

Financial Statements of

**COMMUNITY SOCIAL SERVICES
EMPLOYERS' ASSOCIATION OF
BRITISH COLUMBIA**

Year ended March 31, 2017



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INDEPENDENT AUDITORS' REPORT

To the Members of the Community Social Services Employers' Association of
British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Social Services Employers' Association of British Columbia, which comprise the statement of financial position as at March 31, 2017, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management 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 our 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, we consider internal control relevant to the Entity's preparation 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 management, as well as evaluating the overall presentation of the financial statements.



We believe that 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 the Community Social Services Employers' Association of British Columbia as at March 31, 2017, and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants

May 29, 2017
Burnaby, Canada

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2017, with comparative information for 2016

	2017	2016
Financial assets:		
Cash	\$ 283,707	\$ 31,658
Term deposits (note 3)	1,182,700	1,432,700
Accounts receivable	52,955	41,096
	<u>1,519,362</u>	<u>1,505,454</u>
Liabilities:		
Accounts payable and accrued liabilities (note 4)	172,177	236,833
Deferred revenue (note 5)	189,152	135,328
Obligations under capital leases (note 6)	77,896	33,828
	<u>439,225</u>	<u>405,989</u>
Net financial assets	1,080,137	1,099,465
Non-financial assets:		
Tangible capital assets (note 7)	128,288	65,077
Prepaid expenses	47,014	40,253
	<u>175,302</u>	<u>105,330</u>
Commitments (note 9)		
Accumulated surplus (note 10)	<u>\$ 1,255,439</u>	<u>\$ 1,204,795</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:


 _____ Director


 _____ Director

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Operations and Accumulated Surplus

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
	(Note 2(j))		
Revenue:			
Provincial government funding	\$ 2,569,255	\$ 2,576,395	\$ 2,531,426
Fees	454,399	341,779	379,794
Interest	29,000	23,884	27,976
	3,052,654	2,942,058	2,939,196
Expenses (note 9):			
Human resources and labour relations	1,153,172	1,000,148	1,409,725
General	1,006,255	989,419	868,218
Research and knowledge management	648,989	674,664	534,309
Membership	231,457	208,026	218,986
Bargaining	12,781	19,157	17,932
	3,052,654	2,891,414	3,049,170
Annual surplus (deficit)	-	50,644	(109,974)
Accumulated surplus, beginning of year	1,204,795	1,204,795	1,314,769
Accumulated surplus, end of year (note 10)	\$ 1,204,795	\$ 1,255,439	\$ 1,204,795

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Changes in Net Financial Assets

Year ended March 31, 2017, with comparative information for 2016

	2017 Budget	2017 Actual	2016 Actual
	(Note 2(j))		
Annual surplus (deficit)	\$ -	\$ 50,644	\$ (109,974)
Acquisition of office equipment under capital lease	-	(77,896)	-
Disposal of office equipment under capital lease	-	23,701	-
Acquisition of tangible capital assets	-	(29,150)	(21,092)
Amortization of tangible capital assets	34,100	20,134	35,823
Acquisition of prepaid expenses	-	(91,925)	(65,891)
Use of prepaid expenses	-	85,164	81,175
Increase (decrease) in net financial assets	34,100	(19,328)	(79,959)
Net financial assets, beginning of year	1,099,465	1,099,465	1,179,424
Net financial assets, end of year	\$ 1,133,565	\$ 1,080,137	\$ 1,099,465

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

Year ended March 31, 2017, with comparative information for 2016

	2017	2016
Cash flows provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 50,644	\$ (109,974)
Items not affecting cash:		
Tenant inducements	-	(45,602)
Amortization of tangible capital assets	20,134	35,823
	<u>70,778</u>	<u>(119,753)</u>
Changes in non-cash operating working items:		
Accounts receivable	(11,859)	25,136
Accounts payable and accrued liabilities	(64,656)	112,542
Deferred revenue	53,824	(53,155)
Prepaid expenses	(6,761)	15,284
	<u>41,326</u>	<u>(19,946)</u>
Capital activity:		
Acquisition of tangible capital assets	(29,150)	(21,092)
Investing activities:		
Redemption (purchase) of term deposits, net of reinvested maturities	250,000	(2,700)
Financing activity:		
Capital lease repayments	(10,127)	(10,776)
Increase (decrease) in cash and cash equivalents	252,049	(54,514)
Cash and cash equivalents, beginning of year	31,658	86,172
Cash and cash equivalents, end of year	<u>\$ 283,707</u>	<u>\$ 31,658</u>
Supplemental cash flow information:		
Acquisition of office equipment through capital lease	\$ 77,896	\$ -
Write off of office equipment and related capital lease obligation	\$ 23,701	\$ -

