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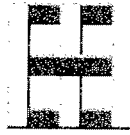
**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**FINANCIAL STATEMENTS**

**MARCH 31, 2011**

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MANNING ELLIOTT  
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver, BC, Canada V6E 3S7

Tel: 604. 714. 3600 Fax: 604. 714. 3669 Web: [manningelliott.com](http://manningelliott.com)

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of  
POST-SECONDARY EMPLOYERS' ASSOCIATION

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Post Secondary Employers' Association, which comprise the statement of financial position as at March 31, 2011, 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.

### **Management's Responsibility for the Financial Statements**

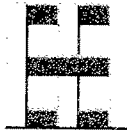
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's 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 auditor's 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 management, 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.



MANNING ELLIOTT  
CHARTERED ACCOUNTANTS

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Tel: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

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## INDEPENDENT AUDITOR'S REPORT

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### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Post Secondary Employers' Association as at March 31, 2011, and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

### Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, the Association's financial statements are presented on a basis consistent with that of the previous year.

*Manning Elliott LLP*

Chartered Accountants

Vancouver, British Columbia

June 15, 2011

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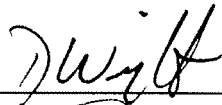
**POST-SECONDARY EMPLOYERS' ASSOCIATION**

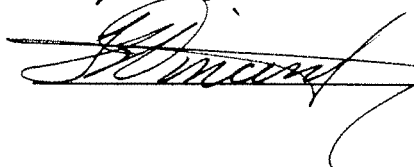
**STATEMENT OF FINANCIAL POSITION**

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<b>MARCH 31</b>	<b>2011</b>	<b>2010</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and equivalents	\$ 1,288,403	\$ 1,303,709
Accounts receivable - HST	29,578	11,512
Accounts receivable - other	77,343	23,813
Prepaid expenses and deposits	<u>14,750</u>	<u>44,504</u>
	1,410,074	1,383,538
<b>CAPITAL ASSETS (Note 4)</b>	<u>112,480</u>	<u>153,448</u>
	<u>\$ 1,522,554</u>	<u>\$ 1,536,986</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>\$ 199,392</u>	<u>\$ 130,107</u>
<b>COMMITMENTS (Note 5)</b>		
<b>NET ASSETS</b>		
INVESTED IN CAPITAL ASSETS	112,480	153,448
INTERNALLY RESTRICTED	950,000	950,000
UNAPPROPRIATED	<u>260,682</u>	<u>303,431</u>
	<u>1,323,162</u>	<u>1,406,879</u>
	<u>\$ 1,522,554</u>	<u>\$ 1,536,986</u>

Approved by the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



**POST-SECONDARY EMPLOYERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**

**YEAR ENDED MARCH 31**

	<b>2011</b>		<b>2010</b>	
	<u>Invested in capital assets</u>	<u>Internally restricted</u>	<u>Unappropriated</u>	<u>Total</u>
NET ASSETS AT BEGINNING OF YEAR	\$ 153,448	\$ 950,000	\$ 303,431	\$ 1,406,879
EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES FOR THE YEAR	(59,279)	-	(24,438)	(83,717)
PURCHASE OF CAPITAL ASSETS	18,311	-	(18,311)	-
NET ASSETS AT END OF YEAR	<u>\$ 112,480</u>	<u>\$ 950,000</u>	<u>\$ 260,682</u>	<u>\$ 1,323,162</u>
			<u>\$ 1,323,162</u>	<u>\$ 1,406,879</u>



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**STATEMENT OF OPERATIONS**

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<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
<b>REVENUE</b>		
Provincial government funding:		
Operating (Schedule 1)	\$ 778,568	\$ 778,568
Human Resources Database grant (Schedule 2)	240,000	240,000
Government Reporting Entity Implementation (Schedule 1)	15,000	-
Annual assessments (Schedule 1)	389,284	389,284
Interest and other	<u>27,465</u>	<u>26,304</u>
	<u>1,450,317</u>	<u>1,434,156</u>
<b>EXPENSES</b>		
Salaries and benefits	827,797	707,333
Member services	298,592	153,479
Organization costs	218,345	271,607
Professional fees	60,774	46,542
Amortization	59,279	58,307
Bargaining	50,518	9,679
Governance	12,398	16,828
Infrastructure	<u>6,331</u>	<u>61,405</u>
	<u>1,534,034</u>	<u>1,325,180</u>
<b>EXCESS OF (EXPENSES OVER REVENUE) REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ (83,717)</u>	<u>\$ 108,976</u>



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**POST-SECONDARY EMPLOYERS' ASSOCIATION****STATEMENT OF CASH FLOWS**

