

Financial Statements of

**BRITISH COLUMBIA PUBLIC SCHOOL  
EMPLOYERS' ASSOCIATION**

Year ended March 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the British Columbia Public School Employers' Association and  
to the Minister of the Ministry of Education, Province of British Columbia

### Report on the Financial Statements

#### *Opinion*

We have audited the financial statements of the British Columbia Public School Employers' Association (the "Association"), which comprise:

- the statement of financial position as at March 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2019 of the Association are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

#### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



### ***Emphasis of Matter – Financial Reporting Framework***

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between that financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Report on Other Legal and Regulatory Requirements**

As required by Section 117(1)(b) of the Societies Act (British Columbia), we are required to state:

- whether, in our opinion, these financial statements fairly reflect, in all material respects, for the period under review, the financial position of the Association and the results of its operations. In accordance with Canadian generally accepted auditing standards, because the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia are not considered a fair presentation financial reporting framework, our opinion stated above cannot contain this statement.
- whether, in our opinion, these financial statements are prepared in accordance with generally accepted accounting principles. These financial statements were prepared in accordance the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia. Note 2(a) to the financial statements describes the significant differences between such basis of accounting and Canadian public sector accounting standards. As a result, our opinion stated above refers to the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and not to generally accepted accounting principles.



- whether these financial statements are prepared on a basis consistent with the basis on which the financial statements that related to the preceding period were prepared. We report that, in our opinion, the accounting policies applied in preparing financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia have been applied on a basis consistent with that of the preceding period.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
May 15, 2019

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Financial Position

March 31, 2019, with comparative information for 2018

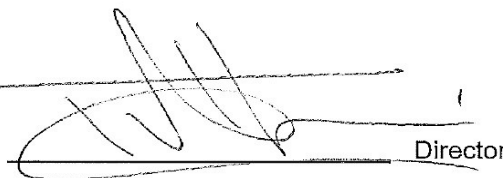
	2019	2018
Financial assets:		
Cash	\$ 2,809,153	\$ 3,747,135
Restricted cash (note 3)	3,685,677	3,290,709
Accounts receivable	1,126,872	450,017
	<u>7,621,702</u>	<u>7,487,861</u>
Liabilities:		
Accounts payable and accrued liabilities (note 4)	560,309	795,118
Rural and remote workforce sustainability fund (note 5)	-	899,386
Deferred revenue	122,571	125,066
Capital lease obligations (note 6)	2,107	10,216
Deferred capital contributions (note 7)	101,207	109,303
Deferred contributions (note 8)	4,916,564	3,870,166
Deferred lease inducement	328,510	351,975
	<u>6,031,268</u>	<u>6,161,230</u>
Net financial assets	1,590,434	1,326,631
Non-financial assets:		
Tangible capital assets (note 9)	1,231,166	1,334,665
Prepaid expenses	97,817	122,139
Prepaid lease	80,437	86,183
	<u>1,409,420</u>	<u>1,542,987</u>
Commitments and contingencies (note 10)		
Accumulated surplus	<u>\$ 2,999,854</u>	<u>\$ 2,869,618</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Operations