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2017

1. Operations:

The Community Social Services Employers' Association of British Columbia (the "Association") was constituted on January 13, 1994, under the Society Act (British Columbia), to coordinate and provide human resources planning and development and labour relations management services to its members. The Association has transitioned to the new Societies Act (British Columbia) which became effective November 28, 2016. The Association is exempt from income taxes under Section 149 of the Income Tax Act.

Funding is provided primarily by the Province of British Columbia and the Association is dependent on funding from this source.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards established by the Canadian Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants, Canada.

(b) Revenue recognition:

Government transfers for operating purposes are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Such transfers are initially recorded as deferred revenue and recognized as revenue in the statement of operations when stipulations are met.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and recognized as revenue when used for the specific purpose.

Revenue related to fees or services received in advance of the fee being earned or the service being performed is deferred and recognized when the fee is earned or service performed.

Interest income is recognized on the accrual basis.

(c) Accumulated surplus:

Accumulated surplus is comprised of various funds. These funds are not presented separately in the statement of operations or on the statement of financial position but are presented on a combined basis, with any interfund balances and transactions eliminated.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Significant accounting policies (continued):

(c) Accumulated surplus (continued):

The various funds include the following:

(i) Unrestricted accumulated surplus;

(ii) Capital assets fund:

The purpose of this fund is the maintenance and replacement of all tangible capital assets and software.

(iii) Bargaining fund:

The purpose of this fund is the delivery of collective bargaining objectives.

(d) Segments:

The Association has five segments which are detailed in Schedule 1. The Association provides human resources and labour relations services to publicly funded social services organizations. Reporting segments are specified by the Association as major categories of these services.

The segments, nature of the segments and the activities of the segments are noted below:

(i) Human Resources and Labour Relations services involve interpretation of employment standards, human rights and WorkSafeBC, discipline and dismissal, attendance management, harassment in the workplace, performance management, recruitment and selection, certification, decertification and other proceedings at the Labour Relations Board and dispute resolution through the Labour Relations Board. Revenue is in the form of fees received for services and expenses are related to the direct costs of providing these services.

(ii) General services include the costs of undertaking the governance and administrative operations of the Association. Revenue for these services are provided by provincial government funding.

(iii) Research and Knowledge Management services provide data and statistical analysis for the Community Social Services Sector and reports on trends and issues within our membership and the sector. Expenses include the direct costs of providing the services.

(iv) Membership services include meeting, consulting and training fee revenue and the related direct expenses of providing these services.

(v) Bargaining services include all functions related to the bargaining of sectoral collective agreements, interpretation, settlement and costing for the social services sector. Costs are allocated based on direct expenses of providing the services including wages and benefits, consulting, travel, meeting and miscellaneous expenses.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Significant accounting policies (continued):

(e) Tangible capital assets:

Tangible capital assets, including leased tangible capital assets, are recorded at cost less accumulated amortization. Amortization is determined at rates which will reduce original cost to estimated residual value over the useful life of the asset. The annual rates used to compute amortization are as follows:

Asset	Basis	Rate
Leased office equipment	Straight-line	5 years
Furniture and fixtures	Declining balance	20%
Computer and communication equipment	Straight-line	3 years
Leasehold improvements		Term of the lease

When a tangible capital asset no longer contributes to the Association's ability to provide services, or when the value of future economic benefits associated with the tangible capital assets are less than its net book value, its carrying amount is written down to its residual value. The write-downs are accounted for as expenses in the statement of operations.

Leases that transfer substantially all benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. The related capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g., insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Association's rate for incremental borrowing or the interest rate implicit in the lease.

