

Financial Statements of

**BRITISH COLUMBIA PUBLIC  
SCHOOL EMPLOYERS'  
ASSOCIATION**

Year ended March 31, 2015



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## **INDEPENDENT AUDITORS' REPORT**

To the Public Administrator of the British Columbia Public School Employers' Association and the Minister of Education

We have audited the accompanying financial statements of the British Columbia Public School Employers' Association, which comprise the statement of financial position as at March 31, 2015, the statements of operations, 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 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 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 British Columbia Public School Employers' Association as at March 31, 2015 and its results of operations, its 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 Society 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 period.

*KPMG LLP*

Chartered Accountants

May 13, 2015

Burnaby, Canada

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

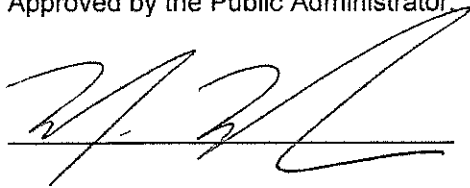
## Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
<b>Financial assets:</b>		
Cash	\$ 4,140,249	\$ 5,212,949
Accounts receivable	36,572	95,342
	<u>4,176,821</u>	<u>5,308,291</u>
<b>Liabilities:</b>		
Accounts payable and accrued liabilities (note 4)	171,372	2,595,482
Deferred revenue	92,704	103,812
Capital lease obligations (note 5)	4,528	21,782
Deferred contributions (note 6)	2,280,253	1,378,869
	<u>2,548,857</u>	<u>4,099,945</u>
<b>Net financial assets</b>	1,627,964	1,208,346
<b>Non-financial assets:</b>		
Tangible capital assets (note 3)	707,197	795,558
Prepaid expenses	131,414	158,793
	<u>838,611</u>	<u>954,351</u>
Commitments and contingencies (note 7)		
<b>Accumulated surplus</b>	<u>\$ 2,466,575</u>	<u>\$ 2,162,697</u>

See accompanying notes to financial statements.

Approved by the Public Administrator:



**BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION**  
Statement of Operations

Year ended March 31, 2015, with comparative information for 2014

	Budget 2015 (note 11)	2015	2014
Revenue:			
Provincial government funding	\$ 3,091,680	\$ 2,841,680	\$ 2,799,762
Restricted contribution revenues:			
Bargaining and associated activities	520,000	478,060	606,748
Sustainable work force and data project	257,984	219,886	229,319
Support staff collective agreement implementation	-	15,738	67,818
Labour relations	-	259,932	326,476
Programs and events	667,900	523,219	636,188
Interest income	24,000	39,645	53,164
	4,561,564	4,378,160	4,719,475
Expenses (note 9):			
Member services	1,235,500	984,419	780,542
General and administrative	2,612,314	2,329,350	3,006,261
Sustainable work force and data project	257,984	218,244	229,319
Collective bargaining development and implementation	-	-	172,630
Support staff collective agreement implementation	-	16,850	67,818
Professional development programs	134,500	84,153	113,869
Make a future	430,255	342,963	604,762
Governance expenses	191,011	98,303	111,161
	4,861,564	4,074,282	5,086,362
Annual surplus (deficit)	(300,000)	303,878	(366,887)
Accumulated surplus, beginning of year	2,162,697	2,162,697	2,529,584
Accumulated surplus, end of year	\$ 1,862,697	\$ 2,466,575	\$ 2,162,697

See accompanying notes to financial statements.

**BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION**  
Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget 2015 (note 11)	2015	2014
Annual surplus (deficit)	\$ (300,000)	\$ 303,878	\$ (366,887)
Acquisition of tangible capital assets	(20,000)	(44,850)	(105,236)
Amortization of tangible capital assets	128,576	124,004	113,999
Loss on disposal of tangible capital assets	9,200	9,206	2,161
Proceeds on sale of tangible capital assets	-	-	725
Acquisition of prepaid expenses	-	(102,616)	(129,655)
Use of prepaid expenses	-	129,996	72,792
Increase (decrease) in net financial assets for the year	(182,224)	419,618	(412,101)
Net financial assets, beginning of year	1,208,346	1,208,346	1,620,447
<b>Net financial assets, end of year</b>	<b>\$ 1,026,122</b>	<b>\$ 1,627,964</b>	<b>\$ 1,208,346</b>

