

UNIFOR LOCAL 649
Financial Statements
Year Ended December 31, 2022

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Unifor Local 649 have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Unifor Local 649's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Executive Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council carries out this responsibility principally through its Executive Board. The Executive Board meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Executive Council approves the financial statements. The Executive Council also considers, for and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

Union President

Secretary Treasurer

Regina, SK
June 22, 2023



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Unifor Local 649

Qualified Opinion

We have audited the financial statements of Unifor Local 649 (the Local), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, 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 our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Local as at December 31, 2022, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many unions, the Local is unable to economically implement controls that will offer assurance on the completeness of expense recoveries and we were not able to satisfy ourselves on amounts reported using other procedures. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Local and we were not able to determine whether any adjustments might be necessary to expense recovery revenue, excess of revenues (expenses), and cash flows from operations for the years ended December 31, 2022 and 2021, current assets and net assets as at December 31, 2022 and 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Local in accordance with 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 Local'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 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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An asset to our clients, not an expense

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.



Chartered Professional Accountants

Regina, Saskatchewan
June 22, 2023

UNIFOR LOCAL 649

Statement of Financial Position

December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 159,279	\$ 290,106
Cash - restricted (Note 4)	18,614	-
Term deposits (Note 5)	2,820,634	2,725,765
Accounts receivable	22,214	27,111
Prepaid expenses	-	4,000
Scrimshaw retirement prints (Note 6)	8,516	17,102
	3,029,257	3,064,084
TANGIBLE CAPITAL ASSETS (Note 7)	19,943	5,010
INTANGIBLE CAPITAL ASSETS (Note 8)	-	2,371
GLEN SCRIMSHAW PORTRAITS (Note 9)	10,158	10,158
	\$ 3,059,358	\$ 3,081,623
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 268,684	\$ 124,914
Employee deductions payable	2,170	382
Vacation payable	76,009	62,397
	346,863	187,693
NET ASSETS		
Operating fund	2,693,881	2,893,930
Training and Education fund	18,614	-
	2,712,495	2,893,930
	\$ 3,059,358	\$ 3,081,623

COMMITMENTS (Note 11)

ON BEHALF OF THE EXECUTIVE COUNCIL

Director

Director

See notes to financial statements

UNIFOR LOCAL 649

Statement of Operations Year Ended December 31, 2022

	Budget (Unaudited)	Operating Fund	Training and Education Fund	2022	2021
REVENUES					
Dues	\$ 1,781,004	\$ 1,843,293	\$ -	\$ 1,843,293	\$ 1,772,524
Special dues	143,380	-	147,861	147,861	141,645
Other revenues (Schedule 1)	124,200	121,086	18,810	139,896	133,065
	<u>2,048,584</u>	<u>1,964,379</u>	<u>166,671</u>	<u>2,131,050</u>	<u>2,047,234</u>
EXPENSES					
Administration	639,500	697,697	-	697,697	692,843
Unifor National dues	650,000	671,266	-	671,266	653,106
Training	153,000	63,959	148,057	212,016	100,896
Meetings	185,100	202,356	-	202,356	184,194
Professional services	175,000	131,495	-	131,495	138,978
Local conventions	102,100	113,892	-	113,892	79,166
Office	82,000	72,650	-	72,650	69,891
National conferences and conventions	148,000	59,661	-	59,661	9,838
PAP insurance	50,000	35,600	-	35,600	42,044
Local committees	23,500	39,908	-	39,908	57,398
Financial appeals	10,000	12,287	-	12,287	8,417
Member retirement	5,000	10,810	-	10,810	12,813
Union apparel	10,000	10,186	-	10,186	-
Benefits	10,700	9,722	-	9,722	10,659
Public relations	10,000	8,733	-	8,733	1,575
Miscellaneous	2,000	5,325	-	5,325	2,679
Political action	5,000	4,827	-	4,827	420
Sask Area council dues	5,000	4,658	-	4,658	-
Amortization of tangible capital assets	-	4,012	-	4,012	3,719
Amortization of intangible capital assets	-	2,371	-	2,371	4,742
Grievance committee expenses	8,000	2,035	-	2,035	2,396
Banking services	270	678	-	678	200
Arbitration wages	2,100	300	-	300	1,200
	<u>2,276,270</u>	<u>2,164,428</u>	<u>148,057</u>	<u>2,312,485</u>	<u>2,077,174</u>
EXCESS OF REVENUES (EXPENSES)	<u>\$ (227,686)</u>	<u>\$ (200,049)</u>	<u>\$ 18,614</u>	<u>\$ (181,435)</u>	<u>\$ (29,940)</u>

