

**LOCAL 500,
CANADIAN UNION OF PUBLIC EMPLOYEES**

Financial Statements

Year Ended November 30, 2023

Draft for discussion purposes only

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

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Year Ended November 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of Local 500, Canadian Union of Public Employees

Opinion

We have audited the financial statements of Local 500, Canadian Union of Public Employees (the Local), which comprise the statement of financial position as at November 30, 2023, and the statements of revenue and expenses, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Local as at November 30, 2023, and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Local in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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.

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our 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 auditors' report that includes our 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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Local'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 Local's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Local to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Exchange

Chartered Professional Accountants LLP
Winnipeg, Manitoba

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Statement of Financial Position

November 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,967,208	\$ 1,928,266
Restricted cash for sick leave and casual leave	93,113	109,661
Investments (<i>Notes 2, 4</i>)	1,440,150	1,407,950
Accounts receivable (<i>Notes 2, 5</i>)	105,266	279,882
Prepaid expenses	9,589	12,295
	3,615,326	3,738,054
EMPLOYEE PENSION PLAN SOLVENCY EXCESS (<i>Note 8</i>)	125,236	125,236
INVESTMENT IN UNION CENTRE INC. (<i>Note 6</i>)	706,370	706,370
CAPITAL ASSETS (<i>Notes 2, 7</i>)	169,881	192,461
	\$ 4,616,813	\$ 4,762,121
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 86,013	\$ 228,678
Per capita assessment payable (<i>Note 11</i>)	322,975	311,743
Leave of absence payable	-	111,301
Sick leave and casual leave payable	93,113	109,661
Source deductions payable	18,663	5,273
	520,764	766,656
NET ASSETS		
General fund	4,096,049	3,995,465
	\$ 4,616,813	\$ 4,762,121

ON BEHALF OF THE LOCAL

_____ *President*

_____ *Treasurer*

See notes to financial statements

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Statement of Revenue and Expenses

Year Ended November 30, 2023

	Budget (Unaudited) 2023	2023	2022
REVENUE			
Dues	\$ 3,575,449	\$ 3,809,674	\$ 3,496,495
Cost recoveries and other (Note 9)	175,000	45,716	276,501
	<u>3,750,449</u>	<u>3,855,390</u>	<u>3,772,996</u>
EXPENSES			
Amortization	22,000	22,581	22,317
Campaigns	175,500	12,569	680,774
Committees' expenses (Schedule 2)	236,000	9,022	198,354
Consulting fees	22,000	22,000	52,000
Honoraria	7,000	11,169	6,490
Legal arbitration	300,000	358,823	431,370
Les Butterworth Scholarship Fund	10,000	9,746	5,262
Office operating expenses (Schedule 1)	1,402,780	1,228,505	1,120,231
Per capita assessments (Note 11)	1,988,434	2,174,443	1,944,525
	<u>4,163,714</u>	<u>3,848,858</u>	<u>4,461,323</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>(413,265)</u>	<u>6,532</u>	<u>(688,327)</u>
OTHER INCOME (EXPENSES)			
Dividend income	-	14,710	10,798
Interest income	100,000	95,822	59,144
Unrealized gains (losses) on investments	-	(16,480)	(36,867)
Office renovations	-	-	(1,684)
	<u>100,000</u>	<u>94,052</u>	<u>31,391</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (313,265)</u>	<u>\$ 100,584</u>	<u>\$ (656,936)</u>

See notes to financial statements

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Statement of Changes in Net Assets

Year Ended November 30, 2023

	2023	2022
NET ASSETS - BEGINNING OF YEAR	\$ 3,995,465	\$ 4,652,401
Excess of revenue over expenses	<u>100,584</u>	<u>(656,936)</u>
NET ASSETS - END OF YEAR	<u>\$ 4,096,049</u>	<u>\$ 3,995,465</u>

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See notes to financial statements

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Statement of Cash Flow

Year Ended November 30, 2023

	2023	2022
OPERATING ACTIVITIES		
Cash receipts from members	\$ 3,790,655	\$ 3,485,108
Cash receipts from activities	239,351	98,402
Cash paid to suppliers and employees	(4,069,463)	(4,248,406)
Interest received	89,860	53,050
Dividends received	14,710	10,798
	<hr/>	<hr/>
Cash flow from (used by) operating activities	65,113	(601,048)
INVESTING ACTIVITIES		
Purchase of capital assets	-	(5,264)
Purchase of guaranteed investment certificates	(510,867)	(528,843)
Redemption of guaranteed investment certificates	468,148	501,532
Purchase of preferred shares	-	-
Disposal of preferred shares	-	36,867
	<hr/>	<hr/>
Cash flow from (used by) investing activities	(42,719)	4,292
INCREASE (DECREASE) IN CASH	22,394	(596,756)
CASH - BEGINNING OF YEAR	2,037,927	2,634,683
CASH - END OF YEAR	\$ 2,060,321	\$ 2,037,927
CASH CONSISTS OF:		
Cash	\$ 1,967,208	\$ 1,928,266
Restricted cash for sick leave and casual leave	93,113	109,661
	<hr/>	<hr/>
	\$ 2,060,321	\$ 2,037,927

See notes to financial statements

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Notes to Financial Statements

Year Ended November 30, 2023

1. PURPOSE OF THE ORGANIZATION

The Local is chartered under the Labour Relations Act in the Province of Manitoba and its purpose is to improve social and economic welfare of its members, promote efficiency in public employment, and manifest its belief in the value of the unity of organized labour.

The Local is tax exempt under section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

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. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Leasehold improvements	10 years	straight-line method
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The Local regularly reviews its capital assets to eliminate obsolete items.

