

Financial Statements of

**COMMUNITY SOCIAL SERVICES
EMPLOYERS' ASSOCIATION OF
BRITISH COLUMBIA**

And Independent Auditors' Report thereon

Year ended March 31, 2020



KPMG LLP
PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone (604) 691-3000
Fax (604) 691-3031

INDEPENDENT AUDITORS' REPORT

To the Members of the Community Social Services Employers' Association of British Columbia, and to the Minister of the Ministry of Finance, Province of British Columbia

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Community Social Services Employers' Association of British Columbia (the "Association"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of remeasurement gains and losses 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 and schedule 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 present fairly, in all material respects, the financial position of the Association as at March 31, 2020, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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.



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

Management is responsible for the preparation and fair presentation of the 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.

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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding period.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, slanted font. A horizontal line is drawn underneath the signature.

Chartered Professional Accountants

Vancouver, Canada
June 8, 2020

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2020, with comparative information for 2019

	2020	2019
Financial assets		
Cash (note 7)	\$ 1,209,353	\$ 61,389
Term deposits (note 3)	500,000	750,000
Investments (note 4)	492,178	509,882
Accounts receivable	89,637	60,497
	<u>2,291,168</u>	<u>1,381,768</u>
Liabilities		
Accounts payable and accrued liabilities	584,537	249,112
Deferred revenue (note 6)	32,366	64,369
Deferred contribution (note 7)	641,635	-
Obligations under capital leases (note 8)	32,664	48,070
	<u>1,291,202</u>	<u>361,551</u>
Net financial assets	999,966	1,020,217
Non-financial assets		
Tangible capital assets (note 9)	54,732	96,460
Prepaid expenses	87,786	72,983
	<u>142,518</u>	<u>169,443</u>
Accumulated surplus	<u>\$ 1,142,484</u>	<u>\$ 1,189,660</u>
Accumulated surplus is comprised of:		
Accumulated surplus (note 13)	\$ 1,150,306	\$ 1,179,778
Accumulated remeasurement gains (losses)	(7,822)	9,882
	<u>\$ 1,142,484</u>	<u>\$ 1,189,660</u>


Commitments (note 10)

See accompanying notes and schedule to financial statements.

Approved on behalf of the Board:



Director



Director

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Operations and Accumulated Surplus

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
	(Note 2(i))		
Revenue:			
Provincial government funding	\$ 2,649,255	\$ 2,674,412	\$ 2,623,269
Sector bargaining initiative (note 7)	-	370,365	-
Fees	376,040	401,629	364,080
Investment income, net (note 5)	27,750	25,854	29,289
	3,053,045	3,472,260	3,016,638
Expenses (note 12):			
Human resources and labour relations	1,028,812	990,725	1,031,335
General	1,018,156	1,014,192	995,116
Research and knowledge management	756,470	768,114	701,520
Membership	280,061	248,548	224,170
Bargaining (note 7)	89,840	480,153	191,822
	3,173,339	3,501,732	3,143,963
Annual deficit	(120,294)	(29,472)	(127,325)
Accumulated surplus, beginning of year	1,179,778	1,179,778	1,307,103
Accumulated surplus, end of year	\$ 1,059,484	\$ 1,150,306	\$ 1,179,778

See accompanying notes and schedule to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Remeasurement Gains and Losses

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Accumulated remeasurement gains, beginning of year	\$ 9,882	\$ -
Unrealized gains (losses) generated during the year from: Investments	(17,370)	11,020
Remeasurement gains realized and reclassified to the Statement of Operations and Accumulated Surplus from: Investments	(334)	(1,138)
Net remeasurement gains (losses) for the year	(17,704)	9,882
Accumulated remeasurement gains (losses), end of year	\$ (7,822)	\$ 9,882

See accompanying notes and schedule to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Changes in Net Financial Assets

