Financial Statements of

POST-SECONDARY EMPLOYERS' ASSOCIATION

Year ended March 31, 2015

KPMG LLP
Chartered Accountants
Metrotower II
Suite 2400 - 4720 Kingsway
Burnaby BC V5H 4N2
Canada

Telephone (604) 527-3600
Fax (604) 527-3636
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Post-Secondary Employers' Association, and
To the Minister responsible for 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, 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 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.

KPMG

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Post-Secondary Employers' Association 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 Post-Secondary Employers' Association 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 3, 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 3, 2015

Burnaby, Canada

POST-SECONDARY EMPLOYERS' ASSOCIATION

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial assets		
Cash and cash equivalents	$ 2,466,755	$ 1,937,701
Accounts receivable	100,449	20,715
	2,567,204	1,958,416
Liabilities		
Accounts payable and accrued liabilities	197,285	160,491
Deferred bargaining fees (note 3)	407,500	-
Lease inducements	37,750	23,750
	642,535	184,241
Net Financial assets	1,924,669	1,774,175
Non-Financial assets:		
Tangible capital assets (note 4)	121,631	120,900
Prepaid expenses	7,000	33,004
	128,631	153,904
Commitments and contingencies (note 6)		
Accumulated surplus (note 5)	$ 2,053,300	$ 1,928,079

See accompanying notes to financial statements.

Approved on behalf of the Board:

_______________ Director _______________ Director

POST-SECONDARY EMPLOYERS' ASSOCIATION

Statement of Operations and Accumulated Surplus

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

	2015 Budget	2015 Actual	2014 Actual
	(note 8)		
Revenue:			
Operating and bargaining	$ 778,568	$ 778,568	$ 778,568
Human resources database grant	240,000	240,000	240,000
Annual assessments	389,284	389,284	389,284
Interest income	18,750	25,650	22,281
Bargaining fees and cost recoveries (note 3)	395,000	12,500	155,000
	1,821,602	1,446,002	1,585,133
Expenses (note 7):			
Collective bargaining	1,015,761	676,268	689,152
Operating	593,299	474,450	449,335
Human resources database	212,542	170,063	181,934
	1,821,602	1,320,781	1,320,421
Annual surplus	-	125,221	264,712
Accumulated surplus, beginning of year	1,928,079	1,928,079	1,663,367
Accumulated surplus, end of year	$ 1,928,079	$ 2,053,300	$ 1,928,079

See accompanying notes to financial statements.

POST-SECONDARY EMPLOYERS' ASSOCIATION

Statement of Changes in Net Financial Assets

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

	2015 Budget	2015 Actual	2014 Actual
	(note 8)		
Annual surplus	$ -	$ 125,221	$ 264,712
Tangible capital assets:			
Acquisition of tangible capital assets	(35,800)	(47,520)	(28,664)
Amortization of tangible capital assets	55,000	46,789	44,778
	19,200	(731)	16,114
Other non-financial asset:			
Acquisition of prepaid expenses and deposits	-	(3,664)	(59,078)
Use of prepaid expenses	-	29,668	33,574
	-	26,004	(25,504)
Increase in net financial assets	19,200	150,494	255,322
Net financial assets, beginning of year	1,774,175	1,774,175	1,518,853
Net financial assets, end of year	$ 1,793,375	1,924,669	$ 1,774,175

See accompanying notes to financial statements.

POST-SECONDARY EMPLOYERS' ASSOCIATION
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	$ 125,221	$ 264,712
Items not affecting cash:		
Amortization of tangible capital assets	46,789	44,778
Amortization of lease inducements	(6,000)	(6,000)
	166,010	303,490
Changes in non-cash working capital:		
Accounts receivable	(79,734)	57,797
Prepaid expenses and deposits	26,004	(25,504)
Accounts payable and accrued liabilities	36,794	(36,022)
Deferred bargaining fees	407,500	(155,000)
Increase in lease inducements	20,000	-
	576,574	144,761
Capital activities:		
Acquisition of tangible capital assets	(47,520)	(28,664)
Increase in cash and cash equivalents	529,054	116,097
Cash and cash equivalents, beginning of year	1,937,701	1,821,604
Cash and cash equivalents, end of year	$ 2,466,755	$ 1,937,701

See accompanying notes to financial statements.