(g) Financial instruments:

Derivatives and equity instruments quoted in an active market are measured at fair value. The Association does not have any such instruments. All other financial assets and financial liabilities are measured at amortized cost.

Financial assets measured at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measured using amortized cost, the effective interest method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

2. Significant accounting policies (continued):

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities for the reporting period. Areas requiring significant management estimates include the useful lives of tangible capital assets for amortization purposes. Actual results could differ from these estimates.

(i) Employee future benefits:

The Association and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Contributions to the plan are expensed as incurred.

(j) Budget information:

The budget information reported in the statements of operations and changes in net financial assets was approved by the Board of Directors on March 14, 2016.

3. Term deposits:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2017	2016
June 15, 2015	June 15, 2016	\$ -	\$ 1,000,000
June 16, 2015	June 16, 2016	-	250,000
December 22, 2015	December 22, 2016	-	182,750
June 16, 2016	June 16, 2017	500,000	-
September 21, 2016	September 21, 2017	500,000	-
December 22, 2016	December 22, 2017	182,700	-
Total		\$ 1,182,700	\$ 1,432,700

The interest rates for term deposits outstanding at March 31, 2017 range from 1.2% to 1.4% (2016 - 1.45% to 1.70%).

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities as at March 31, 2017 are government remittances payable of \$1,974 (2016 - \$1,637) relating to payroll taxes.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

5. Deferred revenue:

	Balance March 31, 2016	Funds received	Funds expended	Balance March 31, 2017
WorkSafeBC Cost Reduction Project	\$ 76,733	\$ 120,000	\$ (99,413)	\$ 97,320
Non-Union Data Collection Initiative	36,972	162,000	(112,140)	86,832
Other deferred revenue	21,623	-	(16,623)	5,000
Total	\$ 135,328	\$ 282,000	\$ (228,176)	\$ 189,152

6. Obligations under capital leases:

The equipment leases entered into by the Association expire in 2021. The minimum lease payments required under the agreement for the years ended March 31 are as follows:

2018	\$ 17,057
2019	17,057
2020	17,057
2021	17,057
2022	17,057
	85,284
Less amount representing interest at 3.9% per annum	7,388
	\$ 77,896

7. Tangible capital assets:

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2016	\$ 66,357	\$ 170,864	\$ 88,304	\$ 196,576	\$ 522,101
Additions	77,896	-	29,150	-	107,046
Disposals	(66,357)	-	-	-	(66,357)
	77,896	170,864	117,454	196,576	562,790
Accumulated amortization:					
As at April 1, 2016	39,417	157,762	63,269	196,576	457,024
Expense	3,239	2,619	14,276	-	20,134
Disposals	(42,656)	-	-	-	(42,656)
	-	160,381	77,545	196,576	434,502
Net book value, March 31, 2017	\$ 77,896	\$ 10,483	\$ 39,909	\$ -	\$ 128,288

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

7. Tangible capital assets (continued):

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2015	\$ 66,357	\$ 170,864	\$ 67,212	\$ 196,576	\$ 501,009
Additions	-	-	21,092	-	21,092
	66,357	170,864	88,304	196,576	522,101
Accumulated amortization:					
As at April 1, 2015	27,932	153,862	47,426	191,981	421,201
Expense	11,485	3,900	15,843	4,595	35,823
	39,417	157,762	63,269	196,576	457,024
Net book value, March 31, 2016	\$ 26,940	\$ 13,102	\$ 25,035	\$ -	\$ 65,077

8. Commitments:

(a) Line of credit available:

The Association has a \$100,000 line of credit bearing interest at prime plus 3%. As at March 31, 2017 and 2016, the line of credit was not used.

