

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2018**

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JULY 31, 2018**

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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, 2018 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, 2018 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 Societies 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 21, 2018  
Burnaby, BC



CHARTERED PROFESSIONAL ACCOUNTANTS

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**

**AS AT JULY 31, 2018**

	2018					2017
	Unrestricted	Internally Restricted Funds				
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>CURRENT ASSETS</b>						
Cash and term deposits	1,186,593	-	-	-	1,186,593	1,127,751
Accounts receivable	48,046	-	-	-	48,046	44,233
Prepaid expenses and deposits	34,853	-	-	-	34,853	24,777
	1,269,492	-	-	-	1,269,492	1,196,761
<b>RESTRICTED CASH AND TERM DEPOSITS</b>	-	117,881	62,188	61,529	241,598	251,231
<b>CAPITAL ASSETS (Note 5)</b>	338,552	-	-	-	338,552	363,636
	1,608,044	117,881	62,188	61,529	1,849,642	1,811,628
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	35,760	-	-	-	35,760	29,128
Tenants' security deposits	5,066	-	-	-	5,066	4,571
Unearned revenue	69	-	-	-	69	69
	40,895	-	-	-	40,895	33,768
<b>FUND BALANCES</b>						
Internally restricted	-	117,881	62,188	61,529	241,598	251,231
Unrestricted	1,567,149	-	-	-	1,567,149	1,526,629
	1,567,149	117,881	62,188	61,529	1,808,747	1,777,860
	1,608,044	117,881	62,188	61,529	1,849,642	1,811,628

APPROVED BY:  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, 2018**

	2018					2017
	Unrestricted	Internally Restricted Funds				
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>FUND BALANCES, beginning of year</b>	1,526,629	129,478	61,122	60,631	1,777,860	1,730,700
<b>LESS PRIOR YEAR'S INTERFUND BALANCES</b>	-	-	23	(23)	-	-
<b>NET FUND BALANCES, beginning of year</b>	1,526,629	129,478	61,145	60,608	1,777,860	1,730,700
Excess (deficiency) of revenue over expenses	39,020	(9,097)	43	921	30,887	47,160
Interfund transfers (Note 6)	1,565,649	120,381	61,188	61,529	1,808,747	1,777,860
	1,500	(2,500)	1,000	-	-	-
<b>FUND BALANCES, end of year</b>	1,567,149	117,881	62,188	61,529	1,808,747	1,777,860

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

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**STATEMENT OF OPERATIONS**

**FOR THE YEAR ENDED JULY 31, 2018**

	2018					2017
	Unrestricted	Internally Restricted Funds				
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>REVENUE</b>						
Fees	887,175	-	-	-	887,175	835,154
Grants from BCTF						
- SURT	52,553	-	-	-	52,553	49,323
- Others	9,544	-	-	-	9,544	43,373
- Support	12,000	-	-	-	12,000	13,000
- Bargaining	-	-	-	-	-	585
Salary expense recoveries	27,370	-	-	-	27,370	5,537
Interest	10,476	1,348	543	921	13,288	13,113
Miscellaneous	850	-	-	-	850	324
	999,968	1,348	543	921	1,002,780	960,409
<b>EXPENSES</b>						
Salaries and benefits (Schedule 1)	638,053	-	-	-	638,053	564,140
Committees, conferences and other disbursements (Schedule 2)	149,504	-	-	-	149,504	174,241
Office and general (Schedule 3)	107,881	-	-	-	107,881	105,884
Building redevelopment	52,234	-	-	-	52,234	48,263
Members' receptions	16,812	-	-	-	16,812	16,096
Claims and grants	-	10,254	500	-	10,754	6,507
Bursaries and scholarships	9,000	-	-	-	9,000	9,000
Amortization	7,969	-	-	-	7,969	7,177
Donations	2,300	-	-	-	2,300	1,464
Bank charges and interest	306	191	-	-	497	508
Mediation	30	-	-	-	30	147
Legal fees	-	-	-	-	-	3,780
	984,089	10,445	500	-	995,034	937,207
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUE OVER EXPENSES</b>	15,879	(9,097)	43	921	7,746	23,202
<b>NET EXTERNAL RENTAL INCOME (Schedule 4)</b>	23,141	-	-	-	23,141	23,958
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	39,020	(9,097)	43	921	30,887	47,160