Year ended March 31, 2020, with comparative information for 2019

	2020 Budget	2020 Actual	2019 Actual
	(Note 2(i))		
Annual deficit	\$ (120,294)	\$ (29,472)	\$ (127,325)
Acquisition of tangible capital assets	-	-	(17,858)
Amortization of tangible capital assets	42,656	41,728	41,221
Acquisition of prepaid expenses	-	(121,708)	(102,366)
Use of prepaid expenses	-	106,905	93,468
	(77,638)	(2,547)	(112,860)
Effect of net remeasurement gains (losses)	-	(17,704)	9,882
Decrease in net financial assets	(77,638)	(20,251)	(102,978)
Net financial assets, beginning of year	1,020,217	1,020,217	1,123,195
Net financial assets, end of year	\$ 942,579	\$ 999,966	\$ 1,020,217

See accompanying notes and schedule to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

Year ended March 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (29,472)	\$ (127,325)
Items not affecting cash:		
Amortization of tangible capital assets	41,728	41,221
	12,256	(86,104)
Changes in non-cash operating working capital:		
Accounts receivable	(29,140)	3,058
Prepaid expenses	(14,803)	(8,898)
Accounts payable and accrued liabilities	335,425	50,402
Deferred revenue	(32,003)	46,520
Deferred contribution	641,635	-
	913,370	4,978
Capital activities:		
Acquisition of tangible capital assets	-	(17,858)
Investing activities:		
Redemption of term deposits	750,000	1,250,000
Purchase of term deposits	(500,000)	(750,000)
Purchase of investments	-	(500,000)
	250,000	-
Financing activities:		
Capital lease repayments	(15,406)	(14,819)
Increase (decrease) in cash	1,147,964	(27,699)
Cash, beginning of year	61,389	89,088
Cash, end of year	\$ 1,209,353	\$ 61,389

See accompanying notes and schedule to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2020

1. Operations:

The Community Social Services Employers' Association of British Columbia (the "Association") was constituted on January 13, 1994, under the Society Act (British Columbia), to coordinate and provide human resources planning and development and labour relations management services to its members. The Association transitioned to the new Societies Act (British Columbia) which became effective November 28, 2016 on December 20, 2016. The Association is exempt from income taxes under Section 149 of the Income Tax Act.

The Association provides human resources and labour relations expertise to over 200 member social service organizations. The Association also provides services to associate organizations with access to its human resources and labour relations services on a fee-for-service basis.

On March 11, 2020 the COVID-19 outbreak was declared as a pandemic by the World Health Organization. The situation has been dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Association are not known at this time.

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been prepared by management in accordance with Canadian public sector accounting standards ("PSAS") established by the Canadian Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

(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. Such transfers are initially recorded as deferred revenue or deferred contributions and recognized as revenue in the statement of operations and accumulated surplus when stipulations are met.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and 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 earned on term deposits is unrestricted and recognized as revenue when earned.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(c) Accumulated surplus:

Accumulated surplus is comprised of various funds. These funds are not presented separately in the statement of operations and accumulated surplus or on the statement of financial position but are presented on a combined 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 Schedule 1. The Association provides human resources and labour relations services to publicly funded social services organizations. 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 Resources 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) **General** services include the costs of undertaking the governance and administrative operations of the Association. Revenue for these services are provided by provincial government funding.

(iii) **Research and Knowledge Management** services provide data and statistical analysis for the Community Social Services Sector and reports on trends and issues within the 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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(d) Segments (continued):

- (v) **Bargaining** services include all functions related to the bargaining of sectoral collective agreements, interpretation, settlement and costing for the social services sector. Costs are allocated based on direct expenses of providing the services including wages and benefits, consulting, travel, meeting and miscellaneous expenses.

(e) Tangible capital assets:

Tangible capital assets, including leased 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 estimated useful life of the asset. The basis and annual rates used to compute amortization are as follows:

Asset	Basis	Rate
Leased office equipment	Straight-line	5 years
Furniture and fixtures	Declining-balance	20%
Computer and communication equipment	Straight-line	3 years
Leasehold improvements	Straight-line	Lesser of the lease term or the useful life

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 assets are less than its net book value, its carrying amount is written down to its residual value. The write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Leases that transfer substantially all benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. The related capital lease obligations are recorded at the present value of the minimum lease payments excluding executory 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.

