

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2020

## **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, 2020 and the statements of revenue and expenses, changes 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, 2020 and the results of its operations and its cash flows for the period then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNFPPO).

### **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 ASNFPPO, 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.

**Ted R. Lupinski, B.Sc., M.B.A., C.P.A., C.A.\***

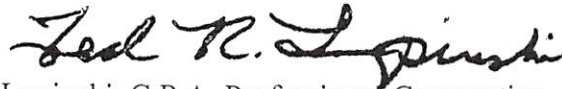
2-137 Second Avenue, Ottawa, Ontario, Canada K1S 2H4 Tel: 613.233.7771 Fax: 613.233.3442 Email: [tedlupinski@rogers.com](mailto:tedlupinski@rogers.com)

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

## 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 it 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.

Ottawa, February 26, 2021



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

UNION OF NATIONAL EMPLOYEES

FINANCIAL STATEMENTS

DECEMBER 31, 2020

Statement of revenue and expenses	1
Statement of changes in net assets	2
Balance sheet	3
Statement of cash flows	4
Notes to the financial statements	5,6,7,8,9



**UNION OF NATIONAL EMPLOYEES**  
**STATEMENT OF REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>
<b>REVENUE</b>		
Dues	\$ 7,856,459	\$ 7,126,794
Interest and dividends	330,773	228,598
Gains/(Losses) on investments	102,842	282,922
<b>TOTAL REVENUES</b>	<u>\$ 8,290,074</u>	<u>\$ 7,638,314</u>
<b>EXPENSES</b>		
<b>Staff Member Service</b>		
Employee benefits	846,858	695,146
Provision for severance pay	75,975	60,432
Salaries	2,490,590	2,532,624
Staff recruitment and training	1,226	109,493
Staff travel and expenses	26,807	124,089
<b>Total Staff Member Service</b>	<u>3,441,456</u>	<u>3,521,784</u>
<b>Membership Empowerment</b>		
Collective bargaining	551	56,339
Conferences and seminars	170,330	1,391,061
Conventions and conferences - PSAC	3,854	10,525
Donations	1,000	5,500
Human rights committee and conference	85,046	534,322
Member representation	8,517	20,868
Member training	550	2,644
Non-recurring membership services	16,185	111,542
Promotional items	59,649	7,428
Provision for honours, awards and bursaries	15,000	15,000
Translation - written	43,776	55,479
UMC committees	89,936	47,296
<b>Total Membership Empowerment</b>	<u>494,394</u>	<u>2,258,004</u>
<b>Leadership</b>		
Executive expense - regional activities	191,367	346,611
Executive expense - national activities	6,794	31,316
Executive meetings	275,745	366,548
National President expense	195,053	226,862
National Executive Vice President expense	153,982	175,807
Provision for National Officers relocation	15,000	15,000
<b>Total Leadership</b>	<u>837,941</u>	<u>1,162,144</u>
<b>Office Operations</b>		
Depreciation expense	109,544	158,697
General office expenses	159,643	183,885
Insurance	21,390	21,280
Professional fees	148,893	102,779
Rent	311,596	327,016
<b>Total Office Operations</b>	<u>751,066</u>	<u>793,657</u>
<b>Convention</b>		
Triennial convention	745,000	745,000
<b>Total Convention</b>	<u>745,000</u>	<u>745,000</u>
<b>TOTAL EXPENSES</b>	<u>6,269,857</u>	<u>8,480,589</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<u>\$ 2,020,217</u>	<u>\$ (842,275)</u>

UNION OF NATIONAL EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>2020</u>	<u>2019</u>
BALANCE, BEGINNING OF YEAR	\$ 4,052,469	\$ 105,359	\$ 4,240,295	\$ 8,398,123	\$ 9,255,201
Excess of revenue over expenditures (expenditures over revenue)	2,020,217	-	-	2,020,217	(842,275)
Depreciation of capital assets	109,544	(109,544)	-	-	-
Transfers during year	1,068,924	-	(1,105,366)	(36,442)	(14,803)
Acquisition of capital assets	<u>(65,362)</u>	<u>65,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 7,185,792</u>	<u>\$ 61,177</u>	<u>\$ 3,134,929</u>	<u>\$ 10,381,898</u>	<u>\$ 8,398,123</u>

