

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2021

INDEPENDENT AUDITOR'S REPORT

To the National Executive and Members of the Union of National Employees:

Opinion

I have audited the financial statements of the Union of National Employees ("the Union"), which comprise the balance sheet as at December 31, 2021, and the statements of revenue and expenses, change in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-profit Organizations (ASNPO).

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Union in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO 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.

In preparing the financial statements, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Ted R. Lupinski, B.Sc. (McGill), M.B.A. (McGill), C.P.A.

2-137 Second Avenue, Ottawa, Ontario, Canada K1S 2H4 Tel: 613.233.7771 Fax: 613.233.3442 Email: tedlupinski@rogers.com

*operating as Ted R. Lupinski, C.P.A. Professional Corporation

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Ottawa, April 6, 2022



Ted R. Lupinski, C.P.A. Professional Corporation,
Authorized to practice public accounting by CPA Ontario

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2021

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UNION OF NATIONAL EMPLOYEES
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

REVENUE	<u>2021</u>	<u>2020</u>
Dues	\$ 8,482,525	\$ 7,856,459
Interest and dividends	272,470	204,910
Gains/(Losses) on investments	<u>78,707</u>	<u>228,705</u>
TOTAL REVENUES	<u>\$ 8,833,702</u>	<u>\$ 8,290,074</u>
EXPENSES		
Staff Member Service		
Employee benefits	755,008	846,858
Provision for severance pay	70,050	75,975
Salaries	2,609,739	2,490,590
Staff recruitment and training	7,621	1,226
Staff travel and expenses	<u>7,248</u>	<u>26,807</u>
Total Staff Member Service	3,449,666	3,441,456
Membership Empowerment		
Collective bargaining	71,847	551
Conferences and seminars	507,256	170,330
Conventions and conferences - PSAC	45,612	3,854
Donations	5,500	1,000
Human rights committee and conference	182,017	85,046
Member representation	12,835	8,517
Member training	8,127	550
Non-recurring membership services	-	16,185
Promotional items	19,210	59,649
Provision for honours, awards and bursaries	15,000	15,000
Translation - written	56,908	43,776
UMC committees	<u>48,607</u>	<u>89,936</u>
Total Membership Empowerment	972,919	494,394
Leadership		
Executive expense - regional activities	141,495	191,367
Executive expense - national activities	5,414	6,794
Executive meetings	271,819	275,745
National President expense	195,311	195,053
National Executive Vice President expense	168,202	153,982
Provision for National Officers relocation	<u>25,000</u>	<u>15,000</u>
Total Leadership	807,241	837,941
Office Operations		
Depreciation expense	147,984	109,544
General office expenses	163,273	159,643
Insurance	24,182	21,390
Professional fees	257,711	148,893
Rent	<u>336,445</u>	<u>311,596</u>
Total Office Operations	929,595	751,066
Convention		
Triennial convention	<u>800,000</u>	<u>745,000</u>
Total Convention	800,000	745,000
TOTAL EXPENSES	<u>6,959,421</u>	<u>6,269,857</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 1,874,281</u>	<u>\$ 2,020,217</u>

UNION OF NATIONAL EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>2021</u>	<u>2020</u>
BALANCE, BEGINNING OF YEAR	\$ 7,185,792	\$ 61,177	\$ 3,134,929	\$ 10,381,898	\$ 8,398,123
Excess of revenue over expenditures	1,874,281	-	-	1,874,281	2,020,217
Depreciation of capital assets	147,984	(147,984)	-	-	-
Transfers during year	745,530	-	344,781	1,090,311	(36,442)
Acquisition of capital assets	<u>(190,134)</u>	<u>190,134</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 9,763,453</u>	<u>\$ 103,327</u>	<u>\$ 3,479,710</u>	<u>\$ 13,346,490</u>	<u>\$ 10,381,898</u>

UNION OF NATIONAL EMPLOYEES

BALANCE SHEET

DECEMBER 31, 2021

ASSETS	<u>2021</u>	<u>2020</u>
CURRENT ASSETS		
Cash		
Accrued interest receivable	\$ 1,916,759	\$ 769,186
Dues receivable - PSAC	58,233	45,875
Officers' standing advances	805,884	737,274
Sundry accounts receivable	8,300	1,800
Prepaid expenses	2,871	7,496
	<u>257,738</u>	<u>184,758</u>
	3,049,785	1,746,389
INVESTMENTS (notes 1 and 11)	14,665,908	13,333,263
CAPITAL ASSETS (note 3)	<u>103,327</u>	<u>61,177</u>
	<u>\$ 17,819,020</u>	<u>\$ 15,140,829</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 1,467,284	\$ 1,156,651
Payroll and withholding taxes	-	-
Rebates payable to locals	<u>156,756</u>	<u>158,668</u>
	<u>1,624,040</u>	<u>1,315,319</u>
PROVISIONS (note 1)		
Severance pay (note 2)	660,569	655,155
Triennial convention (note 4)	1,180,414	2,418,507
Scholarships (note 5)	91,498	87,905
Overtime and accumulated vacation leave (note 6)	201,716	192,027
National Officers relocation (note 7)	76,394	90,018
2022-2023 Conferences (note 8)	<u>637,899</u>	<u>-</u>
	<u>2,848,490</u>	<u>3,443,612</u>
NET ASSETS (note 1)	<u>4,472,530</u>	<u>4,758,931</u>
Unrestricted	9,763,453	7,185,792
Invested in capital assets	103,327	61,177
Restricted	<u>3,479,710</u>	<u>3,134,929</u>
	<u>13,346,490</u>	<u>10,381,898</u>
	<u>\$ 17,819,020</u>	<u>\$ 15,140,829</u>

