

**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY  
OF BRITISH COLUMBIA**

**FINANCIAL STATEMENTS**

**June 30, 2016**

## INDEPENDENT AUDITORS' REPORT

### To the Members of the Association of Administrative and Professional Staff of The University of British Columbia,

We have audited the accompanying financial statements of the Association of Administrative and Professional Staff of The University of British Columbia, which comprise the statement of financial position as at June 30, 2016, and the statements of operations, changes in net assets 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 is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association of Administrative and Professional Staff of the University of British Columbia as at June 30, 2016, and results of its operations and its cash flows for the year ended in accordance with Canadian accounting standards for non-for-profit organizations.

#### Report on Other Legal and Regulatory Requirements

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



**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENTS OF FINANCIAL POSITION**

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	<b>As at June 30, 2016</b>	As at June 30, 2015
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 551,214	316,468
Term deposits and accrued interest (Note 2)	506,153	1,063,611
Accounts receivable	-	98,013
	<u>1,057,367</u>	<u>1,478,092</u>
 TERM DEPOSITS AND ACCRUED INTEREST (Notes 2 and 4)	 300,000	 300,000
CAPITAL ASSETS (Note 3)	18,588	21,206
	<u>\$ 1,375,955</u>	<u>1,799,298</u>
 <b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 133,460	90,543
 <b>NET ASSETS</b>		
Contingency reserve fund - unrestricted	942,495	1,408,755
Dissolution reserve contingency fund (Note 4)	300,000	300,000
	<u>1,242,495</u>	<u>1,708,755</u>
	<u>\$ 1,375,955</u>	<u>1,799,298</u>

COMMITMENT (Note 6)

**Approved on behalf of the Executive Board by:**

*“Joey Hansen”*  
Executive Director

**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENTS OF OPERATIONS**

	Year ended June 30, 2016	Year ended June 30, 2015
<b>REVENUE</b>		
Member Dues	\$ 507,925	\$ 1,083,932
Interest Income	16,270	20,451
	<u>524,195</u>	<u>1,104,383</u>
<b>EXPENDITURES</b>		
Member Services:		
AAPS Scholarships & Bursary	13,500	13,500
Compensation Market Survey Analysis	8,000	-
Membership Engagement Committee	10,455	12,202
Negotiations: ACTE Bargaining	5,312	13,313
Professional Development Program	121,086	122,454
Legal Advice	29,456	25,350
Arbitration/Mediation	55,469	86,561
	<u>243,278</u>	<u>273,380</u>
Board/Governance:		
Advocacy Committee	4,121	5,461
Communications	17,703	32,327
Board of Directors	9,624	23,949
Finances	18,515	8,062
General Meetings	13,311	12,620
Volunteer Recognition	4,462	3,620
	<u>67,736</u>	<u>86,039</u>
Administration:		
Consulting	520	5,616
Operations	134,840	97,258
Staff	544,081	526,017
	<u>679,441</u>	<u>628,891</u>
<b>TOTAL EXPENDITURES</b>	<u><b>990,455</b></u>	<u><b>988,310</b></u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<u><b>\$ (466,260)</b></u>	<u><b>\$ 116,073</b></u>

**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENTS OF CHANGES IN NET ASSETS**

	Dissolution reserve contingency fund	Contingency reserve fund - unrestricted	Total	
			Year ended June 30, 2016	Year ended June 30, 2015
<b>NET ASSETS, BEGINNING OF YEAR</b>	\$ 300,000	\$ 1,408,755	<b>\$ 1,708,755</b>	\$1,592,682
Excess (deficiency) of revenue over expenditures	-	(466,260)	<b>(466,260)</b>	116,073
<b>NET ASSETS, END OF YEAR</b>	\$ 300,000	\$ 942,495	<b>\$ 1,242,495</b>	\$1,708,755

**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA  
STATEMENTS OF CASH FLOWS**

	Year ended June 30, 2016	Year ended June 30, 2015
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenue over expenditures	\$ (466,260)	\$ 116,073
Non-cash items included in operations:		
Amortization	8,192	6,492
Interest accrued on term deposits	(14,172)	(19,445)
Changes in non-cash working capital items:		
Accounts receivable	98,013	(2,266)
Prepaid expense	-	2,036
Accounts payable and accrued liabilities	42,917	(5,520)
Other interest income included in operations	(337)	(269)
Cash received from (used by) operating activities	<u>(331,647)</u>	<u>97,101</u>
<b>INVESTING</b>		
Purchase of capital assets	(5,574)	(7,298)
Maturity of term deposits, inclusive of interest	571,967	19,539
Cash received from investing activities	<u>566,393</u>	<u>12,241</u>
<b>INCREASE IN CASH DURING THE YEAR</b>	<b>234,746</b>	<b>109,342</b>
CASH, beginning of year	<u>316,468</u>	<u>207,126</u>
<b>CASH, end of year</b>	<b>\$ <u>551,214</u></b>	<b>\$ <u>316,468</u></b>