(b) The Association entered into an operating lease expiring September 30, 2020. The base lease payments for the years ended March 31 are as follows:

2018	\$165,051
2019	169,636
2020	174,221
2021	87,110
	\$ 596,018

9. Expenses by object:

	2017	2016
Salaries and benefits	\$ 1,734,340	\$ 2,057,751
Consulting	412,078	341,158
Occupancy	321,505	234,760
Travel and training	74,875	110,663
Directors and committees	71,401	89,180
Legal, accounting and other professional services	81,382	47,591
Amortization	20,134	35,823
Office supplies	50,219	32,766
Telephone and facsimile	34,274	35,042
Non-recoverable GST	14,880	15,943
Photocopy and printing	39,889	24,821
Equipment	30,851	13,085
Delivery	4,168	7,284
Member education	1,418	3,303
	\$ 2,891,414	\$ 3,049,170

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

10. Accumulated surplus:

	2017	2016
Unrestricted	\$ 1,115,796	\$ 1,065,138
Capital assets fund	50,392	31,249
Bargaining fund	89,251	108,408
	<hr/>	<hr/>
	\$ 1,255,439	\$ 1,204,795

11. Pension plan:

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan is a defined benefit plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. Basic pension benefits provided are based on a formula. The Plan has about 189,000 active members and approximately 85,000 retired members. Active members include 18 contributors from the Association.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis.

The Association paid \$149,453 for employers' contributions to the Plan in fiscal 2017 (2016 - \$158,479). The Association's employees paid \$125,345 for employee's contributions to the Plan in fiscal 2017 (2016 - \$136,240).

12. Disclosure of employee and contractor remuneration:

For the fiscal year ending March 31, 2017, the Association paid total remuneration of \$1,124,149 to 10-employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater. There was no remuneration paid to directors of the Association during the fiscal year.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2017

13. Financial risk management:

The Association, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2017.

(a) Credit risk:

The Association has limited exposure to credit risk associated with its cash, term deposits and accounts receivable. The Association is not exposed to significant credit risk as the majority of receivables are due from governments. Cash is held with a Canadian credit union. The Association's maximum exposure to credit risk is limited to the carrying amount of financial assets of \$1,533,977 (2016 - \$1,524,016).

(b) Liquidity risk:

The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Short-term investments are held in highly liquid investments that can be disposed of when required. Accounts payable and accrued liabilities are all due within one year.

14. Comparative information:

Certain comparative information has been reclassified to provide presentation consistency.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Segment Revenue and Expenses

Schedule 1

Year ended March 31, 2017, with comparative information for 2016

	Human Resources and Labour Relations	General	Research and Knowledge Management	Membership	Bargaining	2017 Total	2016 Total
Revenue:							
Provincial government funding	\$ -	\$ 2,469,255	\$ 107,140	\$ -	\$ -	\$ 2,576,395	\$ 2,531,426
Fees	93,723	9,220	14,120	224,716	-	341,779	379,794
Interest	-	23,884	-	-	-	23,884	27,976
	93,723	2,502,359	121,260	224,716	-	2,942,058	2,939,196
Expenses (recovery):							
Salaries and benefits	696,989	532,194	416,175	88,982	-	1,734,340	2,057,751
Consulting	222,585	23,690	127,802	38,001	-	412,078	341,158
Occupancy	-	321,505	-	-	-	321,505	234,760
Travel and training	31,106	17,630	20,176	5,021	942	74,875	110,663
Directors and committees	480	12,124	2,488	54,976	1,333	71,401	89,180
Legal, accounting and other professional services	30,806	13,914	35,378	1,284	-	81,382	47,591
Amortization	-	20,134	-	-	-	20,134	35,823
Office supplies	13,585	16,246	13,723	6,665	-	50,219	32,766
Telephone and facsimile	-	-	34,274	-	-	34,274	35,042
Non-recoverable GST	4,597	6,060	3,660	133	430	14,880	15,943
Photocopy and printing	-	20,190	2,924	323	16,452	39,889	24,821
Equipment	-	405	17,805	12,641	-	30,851	13,085
Delivery	-	3,909	259	-	-	4,168	7,284
Member education	-	1,418	-	-	-	1,418	3,303
	1,000,148	989,419	674,664	208,026	19,157	2,891,414	3,049,170
Surplus (deficiency) for the year	(906,425)	1,512,940	(553,404)	16,690	(19,157)	50,644	(109,974)
Accumulated surplus, beginning of year	-	-	-	-	-	1,204,795	1,314,769
Accumulated surplus (deficit), end of year	\$ (906,425)	\$ 1,512,939	\$ (553,404)	\$ 16,690	\$ (19,157)	\$ 1,255,439	\$ 1,204,795