
POST-SECONDARY EMPLOYERS' ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

MARCH 31, 2014



Post-Secondary Employers' Association
705 – 5945 Kathleen Avenue
Burnaby, BC V5H 4J7

MANAGEMENT'S REPORT

Management's Responsibility for the Financial Statements

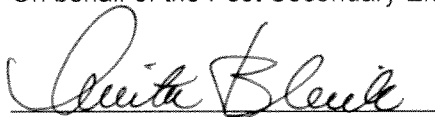
These financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies is 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 quarterly 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 3, 2014

Name:

Title:

Date:



INDEPENDENT AUDITORS' REPORT

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, 2014, and the statements of operations, changes in net financial assets, and cash flows for the year ended March 31, 2014 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.



INDEPENDENT AUDITORS' REPORT

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, 2014, and its financial performance and its cash flows for the year ended March 31, 2014, 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(a) to these financial statements.

Manning Elliott LLP

Chartered Accountants

Vancouver, British Columbia

June 3, 2014

POST-SECONDARY EMPLOYERS' ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2014

	Budget 2014 (Note 9)	2014	2013
REVENUES			
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	15,000	22,281	18,885
Bargaining fees and cost recoveries (Note 4)	<u>155,000</u>	<u>155,000</u>	<u>234,653</u>
	<u>1,577,852</u>	<u>1,585,133</u>	<u>1,661,390</u>
EXPENSES (Note 8)			
Collective bargaining	840,725	689,152	761,858
Operating	519,094	449,335	475,815
Human resources database	207,033	181,934	221,409
Research compensation	<u>-</u>	<u>-</u>	<u>13,929</u>
	<u>1,566,852</u>	<u>1,320,421</u>	<u>1,473,011</u>
ANNUAL SURPLUS	11,000	264,712	188,379
ACCUMULATED SURPLUS, beginning of year	<u>1,663,367</u>	<u>1,663,367</u>	<u>1,474,988</u>
ACCUMULATED SURPLUS, end of year	<u>\$ 1,674,367</u>	<u>\$ 1,928,079</u>	<u>\$ 1,663,367</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 YEAR ENDED MARCH 31, 2014

	Budget 2014 (Note 9)	2014	2013
ANNUAL SURPLUS	\$ 11,000	\$ 264,712	\$ 188,379
TANGIBLE CAPITAL ASSETS			
Acquisition of tangible capital assets	(11,000)	(28,664)	(106,600)
Amortization of tangible capital assets	39,000	44,778	29,135
Loss on disposal of tangible capital assets	-	-	1,049
	28,000	16,114	(76,416)
OTHER NON-FINANCIAL ASSET			
Acquisition of prepaid expenses and deposits	-	(59,078)	-
Use of prepaid expenses and deposits	-	33,574	7,250
	-	(25,504)	7,250
INCREASE IN NET FINANCIAL ASSETS	39,000	255,322	119,213
NET FINANCIAL ASSETS, beginning of year	<u>1,518,853</u>	<u>1,518,853</u>	<u>1,399,640</u>
NET FINANCIAL ASSETS, end of year	<u>\$ 1,557,853</u>	<u>\$ 1,774,175</u>	<u>\$ 1,518,853</u>

The accompanying notes are an integral part of these financial statements



POST-SECONDARY EMPLOYERS' ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
CASH PROVIDED BY (USED FOR):		
OPERATING TRANSACTIONS		
Annual surplus	\$ 264,712	\$ 188,379
Non-cash items:		
Amortization	44,778	29,135
Loss on disposal of tangible capital assets	-	1,049
Change in:		
Accounts receivable	57,797	(29,511)
Prepaid expenses and deposits	(25,504)	7,250
Accounts payable and accrued liabilities	(36,022)	63,998
Deferred bargaining fees	(155,000)	155,000
Lease inducement	(6,000)	29,750
	<u>144,761</u>	<u>445,050</u>
INVESTING TRANSACTIONS		
Purchase of portfolio investments, net	<u>(97,021)</u>	<u>(418,577)</u>
CAPITAL TRANSACTIONS		
Purchase of tangible capital assets	<u>(28,664)</u>	<u>(106,600)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	19,076	(80,127)
CASH AT BEGINNING OF YEAR	<u>171,743</u>	<u>251,870</u>
CASH AT END OF YEAR	<u>\$ 190,819</u>	<u>\$ 171,743</u>

The accompanying notes are an integral part of these financial statements



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have, in management's opinion been prepared within reasonable limits of materiality using the significant accounting policies noted below:

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 Chartered Professional Accountants of Canada ("CPA Canada") Public Sector Accounting ("PSA") Handbook or the standards in the CPA Canada PSA Handbook without Sections PSA 4200 to PSA 4270. As directed by the provincial government, the Association adheres to the standards in the CPA Canada PSA Handbook without Sections PSA 4200 to PSA 4270.

b) Financial instruments

The Association's financial instruments include cash, which consists of cash on deposit, portfolio investments, which are comprised of high interest savings accounts, accounts receivable and accounts payable. As a result, all of 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. Given the composition and measurement policy for portfolio investments, a write-down of portfolio investments to reflect a loss in value is not reversed for a subsequent increase in value.

c) Lease inducements

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



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) 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 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	5 years
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.

e) Funds and reserves

As disclosed in Note 6, 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.

f) 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.