(f) Financial instruments:

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. 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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

2. Significant accounting policies (continued):

(f) Financial instruments (continued):

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the statement of operations and accumulated surplus and related balances reversed from the statement of remeasurement gains and losses.

The Association's financial instruments are comprised of and measured as follows:

- Investments are elected to be recorded at fair value.
- Term deposits, accounts receivable and accounts payable and accrual liabilities are measured at amortized cost using the effective interest method.

Financial assets measured at amortized cost are tested annually for valuation allowance. Valuation allowances are recorded in the statement of operations and accumulated surplus when collection is in doubt.

(g) Employee future benefits:

The Association and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Contributions to the plan are expensed as incurred.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities for the reporting period. Areas requiring significant management estimates include the allowance for doubtful accounts. Actual results could differ from these estimates.

(i) Budget information:

The budget information reported in the statements of operations and accumulated surplus and changes in net financial assets was approved by the Board of Directors on March 4, 2019.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

3. Term deposits:

Term deposits held as at March 31 represent the following:

Purchase Date	Maturity Date	2020	2019
September 18, 2019	September 18, 2020	\$ 250,000	\$ -
September 18, 2019	September 18, 2020	250,000	-
September 19, 2018	September 19, 2019	-	250,000
September 19, 2018	September 19, 2019	-	250,000
September 19, 2018	September 19, 2019	-	250,000
Total		\$ 500,000	\$ 750,000

The interest rate for the term deposits held as at March 31, 2020 is 2.0% (2019 - 1.7%).

4. Investments:

The table below summarizes the investments held by the Association as at March 31:

	2020	2019
Investments at fair value:		
Fixed income securities	\$ 218,537	\$ 212,554
Canadian equities	260,385	285,202
Cash account	13,256	12,126
Total	\$ 492,178	\$ 509,882

Fixed income securities consist of bonds maturing between calendar year 2021 and 2027 (2019 – 2020 and 2027), at rates varying between 1.55% and 3.75% (2019 – 1.25% and 3.752%).

The financial instruments measured at fair value are classified according to a hierarchy which includes three levels, reflecting the reliability of the inputs involved in the fair value determination. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Association's investments are all considered to be Level 1 financial instruments for which the fair value is determined based on quoted prices in active markets. Changes in fair valuation methods or in the availability of market observable inputs may result in a transfer between different levels. During the years ended March 31, 2020 and 2019, there were no significant transfers of securities between the different levels.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

5. Investment income, net:

	2020	2019
Interest	\$ 22,922	\$ 22,312
Dividends	7,964	9,309
Less: investment manager, custodian fees and other	(5,032)	(2,332)
	\$ 25,854	\$ 29,289

6. Deferred revenue:

The composition of and changes in deferred revenue are as follows:

	March 31, 2019	Funds received	Funds receivable	Funds expended	March 31, 2020
WorkSafeBC Cost Reduction Project	\$ -	\$ 82,500	\$ 49,427	\$ 131,927	\$ -
Non-Union Data Collection Initiative	17,285	171,000	-	185,919	2,366
Other	47,084	-	-	17,084	30,000
	\$ 64,369	\$ 253,500	\$ 49,427	\$ 334,930	\$ 32,366

7. Deferred contribution:

In January 2020, the Association entered into an agreement with Community Social Services Bargaining Association ("CSSBA") on the distribution of remaining funds for the Additional Compensation Items from the 2019-2022 Collective Agreement. Pursuant to the agreement, \$1,012,000 was to be provided from the Public Sector Employers' Council Secretariat ("PSEC") through the Association to CSSBA, to fund labour adjustment, education and training costs of \$370,365 effective April 1, 2019, and other training costs of \$641,635 effective April 1, 2020.

