

Financial Statements of

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

Year ended March 31, 2015



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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 statements of financial position as at March 31, 2015, 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, 2015, 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.



Other Matters

The financial statements of the Community Social Services Employers' Association of British Columbia as at and for the year ended March 31, 2014 were audited by another auditor who expressed an unmodified opinion on those financials statements on June 9, 2014.

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

June 1, 2015

Burnaby, Canada

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2015, with comparative information for 2014

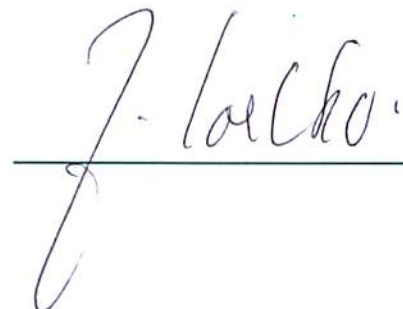
	2015	2014
Financial assets:		
Cash	\$ 86,172	\$ 53,276
Term deposits (note 3)	1,430,000	1,350,000
Accounts receivable	66,232	112,628
	<u>1,582,404</u>	<u>1,515,904</u>
Liabilities:		
Accounts payable and accrued liabilities	124,291	237,414
Deferred revenue	188,483	7,905
Tenant inducements	45,602	61,985
Obligations under capital leases (note 4)	44,604	35,483
	<u>402,980</u>	<u>342,787</u>
Net financial assets	1,179,424	1,173,117
Non-financial assets:		
Tangible capital assets (note 5)	79,808	98,118
Prepaid expenses	55,537	71,590
	<u>135,345</u>	<u>169,708</u>
Commitments (note 6)		
Accumulated surplus (Note 8)	\$ 1,314,769	\$ 1,342,825

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, 2015, with comparative information for 2014

	2015 Budget (note 2(j))	2015 Actual	2014 Actual
Revenue:			
Provincial operating grant	\$ 2,469,255	\$ 2,477,159	\$ 2,469,255
Fees	448,300	425,415	389,951
Interest	32,000	28,140	27,619
	<u>2,949,555</u>	<u>2,930,714</u>	<u>2,886,825</u>
Expenses (recovery) (note 7):			
Human Resources and Labour Relations	1,330,292	1,371,739	1,306,209
General	923,374	884,751	900,550
Research and Knowledge Management	661,749	539,397	523,699
Membership	226,802	189,628	193,074
Bargaining	-	(26,745)	128,988
	<u>3,142,217</u>	<u>2,958,770</u>	<u>3,052,520</u>
Annual surplus (deficit)	(192,662)	(28,056)	(165,695)
Accumulated surplus, beginning of year	1,342,825	1,342,825	1,508,520
Accumulated surplus, end of year (note 8)	<u>\$ 1,150,163</u>	<u>\$ 1,314,769</u>	<u>\$ 1,342,825</u>

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, 2015, with comparative information for 2014

	2015 Budget (note 2(j))	2015 Actual	2014 Actual
Annual surplus (deficit)	\$ (192,662)	\$ (28,056)	\$ (165,695)
Acquisition of tangible capital assets	-	(32,140)	(38,170)
Disposal of tangible capital assets	-	-	8,123
Amortization of tangible capital assets	49,833	50,450	46,830
Acquisition of prepaid expenses	-	(74,350)	(93,232)
Use of prepaid expenses	-	90,403	62,063
Increase (decrease) in net financial assets	(142,829)	6,307	(180,081)
Net financial assets, beginning of year	1,173,117	1,173,117	1,353,198
Net financial assets, end of year	\$ 1,030,288	\$ 1,179,424	\$ 1,173,117

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

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

	2015	2014
Cash flows provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (28,056)	\$ (165,695)
Items not affecting cash:		
Amortization of tenant inducements	(16,383)	(16,383)
Amortization of tangible capital assets	50,450	46,830
	6,011	(135,248)
Changes in non-cash operating working capital:		
Accounts receivable	46,396	(1,131)
Accounts payable and accrued liabilities	(113,123)	(162,918)
Deferred revenue	180,578	(1,000)
Prepaid expenses	16,053	(31,169)
	135,915	(331,466)
Capital activity:		
Acquisition of tangible capital assets	(13,785)	(14,225)
Investing activities		
Purchase of term deposits, net of reinvested maturities	(80,000)	400,000
Financing activity:		
Capital lease repayments	(9,234)	(9,243)
Increase (decrease) in cash and cash equivalents	32,896	45,066
Cash, beginning of year	53,276	8,210
Cash, end of year	\$ 86,172	\$ 53,276
Supplemental cash flow information:		
Acquisition of office equipment through capital lease	\$ 33,363	\$ 23,945

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

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 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.

(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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

2. Significant accounting policies (continued):

(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. 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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

2. Significant accounting policies (continued):

(d) Segments (continued):

- (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.

(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 conditions indicate that a tangible capital asset no longer contributes to the ability to provide goods or services, or that the value of future economic benefits is less than its book value, the carrying value of the asset is reduced to reflect the decline in value.

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.

(f) Tenant inducements:

Tenant inducements represent lease allowances for improvements received from the landlord and are amortized on a straight-line basis over the term of the lease as a reduction of occupancy expense.

(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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial assets 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.

(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 figures:

The budget information reported in the statements of operations and changes in net financial assets was approved by the Board of Directors on March 3, 2014.

