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## INDEPENDENT AUDITORS' REPORT

To the Members, KAMLOOPS THOMPSON TEACHERS' ASSOCIATION

### **Report on the Financial Statements**

We have audited the accompanying financial statements of KAMLOOPS THOMPSON TEACHERS' ASSOCIATION, which comprise the statement of financial position as at June 30, 2015 and the statement of changes in net assets, statement of operations and statement of 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 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 auditors' 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 audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2015 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 (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

*Daley & Company LLP*  
Chartered Professional Accountants

Kamloops, BC  
October 23, 2015

### **Disclaimer of Liability**

These financial statements were examined and this Audit Opinion issued solely for the use of KAMLOOPS THOMPSON TEACHERS' ASSOCIATION. Daley & Company Chartered Accountants LLP makes no representations of any kind to any other person in respect of these financial statements and accepts no responsibility for their use by any other person in the absence of the written consent of Daley & Company Chartered Accountants LLP.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
 June 30, 2015

ASSETS	Capital and General Fund	Professional Development Fund	Reserve Fund	Total 2015	Total 2014
<b>CURRENT ASSETS:</b>					
Cash	\$ 136,191	\$ 130,966	\$ 118,628	\$ 385,785	\$ 283,954
Accounts receivable	44,005	2,150	-	46,155	49,360
Prepaid expenses	4,614	-	-	4,614	2,870
	<u>184,810</u>	<u>133,116</u>	<u>118,628</u>	<u>436,554</u>	<u>336,184</u>
<b>PROPERTY AND EQUIPMENT (Note 4)</b>	<u>98,784</u>	<u>-</u>	<u>-</u>	<u>98,784</u>	<u>100,002</u>
	<b>\$ 283,594</b>	<b>\$ 133,116</b>	<b>\$ 118,628</b>	<b>\$ 535,338</b>	<b>\$ 436,186</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts payable and accruals	\$ 102,509	\$ 7,493	\$ -	\$ 110,002	\$ 91,365
Deferred revenue	-	8,396	-	8,396	7,644
Callable debt (Note 5)	1,522	-	-	1,522	10,382
Due to (from) other funds (Note 6)	(5,548)	5,548	-	-	-
	<u>98,483</u>	<u>21,437</u>	<u>-</u>	<u>119,920</u>	<u>109,391</u>
<b>COMMITMENT (Note 7)</b>					
<b>NET ASSETS:</b>					
Invested in capital	97,262	-	-	97,262	89,620
Unrestricted	87,849	-	-	87,849	61,898
Internally restricted	-	-	118,628	118,628	117,484
Restricted	-	111,679	-	111,679	57,793
	<u>185,111</u>	<u>111,679</u>	<u>118,628</u>	<u>415,418</u>	<u>326,795</u>
	<b>\$ 283,594</b>	<b>\$ 133,116</b>	<b>\$ 118,628</b>	<b>\$ 535,338</b>	<b>\$ 436,186</b>

APPROVED ON BEHALF OF THE BOARD:

*Geoff Macpherson* President  
*Macpherson* Treasurer

See accompanying notes to financial statements.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
 Year ended June 30, 2015

	Capital and General Fund	Professional Development Fund	Reserve Fund	Total 2015	Total 2014
NET ASSETS, beginning of year	\$ 151,518	\$ 57,793	\$ 117,484	\$ 326,795	\$ 250,029
EXCESS OF REVENUES OVER EXPENSES	<u>33,593</u>	<u>53,886</u>	<u>1,144</u>	<u>88,623</u>	<u>76,766</u>
<b>NET ASSETS, end of year</b>	<b>\$ 185,111</b>	<b>\$ 111,679</b>	<b>\$ 118,628</b>	<b>\$ 415,418</b>	<b>\$ 326,795</b>

See accompanying notes to financial statements.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**STATEMENT OF OPERATIONS**  
Year ended June 30, 2015

