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**POST-SECONDARY EMPLOYERS' ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**MARCH 31, 2012 AND 2011**

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**Post-Secondary Employers' Association  
422 - 1333 West Broadway  
Vancouver, BC V6H 4C1**

**MANAGEMENT'S REPORT**

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

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board. The Board reviews internal financial statements on a monthly basis and external audited financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to its approval of the financial statements.

The external auditors, Manning Elliott LLP Chartered Accountants, conduct an independent examination, in accordance with Canadian generally accepted auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of the Association and meet when required. The accompanying Independent Auditors' Report re-iterates management's responsibility for the financial statements, outlines the auditors' responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of the Post Secondary Employers' Association



Name: Anita Bleick

Title: CEO

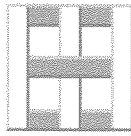
Date: June 13, 2012

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Name:

Title:

Date:



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

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## INDEPENDENT AUDITORS' REPORT

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To the Board of Directors and 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 statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of operations, changes in net financial assets, and cash flows for the years ended March 31, 2012 and March 31, 2011 and a summary of significant accounting policies and other explanatory information.

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

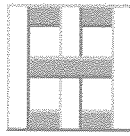
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material 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 our 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.



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## INDEPENDENT AUDITORS' 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, 2012, March 31, 2011 and April 1, 2010, and its financial performance and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

### 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 as described in Note 2(b) to these financial statements.

*Manning Elliott LLP*

Chartered Accountants

Vancouver, British Columbia

June 13, 2012

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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2012, 2011 AND APRIL 1, 2010**


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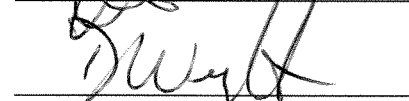
	March 31 2012	March 31 2011	April 1 2010
<b>FINANCIAL ASSETS</b>			
Cash	\$ 251,870	\$ 77,257	\$ 220,028
Accounts receivable	49,001	106,921	35,325
Portfolio investments (Note 3)	<u>1,231,284</u>	<u>1,211,146</u>	<u>1,083,681</u>
	<u>1,532,155</u>	<u>1,395,324</u>	<u>1,339,034</u>
<b>FINANCIAL LIABILITIES</b>			
Accounts payable and accrued liabilities	<u>132,515</u>	<u>199,392</u>	<u>130,107</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,399,640</u>	<u>1,195,932</u>	<u>1,208,927</u>
<b>NON-FINANCIAL ASSETS</b>			
Tangible capital assets (Note 4)	60,598	112,480	153,448
Prepaid expenses and deposits	<u>14,750</u>	<u>14,750</u>	<u>44,504</u>
	<u>75,348</u>	<u>127,230</u>	<u>197,952</u>
<b>ACCUMULATED SURPLUS (Note 5)</b>	<u>\$ 1,474,988</u>	<u>\$ 1,323,162</u>	<u>\$ 1,406,879</u>

CONTRACTUAL OBLIGATION (Note 6)

CONTINGENCY (Note 7)

Approved by the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes are an integral part of these financial statements



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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	(Note 9) <b>Budget</b> <b>2012</b>	<b>2012</b>	<b>2011</b>
<b>REVENUES</b>			
Operating	\$ 778,568	\$ 823,048	\$ 778,568
Human resources database grant	240,000	240,000	240,000
Annual assessments	389,284	389,284	389,284
Interest income	30,000	20,137	27,465
Cost recoveries and other income	<u>-</u>	<u>174,488</u>	<u>15,000</u>
	<u>1,437,852</u>	<u>1,646,957</u>	<u>1,450,317</u>
<b>EXPENSES (Note 8)</b>			
Operating	583,229	1,050,187	1,028,877
Human resources database	232,694	270,209	271,722
Collective bargaining	720,169	165,449	203,778
Research compensation	<u>137,988</u>	<u>9,286</u>	<u>29,657</u>
	<u>1,674,080</u>	<u>1,495,131</u>	<u>1,534,034</u>
<b>ANNUAL SURPLUS (DEFICIT)</b>	(236,228)	151,826	(83,717)
<b>ACCUMULATED SURPLUS, beginning of year</b>	<u>1,323,162</u>	<u>1,323,162</u>	<u>1,406,879</u>
<b>ACCUMULATED SURPLUS, end of year</b>	<u>\$ 1,086,934</u>	<u>\$ 1,474,988</u>	<u>\$ 1,323,162</u>

