

Financial Statements of

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

Year ended March 31, 2016



KPMG LLP
Metro Tower I
4710 Kingsway, Suite 2400
Burnaby BC V5H 4M2
Canada
Telephone (604) 527-3600
Fax (604) 527-3636

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Community Social Services Employers' Association of British Columbia, which comprise the statement of financial position as at March 31, 2016, the statements of operations and accumulated surplus, 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 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 Community Social Services Employers' Association of British Columbia as at March 31, 2016, and its results of operations, 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 30, 2016
Burnaby, Canada

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

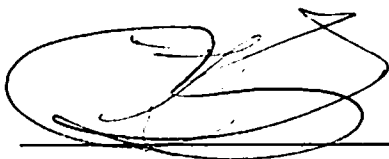
Statement of Financial Position

March 31, 2016, with comparative information for 2015

	2016	2015
Financial assets:		
Cash	\$ 31,658	\$ 86,172
Term deposits (note 3)	1,432,700	1,430,000
Accounts receivable	59,658	66,232
	<u>1,524,016</u>	<u>1,582,404</u>
Liabilities:		
Accounts payable and accrued liabilities	255,395	124,291
Deferred revenue	135,328	188,483
Tenant inducements	-	45,602
Obligations under capital leases (note 4)	33,828	44,604
	<u>424,551</u>	<u>402,980</u>
Net financial assets	1,099,465	1,179,424
Non-financial assets:		
Tangible capital assets (note 5)	65,077	79,808
Prepaid expenses	40,253	55,537
	<u>105,330</u>	<u>135,345</u>
Commitments (note 6)		
Accumulated surplus (Note 8)	<u>\$ 1,204,795</u>	<u>\$ 1,314,769</u>

See accompanying notes 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, 2016, with comparative information for 2015

	2016 Budget (note 2(j))	2016 Actual	2015 Actual
Revenue:			
Provincial government funding	\$ 2,469,255	\$ 2,531,426	\$ 2,477,159
Fees	591,600	379,794	425,415
Interest	33,000	27,976	28,140
	3,093,855	2,939,196	2,930,714
Expenses (recovery) (note 7):			
Human Resources and Labour Relations	1,333,369	1,409,725	1,371,739
General	970,921	868,218	884,751
Research and Knowledge Management	638,079	534,309	539,397
Membership	129,449	218,986	189,628
Bargaining	22,037	17,932	(26,745)
	3,093,855	3,049,170	2,958,770
Annual deficit	-	(109,974)	(28,056)
Accumulated surplus, beginning of year	1,314,769	1,314,769	1,342,825
Accumulated surplus, end of year (note 8)	\$ 1,314,769	\$ 1,204,795	\$ 1,314,769

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Changes in Net Financial Assets

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

	2016 Budget (note 2(j))	2016 Actual	2015 Actual
Annual deficit	\$ -	\$ (109,974)	\$ (28,056)
Acquisition of tangible capital assets	-	(21,092)	(32,140)
Amortization of tangible capital assets	54,588	35,823	50,450
Acquisition of prepaid expenses	-	(65,891)	(74,350)
Use of prepaid expenses	-	81,175	90,403
Increase (decrease) in net financial assets	54,588	(79,959)	6,307
Net financial assets, beginning of year	1,179,424	1,179,424	1,173,117
Net financial assets, end of year	\$ 1,234,012	\$ 1,099,465	\$ 1,179,424

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Statement of Cash Flows

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

	2016	2015
Cash flows provided by (used in):		
Operating activities:		
Annual deficit	\$ (109,974)	\$ (28,056)
Items not affecting cash:		
Tenant inducements	(45,602)	(16,383)
Amortization of tangible capital assets	35,823	50,450
	(119,753)	6,011
Changes in non-cash items:		
Accounts receivable	6,574	46,396
Accounts payable and accrued liabilities	131,104	(113,123)
Deferred revenue	(53,155)	180,578
Prepaid expenses	15,284	16,053
	(19,946)	135,915
Capital activity:		
Acquisition of tangible capital assets	(21,092)	(13,785)
Investing activities		
Purchase of term deposits, net of reinvested maturities	(2,700)	(80,000)
Financing activity:		
Capital lease repayments	(10,776)	(9,234)
Increase (decrease) in cash and cash equivalents	(54,514)	32,896
Cash, beginning of year	86,172	53,276
Cash, end of year	\$ 31,658	\$ 86,172
Supplemental cash flow information:		
Acquisition of office equipment through capital lease	\$ -	\$ 33,363

See accompanying notes to financial statements.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

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 is exempt from income taxes under Section 149 of the Income Tax Act.

