

Financial statements of

**Community Social Services
Employers' Association of British
Columbia**

March 31, 2014

Community Social Services Employers' Association of British Columbia

March 31, 2014

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Independent Auditor's Report

To the Members of the Community Social Services Employers' Association of British Columbia

We have audited the accompanying financial statements of the Community Social Services Employers' Association of British Columbia, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, changes in net financial 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 Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia, 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 is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the statement of financial position of the Community Social Services Employers' Association of British Columbia as at March 31, 2014, and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended are prepared, in all material respects, in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Emphasis of Matter

We draw attention to Note 2 (a) to the financial statements which describes the basis of accounting used in the preparation of these financial statements and the difference between the basis of accounting and Canadian Public Sector Accounting Standards. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

The Society Act (British Columbia) requires that the audit opinion state that the financial statements present fairly the financial position of the Society and the results of its operations for the period under audit. As the Community Social Services Employers' Association of British Columbia's financial statements are prepared in accordance with a compliance framework as described in Note 2 (a), Canadian generally accepted auditing standards do not permit the use of a fair presentation opinion on the financial statements.

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

The image shows a handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, flowing style.

Chartered Accountants
June 9, 2014
Vancouver, British Columbia

Community Social Services Employers' Association of British Columbia

Statement of operations and accumulated surplus year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Revenues			
Provincial Operating Grant	2,469,255	2,469,255	2,473,447
Fees	314,475	389,951	235,731
Sales	-	-	250
Interest	35,650	27,619	38,905
	2,819,380	2,886,825	2,748,333
Expenses (Note 6)			
Human Resource and Labour Relations Services	1,193,699	1,306,209	1,148,120
General	930,610	900,550	1,238,636
Membership	257,046	193,074	145,555
Research and Knowledge Management	643,068	523,699	509,787
Bargaining	-	128,988	354,611
	3,024,423	3,052,520	3,396,709
Deficiency of revenues over expenses	(205,043)	(165,695)	(648,376)
Accumulated surplus, beginning of year	1,508,520	1,508,520	2,156,896
Accumulated surplus, end of year (Note 7)	1,303,477	1,342,825	1,508,520

The accompanying notes to the financial statements are an integral part of this financial statement.

Community Social Services Employers' Association of British Columbia

Statement of financial position
as at March 31, 2014

	2014	2013
	\$	\$
Financial assets		
Cash and cash equivalents	1,403,276	1,758,210
Accounts receivable	112,628	111,497
	1,515,904	1,869,707
Liabilities		
Accounts payable and accrued liabilities	237,414	400,332
Deferred revenue	7,905	8,905
Tenant inducements	61,985	78,368
Obligations under capital leases (Note 3)	35,483	28,904
	342,787	516,509
Net financial assets	1,173,117	1,353,198
Non-financial assets		
Tangible capital assets (Note 4 and Schedule 1)	98,118	114,901
Prepaid expenses	71,590	40,421
	169,708	155,322
Accumulated surplus (Schedules 2 and 3)	1,342,825	1,508,520

Commitments (Note 5)

Approved by the Board of Directors


Anne Nikon, Chair


Colleen Spier, Treasurer

The accompanying notes to the financial statements are an integral part of this financial statement.

Community Social Services Employers' Association of British Columbia

Statement of changes in net financial assets year ended March 31, 2014

	2014 Budget	2014 Actual	2013 Actual
	\$	\$	\$
Deficiency of revenues over expenses for the year	(205,043)	(165,695)	(648,376)
Acquisition of tangible capital assets	-	(38,170)	(88,107)
Disposal of tangible capital assets	-	8,123	8,102
Amortization of tangible capital assets	50,879	46,830	32,811
Acquisition of prepaid expenses	-	(93,232)	(157,718)
Use of prepaid expenses	-	62,063	169,029
Decrease in net financial assets	(154,164)	(180,081)	(684,259)
Net financial assets, beginning of year	1,353,198	1,353,198	2,037,457
Net financial assets, end of the year	1,199,034	1,173,117	1,353,198

The accompanying notes to the financial statements are an integral part of this financial statement.