3. Term Deposits

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2015	2014
September 13, 2013	September 13, 2014	\$ -	\$ 1,100,000
September 21, 2013	September 21, 2014	-	250,000
June 16, 2014	June 16, 2015	1,000,000	-
September 16, 2014	September 16, 2015	250,000	-
December 22, 2014	December 22, 2015	180,000	-
Total		\$ 1,430,000	\$ 1,350,000

The interest rate of the term deposits outstanding at March 31, 2015 range from 1.45% to 1.60%.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

4. Obligations under capital leases:

The equipment leases entered into by the Association expire in 2019 and 2020. The minimum lease payments required under the agreement are as follows:

2016	\$	13,009
2017		13,009
2018		13,009
2019		8,932
2020		1,893
		49,852
Less amount representing interest at 5.5% per annum		5,248
	\$	44,604

5. Tangible capital assets :

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2014	\$ 56,939	\$ 170,864	\$ 53,427	\$ 196,576	\$ 477,806
Additions	33,363	-	13,785	-	47,148
Disposals	(23,945)	-	-	-	(23,945)
	66,357	170,864	67,212	196,576	501,009
Accumulated amortization:					
As at April 1, 2014	25,802	149,966	27,327	176,593	379,688
Expense	11,067	3,896	20,099	15,388	50,450
Disposals	(8,937)	-	-	-	(8,937)
	27,932	153,862	47,426	191,981	421,201
Net book value, March 31, 2015	\$ 38,425	\$ 17,002	\$ 19,786	\$ 4,595	\$ 79,808
	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2013	\$ 58,014	\$ 170,864	\$ 39,202	\$ 196,576	\$ 464,656
Additions	23,945	-	14,225	-	38,170
Disposals	(25,020)	-	-	-	(25,020)
	56,939	170,864	53,427	196,576	477,806
Accumulated amortization:					
As at April 1, 2013	29,941	145,096	11,668	163,050	349,754
Expense	12,758	4,870	15,659	13,543	46,830
Disposals	(16,897)	-	-	-	(16,897)
	25,802	149,966	27,327	176,593	379,688
Net book value, March 31, 2014	\$ 31,137	\$ 20,898	\$ 26,100	\$ 19,983	\$ 98,118

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

6. 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, 2015 and 2014, the line of credit was not used.

(b) The Association entered into a lease expiring September 30, 2015, and an extension expiring October 1, 2020. The base lease payments are as follows:

2015	\$	128,373
2016		165,051
2017		165,051
2018		169,636
2019		174,221
2020		87,110
	\$	889,442

7. Expenses by object:

	2015	2014
Salaries and benefits	\$ 2,038,246	\$ 2,053,868
Consulting	225,424	252,271
Occupancy	228,803	220,825
Travel and training	111,121	149,740
Directors and committees	88,003	102,878
Legal, accounting and other professional services	85,610	88,228
Amortization	50,450	46,830
Office supplies	32,848	38,876
Telephone and facsimile	36,404	36,842
Non-recoverable GST	22,391	21,968
Photocopy and printing	15,820	21,439
Equipment	11,820	14,665
Delivery	6,615	3,257
Member education	5,215	833
	\$ 2,958,770	\$ 3,052,520

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

8. Accumulated surplus:

	2015	2014
Unrestricted	\$ 1,011,971	\$ 907,820
Capital assets fund	176,535	343,391
Bargaining fund	126,263	91,614
	<u>\$ 1,314,769</u>	<u>\$ 1,342,825</u>

9. Pension plan:

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee pension plan. The Plan is a multi-employer 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. 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. Active members include 18 contributors from the Association.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at 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 for the Plan in aggregate, with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

The Association paid \$159,814 for employers' contributions to the Plan in fiscal 2015 (2014 - \$139,134).

10. 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, 2015.

(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 \$1,582,404 (2014 - \$1,515,904).

(b) Liquidity risk:

The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Accounts payable are all due within one year.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Segment Revenue and Expenses

Schedule 1

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

	Human Resources and Labour Relations		Research and Knowledge Management		Membership	Bargaining	2015 Total		2014 Total			
	\$	-	\$	-			\$	-	\$	-	\$	-
Revenue:												
Provincial Operating Grant	\$	312,654	\$	2,469,255	-	\$	7,904	\$	2,477,159	\$	2,469,255	
Fees		-		4,625			-		425,415		389,951	
Interest		-		28,140			-		28,140		27,619	
		312,654		2,502,020			7,904		2,930,714		2,886,825	
Expenses (recovery):												
Salaries and benefits	1,133,368		505,869		319,213		-		2,038,246		2,053,868	
Consulting	54,865		17,199		127,269		2,094		225,424		252,271	
Occupancy	-		228,803		-		-		228,803		220,825	
Travel and training	81,002		12,753		9,186		7,140		111,121		149,740	
Directors and committees	1,783		17,404		2,417		976		88,003		102,878	
Legal, accounting and other professional services	79,697		12,873		29,229		(37,200)		85,610		88,228	
Amortization	-		50,450		-		-		50,450		46,830	
Office supplies	15,172		9,733		5,564		-		32,848		38,876	
Telephone and facsimile	-		26		36,378		-		36,404		36,842	
Non-recoverable HST	5,852		8,558		5,343		245		22,391		21,968	
Photocopy and printing	-		14,209		-		-		15,820		21,439	
Equipment	-		259		4,798		-		11,820		14,665	
Delivery	-		6,615		-		-		6,615		3257	
Member education	-		-		-		-		5,215		833	
	1,371,739		884,751		539,397		(26,745)		2,958,770		3,052,520	
Surplus (deficiency) for the year	(1,059,085)		1,617,269		(536,897)		34,649		(28,056)		(165,695)	
Accumulated surplus, beginning of year									1,342,825		1,508,520	
Accumulated surplus, end of year	\$	(1,059,085)	\$	1,617,269	\$	(536,897)	\$	34,649	\$	1,314,769	\$	1,342,825