

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

FINANCIAL STATEMENTS

DECEMBER 31, 2015

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, 2015 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, 2015 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, May 13, 2016

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, 2015

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CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Dues	\$ 6,771,705	\$ 6,695,608
Investment income	159,035	361,060
Unrealized gains/(Loss) on the sale of investments	<u>(114,240)</u>	<u>36,092</u>
	<u>6,816,500</u>	<u>7,092,760</u>
EXPENDITURES		
Bank charges	7,166	6,572
General	234,374	83,715
Insurance	19,153	17,300
Furniture and equipment - small items	7,522	6,661
Office supplies	2,193	1,589
Postage and express	5,457	6,857
Printing and stationery	39,196	34,930
Telecommunications	40,571	51,815
Special needs	939	38,102
Translation - written	7,578	3,922
National vice-presidents' conference for local presidents	250,000	203,000
National executive	561,290	499,001
Office rent	453,060	440,454
Regional union offices	184,741	174,763
Salaries - national office	1,259,712	1,214,644
Salaries - regional offices	1,614,121	1,650,285
Employee benefits (note 2)	1,184,965	1,061,716
Equity groups	3,584	6,364
Regional training	175,000	175,000
Professional fees	<u>64,703</u>	<u>40,096</u>
Carried forward	<u>\$ 6,115,325</u>	<u>\$ 5,716,786</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

REVENUE AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
EXPENDITURES		
Brought forward	\$ 6,115,325	\$ 5,716,786
National education (recovery)	(75,000)	5,000
National convention	301,000	375,000
PSAC convention - regional and national (recovery)	13,064	(10,000)
Labour affiliations (recovery)	-	5,000
Women's activities	57,600	57,600
Collective bargaining and political action (recovery)	(65,000)	(100,000)
Organization/support	67,200	67,200
Staff development	19,978	27,517
National meetings	89,621	73,632
National conferences	-	38,400
Communications equipment and computers	36,920	19,679
Amortization expense - capital assets	55,205	63,770
Other employee expenses	203,800	176,977
Political action plan	20,387	-
Trusteeship	559	-
	<u>6,840,659</u>	<u>6,516,561</u>
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE)	<u>\$ (24,159)</u>	<u>\$ 576,199</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Invested in capital assets</u>	<u>Restricted</u>	<u>2015</u>	<u>2014</u>
BALANCE, BEGINNING OF YEAR	\$ 1,314,556	\$ 98,674	\$ 3,403,268	\$ 4,816,498	\$ 4,240,299
Excess of revenue over expenditures (expenditures over revenue)	(24,159)	-	-	(24,159)	576,199
Transfers during the year	(17,062)	-	17,062	-	-
Amortization of capital assets	55,205	(55,205)	-	-	-
Acquisition of capital assets	<u>(57,863)</u>	<u>57,863</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE, END OF YEAR	<u>\$ 1,270,677</u>	<u>\$ 101,332</u>	<u>\$ 3,420,330</u>	<u>\$ 4,792,339</u>	<u>\$ 4,816,498</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

BALANCE SHEET

DECEMBER 31, 2015

ASSETS	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash	\$ 979,100	\$ 553,983
Dues receivable - PSAC	747,274	708,197
Other receivables	20,485	27,470
Prepaid expenses	78,401	104,369
	<u>1,825,260</u>	<u>1,394,019</u>
INVESTMENTS (note 3)	7,567,316	7,523,685
CAPITAL ASSETS (note 4)	<u>101,332</u>	<u>98,674</u>
	<u>\$ 9,493,908</u>	<u>\$ 9,016,378</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued charges	\$ 459,458	\$ 577,735
Payroll and withholding taxes	48,800	46,285
Rebates payable to locals and regions	1,767,285	1,424,753
	<u>2,275,543</u>	<u>2,048,773</u>
PROVISIONS (note 5)	<u>2,426,026</u>	<u>2,151,107</u>
	<u>4,701,569</u>	<u>4,199,880</u>
NET ASSETS		
Unrestricted	1,270,677	1,314,556
Invested in capital assets	101,332	98,674
Restricted	3,420,330	3,403,268
	<u>4,792,339</u>	<u>4,816,498</u>
	<u>\$ 9,493,908</u>	<u>\$ 9,016,378</u>

ON BEHALF OF THE NATIONAL EXECUTIVE



Administrator



Director of Finance and Administration

 **Ted R Lupinski**

 **CPA** CHARTERED
PROFESSIONAL
ACCOUNTANT

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Excess of revenue over expenditures (expenditures over revenue)	\$ (24,159)	\$ 576,199
Adjustments to determine net cash provided by (used in) operations		
Amortization expense	55,205	63,770
	<u>31,046</u>	<u>639,969</u>
Net change in non-cash working capital items (note 13)	<u>220,646</u>	<u>178,473</u>
	<u>251,692</u>	<u>818,442</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(57,863)	(30,013)
(Increase) in investments	(43,631)	(336,586)
	<u>(101,494)</u>	<u>(366,599)</u>
FINANCING ACTIVITIES		
Increase (Decrease) in provisions	<u>274,919</u>	<u>(258,084)</u>
NET CHANGE IN CASH	425,117	193,759
CASH, BEGINNING OF YEAR	<u>553,983</u>	<u>360,224</u>
CASH, END OF YEAR	<u>\$ 979,100</u>	<u>\$ 553,983</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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.

