balance</i>
Strike Fund	2,021,690	-	-	2,021,690	2,021,690
Special Projects Fund	25,000	-	-	25,000	25,000
General Reserve Fund	325,000	-	31,631	356,631	325,000
Legal and Arbitration Fund	100,000	-	-	100,000	100,000
Capital Replacement Fund	25,000	-	-	25,000	25,000
	2,496,690	-	31,631	2,528,321	2,496,690

The total surplus remaining in the Unrestricted Operating Fund of \$31,631 (2016 - \$111,619) for the year ended June 30, 2017 was transferred to the Strike Fund in the amount of \$Nil (2016 - \$71,619) and the General Reserve Fund in the amount of \$31,631 (2016 - \$40,000).

7. 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, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages liquidity risk by maintaining an adequate amount of liquid assets with various maturities in order to ensure that it can meet all of its financial obligations as they come due.

Credit risk

The Association is exposed to the risk that an employer owing membership dues to the Association defaults or becomes insolvent.

The Association manages its credit risk by performing regular investigation into delinquent accounts, if any, and provides allowances for potentially uncollectable membership dues receivable. The Association has not made any provisions for doubtful accounts at year-end.

The carrying amounts of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk in terms of membership dues and accounts receivable as at June 30, 2017 was \$82,260 (2016 - \$54,807). The Association believes that there is minimal risk associated with the collection of these amounts.