The funding of \$1,012,000 was in transit as at March 31, 2020 and was received by the Association on April 1, 2020. During the year ended March 31, 2020, \$370,365 was accrued as bargaining expense, and the same amount from the funding was recognized as sector bargaining initiative revenue. The remaining funding of \$641,635 was recorded as deferred contribution as at March 31, 2020.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

8. Obligations under capital leases:

The equipment leases entered into by the Association expire in 2022. The minimum lease payments required under the agreement for the years ended March 31 are as follows:

2021	\$ 17,057
2022	17,057
	34,114
Less: amount representing interest at 3.9% per annum	1,450
	\$ 32,664

9. Tangible capital assets:

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at March 31, 2019	\$ 77,896	\$ 170,864	\$ 154,715	\$ 206,651	\$ 610,126
Additions	-	-	-	-	-
	77,896	170,864	154,715	206,651	610,126
Accumulated amortization:					
As at March 31, 2019	31,173	164,155	116,607	201,731	513,666
Amortization expense	15,400	1,676	21,840	2,812	41,728
	46,573	165,831	138,447	204,543	555,394
Net book value, March 31, 2020	\$ 31,323	\$ 5,033	\$ 16,268	\$ 2,108	\$ 54,732

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at March 31, 2018	\$ 77,896	\$ 170,864	\$ 136,857	\$ 206,651	\$ 592,268
Additions	-	-	17,858	-	17,858
	77,896	170,864	154,715	206,651	610,126
Accumulated amortization:					
As at March 31, 2018	15,400	162,478	95,648	198,919	472,445
Amortization expense	15,773	1,677	20,959	2,812	41,221
	31,173	164,155	116,607	201,731	513,666
Net book value, March 31, 2019	\$ 46,723	\$ 6,709	\$ 38,108	\$ 4,920	\$ 96,460

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

10. Commitments:

(a) Line of credit:

The Association has a \$250,000 line of credit which bears interest at prime plus 2%. As at March 31, 2020, the line of credit has an interest rate of 4.45% (2019 - 5.45%) and nil (2019 - nil) outstanding balance.

(b) Operating lease:

In December 2019, the Association extended its operating lease related to its office premises. The extended lease expires on September 30, 2025. The base lease payments for the years ended March 31 are as follows:

2021	\$ 217,390
2022	263,817
2023	270,331
2024	276,845
2025	283,359
Thereafter	143,308
	<hr/>
	\$ 1,455,050

11. Related party transactions:

The Association is related through common ownership to all Province of British Columbia ministries, agencies, crown corporations, school districts, health authorities, hospitals societies, universities, and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

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

12. Contractual rights:

On April 1, 2019, the Association entered into a cost sharing agreement with a related party under common control for information technology shared services for a three-year term. The agreement entitles the Association to receive \$19,680 annually, subject to 2% increase each year on April 1, up to March 31, 2022.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

13. Expenses by object:

	2020	2019
Salaries and benefits	\$ 1,894,102	\$ 2,055,246
Sector bargaining initiative (note 7)	370,365	-
Consulting	391,749	244,353
Occupancy	324,921	322,520
Travel and training	74,250	114,166
Directors and committees	94,291	128,317
Legal, accounting and other professional services	75,485	100,057
Amortization	41,728	41,221
Office supplies	54,619	57,127
Telephone and facsimile	31,974	33,424
Non-recoverable GST	18,212	14,591
Employer Health Tax ("EHT")	32,166	-
Photocopy and printing	53,238	12,789
Equipment	34,412	15,698
Delivery	8,620	2,870
Member education	1,600	1,584
	\$ 3,501,732	\$ 3,143,963

14. Accumulated surplus:

	2020	2019
Unrestricted	\$ 1,079,848	\$ 1,073,211
Capital assets fund	22,068	48,390
Bargaining fund	48,390	58,177
	\$ 1,150,306	\$ 1,179,778

15. Pension plan:

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a multi-employer jointly trusted pension plan. The Plan is a defined benefit plan. The board of trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. Basic pension benefits provided are based on a formula. As at December 31, 2018, the Plan has about 205,000 active members and approximately 101,000 retired members.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

15. Pension plan (continued):

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of Plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the Plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the Plan. This rate is then adjusted to the extent there is amortization of any funding deficit.

The most recent valuation for the Plan as at December 31, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be at December 31, 2021, with results available in 2022.

