

**British Columbia Institute of Technology
Faculty and Staff Association
Financial Statements**
For the year ended June 30, 2019

**British Columbia Institute of Technology
Faculty and Staff Association**

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For the year ended June 30, 2019

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To the Members of British Columbia Institute of Technology Faculty and Staff Association:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of British Columbia Institute of Technology Faculty and Staff Association (the "Association"), which comprise the statement of financial position as at June 30, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our 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 Administration and Those Charged with Governance for the Financial Statements

Administration is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as administration 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, administration 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 administration 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.

Auditor's 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 auditor's 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 these 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 administration.
- Conclude on the appropriateness of administration'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 auditor's 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 auditor's 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.

We 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.

Port Moody, British Columbia

September 18, 2019

MNP LLP

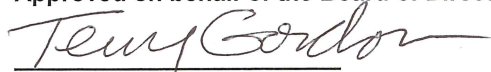
Chartered Professional Accountants

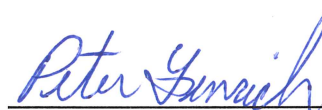
British Columbia Institute of Technology
Faculty and Staff Association
Statement of Financial Position

As at June 30, 2019

	2019	2018
Assets		
Current		
Cash	1,068,261	752,033
Short-term investments (Note 3)	1,842,527	1,879,545
Membership dues receivable	78,133	69,637
Prepaid expenses	10,712	5,560
Accounts receivable	536	-
	3,000,169	2,706,775
Capital assets (Note 4)	28,113	25,696
	3,028,282	2,732,471
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5)	161,752	137,104
Net Assets		
Internally restricted reserves (Note 6)	2,838,417	2,569,671
Investment in capital assets	28,113	25,696
	2,866,530	2,595,367
	3,028,282	2,732,471

Approved on behalf of the Board of Directors


 Director


 Director

British Columbia Institute of Technology
Faculty and Staff Association
Statement of Operations
For the year ended June 30, 2019

	2019	2018
Revenue		
FSA membership dues	1,812,451	1,692,961
Investment income	48,215	30,482
	1,860,666	1,723,443
Expenses		
Salaries and benefits	1,151,139	1,124,272
Affiliations	180,239	166,021
Research and consulting	19,184	125,284
Liaison meetings	58,290	65,764
Office	52,750	65,348
Professional fees	30,167	50,953
Professional development	23,529	31,160
Travel	26,921	20,172
Publications and materials	9,471	9,490
Insurance	8,340	7,514
Scholarships	6,000	6,000
Bank charges	2,597	2,753
Computer lease	2,878	2,878
Donations	1,000	1,800
	1,572,505	1,679,409
Excess of revenue over expenses before amortization	288,161	44,034
Amortization	16,998	20,359
Excess of revenue over expenses	271,163	23,675

The accompanying notes are an integral part of these financial statements

**British Columbia Institute of Technology
Faculty and Staff Association
Statement of Changes in Net Assets**

For the year ended June 30, 2019

	<i>Internally restricted reserves (Note 6)</i>	<i>Unrestricted Operating Fund</i>	<i>Investment in capital assets</i>	2019	<i>2018</i>
Net assets, beginning of year	2,569,671	-	25,696	2,595,367	2,571,692
Excess (deficiency) of revenue over expenses	-	288,161	(16,998)	271,163	23,675
	2,569,671	288,161	8,698	2,866,530	2,595,367
Purchase of capital assets	-	(19,415)	19,415	-	-
Operating fund surplus	268,746	(268,746)	-	-	-
Net assets, end of year	2,838,417	-	28,113	2,866,530	2,595,367

The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Statement of Cash Flows
For the year ended June 30, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	271,163	23,675
Amortization	16,998	20,359
	288,161	44,034
Changes in non-cash working capital balances		
Membership dues receivable	(8,496)	(4,473)
Accounts receivable	(536)	17,096
Prepaid expenses	(5,152)	2,719
Accounts payable and accrued liabilities	24,648	(26,150)
	298,625	33,226
Investing		
Purchase of short-term investments	-	(30,043)
Proceeds on disposal of short-term investments	37,018	-
Purchase of capital assets	(19,415)	(2,682)
	17,603	(32,725)
Increase in cash resources	316,228	501
Cash resources, beginning of year	752,033	751,532
Cash resources, end of year	1,068,261	752,033

The accompanying notes are an integral part of these financial statements

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2019

1. Purpose of the Association

The British Columbia Institute of Technology Faculty and Staff Association (the "Association") acts as the bargaining agent for technical faculty and staff of the British Columbia Institute of Technology, promoting the interest and well-being of the members and providing formal channels for collective bargaining with their employers on all matters relating to curriculum, employment, production, wages, hours of work, holidays and all other matters affecting the welfare of the employees. The Association also assists the faculty and staff members, as a group, to interrelate with the student body, the Administration, the Board of Governors and with the Ministry of Advanced Education and other ministries and administrative agencies of the Province of British Columbia.