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

2. Significant accounting policies:

(a) Basis of accounting:

These financial statements have been 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. Such transfers are initially recorded as deferred revenue and recognized as revenue in the statement of operations 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 is recognized on the accrual basis.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

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 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 our membership and the sector. Expenses include the direct costs of providing the services.

(iv) Membership services include meeting, consulting and training fee revenue and the related direct expenses of providing these services.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

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 useful life of the asset. The 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		Term of the lease

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 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. The related capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g., insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Association's rate for incremental borrowing or the interest rate implicit in the lease.

(f) Tenant inducements:

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

(g) Financial instruments:

Derivatives and equity instruments quoted in an active market are measured at fair value. The Association does not have any such instruments. All other financial assets and financial liabilities are measured at amortized cost.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

2. Significant accounting policies (continued):

(g) Financial instruments (continued):

Financial assets measured at amortized cost are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial instruments measured using amortized cost, the effective interest method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

(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 useful lives of tangible capital assets for amortization purposes. Actual results could differ from these estimates.

(i) 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.

(j) Budget figures:

The budget information reported in the statements of operations and changes in net financial assets was approved by the Board of Directors on March 14, 2015.

3. Term deposits:

Investments represent term deposits as follows:

Purchase Date	Maturity Date	2016	2015
June 16, 2014	June 16, 2015	\$ -	\$ 1,000,000
September 16, 2014	September 16, 2015	-	250,000
December 22, 2014	December 22, 2015	-	180,000
June 15, 2015	June 15, 2016	1,000,000	-
June 16, 2015	June 16, 2016	250,000	-
December 22, 2015	December 22, 2016	182,700	-
Total		\$ 1,432,700	\$ 1,430,000

The interest rate of the term deposits outstanding at March 31, 2016 range from 1.45% to 1.70% (2015 - 1.45% to 1.60%).

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

4. Obligations under capital leases:

The equipment leases entered into by the Association expire in 2019 and 2020. The minimum lease payments required under the agreement are as follows:

2016/17	\$	13,009
2017/18		13,009
2018/19		8,932
2019/20		1,893
		36,843
Less amount representing interest at 5.5% per annum		3,015
	\$	33,828

5. Tangible capital assets :

	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2015	\$ 66,357	\$ 170,864	\$ 67,212	\$ 196,576	\$ 501,009
Additions	-	-	21,092	-	21,092
	66,357	170,864	88,304	196,576	522,101
Accumulated amortization					
As at April 1, 2015	27,932	153,862	47,426	191,981	421,201
Expense	11,485	3,900	15,843	4,595	35,823
	39,417	157,762	63,269	196,576	457,024
Net book value, March 31, 2016	\$ 26,940	\$ 13,102	\$ 25,035	\$ -	\$ 65,077
	Leased office equipment	Furniture and fixtures	Computer and communication equipment	Leasehold improvements	Total
Cost:					
As at April 1, 2014	\$ 56,939	\$ 170,864	\$ 53,427	\$ 196,576	\$ 477,806
Additions	33,363	-	13,785	-	47,148
Disposals	(23,945)	-	-	-	(23,945)
	66,357	170,864	67,212	196,576	501,009
Accumulated amortization:					
As at April 1, 2014	25,802	146,966	27,327	176,593	379,688
Expense	11,067	3,896	20,099	15,388	50,450
Disposals	(8,937)	-	-	-	(8,937)
	27,932	153,862	47,426	191,981	421,201
Net book value, March 31, 2015	\$ 38,425	\$ 17,002	\$ 19,786	\$ 4,595	\$ 79,808

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

6. Commitments:

(a) Line of credit available:

The Association has a \$100,000 line of credit bearing interest at prime plus 3%. As at March 31, 2016 and 2015, the line of credit was not used.

