

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

Financial Statements

June 30, 2010

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

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AUDITORS' REPORT

To the Members of the Association of Administrative and Professional Staff of the University of British Columbia:

We have audited the statement of financial position of the Association of Administrative and Professional Staff of the University of British Columbia as at June 30, 2010 and the statement of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the association as at June 30, 2010 and the results of its operations and changes in net assets and cash flows and for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of BC, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



Chartered Accountants

Burnaby, British Columbia
September 8, 2010

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

Statement of Financial Position

June 30, 2010

	2010	2009
		<i>(Notes 2 & 9)</i>
ASSETS		
CURRENT		
Cash	\$ 262,779	\$ 292,946
Term deposits and accrued interest (Note 3)	869,078	572,923
Accounts receivable	-	77,824
	<u>1,131,857</u>	943,693
TERM DEPOSITS AND ACCRUED INTEREST (Note 5)	250,000	250,000
CAPITAL ASSETS (Note 4)	<u>21,329</u>	16,884
	<u>\$ 1,403,186</u>	<u>\$ 1,210,577</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 55,476	\$ 127,099
NET ASSETS – Page 3		
Unrestricted	1,097,710	833,478
Dissolution reserve contingency (Note 5)	<u>250,000</u>	250,000
	<u>1,347,710</u>	1,083,478
	<u>\$ 1,403,186</u>	<u>\$ 1,210,577</u>
COMMITMENTS (Note 7)		

ON BEHALF OF THE BOARD: Director: 

Director: 

**ASSOCIATION OF ADMINISTRATIVE AND
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Statement of Operations and Changes in Net Assets

Year Ended June 30, 2010

	2010	2009
		<i>(Notes 2 & 9)</i>
REVENUE		
Member dues	\$ 871,346	\$ 896,591
Interest income	20,199	26,224
	<u>891,545</u>	<u>922,815</u>
EXPENDITURES		
Board		
Advocacy Committee	6,520	1,411
Communications Committee	11,072	1,063
Compensation Committee	-	17,681
Professional Development Committee	36,160	26,009
Executive Board	35,615	26,159
Finance Committee	8,466	5,892
General meetings	7,609	8,173
Negotiation Committee	6,952	-
Volunteer recognition	3,002	3,234
Contingency	-	34,613
Administrative		
Office and rent	68,467	58,927
Wages and benefits	415,257	420,872
Legal	10,954	14,539
Amortization	5,619	4,722
Arbitration	11,620	39,686
	<u>627,313</u>	<u>662,981</u>
EXCESS OF REVENUES OVER EXPENDITURES FOR THE YEAR – Page 4	<u>\$ 264,232</u>	<u>\$ 259,834</u>
NET ASSETS – Beginning of year	1,083,478	807,456
Adjustment for change in accounting policy <i>(Note 2)</i>	-	16,188
NET ASSETS – Beginning of year, as restated	<u>1,083,478</u>	<u>823,644</u>
NET ASSETS – End of year – Page 2	<u>\$ 1,347,710</u>	<u>\$ 1,083,478</u>

**ASSOCIATION OF ADMINISTRATIVE AND
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Statement of Cash Flows

Year Ended June 30, 2010

	2010	2009
		<i>(Notes 2 & 9)</i>
OPERATING ACTIVITIES		
Excess of revenue over expenditures for the year – Page 3	\$ 264,232	\$ 259,834
Item not affecting cash:		
Amortization	5,619	4,722
	<u>269,851</u>	<u>264,556</u>
Changes in non-cash working capital:		
Account receivable	77,824	5,173
Accounts payable and accrued liabilities	<u>(71,623)</u>	<u>78,338</u>
	<u>6,201</u>	<u>83,511</u>
Cash flow from operating activities	<u>276,052</u>	<u>348,067</u>
INVESTING ACTIVITIES		
Term deposits and accrued interest	(296,155)	(201,800)
Capital assets purchased	<u>(10,064)</u>	<u>(5,418)</u>
Cash flow used by investing activities	<u>(306,219)</u>	<u>(207,218)</u>
INCREASE (DECREASE) IN CASH FLOWS	(30,167)	140,849
CASH – Beginning of year	<u>292,946</u>	<u>152,097</u>
CASH – End of year	<u>\$ 262,779</u>	<u>\$ 292,946</u>

