

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

FINANCIAL STATEMENTS

DECEMBER 31, 2014

TL Ted R Lupinski

CPA CHARTERED
PROFESSIONAL
ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the National Executive and Members
of the Canada Employment and Immigration Union – PSAC:

I have audited the accompanying financial statements of the Canada Employment and Immigration Union – PSAC which comprise the balance sheet as at December 31, 2014 and the statements of revenue and expenditures, changes in net assets and 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 auditor's 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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

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Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canada Employment and Immigration Union – PSAC as at December 31, 2014 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.

Ted R. Lupinski

Ottawa, April 8, 2015

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

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Dues	\$ 6,695,608	\$ 6,496,781
Investment income	361,060	301,893
Unrealized gains on the sale of investments	36,092	31,820
	<u>7,092,760</u>	<u>6,830,494</u>
EXPENDITURES		
Bank charges	6,572	6,009
General	83,715	78,364
Insurance	17,300	19,207
Furniture and equipment - small items	6,661	4,890
Office supplies	1,589	2,129
Postage and express	6,857	8,459
Printing and stationery	34,930	31,074
Telecommunications	51,815	51,646
Special needs	38,102	25,918
Translation - written	3,922	10,022
National vice-presidents' conference for local presidents	203,000	228,000
National executive	499,001	721,432
Office rent	440,454	423,871
Regional union offices	174,763	205,573
Salaries - national office	1,214,644	1,257,331
Salaries - regional offices	1,650,285	1,705,928
Employee benefits (note 2)	1,061,716	1,086,690
Equity groups	6,364	11,153
Regional training	175,000	208,314
Professional fees	40,096	48,297
	<u>5,716,786</u>	<u>6,134,307</u>
Carried forward	\$	\$

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
EXPENDITURES		
Brought forward	\$ 5,716,786	\$ 6,134,307
National education (recovery)	5,000	(95,000)
National convention	375,000	325,000
PSAC convention - regional and national (recovery)	(10,000)	(15,000)
Labour affiliations (recovery)	5,000	(25,000)
Women's activities	57,600	57,600
Collective bargaining and political action (recovery)	(100,000)	(40,000)
Organization/support	67,200	67,200
Staff development	27,517	8,205
National meetings	73,632	112,072
National conferences	38,400	38,400
Communications equipment and computers	19,679	16,321
Amortization expense - capital assets	63,770	67,973
Other employee expenses	176,977	194,881
	<u>6,516,561</u>	<u>6,846,959</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	<u>\$ 576,199</u>	<u>\$ (16,465)</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Invested in capital assets	Restricted	2014	2013
BALANCE, BEGINNING OF YEAR	\$ -	\$ 132,431	\$ 4,107,868	\$ 4,240,299	\$ 4,256,764
Excess of revenue over expenditures (expenditures over revenue)	576,199	-	-	576,199	(16,465)
Amortization of capital assets	63,770	(63,770)	-	-	-
Transfer for restricted net assets	704,600	-	(704,600)	-	-
Acquisition of capital assets	(30,013)	30,013	-	-	-
BALANCE, END OF YEAR	<u>1,314,556</u>	<u>\$ 98,674</u>	<u>\$ 3,403,268</u>	<u>\$ 4,816,498</u>	<u>\$ 4,240,299</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

BALANCE SHEET

DECEMBER 31, 2014

ASSETS	<u>2014</u>	<u>2013</u>
CURRENT ASSETS		
Cash	\$ 553,983	\$ 360,224
Dues receivable - PSAC	708,197	718,504
Other receivables	27,470	30,933
Prepaid expenses	104,369	122,400
	<u>1,394,019</u>	<u>1,232,061</u>
INVESTMENTS (note 3)	7,523,685	7,187,099
CAPITAL ASSETS (note 4)	<u>98,674</u>	<u>132,431</u>
	<u>\$ 9,016,378</u>	<u>\$ 8,551,591</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 577,735	\$ 810,508
Payroll and withholding taxes	46,285	31,972
Rebates payable to locals and regions	1,424,753	1,059,621
	<u>2,048,773</u>	<u>1,902,101</u>
PROVISIONS (note 5)	<u>2,151,107</u>	<u>2,409,191</u>
	<u>4,199,880</u>	<u>4,311,292</u>
NET ASSETS		
Unrestricted	1,314,556	-
Invested in capital assets	98,674	132,431
Restricted	3,403,268	4,107,868
	<u>4,816,498</u>	<u>4,240,299</u>
	<u>\$ 9,016,378</u>	<u>\$ 8,551,591</u>