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<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
CASH PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess of (expenses over revenue) revenue over expenses for the year	\$ (83,717)	\$ 108,976
Amortization, an item not involving cash	<u>59,279</u>	<u>58,307</u>
	<u>(24,438)</u>	<u>167,283</u>
Changes in non-cash working capital balances:		
Accounts receivable	(71,596)	(3,293)
Prepaid expenses and deposits	29,754	(5,999)
Accounts payable and accrued liabilities	<u>69,285</u>	<u>(90,421)</u>
	<u>27,443</u>	<u>(99,713)</u>
	3,005	67,570
INVESTING ACTIVITY		
Purchase of capital assets	<u>(18,311)</u>	<u>(63,153)</u>
(DECREASE) INCREASE IN CASH AND EQUIVALENTS DURING THE YEAR	(15,306)	4,417
CASH AND EQUIVALENTS AT BEGINNING OF YEAR	<u>1,303,709</u>	<u>1,299,292</u>
CASH AND EQUIVALENTS AT END OF YEAR	<u>\$ 1,288,403</u>	<u>\$ 1,303,709</u>



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## POST-SECONDARY EMPLOYERS' ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

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**MARCH 31, 2011**

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#### 1. PURPOSE

The Post-Secondary Employers' Association is incorporated under the Society Act and further governed by the Public Sector Employers Act. It commenced operations during January 1994. The members of the Association are the public sector employers in the college and institute sector of British Columbia.

The purposes of the Association are to coordinate and foster consultation amongst its members regarding compensation of employees who are not subject to collective agreements, benefits administration, human resource practices, and collective bargaining objectives. The Association is the bargaining agent for its members.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Cash and equivalents

The Association considers all highly liquid instruments with an insignificant risk of changes in their fair value to be cash equivalents. Cash and equivalents are carried at cost plus accrued interest, which approximates their fair value.

##### b) Financial instruments

The Association classifies its financial instruments as "held for trading", which means that all financial instruments are measured and reported at fair value. Subsequent changes in fair value of financial instruments are recognized as gains or losses in the statement of operations in the period in which the change in value takes place.

The Association has elected to continue to follow the financial instrument disclosure and presentation requirements of Section 3861 of the CICA Handbook instead of the requirements of Sections 3862 and 3863.

##### c) Capital assets

Capital assets are stated at cost less accumulated amortization which is recorded over the estimated useful lives of the assets using the straight line method, with a half-year's provision in the year of acquisition, at the following annual rates:

Leasehold improvements	Over the term of the lease
Equipment and computers	3 years
Website	5 years

##### d) Long-lived assets

The Association monitors the recoverability of long-lived assets, based on factors such as current market value and future asset utilization. The Association's policy is to record an impairment loss when it is determined that the carrying amount of an asset may not be recoverable. To March 31, 2011, no impairment losses have been recorded.





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## POST-SECONDARY EMPLOYERS' ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

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**MARCH 31, 2011**

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#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

##### e) Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income is recorded on the accrual basis.

##### f) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management 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. Actual results could differ from these estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of assets used for calculating amortization and the amounts recorded as accrued liabilities.

##### g) Allocation of expenses

The Association reports its expenses by nature and provides supplementary information about expenses in the Schedules of General Operating Revenue and Expenses and Human Resources Database Revenue and Expenses. Allocations in the Schedules are based on a direct assignment of costs attributable to each function.

##### h) Recent accounting pronouncement

During 2011, the Association determined that its financial statements will be included in the Government Reporting Entity as it meets the definition of a government not-for-profit organization under the CICA Public Sector Accounting Handbook. Effective for fiscal periods beginning on or after January 1, 2012, government controlled not-for-profit organizations are required to prepare financial statements in accordance with the standards set out in the CICA Public Sector Accounting Handbook. Early adoption of these standards is permitted. The Association anticipates adoption of the CICA Public Sector Accounting Handbook for its year ending March 31, 2012 and has not yet determined the effect of this change on the Association's financial statements.

#### 3. FINANCIAL INSTRUMENTS

The Association's financial instruments consist of cash and equivalents, accounts receivable and accounts payable and are carried at their fair value pursuant to the policy described in Note 2(b). In management's opinion, the Association is not exposed to significant interest rate, currency exchange rate or credit risk arising from these financial instruments.



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**POST-SECONDARY EMPLOYERS' ASSOCIATION****NOTES TO FINANCIAL STATEMENTS**

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**MARCH 31****2011****2010**

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**4. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 183,478	\$ 152,018	\$ 31,460	\$ 62,285
Computers	118,806	102,855	15,951	25,092
Equipment	84,374	81,815	2,559	3,792
Website	<u>97,310</u>	<u>34,800</u>	<u>62,510</u>	<u>62,279</u>
	<u>\$ 483,968</u>	<u>\$ 371,488</u>	<u>\$ 112,480</u>	<u>\$ 153,448</u>

**5. COMMITMENTS**

The Association leases its office premises under a long-term lease expiring May 31, 2016. The minimum lease payments over the next five years are anticipated to be as follows:

2012	\$ 111,216
2013	111,753
2014	111,753
2015	114,440
2016	<u>9,581</u>
	<u>\$ 458,743</u>

**6. NET ASSET MANAGEMENT**

The net assets of the Association consist of net assets invested in capital assets, internally restricted net assets and an unappropriated surplus. Net assets invested in capital assets are not available for other purposes because they are invested. Internally restricted net assets have been designated by the Association's board of directors for future bargaining expenses and other operating contingencies. The unappropriated surplus represents the Association's accumulated excess of revenue over expenses. The primary objective of the Association in managing its net assets is to invest them in a manner that will allow the Association to continue as a going-concern and comply with its stated objectives.