ON BEHALF OF THE NATIONAL EXECUTIVE

 _____ President

 _____ National Executive Vice-President

TL Ted R Lupinski

CPA CHARTERED PROFESSIONAL ACCOUNTANT

UNION OF NATIONAL EMPLOYEES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING ACTIVITIES	<u>2021</u>	<u>2020</u>
Excess of revenue over expenditures	\$ 1,874,281	\$ 2,020,217
Adjustments to determine net cash provided by (used in) operations		
Depreciation expense	147,984	109,544
Transfers	1,090,311	(36,442)
Realized or unrealized loss (gains) on sale of investments	<u>(78,707)</u>	<u>(228,705)</u>
	3,033,869	1,864,614
Net change in non-cash working capital items	<u>152,898</u>	<u>33,124</u>
	<u>3,186,767</u>	<u>1,897,738</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(190,134)	(65,362)
Purchase of investments	(4,544,068)	(8,102,428)
Proceeds from sales of investments	<u>3,290,130</u>	<u>5,424,097</u>
	<u>(1,444,072)</u>	<u>(2,743,693)</u>
FINANCING ACTIVITIES		
Increase (Decrease) in provisions	<u>(595,122)</u>	<u>786,034</u>
NET CHANGE IN CASH	1,147,573	(59,921)
CASH, BEGINNING OF YEAR	<u>769,186</u>	<u>829,107</u>
CASH, END OF YEAR	<u>\$ 1,916,759</u>	<u>\$ 769,186</u>

UNION OF NATIONAL EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

DESCRIPTION OF ORGANIZATION

The mission of the Union of National Employees, a progressive and democratic component of the Public Service Alliance of Canada, is to ensure members, elected officials and staff:

- Work in solidarity to represent a diverse membership;
- Support and empower locals and members;
- Protect, promote and advance workers rights and human rights.

It is exempt from income tax under paragraph 149(6) of the Income Tax Act.

1. SUMMARY OF CANADIAN SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

A. INVESTMENTS

The investments are recorded at fair value. Fair values are determined by published price quotations in an active market at year-end. The costs of the investments are \$14,253,514 (2020 \$12,955,125).

B. CAPITAL ASSETS

Purchases of capital assets are recorded at cost and are depreciated on the straight-line basis over the following periods:

Equipment	3 years
Furniture	4 years
Cabinets	5 years
Fixtures and equipment	10 years

Items under \$500 and computer software are completely depreciated in the year of acquisition.

C. PROVISIONS

Amounts shown as expenditures for severance pay, triennial convention, scholarships, overtime and accumulated vacation leave, national officers relocation and 2022-2023 conferences contain charges not yet incurred, but which have been included in the annual budget. The total of these charges is included in the provisions liability section of the balance sheet.

UNION OF NATIONAL EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

1. SUMMARY OF CANADIAN SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. NET ASSETS

Unrestricted net assets are maintained at a level of at least ten percent of operating expenses while the restricted net assets are maintained at a level of fifty percent of operating expenses.

E. RECOGNITION OF REVENUE

The component records membership dues and investment income on an accrual basis.

Investment income comprises interest from cash, interest from fixed income investments, dividends and realized and unrealized gains and losses on the sale of investments.

F. LOCALS

The financial statements do not include the accounts of the locals.

G. ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts recorded in the financial statements. These estimates are based on management's best knowledge of current events and actions that the Union may undertake in the future. Actual results may differ from these estimates.

2. PROVISION FOR SEVERANCE PAY

The provision for severance pay is funded by an amount included in the investments (\$545,929).

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2021</u>	<u>2020</u>
Equipment	\$ 152,462	\$ 54,862	\$ 97,600	\$ 48,263
Furniture	11,681	7,422	4,259	7,506
Fixtures and equipment	39,406	37,938	1,468	5,408
	<u>\$ 203,549</u>	<u>\$ 100,222</u>	<u>\$ 103,327</u>	<u>\$ 61,177</u>

During the year, \$190,134 (2020 - \$65,362) was spent on additions to capital assets.

