

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

FINANCIAL STATEMENTS

June 30, 2013

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, 2013, 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.

Auditor's 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.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that the Association of Administrative and Professional Staff of The University of British Columbia adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at June 30, 2012 and July 1, 2011, and the statements of operations, changes in net assets and cash flows for the year ended June 30, 2012 and related disclosures. We were not engaged to report on the comparative information, and as such, it is unaudited.



CHARTERED ACCOUNTANTS
Vancouver, BC, Canada
September 27, 2013

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

	As at June 30, 2013	As at June 30, 2012	As at July 1, 2011
ASSETS			
CURRENT			
Cash	\$ 146,588	212,842	\$ 146,351
Term deposits and accrued interest (Note 3)	1,067,255	1,063,705	1,114,496
Accounts receivable	96,840	-	594
Prepaid expense	2,025	2,009	-
	<u>1,312,708</u>	<u>1,278,556</u>	<u>1,261,441</u>
TERM DEPOSITS AND ACCRUED INTEREST (Notes 3 and 5)	300,000	300,000	250,000
CAPITAL ASSETS (Note 4)	22,277	25,789	26,373
	<u>\$ 1,634,985</u>	<u>1,604,345</u>	<u>\$ 1,537,814</u>
LIABILITIES			
CURRENT			
Accounts payable and accrued liabilities	\$ 94,424	69,219	\$ 90,021
NET ASSETS			
Contingency reserve fund - unrestricted	1,240,561	1,235,126	1,197,793
Dissolution reserve contingency fund (Note 5)	300,000	300,000	250,000
	<u>1,540,561</u>	<u>1,535,126</u>	<u>1,447,793</u>
	<u>\$ 1,634,985</u>	<u>1,604,345</u>	<u>\$ 1,537,814</u>
COMMITMENT (Note 7)			

Approved on behalf of the Executive Board by:

"Michael Colon"
Executive Director

**ASSOCIATION OF ADMINISTRATIVE AND
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STATEMENTS OF OPERATIONS**

	Year ended June 30, 2013	Year ended June 30, 2012
REVENUE		
Member Dues	\$ 1,075,048	\$ 890,509
Interest Income	22,073	23,342
	<u>1,097,121</u>	<u>913,851</u>
EXPENDITURES		
Member Services:		
AAPS Scholarships & Bursary	13,500	13,500
Compensation Market Survey Analysis	71,089	-
Membership Engagement Committee	1,422	-
Negotiations: ACTE Bargaining	11,026	12,435
Professional Development Program	114,198	95,032
Legal Advice	16,976	10,179
Arbitration/Mediation	175,390	26,659
	<u>403,601</u>	<u>157,805</u>
Board/Governance:		
Advocacy Committee	4,968	10,512
Communications	12,626	23,909
Executive Board	19,193	20,795
Finances	10,927	8,000
General Meetings	9,367	8,265
Volunteer Recognition	3,670	3,131
	<u>60,751</u>	<u>74,612</u>
Administration:		
Consulting	4,613	8,775
Operations	106,962	105,973
Staff	515,759	479,353
	<u>627,334</u>	<u>594,101</u>
TOTAL EXPENDITURES	<u>1,091,686</u>	<u>826,518</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 5,435</u>	<u>\$ 87,333</u>

**ASSOCIATION OF ADMINISTRATIVE AND
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STATEMENTS OF CHANGES IN NET ASSETS**

	Dissolution reserve contingency fund	Contingency reserve fund - unrestricted	Total	
			Year ended June 30, 2013	Year ended June 30, 2012
NET ASSETS, BEGINNING OF YEAR	\$ 300,000	\$ 1,235,126	\$1,535,126	\$1,447,793
Excess of revenue over expenditures	-	5,435	5,435	87,333
NET ASSETS, END OF YEAR	\$ 300,000	\$ 1,240,561	\$1,540,561	\$1,535,126

**ASSOCIATION OF ADMINISTRATIVE AND
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STATEMENTS OF CASH FLOWS**

	Year ended June 30, 2013	Year ended June 30, 2012
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Excess of revenue over expenditures	\$ 5,435	\$ 87,333
Non-cash items included in operations:		
Amortization	4,173	4,387
Interest accrued on term deposits	(3,550)	791
Changes in non-cash working capital items:		
Accounts receivable	(96,840)	594
Prepaid expense	(16)	(2,009)
Accounts payable and accrued liabilities	25,205	(20,802)
Cash (used in) provided by operating activities	<u>(65,593)</u>	<u>70,294</u>
INVESTING		
Purchase of capital assets	<u>(661)</u>	<u>(3,803)</u>
Cash used in investing activities	<u>(661)</u>	<u>(3,803)</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	(66,254)	66,491
CASH, beginning of year	<u>212,842</u>	<u>146,351</u>
CASH, end of year	\$ <u>146,588</u>	\$ <u>212,842</u>

Supplementary information:

Interest received	\$ 22,073	\$ 24,133
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**ASSOCIATION OF ADMINISTRATIVE AND
PROFESSIONAL STAFF OF THE UNIVERSITY OF BRITISH COLUMBIA**
Notes to the Financial Statements
June 30, 2013

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 and the welfare of 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 is also registered as a not-for-profit organization under the Income Tax Act and as such is exempt from income taxes.

2. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective July 1, 2012, the Association of Administrative and Professional Staff of The University of British Columbia has adopted the new Canadian accounting standards for not-for-profit organizations. These are the Society's first financial statements prepared in accordance with these standards, and they have been applied retrospectively.

Management reviewed the exemptions provided on transition to these standards and has not elected to use any of the exemptions.

The adoption of the new accounting framework had no impact on the previously-reported assets, liabilities, net assets, excess of revenue over expenditures and cash flows of the association.

The presentation and disclosures provided in the financial statements reflect the requirements under the new accounting framework.

3. 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 5). This contingency is not expected to be utilized within one year of the statement of financial position date. The value of the term deposits includes the interest accrued to June 30, 2013.

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

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Notes to the Financial Statements
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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2013, 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 \$1,240,561 (2012 - \$1,235,126). 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.

4. CAPITAL ASSETS

	2013			2012		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
	\$	\$	\$	\$	\$	\$
Computer equipment	19,571	14,781	4,790	18,910	12,551	6,359
Furniture	31,130	13,643	17,487	31,130	11,700	19,430
	50,701	28,424	22,277	50,040	24,251	25,789

5. DISSOLUTION RESERVE CONTINGENCY

The board has internally allocated \$300,000 (2012 - \$300,000) as a dissolution reserve contingency. These funds would 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.

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June 30, 2013

6. 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.

7. COMMITMENT

The association has a lease until May 1, 2016 with respect to its premises. Future minimum payments are as follows:

<u>Years Ended June 30,</u>	
2014	45,738
2015	45,738
2016	<u>38,115</u>
	<u>\$ 129,591</u>

8. 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.

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8. FINANCIAL INSTRUMENTS (Continued)

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.