During the year ended March 31, 2020, the Association paid \$145,151 (2019 - \$156,918) for employer contributions to the Plan, and the Association's employees paid \$129,316 (2019 - \$137,818) for employee contributions to the Plan.

16. Employee and contractor remuneration:

For the year ended March 31, 2020, the Association paid total remuneration of \$920,900 (2019 - \$1,101,130) to 10 employees and contractors for services (2019 - 10), each of whom received total annual remuneration of \$75,000 or greater.

There was no remuneration paid to any of the member of the Board of Directors of the Association during the years ended March 31, 2020 and 2019.

17. Financial risk and capital management:

The Association, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks as at March 31, 2020.

(a) Credit risk:

The Association has limited exposure to credit risk associated with its cash, term deposits and accounts receivable. The Association is not exposed to significant credit risk as the majority of receivables are due from governments. Cash and term deposits are held with a Canadian credit union. The Association's maximum exposure to credit risk is limited to the carrying amount of these balances in the financial statements. There have been no changes to the credit risk from the prior year.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they become due. The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Investments are held in highly liquid investments that can be disposed of when required. Accounts payable and accrued liabilities are all due within one year. There have been no changes to the liquidity risk from the prior year.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2020

17. Financial risk and capital management (continued):

(c) Market risk:

The Association recognizes that fair values of an investment will fluctuate as a result of changes in market conditions, whether those changes are caused by factors specific to the individual investment or factors affecting all securities traded in the market: market risk consists of currency risk, interest rate risks, and other price risk. The effect of COVID-19 on market risk of investments is not known at this time (note 1).

(d) Capital management:

The Association requires all earned interest, dividend payments and capital gains on investments to be paid out semi-annually to maintain the original investment amount at par. During the years of negative growth, the earned income and any other gains would be reinvested back into the portfolio with the goal of maintaining the original invested amount.

18. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted in the current period.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Segment Revenue and Expenses

Schedule 1

Year ended March 31, 2020, with comparative information for 2019

	Human Resources and Labour Relations	General	Research and Knowledge Management	Membership	Bargaining	2020 Total	2019 Total
Revenue:							
Provincial government funding	\$ -	\$ 2,485,350	\$ 189,062	\$ -	\$ -	\$ 2,674,412	\$ 2,623,269
Sector bargaining initiative (note 7)	-	-	-	-	370,365	370,365	-
Fees	87,998	702	33,927	279,002	-	401,629	364,080
Investment income, net	-	25,854	-	-	-	25,854	29,289
	87,998	2,511,906	222,989	279,002	370,365	3,472,260	3,016,638
Expenses:							
Salaries and benefits	650,642	538,222	572,377	103,593	29,268	1,894,102	2,055,246
Sector bargaining initiative (note 7)	-	-	-	-	370,365	370,365	-
Consulting	281,440	(3,012)	49,762	47,938	15,621	391,749	244,353
Occupancy	-	324,921	-	-	-	324,921	322,520
Travel and training	27,556	9,615	22,725	6,083	8,271	74,250	114,166
Directors and committees	1,017	15,056	1,728	76,200	290	94,291	128,317
Legal, accounting and other professional services	3,036	14,625	42,011	-	15,813	75,485	100,057
Amortization	-	41,728	-	-	-	41,728	41,221
Office supplies	19,976	15,869	18,025	749	-	54,619	57,127
Telephone and facsimile	-	-	31,974	-	-	31,974	33,424
Non-recoverable GST	7,058	6,992	2,302	287	1,573	18,212	14,591
EHT	-	32,166	-	-	-	32,166	-
Photocopy and printing	-	12,397	2,255	1,414	37,171	53,238	12,789
Equipment	-	1,562	20,578	12,272	-	34,412	15,698
Delivery	-	2,450	4,377	12	1,781	8,620	2,870
Member education	-	1,600	-	-	-	1,600	1,584
	990,725	1,014,191	768,114	248,548	480,153	3,501,732	3,143,963
Surplus (deficiency) for the year	\$ (902,727)	\$ 1,497,714	\$ (545,125)	\$ 30,454	\$ (109,788)	\$ (29,472)	\$ (127,325)