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating transactions:		
Annual surplus (deficit)	\$ 303,878	\$ (366,887)
Items not involving cash:		
Amortization of tangible capital assets	124,004	113,999
Loss on disposal of tangible capital assets	9,206	2,161
	437,088	(250,727)
Change in non-cash operating working capital:		
Accounts receivable	58,770	54,855
Prepaid expenses	27,379	(56,863)
Accounts payable and accrued liabilities	(2,424,110)	2,130,842
Deferred contributions	901,384	(102,836)
Deferred revenue	(11,108)	31,168
	(1,010,597)	1,806,439
Capital transactions:		
Acquisition of tangible capital assets	(44,850)	(105,236)
Proceed on sale of tangible capital assets	-	725
	(44,850)	(104,511)
Investing transactions:		
Redemptions of portfolio investments	-	3,000,000
Financing transactions:		
Payment of capital lease obligation	(17,253)	(15,955)
Increase (decrease) in cash during the year	(1,072,700)	4,685,973
Cash, beginning of year	5,212,949	526,976
Cash, end of year	\$ 4,140,249	\$ 5,212,949

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2015

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## 1. Nature of business and basis of presentation:

The British Columbia Public School Employers' Association (the "Association") is incorporated under the Society Act (British Columbia), and is exempt from income taxes under Section 149 of the Income Tax Act. The Association is controlled by the Province of British Columbia and is considered an other government organization under Canadian Public Sector Accounting Standards.

The primary objective of the Association is to develop and maintain human resource practices that maximize the benefits for students in British Columbia's public education system through effective use of resources and fair terms of employment.

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

## 2. Significant accounting policies:

The Association's significant accounting policies are as follows:

### (a) Basis of accounting:

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards established by the Canadian Public Sector Accounting Board.

### (b) Revenue recognition:

Operating government grants not restricted in use are recognized as revenue when received or receivable. Grants restricted for use in a future period are deferred and reported as deferred contributions until that future period.

Contributions restricted for a specific purpose are recognized as revenue in the year in which the related expenses are incurred.

Government transfers restricted for capital purposes are reported as revenue in the period in which the contributions have been authorized by the government and the Association has met all eligibility criteria and met the stipulations attached to the transfer.

Interest income earned on cash and portfolio investments balances are unrestricted and are recognized as revenue when earned.



# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 2. Significant accounting policies (continued):

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost and amortized as follows:

	Basis	Rate
Computer hardware	Declining balance	30%
HR software system	Straight-line	15 years
Other computer software	Straight-line	1 year
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Office equipment under capital lease	Declining balance	20%
Leasehold improvements	Straight-line	Term of the lease

Contributed tangible capital assets are recorded at their fair value at the date of contribution. 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 asset are less than its net book value, its carrying amount is written down to its residual value. The net 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. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

### (d) 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.

Employees are entitled to vacation which is accrued and expensed as service is provided.

### (e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the year. The actual outcome could differ from the estimates made in the preparation of the financial statements. Areas requiring significant management estimates include vacation accruals, contingencies, and the useful economic lives of tangible capital assets for amortization.

### (f) Financial instruments:

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. All of the Association's financial instruments are measured initially at fair value and subsequently at cost or amortized cost.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 3. Tangible capital assets:

	Computer hardware	HR software system	Other computer software	Furniture and fixtures	Office equipment	Office equipment under capital lease	Leasehold improvement	2015 Total	2014 Total
Cost, beginning of year	\$ 236,139	\$ 933,590	\$ 62,802	\$ 162,546	\$ 63,316	\$ 83,371	\$ 96,305	\$ 1,638,069	\$ 1,543,008
Additions	13,244	-	1,035	1,281	29,290	-	-	44,850	105,236
Disposals	(2,794)	-	-	-	(29,283)	-	-	(32,077)	(10,175)
<b>Cost, end of year</b>	<b>246,589</b>	<b>933,590</b>	<b>63,837</b>	<b>163,827</b>	<b>63,323</b>	<b>83,371</b>	<b>96,305</b>	<b>1,650,842</b>	<b>1,638,069</b>
Accumulated amortization, beginning of year	209,791	308,653	62,145	136,507	52,038	50,717	22,660	842,511	735,801
Amortization	9,891	61,898	1,174	5,336	5,184	6,531	33,990	124,004	113,999
Disposals	(1,359)	-	-	-	(21,511)	-	-	(22,870)	(7,289)
Accumulated amortization, end of year	218,323	370,551	63,319	141,843	35,711	57,248	56,650	943,645	842,511
<b>Net carrying amount, end of year</b>	<b>\$ 28,266</b>	<b>\$ 563,039</b>	<b>\$ 518</b>	<b>\$ 21,984</b>	<b>\$ 27,612</b>	<b>\$ 26,123</b>	<b>\$ 39,655</b>	<b>\$ 707,197</b>	<b>\$ 795,558</b>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

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#### 4. Accounts payable and accrued liabilities:

	2015	2014
Trade accounts payable and accruals	\$ 86,255	\$ 593,445
Vacation accruals	85,117	77,037
Flow-through funding payable	-	1,925,000
	<hr/>	<hr/>
	\$ 171,372	\$ 2,595,482

#### 5. Capital lease obligations:

In November 2009, the Association entered into a capital lease to acquire office equipment. This lease expires in June 2015.

