

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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, 2023, 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, 2023, 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.

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*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.
- 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.
- 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, May 6, 2024

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

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2023

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UNION OF NATIONAL EMPLOYEES
STATEMENT OF REVENUE AND EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
REVENUE		
Dues	\$ 10,012,884	\$ 9,597,681
Interest and dividends	539,239	377,293
Gains/(Losses) on investments	366,731	(748,204)
TOTAL REVENUES	<u>\$ 10,918,854</u>	<u>\$ 9,226,770</u>
EXPENSES		
Staff Member Service		
Employee benefits	799,193	728,185
Provision for severance pay	79,496	96,787
Salaries	3,087,951	2,560,142
Staff recruitment and training	71,725	5,230
Staff travel and expenses	130,393	182,462
Total Staff Member Service	4,168,758	3,572,806
Membership Empowerment		
Collective bargaining	-	3,739
Conferences and seminars	432,919	451,361
Conventions and conferences - PSAC	11,716	25,229
Donations	3,850	4,500
Human rights committee and conference	22,086	480,974
Member representation	1,367	7,800
Member training	6,295	28,089
Non-recurring membership services	-	-
Promotional items	19,932	18,153
Provision for honours, awards and bursaries	15,000	15,000
Translation - written	25,556	29,529
UMC committees	77,863	57,386
Total Membership Empowerment	616,584	1,121,760
Leadership		
Executive expense - regional activities	38,941	162,654
Executive expense - national activities	11,034	53,990
Executive meetings	521,593	223,947
National President expense	276,020	212,299
National Executive Vice President expense	171,697	190,687
Provision for National Officers relocation	40,000	40,000
National Vice President health and safety	-	-
Trusteeship	928,238	133,736
Total Leadership	1,987,523	1,017,313
Office Operations		
Depreciation expense	133,575	118,892
General office expenses	136,573	143,209
Insurance	30,752	25,890
Professional fees	227,316	167,117
Rent	357,421	347,415
Total Office Operations	885,637	802,523
Convention		
Triennial convention	806,000	806,000
Total Convention	806,000	806,000
TOTAL EXPENSES	<u>8,464,502</u>	<u>7,320,402</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$ 2,454,352</u>	<u>\$ 1,906,368</u>

UNION OF NATIONAL EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2023

	Unrestricted	Invested in capital assets	Restricted	2023	2022
BALANCE, BEGINNING OF YEAR	\$ 11,457,017	\$ 81,646	\$ 3,660,201	\$ 15,198,864	\$ 13,346,490
Excess of revenue over expenditures	2,454,352	-	-	2,454,352	1,906,368
Depreciation of capital assets	133,575	(133,575)	-	-	-
Transfers during year	(576,961)	-	572,050	(4,911)	(53,994)
Acquisition of capital assets	(173,039)	173,039	-	-	-
BALANCE, END OF YEAR	<u>\$ 13,294,944</u>	<u>\$ 121,110</u>	<u>\$ 4,232,251</u>	<u>\$ 17,648,305</u>	<u>\$ 15,198,864</u>

UNION OF NATIONAL EMPLOYEES

BALANCE SHEET

DECEMBER 31, 2023

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 1,067,919	\$ 2,156,775
Accrued interest receivable	73,952	73,372
Dues receivable - PSAC	1,012,945	1,390,490
Officers' standing advances	11,800	2,650
Sundry accounts receivable	11,820	2,345
Prepaid expenses	220,270	263,741
	<u>2,398,706</u>	<u>3,889,373</u>
INVESTMENTS (notes 1 and 12)	18,826,984	17,243,198
CAPITAL ASSETS (note 3)	<u>121,110</u>	<u>81,646</u>
	<u>\$ 21,346,800</u>	<u>\$ 21,214,217</u>