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

Notes to Financial Statements

Year Ended June 30, 2010

1. DESCRIPTION OF OPERATIONS

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. CHANGE IN ACCOUNTING POLICY

Furniture and computer equipment are purchased by the association each year in order to carry out its operations. The association has changed its accounting policy in reporting these capital asset purchases. In previous years, these additions were expensed during the course of the year and reflected in the net income from operations. The association now capitalizes these additions and the capital assets of the association are reflected on its statement of financial position with amortization charged on the statement of operations. The effect of this on the current year was to increase capital assets \$21,329, increase net assets \$16,884, increase amortization \$5,619, decrease office and rent expense \$10,064 and increase net excess of revenue over expenditures \$4,445.

Due to this change in accounting policy, the comparative figures have been restated retrospectively. This resulted in the office and rent expense being restated from \$64,345 to \$58,927, the amortization expenditure being restated from \$NIL to \$4,722, net income from operations being restated from \$259,138 to \$259,834, capital assets being restated from \$NIL to \$16,884 and opening net assets being restated from \$807,456 to \$823,644.

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, however, 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*). The value of the term deposits includes the interest accrued to June 30, 2010.

**ASSOCIATION OF ADMINISTRATIVE AND
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Notes to Financial Statements

Year Ended June 30, 2010

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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 and changes in net assets 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.

Measurement 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. Significant areas requiring the use of management estimates relate to the determination of accrued interest, accrued liabilities and the useful lives of capital assets for the purposes of calculating amortization.

Capital Disclosure

The association's capital consists of its unrestricted net assets of \$1,097,710. 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.

New Accounting Standard – Disclosure of Allocated Expenses

The Canadian Institute of Chartered Accountants issued a new accounting standard for fiscal years beginning on or after January 1, 2009: Section 4470, Disclosure of Allocated Expenses by Not For Profit Associations. This section only affects associations that classify their expenditures by function and includes additional disclosure requirements. As the association classifies its expenditures by object and program with committee classifications done on a direct attribution basis rather than allocating such expenses by function, this new accounting pronouncement has no impact on these financial statements.

**ASSOCIATION OF ADMINISTRATIVE AND
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Notes to Financial Statements

Year Ended June 30, 2010

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	2010 Net book value	2009 Net book value <i>(Notes 2 & 9)</i>
Computer equipment	\$ 18,334	\$ 8,196	\$ 10,138	\$ 4,258
Furniture	18,719	7,528	11,191	12,626
	\$ 37,053	\$ 15,724	\$ 21,329	\$ 16,884

5. DISSOLUTION RESERVE CONTINGENCY

The board has internally allocated \$250,000 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.

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. COMMITMENTS

The association has a lease until September 30, 2011 with respect to its premises. Future minimum lease payments are as follows:

2011	\$ 36,824
2012	\$ 7,365

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Notes to Financial Statements

Year Ended June 30, 2010

8. FINANCIAL INSTRUMENTS

Fair Value

All financial instruments are initially recorded at their fair market value. Subsequently, loans and receivables are measured at their amortized cost using the effective interest method, while all other financial instruments are classified as held-for-trading and are measured at their fair value. Any unrealized gains or losses associated with subsequent measurement are recognized immediately in net income.

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

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is not exposed to low credit risk as all accounts receivable are due from the University of British Columbia, which is considered to be financially stable.

Interest Rate Risk

Interest rate risk is the risk to the association's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. The association is exposed to interest rate risk and its effect on interest income for the year on investments held as term deposits and accrued interest. Management feels the risk is low since interest income is not a major component of total revenue and the rates are fixed over the terms of the deposits.

9. COMPARATIVE FIGURES

The comparative figures were audited by another accounting firm and have been restated to conform to the current year's presentation.