The accompanying notes are an integral part of these financial statements



**POST-SECONDARY EMPLOYERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

	(Note 9) Budget 2012	2012	2011
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (236,228)	\$ 151,826	\$ (83,717)
<b>TANGIBLE CAPITAL ASSETS</b>			
Acquisition of tangible capital assets	-	(6,634)	(18,311)
Amortization of tangible capital assets	-	58,516	59,279
	-	51,882	40,968
<b>OTHER NON-FINANCIAL ASSET</b>			
Acquisition of prepaids expenses and deposits	-	-	-
Use of prepaids expenses and deposits	-	-	29,754
	-	-	29,754
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(236,228)	203,708	(12,995)
<b>NET FINANCIAL ASSETS, beginning of year</b>	1,195,932	1,195,932	1,208,927
<b>NET FINANCIAL ASSETS, end of year</b>	\$ 959,704	\$ 1,399,640	\$ 1,195,932

The accompanying notes are an integral part of these financial statements



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POST-SECONDARY EMPLOYERS' ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

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	2012	2011
CASH PROVIDED BY (USED FOR):		
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ 151,826	\$ (83,717)
Amortization, a non-cash item		
Change in:	58,516	59,279
Accounts receivable	57,920	(71,596)
Prepaid expenses and deposits	-	29,754
Accounts payable and accrued liabilities	<u>(66,877)</u>	<u>69,285</u>
	<u>201,385</u>	<u>3,005</u>
INVESTING TRANSACTIONS		
Purchase of portfolio investments	<u>(20,138)</u>	<u>(127,465)</u>
CAPITAL TRANSACTIONS		
Purchase of capital assets	<u>(6,634)</u>	<u>(18,311)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	174,613	(142,771)
CASH AT BEGINNING OF YEAR	<u>77,257</u>	<u>220,028</u>
CASH AT END OF YEAR	<u>\$ 251,870</u>	<u>\$ 77,257</u>

The accompanying notes are an integral part of these financial statements





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## POST-SECONDARY EMPLOYERS' ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

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#### FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

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#### 1. NATURE OF OPERATIONS

The Post Secondary Employers' Association is a government not-for-profit organization incorporated under the Society Act and operating under the authority of the Public Sector Employers Act. The Association is a government reporting entity named in the Government Reporting Entity Regulation dated February 15, 2011 and reports to the Legislative Assembly through the Ministry of Finance.

The members of the Association are the public sector employers in the college and institute 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 human resource practices for its members.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a) Basis of accounting

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for government reporting entities. As a government not-for-profit organization, the Association must adhere to the accounting standards for government not-for-profit organizations in the Canadian Institute of Chartered Accountants' ("CICA") Public Sector Accounting ("PSA") Handbook or the standards in the CICA PSA Handbook without Sections PSA 4200 to PSA 4270. As directed by the provincial government, the Association adheres to the standards in the CICA PSA Handbook without Sections PSA 4200 to PSA 4270.

##### b) Conversion to Canadian public sector accounting standards

Commencing with the 2012 fiscal year, the Association has adopted Canadian public sector accounting standards. These financial statements are the first financial statements for which the Association has applied PSA standards. The Association has early adopted the accounting standards contained in PSA 1201 – Financial statement presentation, PSA 3410 – Government transfers and PSA 3450 – Financial instruments in the preparation of these financial statements.

As these are the Association's first set of PSA standards financial statements, they have been prepared retrospectively as at the opening statement of financial position date of April 1, 2010. Retrospective preparation upon first-time adoption of PSA standards also allows for the use of certain exemptions. The Association has not made use of any exemptions.

The adoption of PSA standards had no effect on the amounts reported in the Association's opening statement of financial position as at April 1, 2010, the comparative statement of financial position as at March 31, 2011 or its financial performance or cash flows for the year ended March 31, 2011. The overall presentation format of the Association's financial statements has been revised to be in conformity with PSA standards.



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

c) 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. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis, with a half-year's provision in the year of acquisition, over their estimated useful lives as follows:

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Association's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

d) Pension benefits

The cost of pension benefits earned by the Association's employees and additional information concerning pension benefits are disclosed in Note 10. Although the benefits have been earned under a defined benefit plan, because it is a multiemployer plan, sufficient information to follow the accounting standards on defined benefit plans is not available. Accordingly, the Association accounts for its employees' pension benefits by following the accounting standards for defined contribution plans, whereby contributions are expensed as they are incurred and liabilities are only recognized for the difference between the amount that was required to be contributed and the amount that was contributed as of the date of the financial statements.

e) Financial instruments

The Association's financial instruments are measured at amortized cost, which includes applicable transaction costs, using the effective interest rate method. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write-down of a portfolio investment to reflect a loss in value is not reversed for a subsequent increase in value.

The Association's cash consists of cash on deposit. Portfolio investments are comprised of high interest savings accounts and guaranteed investment certificates and are carried in the financial statements pursuant to the measurement policies described above.



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## POST-SECONDARY EMPLOYERS' ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS

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#### FOR THE YEARS ENDED MARCH 31, 2012 AND 2011

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

##### f) 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.

##### g) Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Government transfers 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 recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose. Restricted contributions that must be maintained in perpetuity are recorded as revenue when received or receivable, and are presented as non-financial assets in the statement of financial position.