LIABILITIES

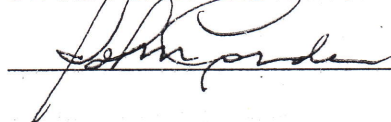
CURRENT LIABILITIES

Accounts payable and accrued charges	\$ 2,065,694	\$ 2,494,289
Payroll and withholding taxes	-	-
Rebates payable to locals	168,933	161,869
	<u>2,234,627</u>	<u>2,656,158</u>
PROVISIONS (note 1)		
Severance pay (note 2)	802,958	757,355
Triennial convention (note 4)	177,639	1,928,485
Scholarships (note 5)	95,470	97,240
Overtime and accumulated vacation leave (note 6)	264,632	259,721
National Officers relocation (note 7)	123,169	116,394
2022-2023 Conferences (note 8)	-	200,000
	<u>1,463,868</u>	<u>3,359,195</u>
	<u>3,698,495</u>	<u>6,015,353</u>

NET ASSETS (note 1)

Unrestricted	13,294,944	11,457,017
Invested in capital assets	121,110	81,646
Restricted	4,232,251	3,660,201
	<u>17,648,305</u>	<u>15,198,864</u>
	<u>\$ 21,346,800</u>	<u>\$ 21,214,217</u>

ON BEHALF OF THE NATIONAL EXECUTIVE



Administrator

TL Ted R Lupinski

CPA CHARTERED
PROFESSIONAL
ACCOUNTANT

UNION OF NATIONAL EMPLOYEES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 2,454,352	\$ 1,906,368
Adjustments to determine net cash provided by (used in) operations		
Depreciation expense	133,575	118,892
Transfers	(4,911)	(53,994)
Realized or unrealized (gains) loss on sale of investments	(366,731)	748,204
	<u>2,216,285</u>	<u>2,719,470</u>
Net change in non-cash working capital items	(19,720)	432,546
	<u>2,196,565</u>	<u>3,152,016</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(173,039)	(97,211)
Purchase of investments	(9,942,297)	(11,062,594)
Proceeds from sales of investments	8,725,242	7,737,100
	<u>(1,390,094)</u>	<u>(3,422,705)</u>
FINANCING ACTIVITIES		
Increase (Decrease) in provisions	(1,895,327)	510,705
NET CHANGE IN CASH	(1,088,856)	240,016
CASH, BEGINNING OF YEAR	2,156,775	1,916,759
CASH, END OF YEAR	<u>\$ 1,067,919</u>	<u>\$ 2,156,775</u>

UNION OF NATIONAL EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 \$18,622,259 (2022 \$17,524,279).

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
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, 2023

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 (\$556,876).

3. CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2023</u>	<u>2022</u>
Equipment	\$ 235,304	\$ 114,691	\$ 120,613	\$ 79,575
Furniture	4,769	4,272	497	1,846
Fixtures and equipment	2,754	2,754	-	225
	<u>\$ 242,827</u>	<u>\$ 121,717</u>	<u>\$ 121,110</u>	<u>\$ 81,646</u>

During the year, \$173,039 (2022 - \$97,211) was spent on additions to capital assets.

UNION OF NATIONAL EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

4. PROVISION FOR TRIENNIAL CONVENTION

	<u>2023</u>	<u>2022</u>
Balance - beginning	\$ 1,928,485	\$ 1,180,414
Current provision	806,000	806,000
Expenses incurred	<u>(2,556,846)</u>	<u>(57,929)</u>
Balance - ending	<u>\$ 177,639</u>	<u>\$ 1,928,485</u>

5. PROVISION FOR SCHOLARSHIPS

	<u>2023</u>	<u>2022</u>
Balance - beginning	\$ 97,240	\$ 91,498
Current provision	15,000	15,000
Expenses incurred	<u>(16,770)</u>	<u>(9,258)</u>
Balance - ending	<u>\$ 95,470</u>	<u>\$ 97,240</u>

6. PROVISION FOR OVERTIME AND ACCUMULATED VACATION LEAVE

	<u>2023</u>	<u>2022</u>
Balance - beginning	\$ 259,721	\$ 201,716
Transfer from (to) unrestricted net assets	<u>4,911</u>	<u>58,005</u>
Balance - ending	<u>\$ 264,632</u>	<u>\$ 259,721</u>