The Association is registered under the Society Act and is a certified trade union. The Association is registered as a not-for-profit organization under the Income Tax Act ("the Act") and as such is exempt from income taxes. In order to maintain its status as a registered not-for-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of administration, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada, which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Revenue recognition

The Association follows the deferral method of accounting for revenue. Unrestricted membership dues contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income is recognized as revenue when earned.

Capital assets

Purchased capital assets are recorded at cost. Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Rate
Computer equipment	5 years
Furniture and fixtures	5 years
Leasehold improvements	5 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires administration to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Membership dues receivable and accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically, and as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2019

2. **Significant accounting policies** *(Continued from previous page)*

Financial instruments

The Association recognizes its financial instruments when the Association becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with Administration.

At initial recognition, the Association may irrevocably elect to subsequently measure any financial instrument at fair value. The Association has not made such an election during the year.

The Association subsequently measures financial assets and liabilities at amortized cost, with transaction costs and financing fees added to the carrying amount of the Association's financial instruments.

Financial asset impairment

The Association assesses impairment of all of its financial assets measured at cost or amortized cost. The Association groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Administration considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Association determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Association reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Association reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess of revenue over expenses in the year the reversal occurs.

3. **Short-term investments**

Short-term investments consist of highly liquid short-term interest bearing Guaranteed Investment Certificates and investment savings accounts held with various financial institutions and managed by an independent investment counsel.

4. **Capital assets**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	126,450	104,540	21,910	12,959
Furniture and fixtures	78,495	72,292	6,203	9,634
Leasehold improvements	153,729	153,729	-	3,103
	358,674	330,561	28,113	25,696

British Columbia Institute of Technology
Faculty and Staff Association
Notes to the Financial Statements
For the year ended June 30, 2019

5. Accounts payable and accrued liabilities

	2019	2018
Trade accounts payable	78,271	72,704
Payroll liabilities	83,481	64,400
	161,752	137,104

6. Internally restricted reserves

The Association maintains five internally restricted reserves: the strike fund, special projects fund, general reserve fund, legal and arbitration fund, and the capital replacement fund. The amounts allocated to the internally restricted reserves are not available for purposes other than as approved by the Board of Directors. The purpose of these reserves are as follows:

The Strike Fund was established for the purposes of paying strike pay, or strike support pay, consistent with established policy, during periods of labour disruption affecting faculty and staff association members. The Strike Fund shall also be used to pay the supplementary costs of office relocation, staff overtime during periods of labour dispute, rental of additional equipment/services, purchase of strike-related supplies, and other relevant expenses.

The Special Projects Fund was established for the purposes of providing a funding source for special projects undertaken by the Board of Directors, which have arisen after the adoption of the operating budget in any period (to a maximum value of \$25,000).

The General Reserve Fund was established for the purposes of paying the cost of winding up the affairs of the Association, discharging any indebtedness arising through employee contracts, maintaining services in the circumstances where membership dues are disrupted or for other purposes of like magnitude approved by the Board of Directors.

The Legal and Arbitration Fund was established for the purposes of paying the costs of legal advice and representation and arbitration costs which exceed the funds allocated in the operating budget in any period (to a maximum value of \$100,000).

The Capital Replacement Fund was established for the purposes of paying the costs of replacing capital equipment at the end of its useful life (to a maximum value of \$25,000).

All disbursements from internally restricted reserve funds require a special resolution of the Board of Directors, which must be approved by a 2/3 majority of the Directors voting at a meeting in which the motion is debated. The 2/3 majority vote of the Board of Directors is waived if the funds are to be used for strike activity. In case of strike activity, a majority vote of the Board of Directors is necessary. If necessary, all internally restricted reserve funds can be used for strike activities in case of a strike by the Association's membership.

	Opening balance	Fund expenses	Interfund transfers	2019 Ending balance	2018 Ending balance
Strike Fund	2,063,040	-	268,746	2,331,786	2,063,040
Special Projects Fund	25,000	-	-	25,000	25,000
General Reserve Fund	356,631	-	-	356,631	356,631
Legal and Arbitration Fund	100,000	-	-	100,000	100,000
Capital Replacement Fund	25,000	-	-	25,000	25,000
	2,569,671	-	268,746	2,838,417	2,569,671

The surplus in the Unrestricted Operating Fund of \$268,746 (2018 - \$41,350) for the year ended June 30, 2019 was transferred to the Strike Fund in the amount of \$268,746 (2018 - \$41,350).

7. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is administration's opinion that the Association is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association manages liquidity risk by maintaining an adequate amount of liquid assets with various maturities in order to ensure that it can meet all of its financial obligations as they come due.

Credit risk

The Association is exposed to the risk that an employee owing membership dues to the Association defaults or becomes insolvent.

The Association manages its credit risk by performing regular investigation into delinquent accounts, if any, and provides allowances for potentially uncollectible membership dues receivable. The Association has not made any provisions for doubtful accounts at year-end.

The carrying amounts of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk in terms of membership dues and accounts receivable as at June 30, 2019 was \$78,669 (2018 - \$69,637). The Association believes that there is minimal risk associated with the collection of these amounts.