

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

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FOR THE YEAR ENDED JULY 31, 2017

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INDEPENDENT AUDITORS' REPORT

To The Members of Vancouver Secondary Teachers' Association:

Report on the Financial Statements

We have audited the accompanying financial statements of Vancouver Secondary Teachers' Association, which comprise the statement of financial position as at July 31, 2017 and the statements of operations, changes in fund balances, and cash flows for the year then ended, and 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 Accounting Standards for Not-for-Profit Organizations, 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 the auditor's 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, the auditor considers 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 in our audit 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 Vancouver Secondary Teachers' Association as at July 31, 2017 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.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the prior year.

November 28, 2017
Burnaby, BC



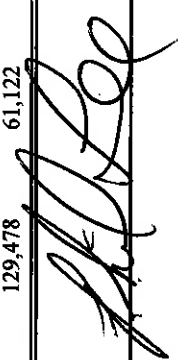
CHARTERED PROFESSIONAL ACCOUNTANTS

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
STATEMENT OF FINANCIAL POSITION

AS AT JULY 31, 2017

	2017				2016
	Unrestricted	Internally Restricted Funds			
	General Fund \$	Salary Indemnity Fund \$	Member Relief Fund \$	Staff Retirement Fund \$	Total \$
CURRENT ASSETS					
Cash and term deposits	1,127,751	-	-	-	1,127,751
Accounts receivable	44,233	-	-	-	44,233
Prepaid expenses and deposits	24,777	-	-	-	24,777
	1,196,761	-	-	-	1,196,761
RESTRICTED CASH AND TERM DEPOSITS	-	129,478	61,122	60,631	251,231
CAPITAL ASSETS (Note 5)	363,636	-	-	-	363,636
	1,560,397	129,478	61,122	60,631	1,811,628
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	29,128	-	-	-	29,128
Tenants' security deposits	4,571	-	-	-	4,571
Unearned revenue	69	-	-	-	69
	33,768	-	-	-	33,768
FUND BALANCES					
Internally restricted	-	129,478	61,122	60,631	251,231
Unrestricted	1,526,629	-	-	-	1,526,629
	1,526,629	129,478	61,122	60,631	1,777,860
	1,560,397	129,478	61,122	60,631	1,811,628

APPROVED BY: Katherine Surprey PRESIDENT



TREASURER

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
STATEMENT OF CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JULY 31, 2017

	2017				2016
	Unrestricted	Internally Restricted Funds			
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total
	\$	\$	\$	\$	\$
FUND BALANCES, beginning of year	1,467,128	144,038	59,563	59,971	1,730,700
Excess (deficiency) of revenue over expenses	54,501	(8,560)	582	637	47,160
	1,521,629	135,478	60,145	60,608	1,777,860
Interfund transfers (Note 6)	5,000	(6,000)	1,000	-	-
Interfund balances	-	-	(23)	23	-
FUND BALANCES, end of year	1,526,629	129,478	61,122	60,631	1,777,860
					1,730,700

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JULY 31, 2017

	2017					2016
	Internally Restricted Funds					
	Unrestricted	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
REVENUE						
Fees	835,094	60	-	-	835,154	756,001
Grants from BCIF						
- SURT	49,323	-	-	-	49,323	48,736
- Others	48,910	-	-	-	48,910	13,596
- Support	13,000	-	-	-	13,000	13,000
- Bargaining	585	-	-	-	585	-
Interest	10,217	1,677	582	637	13,113	14,899
Miscellaneous	324	-	-	-	324	790
	957,453	1,737	582	637	960,409	847,022
EXPENSES						
Salaries and benefits (Schedule 1)	564,140	-	-	-	564,140	505,118
Committees, conferences and other disbursements (Schedule 2)	174,241	-	-	-	174,241	126,387
Office and general (Schedule 3)	105,884	-	-	-	105,884	94,867
Building consults	48,263	-	-	-	48,263	39,120
Members' receptions	16,096	-	-	-	16,096	14,779
Bursaries and scholarships	9,000	-	-	-	9,000	9,000
Amortization	7,177	-	-	-	7,177	14,346
Claims and grants	-	6,507	-	-	6,507	3,727
Legal fees	-	3,780	-	-	3,780	3,512
Donations	1,464	-	-	-	1,464	1,355
Bank charges and interest	498	10	-	-	508	442
Mediation	147	-	-	-	147	1,174
	926,910	10,297	-	-	937,207	813,827
EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES	30,543	(8,560)	582	637	23,202	33,195
NET EXTERNAL RENTAL INCOME (Schedule 4)	23,958	-	-	-	23,958	39,376
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	54,501	(8,560)	582	637	47,160	72,571

