

Financial Statements of

**BRITISH COLUMBIA PUBLIC  
SCHOOL EMPLOYERS'  
ASSOCIATION**

Year ended March 31, 2016



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## INDEPENDENT AUDITORS' REPORT

To the Public Administrator of the British Columbia Public School Employers' Association and the Minister of Education

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the British Columbia Public School Employers' Association, which comprise the statement of financial position as at March 31, 2016, the statements of operations, changes in net financial assets, and cash flows for the year then ended, and notes, comprising 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 the 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 is sufficient and appropriate to provide a basis for our audit opinion.



*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the British Columbia Public School Employers' Association as at March 31, 2016 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.

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

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding period.

*KPMG LLP*

Chartered Professional Accountants

May 10, 2016  
Burnaby, Canada

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

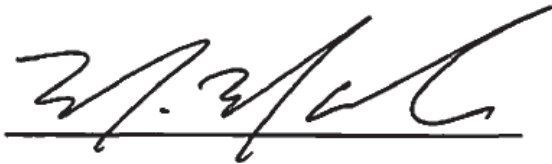
## Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash	\$ 4,334,063	\$ 4,140,249
Accounts receivable	98,253	65,370
	<u>4,432,316</u>	<u>4,205,619</u>
Liabilities:		
Accounts payable and accrued liabilities (note 3)	485,668	171,372
Deferred revenue	148,840	92,704
Capital lease obligations (note 4)	25,021	4,528
Deferred contributions (note 5)	1,659,296	2,280,253
	<u>2,318,825</u>	<u>2,548,857</u>
Net financial assets	2,113,491	1,656,762
Non-financial assets:		
Tangible capital assets (note 6)	649,897	707,197
Prepaid expenses	138,129	102,616
	<u>788,026</u>	<u>809,813</u>
Commitments and contingencies (note 7)		
Accumulated surplus	<u>\$ 2,901,517</u>	<u>\$ 2,466,575</u>

See accompanying notes to financial statements.

Approved by the Public Administrator:



# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Operations

Year ended March 31, 2016, with comparative information for 2015

	Budget 2016 (note 11)	2016	2015
Revenue:			
Provincial government funding	\$ 2,841,680	\$ 2,841,680	\$ 2,841,680
Restricted contribution revenues:			
Bargaining and associated activities	-	-	478,060
Sustainable work force and data project	291,884	255,520	219,886
Support staff collective agreement implementation	-	-	15,738
Labour relations	500,000	325,248	259,932
Employment practices liability program	-	208,168	-
Attendance support and wellness	-	82,021	-
Programs and events	522,650	515,649	523,219
Interest income	39,600	35,911	39,645
	4,195,814	4,264,197	4,378,160
Expenses (note 9):			
Member services	854,500	528,843	984,419
General and administrative	2,436,512	2,263,692	2,329,350
Sustainable work force and data project	291,884	255,520	218,244
Support staff collective agreement implementation	-	-	16,850
Employment practices liability program	-	208,168	-
Attendance support and wellness	-	82,021	-
Professional development programs	138,550	98,275	84,153
Make a future	333,368	327,881	342,963
Governance expenses	141,000	64,855	98,303
	4,195,814	3,829,255	4,074,282
Annual surplus	-	434,942	303,878
Accumulated surplus, beginning of year	2,466,575	2,466,575	2,162,697
Accumulated surplus, end of year	\$ 2,466,575	\$ 2,901,517	\$ 2,466,575

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Changes in Net Financial Assets

Year ended March 31, 2016, with comparative information for 2015

	Budget 2016 (note 11)	2016	2015
Annual surplus	\$ -	\$ 434,942	\$ 303,878
Acquisition of tangible capital assets	(123,000)	(99,660)	(44,850)
Amortization of tangible capital assets	141,000	130,799	124,004
Loss on disposal of tangible capital assets	30,000	26,161	9,206
Acquisition of prepaid expenses	-	(130,434)	(102,616)
Use of prepaid expenses	-	94,921	129,996
Increase in net financial assets for the year	48,000	456,729	419,618
Net financial assets, beginning of year	1,656,762	1,656,762	1,237,144
Net financial assets, end of year	\$ 1,704,762	\$ 2,113,491	\$ 1,656,762