UNION OF NATIONAL EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

4. PROVISION FOR TRIENNIAL CONVENTION

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 2,418,507	\$ 1,699,757
Current provision	800,000	745,000
Expenses incurred	(938,093)	(26,250)
Transfer from (to) unrestricted net assets	<u>(1,100,000)</u>	<u>-</u>
Balance - ending	<u>\$ 1,180,414</u>	<u>\$ 2,418,507</u>

5. PROVISION FOR SCHOLARSHIPS

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 87,905	\$ 83,055
Current provision	15,000	15,000
Expenses incurred	<u>(11,407)</u>	<u>(10,150)</u>
Balance - ending	<u>\$ 91,498</u>	<u>\$ 87,905</u>

6. PROVISION FOR OVERTIME AND ACCUMULATED VACATION LEAVE

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 192,027	\$ 142,052
Transfer from (to) unrestricted net assets	<u>9,689</u>	<u>49,975</u>
Balance - ending	<u>\$ 201,716</u>	<u>\$ 192,027</u>

UNION OF NATIONAL EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

7. PROVISION FOR NATIONAL OFFICERS RELOCATION

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ 90,018	\$ 75,018
Current provision	25,000	15,000
Expenses incurred	<u>(38,624)</u>	<u>-</u>
Balance - ending	<u>\$ 76,394</u>	<u>\$ 90,018</u>

8. PROVISION FOR 2022-2023 CONFERENCES

	<u>2021</u>	<u>2020</u>
Balance - beginning	\$ -	\$ -
Current provision	640,002	-
Expenses incurred	<u>(2,103)</u>	<u>-</u>
Balance - ending	<u>\$ 637,899</u>	<u>\$ -</u>

9. RELATED PARTIES TRANSACTIONS

The Union has concluded transactions with some of its members, with the Public Service Alliance of Canada and with its locals. These transactions have occurred in the current course of business.

10. PENSION PLAN

The Union participates in a defined benefit multi-employer pension plan. It recognizes as expenses for current services the amount of its contribution in a given year.

UNION OF NATIONAL EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021

11. FINANCIAL INSTRUMENTS

Cash, dues receivable, accrued interest receivable, other receivables, creditors and accrued liabilities and rebates payable to locals are financial instruments with a market value presumed to be equal to their book value because of their short-term nature. It is management's opinion that the Union is not exposed to significant interest rate, currency, liquidity or credit risks arising from these financial instruments.

12. INVESTMENTS

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political and other conditions. Management believes that the concentrations described above do not represent excessive risk.

13. LEASE OBLIGATION

The Union has renewed its lease for office space for a further ten year period, which expires on June 30, 2026. The minimum commitment on an annual basis is \$327,503.

UNION OF NATIONAL EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

14. COMPARISON OF ACTUAL REVENUE AND EXPENSES TO BUDGETED AMOUNTS

REVENUE	<u>Actual</u>	<u>Budget</u>	<u>Variance (Under)</u>
Dues	\$ 8,482,525	\$ 6,935,000	\$ 1,547,525
Interest and dividends	272,470	200,000	72,470
Gains/(Losses) on investments	78,707	-	78,707
TOTAL REVENUES	<u>\$ 8,833,702</u>	<u>\$ 7,135,000</u>	<u>\$ 1,698,702</u>
EXPENSES			
Staff Member Service			
Employee benefits	755,008	960,000	(204,992)
Provision for severance pay	70,050	62,000	8,050
Salaries	2,609,739	2,620,000	(10,261)
Staff recruitment and training	7,621	75,000	(67,379)
Staff travel and expenses	7,248	75,000	(67,752)
Total Staff Member Service	3,449,666	3,792,000	(342,334)
Membership Empowerment			
Collective bargaining	71,847	20,000	51,847
Conferences and seminars	507,256	500,000	7,256
Conventions and conferences - PSAC	45,612	75,000	(29,388)
Donations	5,500	5,000	500
Human rights committee and conference	182,017	274,000	(91,983)
Member representation	12,835	30,000	(17,165)
Member training	8,127	50,000	(41,873)
Non-recurring membership services	-	15,000	(15,000)
Promotional items	19,210	10,000	9,210
Provision for honours, awards and bursaries	15,000	15,000	-
Translation - written	56,908	57,000	(92)
UMC committees	48,607	45,000	3,607
Total Membership Empowerment	972,919	1,096,000	(123,081)
Leadership			
Executive expense - regional activities	141,495	350,000	(208,505)
Executive expense - national activities	5,414	30,000	(24,586)
Executive meetings	271,819	340,000	(68,181)
National President expense	195,311	230,000	(34,689)
National Executive Vice President expense	168,202	180,000	(11,798)
Provision for National Officers relocation	25,000	25,000	-
Total Leadership	807,241	1,155,000	(347,759)
Office Operations			
Depreciation expense	147,984	114,000	33,984
General office expenses	163,273	200,000	(36,727)
Insurance	24,182	30,000	(5,818)
Professional fees	257,711	70,000	187,711
Rent	336,445	360,000	(23,555)
Total Office Operations	929,595	774,000	155,595
Convention			
Triennial convention	800,000	800,000	-
Total Convention	800,000	800,000	-
TOTAL EXPENSES	<u>6,959,421</u>	<u>7,617,000</u>	<u>(657,579)</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	<u>\$ 1,874,281</u>	<u>\$ (482,000)</u>	<u>\$ 2,356,281</u>