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JULY 31, 2017

	2017					2016
	Unrestricted	Internally Restricted Funds				
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess (deficiency) of revenue over expenses	54,501	(8,560)	582	637	47,160	72,571
Item not involving cash - amortization	26,002	-	-	-	26,002	33,171
	80,503	(8,560)	582	637	73,162	105,742
CHANGES IN NON-CASH WORKING CAPITAL						
Accounts receivable	(20,192)	-	-	-	(20,192)	37,176
Prepaid expenses and deposits	1,391	-	-	-	1,391	(9,492)
Accounts payable and accrued liabilities	(2,908)	(3,512)	-	-	(6,420)	(89,385)
	58,794	(12,072)	582	637	47,941	44,041
CASH FLOWS FROM INVESTING ACTIVITIES						
Acquisition of capital assets	(13,571)	-	-	-	(13,571)	(1,288)
CASH FLOWS FROM FINANCING ACTIVITIES						
Interfund transfers	5,000	(6,000)	1,000	-	-	-
Changes in interfund balances	-	-	(23)	23	-	-
	5,000	(6,000)	977	23	-	-
INCREASE (DECREASE) IN CASH	50,223	(18,072)	1,559	660	34,370	42,753
CASH AND RESTRICTED CASH beginning of year	1,077,528	147,550	59,563	59,971	1,344,612	1,301,859
CASH AND RESTRICTED CASH end of year	1,127,751	129,478	61,122	60,631	1,378,982	1,344,612
CASH AND RESTRICTED CASH CONSISTS OF:						
Cash	476,330	-	-	-	476,330	375,447
Term deposits	651,421	-	-	-	651,421	702,081
Restricted cash	-	29,262	21,035	10,349	60,646	56,445
Restricted cash held in term deposits	-	100,216	40,087	50,282	190,585	210,639
	1,127,751	129,478	61,122	60,631	1,378,982	1,344,612

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JULY 31, 2017

SCHEDULE 1

	2017 \$	2016 \$
SALARIES AND BENEFITS		
President and vice-president	333,001	295,245
Secretarial	201,564	188,911
Car allowances	16,000	16,000
Mentorship	10,569	3,642
Casual relief staff	1,633	-
Worker's Compensation insurance	1,263	1,320
Transit subsidy	110	-
	564,140	505,118

SCHEDULE 2

	2017 \$	2016 \$
COMMITTEES, CONFERENCES AND OTHER DISBURSEMENTS		
Staff and committee workshop	60,352	60,507
Political action/Public relations/Elections	29,595	2,389
Joint ProD fund	15,750	15,750
Executive retreat	13,996	7,769
Executive	9,206	6,628
Affiliations and memberships	7,228	7,359
BCTF priorities initiative	6,022	5,167
School team fund	5,957	3,507
BCTF annual meeting	5,272	3,548
Legal and arbitration	4,698	294
VSTA council	3,162	3,497
Conference	2,232	2,076
Ad hoc	1,996	1,384
School visits	1,762	-
VSTA/VTF meetings	1,728	1,547
TOC	1,032	551
School justice	985	400
Professional development	694	1,068
Working Learning Conditions and Bargaining	641	452
Technology	442	469
Memorial/Commemorative fund	415	587
Representative assembly	355	287
Health and safety	336	346
Political negotiation	294	805
White Ribbon campaign	91	-
	174,241	126,387

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JULY 31, 2017

SCHEDULE 3

	2017	2016
	\$	\$
<hr/>		
OFFICE AND GENERAL		
Facility expenses (Schedule 4)	49,617	46,165
Equipment rental and maintenance	17,341	14,010
Office and incidentals	14,116	12,275
Audit	12,075	12,075
Telephone	8,780	7,471
Postage	3,001	2,019
Insurance	954	852
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	105,884	94,867
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(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
SCHEDULE OF BUILDING REVENUE AND EXPENSES
FOR THE YEAR ENDED JULY 31, 2017

SCHEDULE 4

	2017 \$	2016 \$
REVENUE		
Rents	122,388	130,880
Interest	65	137
	122,453	131,017
EXPENSES		
Property taxes	42,481	37,785
Repairs and maintenance	36,820	27,032
Management fees	19,335	15,566
Amortization of building	18,825	18,825
Electricity	11,444	13,969
Leasing	5,614	125
Cleaning	5,156	5,471
Utilities	3,381	11,498
Audit	2,250	2,250
Non-recoverable goods and services tax	1,132	964
Accounting and legal	900	1,125
Insurance	774	3,196
	148,112	137,806
Less facility expenses attributed to the Association (Note 3)	(49,617)	(46,165)
NET EXPENSES	98,495	91,641
NET EXTERNAL RENTAL INCOME	23,958	39,376

(The accompanying notes form an integral part of these financial statements)

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

1. PURPOSES OF THE ASSOCIATION

Vancouver Secondary Teachers' Association (the "Association") was established to promote the cause of education, to improve the learning environment for both secondary teachers and students and to enhance professional development and welfare of its members. The Association is incorporated under the Society Act of the Province of British Columbia.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Part III of the CPA Canada Handbook - Accounting ("Part III"), Canadian Accounting Standards for Not-for-Profit Organizations ("ASNFP").

3. SIGNIFICANT ACCOUNTING POLICIES

MEASUREMENT UNCERTAINTY

The preparation of financial statements, in accordance with ASNFP, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used when recording receivables, accounting for capitalizing and amortization of capital assets and accruing expenses for the year. All estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they became known. Actual results may differ from those estimates.