ON BEHALF OF THE NATIONAL EXECUTIVE

_____ National President

_____ Director of Finance and Administration

TL Ted R Lupinski

 **CPA** CHARTERED
PROFESSIONAL
ACCOUNTANT

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	\$ 576,199	\$ (16,465)
Adjustments to determine net cash provided by (used in) operations		
Amortization expense	63,770	67,973
	<u>639,969</u>	<u>51,508</u>
Net change in non-cash working capital items	178,473	(232,300)
	<u>818,442</u>	<u>(180,792)</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(30,013)	(61,549)
(Increase) in investments	(336,586)	(37,377)
	<u>(366,599)</u>	<u>(98,926)</u>
FINANCING ACTIVITIES		
(Decrease) in provisions	(258,084)	(12,720)
NET CHANGE IN CASH	193,759	(292,438)
CASH, BEGINNING OF YEAR	<u>360,224</u>	<u>652,662</u>
CASH, END OF YEAR	<u>\$ 553,983</u>	<u>\$ 360,224</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2014

DESCRIPTION OF ORGANIZATION

The Canada Employment and Immigration Union represents the vast majority of workers at Service Canada, Human Resources and Social Development, Citizenship and Immigration Canada and the Immigration and Refugee Board. The major areas of representation are grievances, staffing complaints, health and safety issues and labor-management consultation committees.

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:

INVESTMENTS

The investments are recorded at fair market value. Fair values are determined by published price quotations in an active market at year-end.

CAPITAL ASSETS

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

Equipment and furniture	5 years
Computers	3 years

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

PROVISIONS

Amounts shown as expenditures in notes 5, 6 and 7 contain charges not yet incurred, but which have been included in the annual budget. The total of these charges is included in the provisions reflected in the liability section of the balance sheet.

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DECEMBER 31, 2014

RECOGNITION OF REVENUE

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

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

LOCALS AND REGIONS

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

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. EMPLOYEE BENEFITS

	<u>2014</u>	<u>2013</u>
Canada and Québec pension plans	\$ 88,102	\$ 85,533
Disability insurance	67,699	67,127
Group life insurance	32,219	34,569
Group medical insurance	237,537	239,475
Pension fund - PSAC	414,444	442,203
Employment insurance	43,174	42,127
WSIB	16,679	20,660
Provincial health insurance	34,956	35,887
Severance pay	65,000	65,000
Other benefits	61,906	54,109
	<u>\$ 1,061,716</u>	<u>\$ 1,086,690</u>

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DECEMBER 31, 2014

3. INVESTMENTS

Included in the investment balance is the severance pay fund with a balance of \$501,878 (\$438,890 in 2013). This amount is used to fund the provision for severance pay.

4. CAPITAL ASSETS

	<u>2014</u>	<u>2013</u>
- Equipment and furniture		
Cost	\$ 517,620	\$ 508,334
Accumulated amortization	<u>472,322</u>	<u>448,510</u>
	45,298	59,824
- Computers		
Cost	378,485	357,758
Accumulated amortization	<u>325,109</u>	<u>285,151</u>
	53,376	72,607
	<u>\$ 98,674</u>	<u>\$ 132,431</u>

During the year, \$30,013 (2013 - \$61,549) was spent on additions to capital assets.

5. PROVISIONS

	<u>2014</u>	<u>2013</u>
Scholarships	\$ 64,063	\$ 50,637
Severance pay	529,600	464,599
Regional training	355,245	245,374
National education	287,997	308,339
National convention (note 6)	122,629	616,612
PSAC convention	33,465	63,610
Labour affiliations	11,634	16,763
Women's activities	24,508	(42,611)
Collective bargaining and political action	320,919	423,359
Organization/support	263,313	163,075
National conferences (note 7)	137,734	99,434
Employee back-up	<u>-</u>	<u>-</u>
	<u>\$ 2,151,107</u>	<u>\$ 2,409,191</u>

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DECEMBER 31, 2014

<u>6. PROVISION FOR NATIONAL CONVENTION</u>	<u>2014</u>	<u>2013</u>
Balance - beginning	\$ 616,612	\$ 325,000
Current provision	375,000	325,000
Expenses incurred	<u>(868,983)</u>	<u>(33,388)</u>
Balance - ending	<u>\$ 122,629</u>	<u>\$ 616,612</u>

<u>7. PROVISION FOR NATIONAL CONFERENCES</u>	<u>2014</u>	<u>2013</u>
Human rights conference	\$ 104,429	\$ 66,129
Immigration conference	<u>33,305</u>	<u>33,305</u>
	<u>\$ 137,734</u>	<u>\$ 99,434</u>

8. RETIRING ALLOWANCE IN RECOGNITION OF LONG SERVICE

The Union has under its control a fund entitled 'Retiring allowance in recognition of long service' which is administered jointly by C.E.I.U. and its employees' union. This fund was created to pay retiring allowances to its employees. The equity of this fund, \$332,460 (\$308,578 in 2013), is not reflected in these financial statements.

9. PENSION PLAN

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

10. RELATED PARTIES TRANSACTIONS

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

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

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11. FINANCIAL INSTRUMENTS

Cash, dues receivable, other receivables, creditors and accrued liabilities and rebates payable to locals and regions 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 and its regional offices have entered into leases for office space which expire on December 31, 2018. The minimum commitment on an annual basis is as follows:

2015	\$ 430,309
2016	\$ 31,735
2017	\$ 22,713
2018	\$ 22,713