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

2016/17	\$	165,051
2017/18		165,051
2018/19		169,636
2019/20		174,221
2020/21		87,110
	\$	761,069

7. Expenses by object:

	2016	2015
Salaries and benefits	\$ 2,057,751	\$ 2,038,246
Consulting	341,158	225,424
Occupancy	234,760	228,803
Travel and training	110,663	111,121
Directors and committees	89,180	88,003
Legal, accounting and other professional services	47,591	85,610
Amortization	35,823	50,450
Office supplies	32,766	32,848
Telephone and facsimile	35,042	36,404
Non-recoverable GST	15,943	22,391
Photocopy and printing	24,821	15,820
Equipment	13,085	11,820
Delivery	7,284	6,615
Member education	3,303	5,215
	\$ 3,049,170	\$ 2,958,770

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2016

8. Accumulated surplus:

	2016	2015
Unrestricted	\$ 1,065,138	\$ 1,011,971
Capital assets fund	31,249	176,535
Bargaining fund	108,408	126,263
	<u>\$ 1,204,795</u>	<u>\$ 1,314,769</u>

9. Pension plan:

The Association and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trustee 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. The Plan has about 185,000 active members and approximately 80,000 retired members from more than 900 employers. Active members include 18 contributors from the Association.

The most recent actuarial valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits and showed the Plan was 96.5% funded. To address the shortfall in funds, the Plan's Board of Trustees approved an increase in the total contribution rate of 1.4% of salary, shared equally by employers and members, effective July 1, 2014. The next valuation will be as at December 31, 2015 with results available in 2016. The Association paid \$158,479 for employers' contributions to the Plan in fiscal 2016 (2015 - \$159,814). The Association's employees paid \$136,240 for employee's contributions to the Plan in fiscal 2016 (2015 - \$132,523).

10. Financial risk management:

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:

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 is held with a Canadian credit union. The Association's maximum exposure to credit risk is limited to the carrying amount of financial assets of \$1,524,016 (2015 - \$1,582,404).

(b) Liquidity risk:

The Association does not have significant liquidity risk as it has sufficient cash to meet its liabilities as they come due. Short-term 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.

COMMUNITY SOCIAL SERVICES EMPLOYERS' ASSOCIATION OF BRITISH COLUMBIA

Segment Revenue and Expenses

Schedule 1

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

	Human Resources and Labour Relations	General	Research and Knowledge Management	Membership	Bargaining	2016 Total	2015 Total
Revenue:							
Provincial government funding	\$ -	\$ 2,469,255	\$ 62,171	\$ -	\$ -	\$ 2,531,426	\$ 2,477,159
Fees	130,533	7,834	2,610	238,817	-	379,794	425,415
Interest	-	27,976	-	-	-	27,976	28,140
	130,533	2,505,065	64,781	238,817	-	2,939,196	2,930,714
Expenses (recovery):							
Salaries and benefits	1,154,957	495,391	315,557	91,846	-	2,057,751	2,038,246
Consulting	160,765	20,083	123,886	36,424	-	341,158	225,424
Occupancy	-	234,760	-	-	-	234,760	228,803
Travel and training	66,031	20,021	16,167	6,403	2,041	110,663	111,121
Directors and committees	1,118	16,438	786	67,286	3,552	89,180	88,003
Legal, accounting and other professional services	11,652	6,884	26,960	-	2,095	47,591	85,610
Amortization	-	35,823	-	-	-	35,823	50,450
Office supplies	10,518	10,098	6,583	5,567	-	32,766	32,848
Telephone and facsimile	-	183	34,859	-	-	35,042	36,404
Non-recoverable GST	4,684	6,803	3,818	438	200	15,943	22,391
Photocopy and printing	-	15,494	82	207	9,038	24,821	15,820
Equipment	-	-	5,573	7,512	-	13,085	11,820
Delivery	-	6,240	38	-	1,006	7,284	6,615
Member education	-	-	-	3,303	-	3,303	5,215
	1,409,725	868,218	534,309	218,986	17,932	3,049,170	2,958,770
Surplus (deficiency) for the year	(1,279,192)	1,636,847	(469,528)	19,831	(17,932)	(109,974)	(28,056)
Accumulated surplus, beginning of year						1,314,769	1,342,825
Accumulated surplus (deficit), end of year	\$ (1,279,192)	\$ 1,636,847	\$ (469,528)	\$ 19,831	\$ (17,932)	\$ 1,204,795	\$ 1,314,769