FUND ACCOUNTING

The Association maintains its accounts in accordance with the principles of fund accounting. Resources are classified for accounting and reporting purposes into funds according to the activity or objective specified.

The General Fund accounts for the Association's operations and administration of its share of the rental property located at 2915 – 2929 Commercial Drive, Vancouver, BC.

The Salary Indemnity Fund accounts for resources held to provide financial assistance to members for days of absence due to illness or accident which are not covered by sick leave. The fund was established in accordance with the Association's constitution.

The Member Relief Fund accounts for resources held to provide financial assistance to members in times of financial hardship due to job action or special circumstances. The fund was established with a resolution passed at the Annual General meeting held in June 1993.

The Staff Retirement Fund accounts for resources held to provide retirement entitlement to qualifying office employees. The fund was established with a resolution passed at the Annual General meeting held in May 1994.

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Association subsequently measures all its financial assets and liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, restricted cash, term deposits, accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and tenants' security deposits.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

REVENUE RECOGNITION

- (i) Fees are recognized as revenue based on the number of members and their payroll for each pay period.
- (ii) Grants from BC Teachers' Federation ("BCTF") are recognized when qualifying services have been delivered and collection is reasonably assured.
- (iii) Rents are recognized as revenue in the year over the time the premises are occupied and collection is reasonably assured.
- (iv) Donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.
- (v) Interest income is recognized as earned.
- (vi) Other miscellaneous and non-recurring income is recognized as received.

RENTAL OPERATIONS

Land and building are co-owned with the Vancouver Elementary School Teachers' Association ("VESTA") and each Association reports its 50% interest in the land and building, and revenues and expenses of the building operations.

Building operating expenses applicable to the Association's use of the building are estimated to be approximately one-third of allocated expenses, based on space occupied.

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2017

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS

Capital assets are recorded at cost with amortization provided on a straight-line basis as follows:

Building	25 years
Office equipment	5 years
Computer equipment	3 years

The above rates have been utilized to reflect the anticipated life expectancy of the assets.

In the year of acquisition only one-half the normal rate is applied.

IMPAIRMENT OF CAPITAL ASSETS

Capital assets are reviewed when changes in circumstances suggest their carrying values have become impaired. Management considers assets to be impaired if the carrying value exceeds the estimated undiscounted future projected cash flows result from the use of the asset and its eventual disposition. If impairment is deemed to exist, the assets will be written down to fair value. Fair value is generally determined using a discounted cash flow analysis.

INCOME TAXES

The Association is exempted from federal and provincial income taxes.

4. FINANCIAL INSTRUMENTS

Risks and concentrations

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at the year end date.

Fair value

Financial instruments of the Association consist of cash, restricted cash, term deposits, accounts receivable, accounts payable and accrued liabilities and tenants' security deposits. The carrying values of these financial assets and financial liabilities approximate their fair market values due to the short term to maturity.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association does not obtain collateral or other security to support the accounts receivable. However, these receivables pose no significant risk since these amounts are mainly due from government agencies.

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2017

4. FINANCIAL INSTRUMENTS (continued)

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk arising primarily from its current liabilities. At the year end date, the Association had no significant liquidity risk as its cash balances were more than sufficient to settle its current liabilities.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Association does not have outstanding loans and therefore is not exposed to significant interest rate risk.

Changes in risk

There have been no changes in the Association's risk exposures from the prior year.

5. CAPITAL ASSETS

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE	
	\$	\$	2017	2016
	\$	\$	\$	\$
Land	306,305	-	306,305	306,305
Building	470,623	431,110	39,513	58,338
Office equipment	195,645	184,446	11,199	8,909
Computer equipment	112,825	106,206	6,619	2,515
	1,085,398	721,762	363,636	376,067

Land and building are co-owned with VESTA. These financial statements reflect a one-half interest in the property.

6. INTERFUND TRANSFERS

The following interfund transfers occurred during the year in accordance with the approved annual budget:

- (i) A contribution of \$1,000 was made from the General Fund to the Member Relief Fund.
- (ii) An administration fee of \$6,000 was paid from the Salary Indemnity Fund to the General Fund.

7. TRUST ASSETS AND LIABILITIES

The Association administers funds as follows:

- (i) Ed May Grant for LOA costs of \$385 (2016 - \$1,266)
- (ii) Tech Studies LSA for VSB Technology Education LSA of \$361 (2016 - \$731)

These amounts are not reflected in the financial statements.

VANCOUVER SECONDARY TEACHERS' ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JULY 31, 2017

8. CAPITAL MANAGEMENT

The capital management structure of the Association consists of the following:

	2017	2016
	\$	\$
Internally restricted fund balances	251,231	263,572
Unrestricted fund balances	1,526,629	1,467,128
	1,777,860	1,730,700

Internally restricted fund balances represent amounts which are not available for general use other than the specified expenditures approved by the Association's Executive.

Unrestricted fund balances are funds available for future operations.

9. COMPARATIVE FIGURES

The comparative figures have been reclassified where applicable in order to conform to the presentation used in the current year.