	Capital and General Fund (Schedule 1)	Professional Development Fund (Schedule 2)	Reserve Fund	Total 2015	Total 2014
<b>REVENUES:</b>					
Members fees and levies	\$ 378,453	\$ 23,679	\$ -	\$ 402,132	\$ 395,786
School District No. 73 grants	-	300,202	-	300,202	308,362
BC Teachers' Federation grants	22,888	-	-	22,888	40,159
District Day	-	225	-	225	2,775
Professional development training grant	-	9,029	-	9,029	7,719
Distance learning PSA regional conference	-	-	-	-	5,000
Interest	188	67	1,144	1,399	1,095
Hardship	17,334	-	-	17,334	-
Miscellaneous	7,923	-	-	7,923	-
	<u>426,786</u>	<u>333,202</u>	<u>1,144</u>	<u>761,132</u>	<u>772,433</u>
<b>EXPENSES:</b>					
Administration	59,857	-	-	59,857	27,910
Executive expenses	17,113	-	-	17,113	29,393
Meetings/Committees	13,227	-	-	13,227	56,652
Occupancy costs	13,859	-	-	13,859	16,139
Office and miscellaneous	15,748	-	-	15,748	19,396
Professional development	-	279,316	-	279,316	330,436
Salaries and benefits	272,871	-	-	272,871	215,741
	<u>392,675</u>	<u>279,316</u>	<u>-</u>	<u>671,991</u>	<u>695,667</u>
<b>EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS</b>	34,111	53,886	1,144	89,141	76,766
Loss on disposition of asset	(518)	-	-	(518)	-
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ 33,593</u>	<u>\$ 53,886</u>	<u>\$ 1,144</u>	<u>\$ 88,623</u>	<u>\$ 76,766</u>

See accompanying notes to financial statements.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
Year ended June 30, 2015

	2015	2014
<b>OPERATING ACTIVITIES:</b>		
Excess of revenues over expenses (Note 8)	\$ 88,623	\$ 76,766
Item not affecting cash:		
Amortization of property and equipment	4,478	4,551
	<u>93,101</u>	<u>81,317</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	3,205	4,650
Decrease (increase) in prepaid expenses	(1,745)	1,028
Increase in accounts payable and accruals	18,639	5,075
Increase (decrease) in deferred revenue	752	(7,370)
Cash flows from operations	<u>113,952</u>	<u>84,700</u>
<b>FINANCING ACTIVITIES:</b>		
Debt reduction	(8,860)	(8,512)
Cash flows used in financing	<u>(8,860)</u>	<u>(8,512)</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(3,780)	-
Loss on disposition of equipment	518	
Increase in restricted funds	(57,610)	(83,736)
Cash flows used in investing	<u>(60,872)</u>	<u>(83,736)</u>
<b>INCREASE (DECREASE) IN CASH RESOURCES</b>	<b>44,220</b>	<b>(7,548)</b>
<b>CASH RESOURCES, beginning of year</b>	<b>91,971</b>	<b>99,519</b>
<b>CASH RESOURCES, end of year</b>	<b>\$ 136,191</b>	<b>\$ 91,971</b>

See accompanying notes to financial statements.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 1. PURPOSE OF ORGANIZATION:**

The Association operates under a constitution and bylaws with policies and procedures receiving membership adoption and is regulated by the laws of the Society Act (British Columbia). The Association is deemed a not-for-profit entity under the Income Tax Act and accordingly is exempt from income taxes, provided certain requirements of the Income Tax Act are met.

The Association is a constituent local of the B.C. Teachers' Federation which is a trade union representing all active members of the B.C. Teachers' Federation employed by School District No.73.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES:**

These financial statements include the accounts of all funds under the direction of the Kamloops Thompson Teachers' Association and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant for the Association.

**Fund Accounting:**

Accounting transactions are recorded using the restricted fund accounting method. A fund is established for the purpose of carrying on a specific activity or attaining a certain objective in accordance with special regulations, restrictions or limitations. The funds are as follows:

**a) Capital and General Fund:**

The Capital and General Fund reports the assets, liabilities, revenues and expenses related to the Association's capital assets as well as the general activities of the Association.

**b) Professional Development Fund:**

The Professional Development fund reports the resources and expenditures relating to the oversight and delivery of professional development training and resources to the Association's members.

**c) Reserve Fund:**

The Reserve fund reports internally restricted net assets set aside for special, emergent, or significant expenses related to bargaining or strike actions.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (continued):**

**Property and Equipment and Amortization:**

Property and equipment are recorded at cost. Amortization is based on the estimated useful life of the assets and is recorded using the declining balance method at the following annual rates:

Building	4 %
Office equipment	20 %
Computer equipment	30 %

**Impairment of long lived assets:**

The Association reviews the useful lives and the carrying values of its capital assets if events or changes in circumstances indicate that the assets might be impaired, by reference to estimated future operating results and undiscounted net cash flows. If the undiscounted future cash flows expected to result from the use and eventual disposition of an asset are less than their carrying amount, the assets are considered to be impaired. An impairment loss is measured at the amount by which the carrying amount of the assets exceeds their fair value, which is estimated as the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset.