Community Social Services Employers' Association of British Columbia

Statement of cash flows
year ended March 31, 2014

	2014	2013
	\$	\$
Operating activities		
Deficiency of revenues over expenses	(165,695)	(648,376)
Items not affecting cash		
Amortization of tenant inducements	(16,383)	(16,383)
Amortization of tangible capital assets	46,830	32,811
	(135,248)	(631,948)
Changes in non-cash working capital		
Accounts receivable	(1,131)	8,446
Accounts payable and accrued liabilities	(162,918)	(187,246)
Deferred revenue	(1,000)	(4,504)
Prepaid expenses	(31,169)	11,311
	(331,466)	(803,941)
Capital activity		
Acquisition of tangible capital assets	(14,225)	(64,049)
Financing activity		
Capital lease repayments	(9,243)	(10,244)
Net cash outflow	(354,934)	(878,234)
Cash and cash equivalents, beginning of year	1,758,210	2,636,444
Cash and cash equivalents, end of year	1,403,276	1,758,210
Cash and cash equivalents consist of		
Cash	50,961	5,984
Cash equivalents	1,352,315	1,752,226
	1,403,276	1,758,210
Supplemental cash flow information		
Acquisition of office equipment through capital lease	23,945	24,058
Disposal of office equipment through capital lease obligation	8,123	8,102

The accompanying notes to the financial statements are an integral part of this financial statement.

Community Social Services Employers' Association of British Columbia

Notes to the financial statements

March 31, 2014

1. Incorporation and nature of operations

The Community Social Services Employers' Association of British Columbia (the "Association") was constituted on January 13, 1994 under the Society Act of British Columbia, to coordinate and provide human resource planning and development and labour relations management services to its members. The Association is a non-taxable entity as defined by the Income Tax Act.

2. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of British Columbia that requires the accounting policies and practices of government organizations to conform to generally accepted accounting principles for senior governments in Canada, as modified by any alternative standard or guideline that is made by the Treasury Board. The Canadian Public Sector Accounting Standards ("PSAS") are the generally accepted accounting principles for senior governments in Canada.

In November 2011, a Treasury Board regulation was issued that required tax-payer supported organizations to adopt the accounting policies for capital contributions and other restricted contributions described in Note 2 (b). The accounting policies under PSAS require that government transfers with stipulations be recognized as revenue in the period the transfer is authorized and all eligibility criteria have been met, except when and to the extent that the transfer gives rise to an obligation that meets the definition of a liability. Any such liability is reduced, and an equivalent amount of revenue is recognized, as the liability is settled. In relation to the Association's financial statements as at March 31, 2014 and March 31, 2013, and for the years ended March 31, 2014 and March 31, 2013, there were no differences between the basis of accounting described above and PSAS as the Association did not receive capital contributions.

(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. 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 liabilities are settled.

Government transfers received for the purpose of developing or acquiring a depreciable tangible capital asset, or in the form of a depreciable tangible capital asset, are deferred and recognized as revenue at the same rate as the amortization, and any impairment, of the tangible capital asset.

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.

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 the financial statements

March 31, 2014

2. Significant accounting policies (continued)

(c) Accumulated surplus

Various funds are included in the accumulated surplus. These funds are not presented separately in the statement of operations or on the statement of financial position but are presented on a consolidated 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 Schedules 2 and 3. The Association provides human resources and labour relations services to public sector social services agencies. 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 Resource 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) The General services includes the costs of providing the governance and administrative operations of the Association. Revenue for these services are provided by provincial government funding.

(iii) Research and Knowledge Management service provides 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.

(v) Bargaining includes all functions related to the bargaining of sectoral collective agreements, interpretation, settlement and costing for the social service sector. Revenue is provided by the provincial government and costs are allocated based on direct expenses of providing bargaining services including wages and benefits, consulting, travel, meeting and miscellaneous expenses.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and term deposits with an original maturity of ninety days or less, recorded at cost, and with an interest rate of 1.50% per annum.

Community Social Services Employers' Association of British Columbia

Notes to the financial statements

March 31, 2014

2. Significant accounting policies (continued)

(f) *Tangible capital assets including capital leases*

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:

Leased office equipment	5 years straight line
Furniture and fixtures	20% declining balance method
Computer and communication equipment	3 years straight-line
Leasehold improvements	Over the 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.

(g) *Tenant inducements*

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

(h) *Financial instruments*

Derivatives and equity instruments quoted in an active market are measured at fair value. The Association does not have these instruments. All other financial assets and financial liabilities, except for obligations under capital lease, are measured at cost. Obligations under capital lease are measured at amortized cost.

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.