Year ended March 31, 2019, with comparative information for 2018

	Budget 2019 (note 14)	2019	2018
<b>Revenue:</b>			
Provincial government funding	\$ 3,091,680	\$ 3,254,503	\$ 3,096,303
Restricted contribution revenue:			
Labour relations	100,000	124,960	222,940
Sustainable work force and data project	333,411	269,867	259,279
Bargaining	-	141,921	-
Employment practices liability program	295,322	2,451,872	260,171
Attendance support and wellness	264,422	192,152	156,706
Rural and remote workforce recruitment	544,285	182,203	424,231
Labour market partnership	-	51,688	129,919
Labour market study grant	28,660	43,349	36,651
British Columbia passport program	-	15,375	15,375
Teacher recruitment plan	-	41,950	-
BC School Superintendents Association project	-	64,052	-
Programs and events	537,510	703,291	711,746
Interest income	68,200	78,515	77,886
	5,263,490	7,615,698	5,391,207
<b>Expenses (note 12):</b>			
Member services	399,150	345,397	465,174
General and administrative	2,633,208	2,794,496	3,141,015
Sustainable work force and data project	333,411	269,867	259,279
Bargaining	75,500	141,921	19,515
Employment practices liability program	295,322	2,451,872	260,171
Attendance support and wellness	264,422	192,152	156,706
Rural and remote workforce recruitment	544,285	182,203	424,231
Labour market partnership	-	51,688	129,919
Labour market study grant	28,660	43,349	36,651
British Columbia passport program	-	15,375	15,375
Teacher recruitment plan	-	41,950	-
BC School Superintendents Association project	-	64,052	-
Professional development programs	143,200	245,948	162,815
Make a future	343,832	422,644	343,962
Governance expenses	202,500	222,548	118,374
	5,263,490	7,485,462	5,533,187
Annual surplus (deficit)	-	130,236	(141,980)
Accumulated surplus, beginning of year	2,869,618	2,869,618	3,011,598
Accumulated surplus, end of year	\$ 2,869,618	\$ 2,999,854	\$ 2,869,618

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Changes in Net Financial Assets

Year ended March 31, 2019, with comparative information for 2018

	Budget 2019 (note 14)	2019	2018
Annual surplus (deficit)	\$ -	\$ 130,236	\$ (141,980)
Acquisition of tangible capital assets	(33,000)	(87,781)	(798,365)
Amortization of tangible capital assets	111,716	190,969	131,027
Loss on disposal of tangible capital assets	1,000	311	23,673
Proceeds on sale of tangible capital assets	-	-	2,500
Acquisition of prepaid expenses	-	(89,930)	(121,674)
Use of prepaid expenses	-	114,252	144,588
Acquisition of prepaid lease	-	-	(86,183)
Use of prepaid lease	-	5,746	-
Increase (decrease) in net financial assets for the year	79,716	263,803	(846,414)
Net financial assets, beginning of year	1,326,631	1,326,631	2,173,045
Net financial assets, end of year	\$ 1,406,347	\$ 1,590,434	\$ 1,326,631

See accompanying notes to financial statements.



# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating transactions:		
Annual surplus (deficit)	\$ 130,236	\$ (141,980)
Items not involving cash:		
Amortization of tangible capital assets	190,969	131,027
Amortization of deferred capital contributions	(8,096)	(8,097)
Loss on disposal of tangible capital assets	311	23,673
	313,420	4,623
Changes in non-cash items:		
Accounts receivable	(676,855)	(326,581)
Prepaid expenses	24,322	22,914
Prepaid lease	5,746	(86,183)
Accounts payable and accrued liabilities	(234,809)	483,553
Rural and remote workforce sustainability fund	(899,386)	899,386
Deferred revenue	(2,495)	(13,235)
Deferred contributions	1,046,398	2,564,246
Deferred lease inducement	(23,465)	351,975
	(447,124)	3,900,698
Capital transactions:		
Acquisition of tangible capital assets	(87,781)	(798,365)
Proceeds on sale of tangible capital assets	-	2,500
	(87,781)	(795,865)
Financing transactions:		
Payment of capital lease obligation	(8,109)	(7,628)
Increase (decrease) in cash	(543,014)	3,097,205
Cash, beginning of year	7,037,844	3,940,639
Cash, end of year	\$ 6,494,830	\$ 7,037,844
Cash consists of:		
Cash	\$ 2,809,153	\$ 3,747,135
Restricted cash (note 3)	3,685,677	3,290,709
	\$ 6,494,830	\$ 7,037,844

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2019

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## 1. Nature of business and basis of presentation:

The British Columbia Public School Employers' Association (the "Association") is incorporated under the Societies Act (British Columbia), and is exempt from income taxes under Section 149 of the Income Tax Act. The Association is controlled by the Province of British Columbia and is considered an other government organization under Canadian public sector accounting standards.