Revenue recognition

Unrestricted dues are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The Local does not have any restricted or deferred revenues.

Investment income includes interest and realized and unrealized gains and losses.

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Notes to Financial Statements

Year Ended November 30, 2023

3. FINANCIAL INSTRUMENTS

The Local 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 company's risk exposure and concentration as of November 30, 2023.

Credit Risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Local is exposed to credit risk from accounts receivable. The Local's management considers this risk to be low due to the unique relationship with its members and based on collection history.

Interest Rate

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Local manages exposure through its normal operating and financing activities. The Local is not exposed to any significant interest rate risk.

4. INVESTMENTS

	2023		2022	
	Book Value	Fair Value	Book Value	Fair Value
Guaranteed investment certificates and cash	\$ 1,168,814	\$ 1,231,997	\$ 1,137,099	\$ 1,183,095
Preferred shares	300,195	208,153	292,129	224,855
	\$ 1,469,009	\$ 1,440,150	\$ 1,429,228	\$ 1,407,950

5. ACCOUNTS RECEIVABLE

	2023	2022
Dues	\$ 100,355	\$ 81,337
Cost recoveries	-	179,930
Other	4,911	18,615
	\$ 105,266	\$ 279,882

Cost recoveries and other are made up of amounts due from related parties as described in Note 12.

6. INVESTMENT IN UNION CENTRE INC.

The Local has a non-controlling partial ownership in the Union Centre Inc. The investment is recorded at cost.

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Notes to Financial Statements

Year Ended November 30, 2023

7. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Leasehold improvements	\$ 225,806	\$ 55,925	\$ 225,806	\$ 33,345
Net book value	\$ 169,881		\$ 192,461	

8. EMPLOYEE PENSION PLAN SOLVENCY EXCESS

Current employees of CUPE Local 500 participate in a defined contribution pension plan whereby their contribution of 7% of their regular salary is matched by the Local. The plan funds are administered by Great-West Life Assurance Company.

Previously, employees of the Local participated in a defined benefit pension plan. The most recent actuarial valuation of that plan was as at December 31, 2019. That valuation determined that the plan was in a surplus and that its solvency excess had decreased by \$4,165 since the December 31, 2016 valuation.

	2023	2022
Gross solvency excess and overfunded liabilities	\$ 125,236	\$ 125,236

9. COST RECOVERIES AND OTHER

	2023	2022
Campaign	\$ -	\$ 214,468
Conventions	8,575	3,650
Education	2,100	-
Leave of absence	28,366	52,212
Other	6,676	6,171
	\$ 45,716	\$ 276,501

10. CONTINGENT LIABILITY

The Local is contingently liable for a portion of the employees' accumulated sick leave in the amount of \$71,093 (2022 - \$61,454) which is not accrued in the financial statements. The amount is contingent upon the health of the employees, and is not payable should the employee quit, retire, die, or if the employee's position is terminated by the employer.

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

Notes to Financial Statements

Year Ended November 30, 2023

11. RELATED PARTY TRANSACTIONS

The Local is affiliated with Canadian Union of Public Employees National and a number of other related labour organizations and associations. Through its participation in these entities, the Local is entitled to the various benefits, rebates and support services normally accorded a member, in exchange for which the Local is obligated to pay per capita assessments. During the year, the per capita rate was 0.85% of members' gross salary.

The Local is also related to the Union Centre Inc. due to their investment as described in Note 6. During the year ended November 30, 2023, the Local paid rent to the Union Centre Inc. in the amount of \$70,806 (2022 - \$71,001).

12. COMMITMENTS

The Local has entered into office premise and equipment lease agreements with minimum aggregate annual payments as follows:

2024	\$	68,825
2025		68,825
2026		68,825
2027		68,825
2028		68,825
Thereafter		138,265

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

**Schedule of Office Operating Expenses
(Schedule 1)**

Year Ended November 30, 2023

	Budget (Unaudited) 2023	2023	2022
Administrative, transportation, and other	\$ 40,000	\$ 44,915	\$ 41,970
Communications	55,000	46,564	35,620
Computer services	50,000	26,658	40,045
Convention and conference	247,000	154,136	8,538
Donations	10,000	9,112	14,061
Education	15,000	6,215	250
Equipment leases	40,000	-	-
Errol black chair	1,200	-	-
General	-	7,523	19,041
Insurance	6,500	4,943	4,633
Meeting attendance	5,000	9,917	3,249
Payroll and benefits			
Administration	357,500	444,187	383,689
Clerical	189,520	207,202	202,243
Leave of absence	175,000	82,477	151,473
Payroll expenses	53,560	54,886	56,163
Printing, postage and stationery	26,000	33,756	63,502
Professional fees	12,000	12,510	11,983
Promotional items	20,000	-	-
Rent (Note 11)	71,000	70,806	71,001
Retirement	10,000	2,000	-
Service charges (recovery)	4,000	(443)	58
Subscriptions and publications	1,000	246	604
Telephone	13,500	10,895	12,108
	\$ 1,402,780	\$ 1,228,505	\$ 1,120,231

See notes to financial statements

LOCAL 500, CANADIAN UNION OF PUBLIC EMPLOYEES

**Schedule of Committees' Expenses
(Schedule 2)**

Year Ended November 30, 2023

	Budget (Unaudited) 2023	2023	2022
Education, shop stewards, and communication	\$ -	\$ -	\$ 845
Equality and human rights	-	705	-
Honorary life	11,000	6,890	6,508
Leave of absence	-	-	105,843
Negotiations	25,000	1,427	49,883
Political action	200,000	-	-
Rent - Strike	-	-	35,275
	\$ 236,000	\$ 9,022	\$ 198,354

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