**Deferred Revenue:**

Revenue is recorded in the period in which it relates.

**Revenue Recognition:**

Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions are recognized using the restricted fund method of accounting for contributions.

Members fees and levies, interest income and miscellaneous income are recognized as revenue of the appropriate fund when received or receivable.

**Use of Estimates:**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 periods. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant.

**Callable debt:**

The Association's demand loans are classified as current liabilities because the lender has the right to demand repayment within one year.

**Financial Instruments Policy:**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. Transaction costs on the acquisition, sale or issue of these financial instruments are expensed when incurred. All other financial instruments are subsequently reported at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument. These instruments are tested for impairment at each reporting date.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 3. FINANCIAL INSTRUMENTS:**

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2015.

**Credit Risk:**

The Association is exposed to a credit risk by its customers. However, because the majority of revenues is from government agencies, credit risk concentration is reduced to the minimum.

**Interest Risk:**

The demand loan has a variable interest rate based on the lender's prime interest rate; therefore, the interest expense will vary with changes in the credit union's prime rate.

**NOTE 4. PROPERTY AND EQUIPMENT:**

	Cost	Accumulated Amortization	<b>2015 Net</b>	2014 Net
Land	\$ 17,000	\$ -	\$ 17,000	\$ 17,000
Building	123,082	47,246	75,836	78,996
Office equipment	15,896	13,140	2,756	2,556
Computer equipment	7,210	4,018	3,192	1,450
	<u>\$ 163,188</u>	<u>\$ 64,404</u>	<u>\$ 98,784</u>	<u>\$ 100,002</u>

**NOTE 5. CALLABLE DEBT:**

Thompson Valley Savings Credit Union, mortgage, repayable in weekly installments of \$175 including interest at the Credit Union's prime rate plus 1%, secured by a chattel on land and building with a carrying value of \$92,836, due on demand

	<b>2015</b>	2014
	<u>\$ 1,522</u>	<u>\$ 10,382</u>

Principal repayments due in the ensuing year is approximately as follows:

2015 \$ 1,522

**NOTE 6. DUE TO (FROM) OTHER FUNDS:**

Interfund receivable owing from the Professional Development fund to the General Fund, noninterest bearing, unsecured, no stated terms of repayment.

	<b>2015</b>	2014
	<u>\$ (5,548)</u>	<u>\$ (5,851)</u>



**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 7. COMMITMENT:**

The Association rents equipment under a long-term lease which expires February 2020.

Future minimum lease payments as at June 30, 2015 are as follows:

2016	\$ 2,120
2017	2,120
2018	2,120
2019	2,120
2020	<u>1,060</u>
	<u>\$ 9,540</u>

**NOTE 8. CASH FLOW INFORMATION:**

During the year the Association paid \$240 and earned \$1,398 in interest.

**NOTE 9. EMPLOYEE FUTURE BENEFITS:**

During the year the Association contributed \$3,740 to a defined contribution registered retirement savings plan for an employee.

**NOTE 10. BUDGET FIGURES:**

The budget information disclosed is for information purposes only. The budget has been approved by the Executive Committee, but has not been audited.

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION**  
**CAPITAL AND GENERAL FUND**  
**STATEMENT OF OPERATIONS**  
Year ended June 30, 2015

	Budget (unaudited)	2015	2014
<b>REVENUES:</b>			
BC Teachers' Federation grants:			
Staff representative training	\$ 55,000	\$ 10,563	\$ 9,608
Job Action	5,000	-	16,528
Social Justice	1,000	-	-
Support	13,300	11,575	11,718
Public relations	1,000	-	-
Political action	1,000	750	1,211
Strike vote	-	-	1,094
	<u>76,300</u>	<u>22,888</u>	<u>40,159</u>
Members fees and levies	390,000	378,453	375,922
Interest	750	188	1,036
Retirement banquet	7,500	5,006	1,541
Social Committee	-	-	112
Hardship	-	17,334	-
Miscellaneous	2,500	2,917	4,504
	<u>\$ 477,050</u>	<u>426,786</u>	<u>423,274</u>
<b>EXPENSES:</b>			
Administration:			
BCTF Annual General Meeting	\$ 2,000	1,284	1,485
Bursaries and scholarships	10,000	9,500	5,000
Donations	500	647	61
Honorary membership - Karl Knapp	500	-	-
Honours banquet	500	500	500
Professional fees	10,100	9,450	9,480
Retirement banquet	10,000	8,112	628
Hardship	-	18,398	-
Staff representative training	57,500	11,966	10,756
	<u>91,100</u>	<u>59,857</u>	<u>27,910</u>
Executive expenses:			
President	750	177	434
Vice-president	750	4	286
Executive meeting	3,500	3,002	20,617
Grievance meeting	8,000	5,401	1,148
Travel	5,000	3,383	4,133
Executive retreat	4,000	5,146	2,775
	<u>22,000</u>	<u>17,113</u>	<u>29,393</u>
Meetings/Committees:			
Bargaining	11,000	1,062	3,761
Health and safety (recovery)	1,000	(176)	432
Aboriginal education	1,000	888	797
Arbitrations	-	110	434
Job Action	11,000	5,063	25,676
Ratification vote	-	-	1,094