Future minimum payments for the year ended March 31 are as follows:

2016	\$ 4,618
Less amount representing interest at 7.9% per annum	90
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Present value of capital lease payments	\$ 4,528

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to financial statements (continued)

Year ended March 31, 2015

## 6. Deferred contributions:

	2015						2014		
	Arbitration	Attendance Support	Employment Practices Liability	Board of director benefits training	K-12 bargaining and compensation	Support staff collective agreement implementation	Labour market study grant	Sustainable work force and data project	Total
Balance, beginning of year	\$ 508,478	\$ -	\$ -	\$ 13,517	\$ 480,430	\$ 15,738	\$ 80,000	\$ 280,706	\$ 1,378,869
Grants and contributions received	250,000	750,000	375,000	-	-	-	-	500,000	1,875,000
Amounts recognized as revenue in the period	(259,932)	-	-	-	(478,060)	(15,738)	-	(219,886)	(973,616)
Balance, end of year	\$ 498,546	\$ 750,000	\$ 375,000	\$ 13,517	\$ 2,370	\$ -	\$ 80,000	\$ 560,820	\$ 2,280,253
									\$ 1,378,869

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to financial statements (continued)

Year ended March 31, 2015

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## 7. Commitments and contingencies:

- (a) The Association is committed to make lease payments for office premises as follows:

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2016	\$ 382,310
2017	63,718

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- (b) The Association and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trustee pension plan. The Plan's 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. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The plan has about 182,000 active members and approximately 75,000 retired members.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The next valuation will be as of December 31, 2015 with results available in 2016.

Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets of the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Association paid \$175,455 (2014 - \$179,676) for employer contributions while employees contributed \$140,992 (2014 - \$156,662) to the Plan in the year ended March 31, 2015.

## 8. Trust funds:

The Association is holding funds in trust for the Support Staff Education and Adjustment Committee ("SSEAC") which is a joint committee between support staff unions and the Association to support the development and maintenance of a qualified sustainable support staff workforce in K-12 public education. At March 31, 2015, the amount of cash held in trust was \$2,969,112 (2014 - \$3,164,190). This amount is not included in the financial statements of the Association.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 9. Expenses by object:

	2015	2014
Advertising expense	\$ 8,610	\$ 13,130
Amortization of tangible capital assets	124,004	113,999
Capital lease interest	1,218	2,516
Communications	45,974	38,687
Contracted service	284,670	400,793
Dues and subscriptions	16,982	28,274
Equipment rental	30,919	30,839
Honorariums	134,297	129,764
Insurance	4,600	4,600
Legal services	445,640	355,327
Loss on disposal of tangible capital assets	9,207	2,158
Marketing expense	9,902	4,654
Meeting expense	122,376	120,425
Occupancy costs	428,205	383,452
Office supplies	18,963	18,466
Other expense	6,815	9,170
Professional development (recovery)	13,576	(24,635)
Public relations	495	5,507
Research and reporting	28,356	75,487
Salaries and benefits	1,988,726	2,897,171
Technical support	57,742	61,515
Travel and accommodation	161,055	228,721
Website maintenance	131,950	186,342
	<u>\$ 4,074,282</u>	<u>\$ 5,086,362</u>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2015

## 10. Financial instrument risks:

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, 2015.

(a) Credit risk:

Credit risk is the risk that the Association will incur a loss due to the failure by its debtors to meet their contractual obligations. Financial instruments that potentially subject the Association to significant concentrations of credit risk consist primarily of accounts receivable. The credit risk associated with related government entities is considered low.

The maximum amount of credit risk exposure is limited to the carrying amount of the balances in the financial statements.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet its obligations as they fall due. The Association maintains adequate levels of working capital to ensure all its obligations can be met when they fall due.

## 11. Budget figures:

The budget information reported in the statements of operations and changes in net financial assets was approved by the Board of Directors at the Annual General meeting on January 24, 2014. The budget was subsequently revised and approved by the Board of Directors at a meeting on April 14, 2014, resulting in the changes below.

	Original budget	Revised budget
Expenses:		
Member services	\$ 1,235,500	\$ 1,131,000
General and administrative	2,612,314	2,533,225
Sustainable work force and data project	257,984	257,984
Professional development program	134,500	134,500
Make a future	430,255	430,255
Governance expenses	191,011	74,600
	\$ 4,861,564	\$ 4,561,564

## 12. Related party transactions:

During the year, personnel costs of \$56,000 were paid for by the Province. This amount is not recorded in the financial statements.