(i) *Use of estimates*

The preparation of financial statements in conformity section 23.1 of the Budget Transparency and Accountability Act of British Columbia 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. Significant estimates used in the preparation of these financial statements include the useful lives of tangible capital assets and the determination of accrued liabilities. Actual results could differ from those estimates.

Community Social Services Employers' Association of British Columbia

Notes to the financial statements

March 31, 2014

3. Obligations under capital leases

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

	\$
2015	10,897
2016	10,897
2017	10,897
2018	5,434
2019	1,359
	<u>39,484</u>
Less: Amount representing interest at 5.5% per annum	(4,001)
	<u>35,483</u>

Under the terms of the lease, the Association is responsible for additional per copy maintenance fees.

4. Tangible capital assets (Schedule 1)

	2014	2013
	Net book value	Net book value
	\$	\$
Leased office equipment	31,137	28,073
Furniture and fixtures	20,898	25,768
Computer and communication equipment	26,100	27,534
Leasehold improvements	19,983	33,526
	<u>98,118</u>	<u>114,901</u>

5. Commitments

(a) The Association has a \$100,000 line of credit bearing interest at prime plus 3%. As at March 31, 2014, \$Nil was outstanding on the line of credit (2013 - \$Nil).

(b) The Association entered into a lease expiring September 30, 2015 and an extension expiring October 01, 2020. The base rental commitments are as follows:

	\$
2014	91,695
2015	128,373
2016	165,051
2017	165,051
2018	169,636
2019	174,221
2020	87,110
	<u>981,137</u>

Community Social Services Employers' Association of British Columbia

Notes to the financial statements

March 31, 2014

6. Expenses by object

	2014	2013
	\$	\$
Salaries and benefits	2,053,868	2,080,671
Consulting	252,271	339,984
Occupancy	220,825	211,028
Travel and training	149,740	233,761
Directors and committees	102,878	82,107
Legal, accounting and other professional services	88,228	221,881
Amortization	46,830	32,811
Office supplies	38,876	32,503
Telephone and facsimile	36,842	45,820
Non-recoverable GST	21,968	66,507
Photocopy and printing	21,439	16,239
Equipment	14,665	22,749
Delivery	3,257	4,270
Member education	833	6,378
	3,052,520	3,396,709

7. Accumulated surplus

	2014	2013
	\$	\$
Unrestricted accumulated surplus	907,820	927,744
Capital assets fund	343,391	360,174
Bargaining fund	91,614	220,602
	1,342,825	1,508,520

8. Pension plan

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusteesd 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. The Plan has about 178,000 active members and approximately 71,000 retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan. The most recent valuation as at December 31, 2012 indicated an unfunded liability of \$1.370 million. In the event of an unfunded liability, the Board of Trustees is required to address it through contribution adjustments shared equally by the Plan members and employers. The next valuation will be as of December 31, 2015. The Association paid \$139,134 for employers' contributions to the Plan in fiscal 2014 (2013 - \$141,839).

Community Social Services Employers' Association of British Columbia

Notes to the financial statements

March 31, 2014

9. Financial instruments and financial risk

(a) Fair values

The Association's financial instruments include cash, cash equivalents, accounts receivable, and accounts payable. The fair values of these financial instruments, other than the obligation under capital lease, approximate their carrying values due to their short-term nature.

(b) Credit risk

The Association has limited exposure to credit risk associated with its cash, cash equivalents and accounts receivable. The Association is not exposed to significant credit risk as the receivables are due from governments. Cash is held with a Canadian credit union. The Association's maximum exposure to credit risk is \$1,515,904 (2013 - \$1,869,707).

(c) Interest rate risk

The Association is not exposed to significant interest rate risk due to the short-term maturity of its financial assets and liabilities.