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.

##### 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 (see Note 8).

##### i) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent 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.



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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3. PORTFOLIO INVESTMENTS AND RISK MANAGEMENT

The Association's portfolio investments approximate fair market value due to their relative short-term nature and are carried in the financial statements pursuant to the policy described in Note 2(e).

	<b>March 31 2012</b>	<b>March 31 2011</b>
GICs bearing interest of 2.65%, due May 19, 2012	\$ 312,500	\$ 312,500
GICs bearing interest of 2.00% to 2.10%, due October 20, 2011	-	250,000
Accrued interest on GICs	7,170	9,433
High interest savings accounts	<u>911,614</u>	<u>639,213</u>
	<u>\$ 1,231,284</u>	<u>\$ 1,211,146</u>

In management's opinion, the Association is not exposed to significant credit, liquidity, foreign exchange or market risks arising from its portfolio investments or other financial instruments.



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

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**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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## 4. TANGIBLE CAPITAL ASSETS

	Leasehold improvements	Computers	Equipment	Website	2012 Total
Cost					
Opening Balance	\$ 183,478	\$ 118,806	\$ 84,374	\$ 97,310	\$ 483,968
Additions	-	3,621	1,013	2,000	6,634
Disposals	-	-	-	-	-
Write-downs	-	-	-	-	-
Closing Balance	183,478	122,427	85,387	99,310	490,602
Accumulated Amortization					
Opening Balance	152,018	102,855	81,815	34,800	371,488
Amortization	27,599	11,882	2,172	16,863	58,516
Disposals	-	-	-	-	-
Write-downs	-	-	-	-	-
Closing Balance	179,617	114,737	83,987	51,663	430,004
Net book value	\$ 3,861	\$ 7,690	\$ 1,400	\$ 47,647	\$ 60,598

	Leasehold improvements	Computers	Equipment	Website	2011 Total
Cost					
Opening Balance	\$ 183,478	\$ 116,099	\$ 83,670	\$ 82,410	\$ 465,657
Additions	-	2,707	704	14,900	18,311
Disposals	-	-	-	-	-
Write-downs	-	-	-	-	-
Closing Balance	183,478	118,806	84,374	97,310	483,968
Accumulated Amortization					
Opening Balance	121,193	91,007	79,878	20,131	312,209
Amortization	30,825	11,848	1,937	14,669	59,279
Disposals	-	-	-	-	-
Write-downs	-	-	-	-	-
Closing Balance	152,018	102,855	81,815	34,800	371,488
Net book value	\$ 31,460	\$ 15,951	\$ 2,559	\$ 62,510	\$ 112,480



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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5. ACCUMULATED SURPLUS

	<b>March 31 2012</b>	<b>March 31 2011</b>
Invested in capital assets	\$ 60,598	\$ 112,480
Internally restricted	950,000	950,000
Unappropriated	<u>464,390</u>	<u>260,682</u>
	<u>\$ 1,474,988</u>	<u>\$ 1,323,162</u>

6. CONTRACTUAL OBLIGATION

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

2013	\$ 133,000
2014	134,000
2015	137,200
2016	<u>23,000</u>
	<u>\$ 427,200</u>

7. CONTINGENCY

The Association is involved with legal proceedings regarding the dismissal of a former employee in which damages have been sought. Included in accounts payable and accrued liabilities is \$66,000 with respect to this issue. Any under or over accrual will be reflected as a charge or recovery in the statement of operations in the year the proceedings are resolved.



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**POST-SECONDARY EMPLOYERS' ASSOCIATION**

**NOTES TO FINANCIAL STATEMENTS**

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**FOR THE YEARS ENDED MARCH 31, 2012 AND 2011**

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8. EXPENSE BY OBJECT

	<b>Budget</b>		
	<b>2012</b>	<b>2012</b>	<b>2011</b>
Amortization	\$ 55,000	\$ 58,516	\$ 59,279
Bargaining	235,496	16,139	50,518
Governance	12,500	11,175	12,398
Infrastructure	2,500	3,688	6,331
Member services	254,000	130,102	298,592
Organization costs	235,417	184,236	218,345
Professional fees and conferences	87,000	123,288	60,774
Salaries and benefits	<u>792,167</u>	<u>967,987</u>	<u>827,797</u>
	<u>\$ 1,674,080</u>	<u>\$ 1,495,131</u>	<u>\$ 1,534,034</u>

9. BUDGETED FIGURES

Budgeted figures provided for comparison purposes have been derived from the estimates approved by the Board of Directors.

10. 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 173,000 active members, of which 9 (2011 – 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 \$1,024,000,000.

The Association's contribution to the plan during the current year was \$92,757 (2011 - \$65,527).