See accompanying notes to financial statements.

KAMLOOPS THOMPSON TEACHERS' ASSOCIATION  
CAPITAL AND GENERAL FUND  
STATEMENT OF OPERATIONS  
Year ended June 30, 2015

	Budget (unaudited)	2015	2014
EXPENSES (continued):			
Kamloops Teachers On Call	500	470	333
Strike vote	-	-	1,641
Kamloops District Labour Council / B.C. Fed. (recovery)	5,000	(2,310)	2,473
Meetings	3,000	845	2,562
Political action	5,000	3,435	8,796
Public relations	3,000	1,245	1,278
Social	3,500	462	6,751
Social Justice	2,000	2,133	624
	<u>46,500</u>	<u>13,227</u>	<u>56,652</u>
Occupancy costs:			
Amortization on building	8,400	3,160	3,292
Building, insurance and maintenance	5,000	3,827	6,466
Interest on callable debt	700	240	588
Property tax	4,100	3,767	3,674
Utilities	2,600	2,865	2,119
	<u>20,800</u>	<u>13,859</u>	<u>16,139</u>
Office and miscellaneous:			
Amortization	3,000	1,318	1,259
Equipment lease	3,500	2,846	2,928
Interest and bank charges	750	686	721
Miscellaneous	3,000	1,714	563
Postage	700	625	539
Supplies	4,500	4,457	5,852
Telephone	7,000	4,102	7,534
	<u>22,450</u>	<u>15,748</u>	<u>19,396</u>
Salaries and benefits:			
President	109,500	108,554	108,570
Vice-President	105,500	100,214	67,253
Secretarial	50,000	57,400	34,694
Sick time	5,000	3,898	3,354
RRSP contributions	4,000	2,805	1,870
	<u>274,000</u>	<u>272,871</u>	<u>215,741</u>
Total expenses	<u>\$ 476,850</u>	<u>392,675</u>	<u>365,231</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE OTHER ITEMS		<u>34,111</u>	<u>58,043</u>
Gain (loss) on disposition of assets		<u>(518)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENSES		<u>\$ 33,593</u>	<u>\$ 58,043</u>

**KAMLOOPS THOMPSON TEACHERS' ASSOCIATION  
PROFESSIONAL DEVELOPMENT FUND  
STATEMENT OF OPERATIONS  
Year ended June 30, 2015**

	Budget (unaudited)	2015	2014
<b>REVENUES:</b>			
Member levies	\$ 18,000	\$ 23,679	\$ 19,864
School District No. 73 grants	285,000	300,202	308,362
Distance learning PSA regional conference	-	-	5,000
District day revenue	-	225	2,775
Professional development training grant	-	9,029	7,719
Interest	-	67	59
Miscellaneous	-	-	5,380
	<u>\$ 303,000</u>	<u>333,202</u>	<u>349,159</u>
<b>EXPENSES:</b>			
Chairperson and bookkeeper	\$ 60,000	40,124	53,234
Distance learning PSA regional conference	-	-	5,644
District day	36,972	29,004	44,508
Fee reimbursements	37,920	29,237	37,967
Leadership workshops	9,480	5,264	3,797
Local Provincial Specialists Association grants	5,451	3,290	4,492
TTOC conference	-	-	-
North Thompson professional development	-	8,640	17,726
Operating costs	4,000	2,895	3,715
Professional development initiatives	7,347	6,268	8,790
Program for quality teaching	-	1,607	1,300
Professional development settlement	-	2,500	-
Representative training	2,000	9,576	8,386
School grants	139,830	140,911	140,877
	<u>\$ 303,000</u>	<u>279,316</u>	<u>330,436</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>		<u><b>\$ 53,886</b></u>	<u><b>\$ 18,723</b></u>