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

## Statement of Cash Flows

Year ended March 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating transactions:		
Annual surplus	\$ 434,942	\$ 303,878
Items not involving cash:		
Amortization of tangible capital assets	130,799	124,004
Loss on disposal of tangible capital assets	26,161	9,206
	591,902	437,088
Change in non-cash items:		
Accounts receivable	(32,883)	58,770
Prepaid expenses	(35,513)	27,379
Accounts payable and accrued liabilities	314,296	(2,424,110)
Deferred contributions	(620,957)	901,384
Deferred revenue	56,136	(11,108)
	272,981	(1,010,597)
Capital transactions:		
Acquisition of tangible capital assets	(69,383)	(44,850)
Financing transactions:		
Payment of capital lease obligation	(9,784)	(17,253)
Increase (decrease) in cash during the year	193,814	(1,072,700)
Cash, beginning of year	4,140,249	5,212,949
Cash, end of year	\$ 4,334,063	\$ 4,140,249
Non-cash capital and financing activity:		
Acquisition of tangible capital assets under capital lease	\$ 30,277	\$ -

See accompanying notes to financial statements.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements

Year ended March 31, 2016

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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 Society 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 are prepared by management in accordance with Canadian Public Sector Accounting Standards established by the Canadian Public Sector Accounting Board.

### (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 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 are recognized as revenue when earned.



# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 2. Significant accounting policies (continued):

### (c) Tangible capital assets:

Tangible capital assets are recorded at cost and amortized as follows:

	Basis	Rate
Computer hardware	Declining balance	30%
HR software system	Straight-line	15 years
Other computer software	Straight-line	1 year
Furniture and fixtures	Declining balance	20%
Office equipment	Declining balance	20%
Office equipment under capital lease	Declining balance	20%
Leasehold improvements	Straight-line	Term of the lease

Contributed tangible capital assets are recorded at their fair value at the date of contribution. 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. The Municipal Pension Plan is a 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) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and revenues 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 vacation accruals, contingencies, and the useful lives of tangible capital assets for amortization.

### (f) Financial instruments:

The Association's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. All of the Association's financial instruments are measured initially at fair value and subsequently at cost or amortized cost.

**BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION**  
Notes to Financial Statements

Year ended March 31, 2016

**3. Accounts payable and accrued liabilities:**

	2016	2015
Trade accounts payable and accruals	\$ 419,657	\$ 86,255
Vacation accruals	66,011	85,117
	<b>\$ 485,668</b>	<b>\$ 171,372</b>

**4. 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:

2017	\$ 8,509
2018	8,509
2019	8,509
2020	2,128
	<b>27,655</b>
Less amount representing interest at 6.1% per annum	(2,634)
Present value of capital lease payments	<b>\$ 25,021</b>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to financial statements (continued)

Year ended March 31, 2016

**5. Deferred contributions:**

	2016						2015		
	Arbitration	Attendance Support	Employment Practices Liability	Board of director benefits training	K-12 bargaining and compensation	Labour market study grant	Sustainable work force and data project	Total	Total
Balance, beginning of year	\$ 498,546	\$ 750,000	\$ 375,000	\$ 13,517	\$ 2,370	\$ 80,000	\$ 560,820	\$ 2,280,253	\$ 1,378,869
Grants and contributions received	250,000	-	-	-	-	-	-	250,000	1,875,000
Amounts recognized as revenue in the period	(325,248)	(82,021)	(208,168)	-	-	-	(255,520)	(870,957)	(973,616)
Balance, end of year	\$ 423,298	\$ 667,979	\$ 166,832	\$ 13,517	\$ 2,370	\$ 80,000	\$ 305,300	\$ 1,659,296	\$ 2,280,253

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 6. Tangible capital assets:

	Computer hardware	HR software system	Other computer software	Furniture and fixtures	Office equipment	Office equipment under capital lease	Leasehold improvements	2016 Total	2015 Total
Cost, beginning of year	\$ 246,589	\$ 933,590	\$ 63,837	\$ 163,827	\$ 63,323	\$ 83,371	\$ 96,305	\$ 1,650,842	\$ 1,638,069
Additions	23,870	22,604	9,324	13,585	-	30,277	-	99,660	44,850
Disposals	(12,349)	-	-	-	-	(83,371)	-	(95,720)	(32,077)
<b>Cost, end of year</b>	<b>258,110</b>	<b>956,194</b>	<b>73,161</b>	<b>177,412</b>	<b>63,323</b>	<b>30,277</b>	<b>96,305</b>	<b>1,654,782</b>	<b>1,650,842</b>
Accumulated amortization, beginning of year	218,323	370,551	63,319	141,843	35,711	57,248	56,650	943,645	842,511
Amortization	12,060	62,651	5,180	5,756	5,522	5,640	33,990	130,799	124,004
Disposals	(9,699)	-	-	-	-	(59,860)	-	(69,559)	(22,870)
<b>Accumulated amortization, end of year</b>	<b>220,684</b>	<b>433,202</b>	<b>68,499</b>	<b>147,599</b>	<b>41,233</b>	<b>3,028</b>	<b>90,640</b>	<b>1,004,885</b>	<b>943,645</b>
<b>Net carrying amount, end of year</b>	<b>\$ 37,426</b>	<b>\$ 522,992</b>	<b>\$ 4,662</b>	<b>\$ 29,813</b>	<b>\$ 22,090</b>	<b>\$ 27,249</b>	<b>\$ 5,665</b>	<b>\$ 649,897</b>	<b>\$ 707,197</b>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 7. Commitments and contingencies:

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

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2017	\$ 418,165
2018	430,694
2019	440,840
2020	450,987
2021	452,832
Thereafter	2,486,295

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(b) The Association and its employees contribute to the Municipal Pension Plan (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, 2014, the plan has about 185,000 active members and approximately 80,000 retired members.

The most recent valuation for the Municipal Pension Plan as at December 31, 2012, indicated a \$1,370 million funding deficit 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, 2015, with results available in 2016.

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 \$178,515 (2015 - \$175,455) for employer contributions to the Plan for the year ended March 31, 2016.

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

## 8. 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, 2016, the amount of cash held in trust was \$2,750,398 (2015 - \$2,969,112). This amount is not included in the financial statements of the Association.

## 9. Expenses by object:

	2016	2015
Advertising expense	\$ 21,584	\$ 8,610
Amortization of tangible capital assets	130,799	124,004
Capital lease interest	1,215	1,218
Communications	39,023	45,974
Contracted service	128,270	284,670
Dues and subscriptions	17,658	16,982
Equipment rental	29,477	30,919
Honorariums	12,028	134,297
Insurance	4,600	4,600
Legal services	355,610	445,640
Loss on disposal of tangible capital assets	26,161	9,207
Marketing expense	2,785	9,902
Meeting expense	88,733	122,376
Occupancy costs	428,973	428,205
Office supplies	18,702	18,963
Other expense	4,493	6,815
Professional development	26,166	13,576
Public relations	7,013	495
Research and reporting	152,644	28,356
Salaries and benefits	2,088,978	1,988,726
Technical support	52,190	57,742
Travel and accommodation	93,966	161,055
Website maintenance	98,187	131,950
	<u>\$ 3,829,255</u>	<u>\$ 4,074,282</u>

# BRITISH COLUMBIA PUBLIC SCHOOL EMPLOYERS' ASSOCIATION

Notes to Financial Statements (continued)

Year ended March 31, 2016

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## 10. Financial instrument risks:

The Association, through its financial assets and liabilities, is exposed to various risks. The following analysis provides an assessment of those risks at March 31, 2016.

(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.

(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.

## 11. 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 30, 2015.