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) 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).

h) 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.

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 and deferred bargaining fees.



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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(b).

	March 31 2014	March 31 2013
High interest savings accounts	<u>\$ 1,746,882</u>	<u>\$ 1,649,861</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.

4. DEFERRED BARGAINING FEES

Deferred bargaining fees consist of receipts from members for services that had not been provided as of March 31, 2014. The amounts recognized as revenue during the year are as follows:

March 31 2013	Receipts during year	Transferred to revenue	March 31 2014
<u>\$ 155,000</u>	-	155,000	<u>\$ -</u>



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

5. TANGIBLE CAPITAL ASSETS

	Leasehold improvements	Computers	Equipment	Website	2014 Total
Cost					
Opening Balance	\$ 60,614	\$ 127,189	\$ 105,298	\$ 117,447	\$ 410,548
Additions	692	21,439	5,959	574	28,664
Disposals	-	(6,028)	(510)	-	(6,538)
Write-downs	-	-	-	-	-
Closing Balance	61,306	142,600	110,747	118,021	432,674
Accumulated Amortization					
Opening Balance	1,004	120,282	82,498	69,750	273,534
Amortization	12,256	4,075	8,244	20,203	44,778
Disposals	-	(6,028)	(510)	-	(6,538)
Write-downs	-	-	-	-	-
Closing Balance	13,260	118,329	90,232	89,953	311,774
Net book value	\$ 48,046	\$ 24,271	\$ 20,515	\$ 28,068	\$ 120,900

	Leasehold improvements	Computers	Equipment	Website	2013 Total
Cost					
Opening Balance	\$ 183,478	\$ 122,427	\$ 85,387	\$ 99,310	\$ 490,602
Additions	60,614	4,762	23,087	18,137	106,600
Disposals	-	-	-	-	-
Write-downs	183,478	-	3,176	-	186,654
Closing Balance	60,614	127,189	105,298	117,447	410,548
Accumulated Amortization					
Opening Balance	179,617	114,737	83,987	51,663	430,004
Amortization	3,816	5,545	1,687	18,087	29,135
Disposals	-	-	-	-	-
Write-downs	182,429	-	3,176	-	185,605
Closing Balance	1,004	120,282	82,498	69,750	273,534
Net book value	\$ 59,610	\$ 6,907	\$ 22,800	\$ 47,697	\$ 137,014



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

6. ACCUMULATED SURPLUS

	March 31 2014	March 31 2013
Invested in capital assets	\$ 120,900	\$ 137,014
Internally restricted	950,000	950,000
Unappropriated	<u>857,179</u>	<u>576,353</u>
	<u>\$ 1,928,079</u>	<u>\$ 1,663,367</u>

7. CONTRACTUAL OBLIGATION

The Association leases its office premises under a long-term lease expiring February 28, 2018 with one five year renewal term. The minimum lease payments and expected operating costs over the next four years are anticipated to be as follows:

2015	\$ 89,481
2016	89,481
2017	89,481
2018	<u>89,481</u>
	<u>\$ 357,924</u>

8. EXPENSE BY OBJECT

	Budget 2014	2014	2013
Amortization	\$ 39,000	\$ 44,778	\$ 29,135
Bargaining	264,000	240,913	275,037
Governance	21,500	9,694	15,424
Infrastructure	4,500	328	4,363
Member services	162,000	64,507	135,543
Organization costs	158,721	104,931	168,228
Professional fees and conferences	71,500	44,736	85,026
Salaries and benefits	<u>845,631</u>	<u>810,534</u>	<u>760,255</u>
	<u>\$ 1,566,852</u>	<u>\$ 1,320,421</u>	<u>\$ 1,473,011</u>



POST-SECONDARY EMPLOYERS' ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2014

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 best 5 years' 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 172,000 active members, of which 9 (2013 – 9) are employees of the Association. At December 31, 2012, the date of the most recent actuarial valuation available, the plan had an unfunded liability of approximately \$810,829,000.

The Association's contribution to the plan during the current year was \$115,337 (2013 - \$100,102).