(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, 2018**

	2018					2017
	Unrestricted	Internally Restricted Funds			Total	Total
	General Fund	Salary Indemnity Fund	Member Relief Fund	Staff Retirement Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Excess (deficiency) of revenue over expenses	39,020	(9,097)	43	921	30,887	47,160
Item not involving cash - amortization	26,794	-	-	-	26,794	26,002
	65,814	(9,097)	43	921	57,681	73,162
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>						
Accounts receivable	(3,813)	-	-	-	(3,813)	(20,192)
Prepaid expenses and deposits	(10,076)	-	-	-	(10,076)	1,391
Accounts payable and accrued liabilities	6,632	-	-	-	6,632	(6,420)
Tenants' security deposits	495	-	-	-	495	-
	59,052	(9,097)	43	921	50,919	47,941
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Acquisition of capital assets	(1,710)	-	-	-	(1,710)	(13,571)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Interfund transfers	1,500	(2,500)	1,000	-	-	-
Changes in interfund balances	-	-	23	(23)	-	-
	1,500	(2,500)	1,023	(23)	-	-
<b>INCREASE (DECREASE) IN CASH</b>	58,842	(11,597)	1,066	898	49,209	34,370
<b>CASH AND RESTRICTED CASH beginning of year</b>	1,127,751	129,478	61,122	60,631	1,378,982	1,344,612
<b>CASH AND RESTRICTED CASH end of year</b>	1,186,593	117,881	62,188	61,529	1,428,191	1,378,982
<b>CASH AND RESTRICTED CASH CONSISTS OF:</b>						
Cash	282,108	-	-	-	282,108	476,330
Term deposits	904,485	-	-	-	904,485	651,421
Restricted cash	-	17,413	22,001	11,086	50,500	60,646
Restricted cash held in term deposits	-	100,468	40,187	50,443	191,098	190,585
	1,186,593	117,881	62,188	61,529	1,428,191	1,378,982

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

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**SCHEDULE OF EXPENSES**

**FOR THE YEAR ENDED JULY 31, 2018**

**SCHEDULE 1**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>SALARIES AND BENEFITS</b>		
President and vice-president	407,964	333,001
Secretarial	199,172	201,564
Car allowances	15,957	16,000
Mentorship	12,184	10,569
Worker's Compensation insurance	1,504	1,263
Casual relief staff	833	1,633
Transit subsidy	439	110
	638,053	564,140

**SCHEDULE 2**

	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>COMMITTEES, CONFERENCES AND OTHER DISBURSEMENTS</b>		
Staff and committee workshop	70,011	60,352
Joint ProD fund	15,750	15,750
Executive retreat	15,745	13,996
Executive	7,866	9,206
Political action/Public relations/Elections	7,296	29,595
Affiliations and memberships	7,044	7,228
BCTF annual meeting	4,456	5,272
School team fund	4,176	5,957
VSTA/VTF meetings	2,714	1,728
VSTA council	2,628	3,162
Ad hoc	2,363	1,996
Conference	1,975	2,232
TOC	1,317	1,032
Representative assembly	1,070	355
Professional development	1,047	694
School justice	987	985
Working Learning Conditions and Bargaining	651	641
Legal and arbitration	612	4,698
Health and safety	560	336
Memorial/Commemorative fund	494	415
Technology	411	442
White Ribbon campaign	331	91
BCTF priorities initiative	-	6,022
School visits	-	1,762
Political negotiation	-	294
	149,504	174,241

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



VANCOUVER SECONDARY TEACHERS' ASSOCIATION

SCHEDULE OF EXPENSES

FOR THE YEAR ENDED JULY 31, 2018

SCHEDULE 3

	2018	2017
	\$	\$
<b>OFFICE AND GENERAL</b>		
Facility expenses (Schedule 4)	49,221	49,617
Equipment rental and maintenance	18,300	17,341
Office and incidentals	12,956	14,116
Audit	12,075	12,075
Telephone	10,079	8,780
Postage	3,420	3,001
Insurance	1,830	954
	107,881	105,884