The primary objective of the Association is to develop and maintain human resource practices that maximize the benefits for students in British Columbia's public education system through effective use of resources and fair terms of employment.

Funding is provided by the Province of British Columbia and the Association is dependent on funding from this source.

## 2. Significant accounting policies:

The Association's significant accounting policies are as follows:

### (a) Basis of accounting:

These financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia supplemented by Regulations 257/2010 and 198/2011 issued by the Province of British Columbia Treasury Board, referred to as the financial reporting framework (the "framework").

The *Budget Transparency and Accountability Act* requires that the financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 257/2010 requires all tax-payer supported organizations in the Schools, Universities, Colleges, and Hospitals sectors to adopt Canadian public sector accounting standards ("PSAS") issued by the Canadian Public Sector Accounting Board ("PSAB") without any PS 4200 series.

Regulation 198/2011 requires that contributions for the purpose of acquiring or developing a depreciable tangible capital asset or contributions in the form of a depreciable tangible capital asset, in each case for use in providing services, are recorded and, referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services. If the depreciable tangible capital asset funded by a deferred contribution is written down, a proportionate share of the deferred capital contribution is recognized as revenue during the same period.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 2. Significant accounting policies (continued):

### (a) Basis of accounting (continued):

For British Columbia tax-payer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of PSAS which require that government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with PS 3410, Government Transfers.

As a result, revenue recognized in the statement of operations and certain related deferred capital contributions would be recorded differently under PSAS.

### (b) Revenue recognition:

Government transfers for operating purposes are recognized as revenue 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 or are restricted for the purpose of depreciable capital assets. Transfers are initially recorded as deferred contributions 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 is unrestricted and is recognized as revenue when earned.

Contributions restricted for the purpose of depreciable capital assets are deferred and amortized to revenue at a rate corresponding with the amortization rate for the related tangible capital assets.

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost and amortized on a straight-line basis as follows:

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	Rate
Computer hardware	4 years
HR software system and attendance support	15 years
Other computer software	1 year
Furniture and fixtures	7 years
Office equipment	5 years
Office equipment under capital lease	Term of the lease
Leasehold improvements	Term of the lease

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# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 2. Significant accounting policies (continued):

### (c) Tangible capital assets (continued):

Contributed tangible capital assets are recorded at their fair value at the date of contribution and recorded as revenue. 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.

Leases that transfer substantially all benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are expensed as incurred.

### (d) Employee future benefits:

The Association and its employees participate in the Municipal Pension Plan ("MPP") and the Teachers' Pension Plan ("TPP"). The MPP and TPP are multi-employer contributory defined benefit pension plan. Contributions to the plan are expensed as incurred.

Employees are entitled to vacation which is accrued and expensed as service is provided.

### (e) Lease inducements:

Lease inducements are amortized on a straight-line basis over the term of the lease agreement for the office premises.

### (f) Use of estimates:

The preparation of financial statements in accordance with the accounting framework described in note 2(a) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and revenue and expenses during the year. The actual outcome could differ from the estimates made in the preparation of the financial statements. Areas requiring significant management estimates include contingencies and the useful lives of tangible capital assets for the purposes of amortization of capital assets and deferred capital contributions.

### (g) Financial instruments:

The Association's financial instruments consist of cash, restricted cash, accounts receivable, and accounts payable and accrued liabilities. Cash is recorded at fair value and all other financial instruments are measured initially at fair value and subsequently at cost or amortized cost. Due to the short-term nature of these instruments, their fair values approximate book value.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

### 3. Restricted cash:

	2019	2018
Employment practices liability program funds	\$ 3,606,364	\$ 2,391,323
Rural and remote workforce sustainability funds (note 5)	79,313	899,386
	<u>\$ 3,685,677</u>	<u>\$ 3,290,709</u>

### 4. Accounts payable and accrued liabilities:

	2019	2018
Trade accounts payable and accruals	\$ 418,146	\$ 676,809
Vacation accruals	142,163	118,309
	<u>\$ 560,309</u>	<u>\$ 795,118</u>

### 5. Rural and remote workforce sustainability fund:

In the prior year, the Association received \$1,500,000 for the rural and remote workforce sustainability fund. The Association is responsible for administering and distributing the funds to schools that meet the eligibility criteria as set by the Ministry of Education. At April 1, 2018, there was a balance of \$899,386 in the fund. During the year ended March 31, 2019, the Association made eligible distributions of \$713,639 to various school boards. These amounts are not recognized as revenue as the Association is only responsible for administering payments.