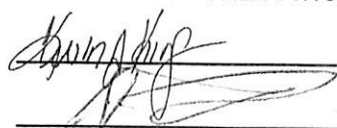
**UNION OF NATIONAL EMPLOYEES**

**BALANCE SHEET**

**DECEMBER 31, 2020**

<b>ASSETS</b>	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>CURRENT ASSETS</b>		
Cash	\$ 769,186	\$ 829,107
Accrued interest receivable	45,875	28,231
Dues receivable - PSAC	737,274	713,061
Officers' standing advances	1,800	2,000
Sundry accounts receivable	7,496	5,373
Inventory	-	51,788
Prepaid expenses	184,758	188,108
	<u>1,746,389</u>	<u>1,817,668</u>
INVESTMENTS (notes 1 and 11)	13,333,263	10,426,227
CAPITAL ASSETS (note 3)	<u>61,177</u>	<u>105,359</u>
	<u>\$ 15,140,829</u>	<u>\$ 12,349,254</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued charges	\$ 1,156,651	\$ 1,133,758
Payroll and withholding taxes	-	-
Rebates payable to locals	158,668	159,795
	<u>1,315,319</u>	<u>1,293,553</u>
PROVISIONS (note 1)		
Severance pay (note 2)	655,155	642,660
Accessibility	-	15,036
Triennial convention (note 4)	2,418,507	1,699,757
Scholarships (note 5)	87,905	83,055
Overtime and accumulated vacation leave (note 6)	192,027	142,052
National Officers relocation (note 7)	90,018	75,018
	<u>3,443,612</u>	<u>2,657,578</u>
	<u>4,758,931</u>	<u>3,951,131</u>
<b>NET ASSETS (note 1)</b>		
Unrestricted	7,185,792	4,052,469
Invested in capital assets	61,177	105,359
Restricted	3,134,929	4,240,295
	<u>10,381,898</u>	<u>8,398,123</u>
	<u>\$ 15,140,829</u>	<u>\$ 12,349,254</u>

ON BEHALF OF THE NATIONAL EXECUTIVE

 \_\_\_\_\_ President

\_\_\_\_\_  
National Executive Vice-President



UNION OF NATIONAL EMPLOYEES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>2020</u>	<u>2019</u>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures (expenditures over revenue)	\$ 2,020,217	\$ (842,275)
Adjustments to determine net cash provided by (used in) operations		
Depreciation expense	109,544	158,697
Transfers	(36,442)	(14,803)
	<u>2,093,319</u>	<u>(698,381)</u>
Net change in non-cash working capital items	<u>33,124</u>	<u>203,816</u>
	<u>2,126,443</u>	<u>(494,565)</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(65,362)	(108,380)
(Increase) Decrease in investments	(2,907,036)	(480,115)
	<u>(2,972,398)</u>	<u>(588,495)</u>
<b>FINANCING ACTIVITIES</b>		
Increase (Decrease) in provisions	<u>786,034</u>	<u>791,753</u>
<b>NET CHANGE IN CASH</b>	(59,921)	(291,307)
<b>CASH, BEGINNING OF YEAR</b>	<u>829,107</u>	<u>1,120,414</u>
<b>CASH, END OF YEAR</b>	<u>\$ 769,186</u>	<u>\$ 829,107</u>



## UNION OF NATIONAL EMPLOYEES

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

#### 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.

##### 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 and national officers relocation 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, 2020**

**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 (\$529,889).

**3. CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>2020</u>	<u>2019</u>
Equipment	\$ 122,414	\$ 74,151	\$ 48,263	\$ 82,989
Furniture	13,754	6,248	7,506	6,080
Fixtures and equipment	17,890	12,482	5,408	16,290
	<u>\$ 154,058</u>	<u>\$ 92,881</u>	<u>\$ 61,177</u>	<u>\$ 105,359</u>

During the year, \$65,362 (2019 - \$108,380) was spent on additions to capital assets.

**UNION OF NATIONAL EMPLOYEES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**4. PROVISION FOR TRIENNIAL CONVENTION**

	<u>2020</u>	<u>2019</u>
Balance - beginning	\$ 1,699,757	\$ 1,011,328
Current provision	745,000	745,000
Expenses incurred	<u>(26,250)</u>	<u>(56,571)</u>
Balance - ending	<u><u>\$ 2,418,507</u></u>	<u><u>\$ 1,699,757</u></u>

Due to the Covid-19 virus, the triennial convention scheduled for 2020 was postponed until 2021.