**Supplementary information:**

Interest received	\$ 13,444	\$ 19,539
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**ASSOCIATION OF ADMINISTRATIVE AND  
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA**  
**Notes to the Financial Statements**  
**June 30, 2016**

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**1. NATURE AND CONTINUITY OF THE ORGANIZATION**

The Association of Administrative and Professional Staff of The University of British Columbia exists to promote the welfare of the association's members employed by the University of British Columbia. In doing so, the association acts as the bargaining agent of management and professional staff employed by the University of British Columbia and governs relations between the management and professional staff at the University through collective bargaining. The association is incorporated under the Society Act of B.C. (since October, 1977) and reports as a not-for-profit organization under the Income Tax Act, and as such is exempt from income taxes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue Recognition**

The association follows the deferral method of accounting for its member dues. All member dues are unrestricted in their use and 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 using the accrual basis of accounting

**Term Deposits and Accrued Interest**

All term deposits held by the association are non-redeemable and non-cashable, but mature within the coming year and, as such, have been presented as current assets except for the portion that has been internally allocated by the board as a dissolution reserve contingency (Note 4). This contingency is not expected to be utilized within one year of the statement of financial position date. The carrying value of the term deposits includes interest accrued to June 30, 2016.

**Capital Assets**

Capital assets are stated at cost less accumulated amortization. Amortization is provided at various rates designed to amortize the assets over their estimated useful lives. The amortization rates are as follows:

Computer equipment	3 years straight-line method
Furniture	10 years straight-line method

**Classification of Expenditures**

Expenditures made by the association are classified by committee on the statement of operations if they are directly attributable to such activities. Otherwise they are classified separately by object and program.

**Donated Services**

Volunteers assist the association in carrying out its activities. Because of the difficulty in determining their fair market value, contributed services are not recognized in the financial statements.

**ASSOCIATION OF ADMINISTRATIVE AND  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Estimation Uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates. For the year ended June 30, 2016, there were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next year.

**Capital Disclosure**

The association's capital consists of its unrestricted net assets of \$942,495 (2015 - \$1,408,755). The association's objective when managing capital is to safeguard the association's ability to continue as a going concern, so that it can continue to fund its not-for-profit program delivery and administrative activities. Management monitors the association's capital using various financial techniques to ensure that working capital levels are sufficient to meet all obligations as they come due and cash reserves are adequate to finance future operations.

**3. CAPITAL ASSETS**

	2016			2015		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	36,402	28,407	7,995	30,828	23,616	7,212
Furniture	34,006	23,413	10,593	34,006	20,012	13,994
	<b>70,408</b>	<b>51,820</b>	<b>18,588</b>	64,834	43,628	21,206

**4. DISSOLUTION RESERVE CONTINGENCY**

The board has internally allocated \$300,000 (2015 - \$300,000) as a dissolution reserve contingency. These funds are intended to be used to meet the association's financial obligations for a limited period of time should the University of British Columbia sever its contractual agreement with the association, which would eventually lead to its dissolution.

**5. ECONOMIC DEPENDENCE**

The association is exclusively made up of members that are employed by the University of British Columbia. The University of British Columbia has the option of terminating its agreement with the association with six months' notice subject to other restrictions. This would result in the effective termination of the association's current operations as it would lose all of its members, revenues and operating expenditures. As such the association is economically dependent on the continuation of its contractual relationship with the University of British Columbia.



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**June 30, 2016**

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**6. COMMITMENT**

The association has a lease until April 30, 2018 with respect to its premises. Future minimum payments are as follows:

<u>Years Ended June 30,</u>	
2017	79,717
2018	63,291
	<u>\$ 143,008</u>

**7. FINANCIAL INSTRUMENTS**

The association is exposed in varying degrees to a variety of financial instrument-related risks. The Executive board members approve and monitor the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Fair Value

The association's carrying value of term deposits and accrued interest, and accounts payable and accrued liabilities approximate their fair value due to the immediate or short-term maturity of these instruments.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The association's primary exposure to credit risk is on its cash and term deposits and accrued interest held at a credit union. As all the association's cash and term deposits and accrued interest is held by one credit union, there is a concentration of credit risk. This risk is managed by using a high credit quality financial institution. The association's secondary exposure to risk is on its accounts receivables. This risk is minimal as accounts receivable consists primarily of member dues that are automatically deductible.

Liquidity risk

Liquidity risk is the risk that the association will not be able to meet its financial obligations, as they fall due. The association has a planning and budgeting process in place to help determine the funds required to support the association's normal operating requirements on an ongoing basis. The association ensures that there are sufficient funds to meet its short-term operating requirements, taking into account its anticipated cash flows from operations and its holding of cash and term deposits and accrued interests.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association is exposed to interest rate risk on its term deposits as they are exposed to interest rate fluctuations on renewal. Interest rate risk is considered to be minimal.