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2015

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>2015</u>	<u>2014</u>
Canada and Québec pension plans	\$ 87,183	\$ 88,102
Disability insurance	65,258	67,699
Group life insurance	32,379	32,219
Group medical insurance	253,350	237,537
Pension fund - PSAC	400,397	414,444
Employment insurance	42,575	43,174
WSIB	15,536	16,679
Provincial health insurance	45,580	34,956
Severance pay	185,000	65,000
Other benefits	57,707	61,906
	<u>\$ 1,184,965</u>	<u>\$ 1,061,716</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

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3. INVESTMENTS

Included in the investment balance is the severance pay fund with a balance of \$504,111 (\$501,878 in 2014). This amount is used to fund the provision for severance pay.

4. CAPITAL ASSETS

	<u>2015</u>	<u>2014</u>
- Equipment and furniture		
Cost	\$ 514,651	\$ 517,620
Accumulated amortization	454,016	472,322
	<u>60,635</u>	<u>45,298</u>
- Computers		
Cost	399,896	378,485
Accumulated amortization	359,199	325,109
	<u>40,697</u>	<u>53,376</u>
	<u>\$ 101,332</u>	<u>\$ 98,674</u>

During the year, \$57,863 (2014 - \$30,013) was spent on additions to capital assets.

5. PROVISIONS

	<u>2015</u>	<u>2014</u>
Scholarships	\$ 65,227	\$ 64,063
Severance pay	557,000	529,600
Regional training	400,447	355,245
National education	212,997	287,997
National convention (note 6)	420,632	122,629
PSAC convention	-	33,465
Labour affiliations	4,599	11,634
Women's activities	81,317	24,508
Collective bargaining and political action	238,854	320,919
Organization/support	307,219	263,313
National conferences (note 7)	137,734	137,734
Employee back-up	-	-
	<u>\$ 2,426,026</u>	<u>\$ 2,151,107</u>

CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

NOTES TO THE FINANCIAL STATEMENTS

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<u>6. PROVISION FOR NATIONAL CONVENTION</u>	<u>2015</u>	<u>2014</u>
Balance - beginning	\$ 122,629	\$ 616,612
Current provision	301,000	375,000
Expenses incurred	<u>(2,997)</u>	<u>(868,983)</u>
Balance - ending	<u>\$ 420,632</u>	<u>\$ 122,629</u>

<u>7. PROVISION FOR NATIONAL CONFERENCES</u>	<u>2015</u>	<u>2014</u>
Human rights conference	\$ 104,429	\$ 104,429
Immigration conference	<u>33,305</u>	<u>33,305</u>
	<u>\$ 137,734</u>	<u>\$ 137,734</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, \$260,520 (\$332,460 in 2014), 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

NOTES TO THE FINANCIAL STATEMENTS

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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. NET CHANGE IN NON-CASH WORKING CAPITAL ITEMS

	<u>2015</u>	<u>2014</u>
Dues receivable - PSAC	\$ (39,077)	\$ 10,307
Other receivable	6,985	3,463
Prepaid expenses	25,968	18,031
Accounts payable and accrued charges	(118,277)	(232,773)
Payroll and withholding taxes	2,515	14,313
Rebates payable to locals and regions	342,532	365,132
	<u>\$ 220,646</u>	<u>\$ 178,473</u>

14. LEASE OBLIGATION

The Union and its regional offices have entered into leases for office space which expire on April, 2026. The minimum commitment on an annual basis is as follows:

2016	\$ 378,209
2017	\$ 459,917
2018	\$ 403,168
2019	\$ 385,262
2020	\$ 363,622
2021	\$ 234,399
2022	\$ 229,312
2023	\$ 231,483
2024	\$ 231,483
2025	\$ 231,483
2026	\$ 77,161

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CANADA EMPLOYMENT AND IMMIGRATION UNION - PSAC

NOTES TO THE FINANCIAL STATEMENTS

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15. OTHER FINANCIAL INFORMATION

The Organization requested that it be put into administration by the Public Service Alliance of Canada. This commenced on September 9, 2015. On February 24, 2016, it was put into trusteeship. At present there is no timetable for leaving trusteeship.