The remaining balance of \$185,747 was transferred into the rural and remote workforce recruitment deferred contribution fund (note 8), with approval from the Ministry of Education. The unspent balance at March 31, 2019 has been recorded as restricted cash and deferred contributions.

### 6. Capital lease obligations:

In May 2015, the Association entered into a capital lease to acquire office equipment. This lease expires in June 2019.

Future minimum payments for the year ended March 31 are as follows:

2020	\$	2,128
Amount representing interest at 6.1% per annum		(21)
<u>Present value of capital lease payments</u>	<u>\$</u>	<u>2,107</u>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 7. Deferred capital contributions:

Deferred capital contributions represent the unamortized amount of funds received for the purchase of tangible capital assets.

	2019	2018
Balance, beginning of year	\$ 109,303	\$ 117,400
Amortization during the year	(8,096)	(8,097)
Balance, end of year	\$ 101,207	\$ 109,303

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 8. Deferred contributions:

	Balance, beginning of year	Grants and contributions received	Investment Income	Amounts recognized as revenue in the period	Balance, end of year
Labour relations	\$ 187,843	\$ -	\$ -	\$ (124,960)	\$ 62,883
Sustainable work force and data project	380,980	-	-	(269,867)	111,113
Bargaining	-	747,177	-	(141,921)	605,256
Employment practices liability program	2,391,323	3,372,661	46,364	(2,451,872)	3,358,476
Attendance support and wellness	758,890	-	-	(184,054)	574,836
Rural and remote workforce recruitment	75,769	185,747	-	(182,203)	79,313
Labour market partnership	-	51,688	-	(51,688)	-
Labour market study grant	43,349	-	-	(43,349)	-
British Columbia passport program	16,125	-	-	(15,375)	750
Teacher recruitment plan	-	150,000	-	(41,950)	108,050
BC School Superintendents Association project	-	64,052	-	(64,052)	-
Board of director benefits training	13,517	-	-	-	13,517
K-12 bargaining and compensation	2,370	-	-	-	2,370
	<b>\$ 3,870,166</b>	<b>\$ 4,571,325</b>	<b>\$ 46,364</b>	<b>\$ (3,571,291)</b>	<b>\$ 4,916,564</b>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 9. Tangible capital assets:

	Computer hardware	HR software system	HR software attendance support	Other computer software	Furniture and fixtures	Office equipment	Office equipment under capital lease	Leasehold improvements	2019 Total	2018 Total
Cost, beginning of year	\$ 279,117	\$ 956,194	\$ 121,448	\$ 106,172	\$ 198,486	\$ 65,665	\$ 30,277	\$ 566,908	\$ 2,324,267	\$ 1,709,517
Additions	50,319	-	-	13,125	13,174	1,709	-	9,454	87,781	798,365
Disposals	-	-	-	(99,712)	-	(1,080)	-	-	(100,792)	(183,615)
Cost, end of year	329,436	956,194	121,448	19,585	211,660	66,294	30,277	576,362	2,311,256	2,324,267
Accumulated amortization, beginning of year	231,015	560,012	12,145	99,712	16,619	50,303	19,796	-	989,602	1,016,017
Amortization	25,570	63,405	8,097	13,024	29,008	5,057	8,384	38,424	190,969	131,027
Disposals	-	-	-	(99,712)	-	(769)	-	-	(100,481)	(157,442)
Accumulated amortization, end of year	256,585	623,417	20,242	13,024	45,627	54,591	28,180	38,424	1,080,090	989,602
Net carrying amount, end of year	\$ 72,851	\$ 332,777	\$ 101,206	\$ 6,561	\$ 166,033	\$ 11,703	\$ 2,097	\$ 537,938	\$ 1,231,166	\$ 1,334,665



# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 10. Commitments and contingencies:

- (a) The Association is committed to make operating lease payments for office premises as follows:

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2020	\$	227,268
2021		227,268
2022		227,268
2023		227,268
2024		238,098
Thereafter		2,197,028
	\$	3,344,198

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- (b) The Association and its employees contribute to the MPP (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2018, the plan has about 197,279 active members and approximately 95,290 retired members.

The most recent valuation for the MPP as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The next valuation will be as at December 31, 2018, with results available in 2019.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Association paid \$227,223 (2018 - \$215,174) for employer contributions to this plan for the year ended March 31, 2019.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 10. Commitments and contingencies (continued):

- (c) The Association and its employees contribute to the TPP (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2017, the plan has about 46,455 active members and approximately 35,570 retired members.

The most recent valuation for the TPP as at December 31, 2017, indicated a \$1,656 million funding surplus for basic pension benefits on a going concern basis. Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The next valuation will be as at December 31, 2020, with results available in 2021.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

The Association paid \$18,199 (2018 - \$2,673) for employer contributions to this plan for the year ended March 31, 2019.

- (d) The Association has been named as a defendant in a legal action claiming damages in the amount of \$25,000. No provision for losses has been reflected in the accounts of the Association as the outcome is not determinable at this time.

## 11. Trust funds:

The Association is holding funds in trust for the Support Staff Education and Adjustment Committee ("SSEAC"), which is a joint committee between support staff unions and the Association, to support the development and maintenance of a qualified sustainable support staff workforce in K-12 public education. At March 31, 2019, the amount of cash held in trust was \$5,846,464 (2018 - \$4,168,569). This amount is not included in the financial statements of the Association.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

## 12. Expenses by object:

	2019	2018
Advertising expense	\$ 100,310	\$ 84,192
Amortization of tangible capital assets	190,969	131,027
Capital lease interest	400	880
Communications	78,084	69,658
Contracted service	353,768	427,477
Dues and subscriptions	36,294	29,704
Equipment rental	37,374	34,537
Honorariums	100,723	8,003
Legal services	2,298,975	239,840
Loss on disposal of tangible capital assets	311	23,673
Meeting expense	254,098	244,953
Occupancy costs	249,415	824,848
Office supplies	35,756	24,577
Other expense	4,981	3,878
Professional development	34,748	29,042
Salaries and benefits (note 15)	3,085,577	2,823,063
Technical support	354,920	310,547
Training supplies	7,768	13,414
Travel and accommodation	260,991	209,874
	<u>\$ 7,485,462</u>	<u>\$ 5,533,187</u>

## 13. Financial risks:

The Association, through its financial assets and financial liabilities, is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2019.

### (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. There has been no change from 2018.

### (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. There has been no change from 2018.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2019

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## 14. Budget figures:

The budget information reported in the statements of operations and changes in net financial assets was approved by the members of the Association at the Annual General meeting on January 25, 2018.

## 15. Employee and contractor remuneration:

For the fiscal year ended March 31, 2019, the Association paid total remuneration of \$1,528,002 (2018 - \$1,402,645) to the top 10 employees and contractors for services, each of whom received total annual remuneration of \$75,000 or greater.

The Association paid the following amounts of remuneration to each of its directors:

	2019	2018
Director – Chair	\$ 41,125	\$ -
Director – Vice-chair	3,125	-
Director	17,813	-
Director	7,813	-
Director	7,813	-
Director	4,688	-
Director	4,688	-
Director	4,688	-
Director	1,250	-
Director	1,250	-
Director	1,250	-

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## 16. Comparative information:

Certain comparative information in the financial statements has been reclassified to conform to the presentation used in the current year. The changes do not affect prior year annual deficit.