(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, 2018**

**SCHEDULE 4**

	2018 \$	2017 \$
<b>REVENUE</b>		
Rents	120,693	122,388
Interest	157	65
	120,850	122,453
<b>EXPENSES</b>		
Property taxes	44,925	42,481
Repairs and maintenance	33,655	36,820
Management fees	19,762	19,335
Amortization of building	18,825	18,825
Electricity	11,987	11,444
Cleaning	5,056	5,156
Utilities	4,459	3,381
Insurance	3,087	774
Audit	2,250	2,250
Non-recoverable goods and services tax	1,112	1,132
Accounting and legal	950	900
Leasing	738	5,614
Bad debts	124	-
	146,930	148,112
Less facility expenses attributed to the Association (Note 3)	(49,221)	(49,617)
<b>NET EXPENSES</b>	<b>97,709</b>	<b>98,495</b>
<b>NET EXTERNAL RENTAL INCOME</b>	<b>23,141</b>	<b>23,958</b>

(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, 2018

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### 1. PURPOSES OF THE ASSOCIATION

Vancouver Secondary Teachers' Association (the "Association") is a not-for-profit organization as defined under the Income Tax Act. The Association is incorporated as a non-member funded society under the Societies Act of the Province of British Columbia. The purposes of the Association are as follows:

- (i) To advance the cause of public education as a foundation for a pluralistic and democratic society
- (ii) To advocate for the rights of all children to equitable opportunities in education
- (iii) To improve working and learning conditions for teachers and students
- (iv) To foster the professional development of its members
- (v) To advance the welfare of teachers
- (vi) To advocate for social and environmental justice
- (vii) To act on behalf of its members, as their bargaining agent under the British Columbia Labor Code, as amended, or their association under the School Act, as amended, in all matters to their employment

### 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 ("ASNFPO").

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### MEASUREMENT UNCERTAINTY

The preparation of financial statements, in accordance with ASNFPO, 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.

# VANCOUVER SECONDARY TEACHERS' ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2018

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### 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.

#### 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.

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2018**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**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) Salary expense recoveries are recognized as revenue as incurred and 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.

**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.

VANCOUVER SECONDARY TEACHERS' ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JULY 31, 2018

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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.

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.

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2018**

**5. CAPITAL ASSETS**

	COST \$	ACCUMULATED AMORTIZATION \$	NET BOOK VALUE	
			2018 \$	2017 \$
Land	306,305	-	306,305	306,305
Building	470,623	449,935	20,688	39,513
Office equipment	195,110	189,073	6,037	11,199
Computer equipment	115,070	109,548	5,522	6,619
	1,087,108	748,556	338,552	363,636

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 \$2,500 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 (2017 - \$385)
- (ii) Tech Studies LSA for VSB Technology Education LSA of \$361 (2017 - \$361)

These amounts are not reflected in the financial statements.

**8. CAPITAL MANAGEMENT**

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

	2018 \$	2017 \$
Internally restricted fund balances	241,598	251,231
Unrestricted fund balances	1,567,149	1,526,629
	1,808,747	1,777,860

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.

**VANCOUVER SECONDARY TEACHERS' ASSOCIATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JULY 31, 2018**

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**9. OTHER REPORTING REQUIREMENTS**

As required by the Societies Act of British Columbia effective November 28, 2016, we report on remuneration paid to all directors and annual remuneration of employees and contractors earning more than \$75,000.

During the year, salaries and benefits were paid to the following executive officers of the Association, in the normal course of operations and on the same terms as payments to unrelated parties:

- a) President - \$124,309
- b) 1st Vice President - \$120,798
- c) 2nd Vice President - \$123,892
- d) 3rd Vice President - \$54,921

During the year, two employees earned more than \$75,000 individually, resulting in \$199,172 paid in the aggregate.

**10. COMPARATIVE FIGURES**

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