**7. ECONOMIC DEPENDENCE**

The Association receives approximately 71% (2010 – 71%) of its annual operating revenue from the provincial government. The Association is dependent upon this funding to continue its operations.



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**POST-SECONDARY EMPLOYERS' ASSOCIATION****NOTES TO FINANCIAL STATEMENTS**

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**MARCH 31****2011****2010**

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**8. CONSORTIUM FUNDS HELD IN TRUST**

During 2005, certain of the Association's members (the "Consortium") received \$100,000 from a former employee benefits service provider. The Consortium requested that the funds be held in trust by the Association and be paid to employee groups that belonged to the Consortium during the time period related to the \$100,000 payment. Interest earned on the cash balance of the Consortium fund and expenses relating to the fund are deposited and disbursed from a segregated bank account.

During 2010, the Consortium determined that it no longer required the Association to hold these funds in trust. The Consortium advised the Association that one of its members, Kwantlen Polytechnic University, would become the custodian for these funds. Accordingly, the Consortium fund's activity for the year is as follows:

Opening balance	\$	-	\$	76,121
Disbursements made on behalf of the Consortium		-		(100)
Interest earned on cash balances		-		1,364
Transfer to Kwantlen Polytechnic University		-		(77,385)
		<u>-</u>		<u>(77,385)</u>
Closing balance	\$	<u>-</u>	\$	<u>-</u>

**9. PENSION PLAN**

Effective from June 2006, the Association provides pension benefits to certain of its employees through participation in the Municipal Pension Plan, which is a defined benefit plan administered and governed by the British Columbia Pension Corporation. The pension benefits are based on years of credited service and final average earnings. The annual funding requirements are determined in consultation with the actuaries for the plan to provide long-term stability to the plan. The Association is responsible for the portion of the plan related to its employees, based on the overall experience of the plan. Assets held by the pension plan are used to fund and pay the benefits earned by its members.

The Municipal Pension Plan has approximately 156,000 active members, of which 7 (2010 – 7) are employees of the Association. At December 31, 2009, the date of the most recent actuarial valuation available, the plan had an unfunded liability of approximately \$1,024,000.

The Association's contribution to the plan during the current year was \$65,527 (2010 - \$55,213).



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**POST-SECONDARY EMPLOYERS' ASSOCIATION****SCHEDULE 1****SCHEDULE OF GENERAL OPERATING REVENUE AND EXPENSES**

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<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
<b>REVENUE</b>		
Provincial government funding		
Operating	\$ 778,568	\$ 778,568
Government Reporting Entity Implementation	15,000	-
Annual assessments	389,284	389,284
Interest income	<u>22,465</u>	<u>21,304</u>
	<u>1,205,317</u>	<u>1,189,156</u>
<b>EXPENSES</b>		
Salaries and benefits	646,710	542,229
Member services	298,592	153,479
Organization costs	169,224	221,721
Amortization	59,279	58,307
Professional fees	53,936	40,570
Bargaining	50,518	9,679
Governance	<u>12,398</u>	<u>16,828</u>
	<u>1,290,657</u>	<u>1,042,813</u>
<b>EXCESS OF (EXPENSES OVER REVENUES) REVENUE OVER EXPENSES FOR THE YEAR</b>	<u>\$ (85,340)</u>	<u>\$ 146,343</u>



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**POST-SECONDARY EMPLOYERS' ASSOCIATION****SCHEDULE 2****SCHEDULE OF HUMAN RESOURCES DATABASE REVENUE AND EXPENSES**

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<b>YEAR ENDED MARCH 31</b>	<b>2011</b>	<b>2010</b>
<b>REVENUE</b>		
Human Resources Database Grant	\$ 240,000	\$ 240,000
Interest	<u>5,000</u>	<u>5,000</u>
	<u>245,000</u>	<u>245,000</u>
<b>EXPENSES</b>		
Salaries and benefits	181,087	165,104
Organization costs	49,121	49,886
Professional fees	6,838	5,972
Infrastructure	<u>6,331</u>	<u>61,405</u>
	<u>243,377</u>	<u>282,367</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUES) FOR THE YEAR</b>	<u>\$ 1,623</u>	<u>\$ (37,367)</u>