UNION OF NATIONAL EMPLOYEES

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

7. PROVISION FOR NATIONAL OFFICERS RELOCATION

	<u>2023</u>	<u>2022</u>
Balance - beginning	\$ 116,394	\$ 76,394
Current provision	40,000	40,000
Expenses incurred	<u>(33,225)</u>	<u>-</u>
Balance - ending	<u><u>\$ 123,169</u></u>	<u><u>\$ 116,394</u></u>

8. PROVISION FOR 2022-2023 CONFERENCES

	<u>2023</u>	<u>2022</u>
Balance - beginning	\$ 200,000	\$ 637,899
Current provision	-	-
Expenses incurred	<u>(200,000)</u>	<u>(437,899)</u>
Balance - ending	<u><u>\$ -</u></u>	<u><u>\$ 200,000</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, 2023

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.

14. OTHER FINANCIAL INFORMATION

The PSAC National Board of Directors placed the Union in trusteeship, effective October 24, 2022. On March 6, 2024 the PSAC National Board of Directors voted to remove the entity from administration. This followed the decision taken in October 2023 to move the Union from trusteeship to administration.

UNION OF NATIONAL EMPLOYEES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

15. COMPARISON OF ACTUAL REVENUE AND EXPENSES TO BUDGETED AMOUNTS

	<u>Actual</u>	<u>Budget</u>	<u>Variance (Under)</u>
REVENUE			
Dues	\$ 10,012,884	\$ 7,404,000	\$ 2,608,884
Interest and dividends	539,239	250,000	289,239
Gains/(Losses) on investments	366,731	-	366,731
TOTAL REVENUES	<u>\$ 10,918,854</u>	<u>\$ 7,654,000</u>	<u>\$ 3,264,854</u>
EXPENSES			
Staff Member Service			
Employee benefits	799,193	960,000	(160,807)
Provision for severance pay	79,496	60,000	19,496
Salaries	3,087,951	2,620,000	467,951
Staff recruitment and training	71,725	75,000	(3,275)
Staff travel and expenses	130,393	75,000	55,393
Total Staff Member Service	<u>4,168,758</u>	<u>3,790,000</u>	<u>378,758</u>
Membership Empowerment			
Collective bargaining	-	20,000	(20,000)
Conferences and seminars	432,919	550,000	(117,081)
Conventions and conferences - PSAC	11,716	50,000	(38,284)
Donations	3,850	5,000	(1,150)
Human rights committee and conference	22,086	315,000	(292,914)
Member representation	1,367	30,000	(28,633)
Member training	6,295	35,000	(28,705)
Non-recurring membership services	-	15,000	(15,000)
Promotional items	19,932	10,000	9,932
Provision for honours, awards and bursaries	15,000	15,000	-
Translation - written	25,556	60,000	(34,444)
UMC committees	77,863	60,000	17,863
Total Membership Empowerment	<u>616,584</u>	<u>1,165,000</u>	<u>(548,416)</u>
Leadership			
Executive expense - regional activities	38,941	362,500	(323,559)
Executive expense - national activities	11,034	57,500	(46,466)
Executive meetings	521,593	443,000	78,593
National President expense	276,020	230,000	46,020
National Executive Vice President expense	171,697	195,000	(23,303)
National Vice President health and safety	-	-	-
Provision for National Officers relocation	40,000	40,000	-
Trusteeship	928,238	-	928,238
Total Leadership	<u>1,987,523</u>	<u>1,328,000</u>	<u>659,523</u>
Office Operations			
Depreciation expense	133,575	110,000	23,575
General office expenses	136,573	200,000	(63,427)
Insurance	30,752	30,000	752
Professional fees	227,316	75,000	152,316
Rent	357,421	360,000	(2,579)
Total Office Operations	<u>885,637</u>	<u>775,000</u>	<u>110,637</u>
Convention			
Triennial convention	806,000	806,000	-
Total Convention	<u>806,000</u>	<u>806,000</u>	<u>-</u>
TOTAL EXPENSES	<u>8,464,502</u>	<u>7,864,000</u>	<u>600,502</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	<u>\$ 2,454,352</u>	<u>\$ (210,000)</u>	<u>\$ 2,664,352</u>