(d) 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 - Schedule 1

Schedule of tangible capital assets
as at March 31, 2014

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
As at April 1, 2013	49,078	170,864	39,202	196,576	455,720
Additions	23,945	-	14,225	-	38,170
Disposals	(25,020)	-	-	-	(25,020)
	48,003	170,864	53,427	196,576	468,870
Accumulated amortization					
As at April 1, 2013	21,005	145,096	11,668	163,050	340,819
Additions	12,758	4,870	15,659	13,543	46,830
Disposals	(16,897)	-	-	-	(16,897)
	16,866	149,966	27,327	176,593	370,752
Net book value, March 31, 2014	31,137	20,898	26,100	19,983	98,118

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
As at April 1, 2012	39,552	147,931	7,211	189,659	384,353
Additions	24,058	22,933	34,199	6,917	88,107
Disposals	(14,532)	-	(2,208)	-	(16,740)
	49,078	170,864	39,202	196,576	455,720
Accumulated amortization					
As at April 1, 2012	17,937	142,791	3,875	152,043	316,646
Additions	9,498	2,305	10,001	11,007	32,811
Disposals	(6,430)	-	(2,208)	-	(8,638)
	21,005	145,096	11,668	163,050	340,819
Net book value, March 31, 2013	28,073	25,768	27,534	33,526	114,901

Community Social Services Employers' Association of British Columbia - Schedule 2

Schedule of segment disclosure
year ended March 31, 2014

	Human Resource and Labour Relations Services	General	Research and Knowledge Management	Membership	Bargaining	2014
	\$	\$	\$	\$	\$	\$
Revenues						
Provincial Operating Grant	-	2,469,255	-	-	-	2,469,255
Fees	310,058	-	-	79,893	-	389,951
Interest	-	27,619	-	-	-	27,619
	310,058	2,496,874	-	79,893	-	2,886,825
Expenses						
Salaries and benefits	1,126,683	485,670	310,434	97,918	33,163	2,053,868
Consulting	26,926	30,573	141,975	9,526	43,271	252,271
Occupancy	-	220,825	-	-	-	220,825
Travel and training	89,048	26,498	4,112	15,172	14,910	149,740
Directors and committees	1,702	24,180	2,429	46,557	28,010	102,878
Legal, accounting and other professional services	40,187	22,154	12,900	8,253	4,734	88,228
Amortization	-	46,830	-	-	-	46,830
Office supplies	18,103	14,242	4,786	1,333	412	38,876
Telephone and facsimile	-	1,753	34,076	-	1,013	36,842
Non-recoverable HST	3,305	9,111	5,409	2,120	2,023	21,968
Photocopy and printing	219	15,491	-	5,617	112	21,439
Equipment	-	117	7,537	5,745	1,266	14,665
Delivery	36	3,106	41	-	74	3,257
Member education	-	-	-	833	-	833
	1,306,209	900,550	523,699	193,074	128,988	3,052,520
(Deficiency) surplus for the year	(996,151)	1,596,324	(523,699)	(113,181)	(128,988)	(165,695)
Accumulated surplus, beginning of year						1,508,520
Accumulated surplus, end of year						1,342,825

Community Social Services Employers' Association of British Columbia - Schedule 3

Schedule of segment disclosure
year ended March 31, 2013

	Human Resource and Labour Relations Services	General	Research and Knowledge Management	Membership	Bargaining	2013
	\$	\$	\$	\$	\$	\$
Revenues						
Provincial Operating Grant	-	2,473,447	-	-	-	2,473,447
Fees	126,468	-	-	109,263	-	235,731
Sales	-	-	-	250	-	250
Interest	-	38,905	-	-	-	38,905
	126,468	2,512,352	-	109,513	-	2,748,333
Expenses						
Salaries and benefits	962,003	756,325	276,201	21,133	65,008	2,080,671
Consulting	2,034	71,738	141,341	34,790	90,081	339,984
Occupancy	-	211,028	-	-	-	211,028
Travel and training	102,217	32,204	4,761	1,046	93,533	233,761
Directors and committees	2,519	21,614	1,762	55,320	892	82,107
Legal, accounting and other professional services	48,040	17,065	56,247	8,088	92,440	221,881
Amortization	-	32,811	-	-	-	32,811
Office supplies	11,508	14,723	5,387	721	165	32,503
Telephone and facsimile	9,639	33,017	3,164	-	-	45,820
Non-recoverable HST	9,807	25,862	13,555	6,399	10,885	66,507
Photocopy and printing	354	10,089	883	4,574	340	16,239
Equipment	-	8,238	6,486	7,106	918	22,749
Delivery	-	3,922	-	-	348	4,270
Member education	-	-	-	6,378	-	6,378
	1,148,120	1,238,636	509,787	145,555	354,611	3,396,709
(Deficiency) surplus for the year	(1,021,652)	1,273,716	(509,787)	(36,042)	(354,611)	(648,376)
Accumulated surplus, beginning of year						2,156,896
Accumulated surplus, end of year						1,508,520