1. Operations:

The Post-Secondary Employers' Association (the "Association") is a government not-for-profit organization incorporated under the Society Act (British Columbia) and operating under the authority of the Public Sector Employers Act. The Authority is exempt from income taxes under Section 149 of the Income Tax Act.

The members of the Association consist of 19 public sector employers in the post-secondary sector of British Columbia. The mandate of the Association is to provide services to its members. These services are grouped into the following key areas: to bargain collectively on behalf of its members and to bind its members to collective agreements; to maintain a human resource database for its members and to advise on labour relations and human resource practices for its members.

2. Significant accounting policies:

(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) Cash and cash equivalents:

Cash and cash equivalents include highly liquid investments with a term to maturity of three months or less at the date of purchase.

(c) 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. Transfers are initially recorded as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulations are met.

Revenue related to fees for 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 earned on cash and cash equivalents is unrestricted and recognized as revenue when earned.

2. Significant accounting policies (continued):

(d) Financial instruments:

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

(e) Lease inducements:

Lease inducements include cash payments for leasehold improvements and are amortized on a straight-line basis over the term of the lease.

(f) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Leasehold improvements	Term of the lease
Computer hardware	3 years
Furniture and equipment	3 years
Website	5 years

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.

(g) Funds and reserves:

As disclosed in note 5, certain amounts, as approved by the Board of Directors, are set aside in accumulated surplus for future operating and capital purposes. Transfers to/from funds and reserves are an adjustment to the respective fund when approved.

2. Significant accounting policies (continued):

(h) Expenses:

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed. The Association reports its expenses by function and provides supplementary information about expenses by object (note 8).

(i) Pension 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) Use of estimates:

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

3. Deferred bargaining fees:

Deferred bargaining fees consist of receipts from members for services that had not yet been provided as of March 31, 2015.

	2015	2014
Balance, beginning of year	$ -	$ -
Special levy fees received	420,000	-
Amounts recognized as revenue in the period	(12,500)	-
Balance, end of year	$ 407,500	$ -

4. Tangible capital assets:

	Leasehold improvements	Computer hardware	Furniture & equipment	Website	Total 2015	Total 2014
Cost:						
Opening balance	$ 61,306	$ 142,600	$ 110,747	$ 118,021	$ 432,674	$ 410,548
Additions	30,565	8,264	4,770	3,921	47,520	28,664
Disposals	-	(13,489)	-	-	(13,489)	(6,538)
Closing balance	91,871	137,375	115,517	121,942	466,705	432,674
Accumulated amortization:						
Opening balance	13,260	118,329	90,232	89,953	311,774	273,534
Amortization	12,423	10,005	9,995	14,366	46,789	44,778
Disposals	-	(13,489)	-	-	(13,489)	(6,538)
Closing balance	25,683	114,845	100,227	104,319	345,074	311,774
Net book value	$ 66,188	$ 22,530	$ 15,290	$ 17,623	$ 121,631	$ 120,900

5. Accumulated surplus:

	2015	2014
Invested in tangible capital assets	$ 121,631	$ 120,900
Internally restricted	950,000	950,000
Unappropriated	981,669	857,179
	$ 2,053,300	$ 1,928,079

6. Commitments and contingencies:

(a) The Association leases its office premises under a long-term lease expiring February 28, 2018 with one five-year renewal term. The minimum payments required under the lease agreement are as follows:

2016	$ 92,568
2017	92,568
2018	84,854
	$ 269,990

6. Commitments and contingencies (continued):

(b) The Association and its employees contribute to the Municipal Pension Plan (the Plan), a jointly trusteed pension 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 years of credited service and best five years' average earnings. 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. 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 has nine members in the Plan and paid $142,342 (2014 - $115,337) for employer contributions to the Plan in the year ended March 31, 2015.

7. Expenses by object:

	Budget 2015	2015	2014
Amortization	$ 55,000	$ 46,789	$ 44,778
Bargaining	392,500	335,673	240,913
Governance	20,000	11,639	9,694
Infrastructure	6,000	-	328
Member services	196,239	64,226	64,507
Organization costs	140,149	108,700	104,931
Professional fees and conferences	77,000	32,120	44,736
Salaries and benefits	934,714	721,634	810,534
	$ 1,821,602	$ 1,320,781	$ 1,320,421

8. Budgeted figures:

The budget information reported in the statements of operations and changes in net financial assets was approved by the Board of Directors on April 5, 2014.

9. 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.

10. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.