**5. PROVISION FOR SCHOLARSHIPS**

	<u>2020</u>	<u>2019</u>
Balance - beginning	\$ 83,055	\$ 87,531
Current provision	15,000	15,000
Expenses incurred	<u>(10,150)</u>	<u>(19,476)</u>
Balance - ending	<u><u>\$ 87,905</u></u>	<u><u>\$ 83,055</u></u>

**6. PROVISION FOR OVERTIME AND ACCUMULATED VACATION LEAVE**

	<u>2020</u>	<u>2019</u>
Balance - beginning	\$ 142,052	\$ 127,249
Transfer from (to) unrestricted net assets	<u>49,975</u>	<u>14,803</u>
Balance - ending	<u><u>\$ 192,027</u></u>	<u><u>\$ 142,052</u></u>



**UNION OF NATIONAL EMPLOYEES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

**7. PROVISION FOR NATIONAL OFFICERS RELOCATION**

	<u>2020</u>	<u>2019</u>
Balance - beginning	\$ 75,018	\$ 60,018
Current provision	15,000	15,000
Expenses incurred	<u>-</u>	<u>-</u>
Balance - ending	<u>\$ 90,018</u>	<u>\$ 75,018</u>

**8. 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.

**9. 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.

**10. 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.

**11. 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.

**12. 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, 2020**

**13. COMPARISON OF ACTUAL REVENUE AND EXPENSES TO BUDGETED AMOUNTS**

	<u>Actual</u>	<u>Budget</u>	<u>Variance (Under)</u>
<b>REVENUE</b>			
Dues	\$ 7,856,459	\$ 6,807,000	\$ 1,049,459
Interest and dividends	330,773	200,000	130,773
Gains/(Losses) on investments	102,842	-	102,842
<b>TOTAL REVENUES</b>	<u>\$ 8,290,074</u>	<u>\$ 7,007,000</u>	<u>\$ 1,283,074</u>
<b>EXPENSES</b>			
<b>Staff Member Service</b>			
Employee benefits	846,858	920,000	(73,142)
Provision for severance pay	75,975	55,000	20,975
Salaries	2,490,590	2,300,000	190,590
Staff recruitment and training	1,226	60,000	(58,774)
Staff travel and expenses	26,807	65,000	(38,193)
<b>Total Staff Member Service</b>	3,441,456	3,400,000	41,456
<b>Membership Empowerment</b>			
Collective bargaining	551	10,000	(9,449)
Conferences and seminars	170,330	585,000	(414,670)
Conventions and conferences - PSAC	3,854	75,000	(71,146)
Donations	1,000	5,000	(4,000)
Human rights committee and conference	85,046	274,000	(188,954)
Member representation	8,517	30,000	(21,483)
Member training	550	11,000	(10,450)
Non-recurring membership services	16,185	15,000	1,185
Promotional items	59,649	10,000	49,649
Provision for honours, awards and bursaries	15,000	15,000	-
Translation - written	43,776	55,000	(11,224)
UMC committees	89,936	35,000	54,936
<b>Total Membership Empowerment</b>	494,394	1,120,000	(625,606)
<b>Leadership</b>			
Executive expense - regional activities	191,367	350,000	(158,633)
Executive expense - national activities	6,794	30,000	(23,206)
Executive meetings	275,745	340,000	(64,255)
National President expense	195,053	215,000	(19,947)
National Executive Vice President expense	153,982	195,000	(41,018)
Provision for National Officers relocation	15,000	15,000	-
<b>Total Leadership</b>	837,941	1,145,000	(307,059)
<b>Office Operations</b>			
Depreciation expense	109,544	102,000	7,544
General office expenses	159,643	190,000	(30,357)
Insurance	21,390	35,000	(13,610)
Professional fees	148,893	60,000	88,893
Rent	311,596	360,000	(48,404)
<b>Total Office Operations</b>	751,066	747,000	4,066
<b>Convention</b>			
Triennial convention	745,000	745,000	(0)
<b>Total Convention</b>	745,000	745,000	(0)
<b>TOTAL EXPENSES</b>	<u>6,269,857</u>	<u>7,157,000</u>	<u>(887,143)</u>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)</b>	<u>\$ 2,020,217</u>	<u>\$ (150,000)</u>	<u>\$ 2,170,217</u>