See notes to financial statements

UNIFOR LOCAL 649

Statement of Changes in Net Assets

Year Ended December 31, 2022

	Operating Fund	Training and Education Fund	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 2,893,930	\$ -	\$ 2,893,930	\$ 2,923,870
EXCESS OF REVENUES (EXPENSES)	(200,049)	18,614	(181,435)	(29,940)
NET ASSETS - END OF YEAR	\$ 2,693,881	\$ 18,614	\$ 2,712,495	\$ 2,893,930

See notes to financial statements

UNIFOR LOCAL 649

Statement of Cash Flows Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues (expenses)	\$ (181,435)	\$ (29,940)
Items not affecting cash:		
Amortization of tangible capital assets	4,012	3,719
Amortization of intangible capital assets	2,371	4,742
Reinvested term deposit earnings	(44,869)	(34,801)
	<u>(219,921)</u>	<u>(56,280)</u>
Changes in non-cash working capital:		
Accounts receivable	4,897	(3,987)
Accounts payable	143,770	51,191
Scrimshaw retirement prints	8,586	12,813
Prepaid expenses	4,000	2,857
Employee deductions payable	1,788	(3,340)
Vacation payable	13,612	(778)
	<u>176,653</u>	<u>58,756</u>
Cash flow from (used by) operating activities	<u>(43,268)</u>	<u>2,476</u>
INVESTING ACTIVITIES		
Purchase of tangible capital assets	(18,945)	(3,810)
Net proceeds (purchases) of term deposits	(50,000)	-
Cash flow used by investing activities	<u>(68,945)</u>	<u>(3,810)</u>
DECREASE IN CASH FLOW	(112,213)	(1,334)
CASH - BEGINNING OF YEAR	290,106	291,440
CASH - END OF YEAR	\$ 177,893	\$ 290,106
CASH CONSISTS OF:		
Cash	\$ 159,279	\$ 290,106
Cash - restricted	18,614	-
	<u>\$ 177,893</u>	<u>\$ 290,106</u>

See notes to financial statements

UNIFOR LOCAL 649

Notes to Financial Statements

Year Ended December 31, 2022

1. DESCRIPTION OF OPERATIONS

Unifor Local 649 is a not-for-profit organization and is exempt from income taxes. Its sole purpose is to represent union members employed at SaskEnergy, SaskPower, Technical Safety Authority of Saskatchewan, and Westmoreland Coal. The Union is certified to represent these employees by the Canada Labour Code and the appropriate Provincial Labour Relations Acts. The Local is affiliated with Unifor National. The Union also provides administrative, arbitration, bargaining and training, and other services.

Nationally, Unifor continues to be disaffiliated with the Canadian Labour Congress (CLC) as a result of a disagreement over the interpretation of some sections of the CLC Constitution. While the principal mandate of Local 649 - collection of dues, advocacy for members, support through bargaining, arbitration, training, etc. continues, the disaffiliation significantly impedes the Local's ability to participate in local, regional and national conventions, events, training programs and related activities with other unions and labour organizations. Moreover, the Local may not be able to rely on the support of these organizations in the event of a dispute.

2. ECONOMIC DEPENDENCE

A significant portion of union membership is concentrated in 2 large crown corporations. If there were large declines in one or more of these crown corporations, the Local could not continue to operate in the same way it does currently.

	<u>2022</u>	<u>2021</u>
SaskEnergy	62%	62%
SaskPower	37%	37%

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements are presented in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

Dues, special dues, and PAP insurance are recognized in the period in which they are withheld from the member by the employer. Dues are recognized in the appropriate fund using the allocation determined by the Executive Council.

Interest income is recognized as revenue when earned.

SaskEnergy training grants and expense recoveries are recognized in the year received or receivable if the amount can be estimated and collection is reasonably assured.

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UNIFOR LOCAL 649

Notes to Financial Statements

Year Ended December 31, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund accounting

Under the restricted fund method of accounting the Local has the following fund:

- a) Operating Fund - reports the day to day operations of the Local
- b) Training and Education Fund - an internally restricted fund to set aside special dues to focus on providing training opportunities to the membership outside of the general operation of the Local.

A portion of the monies received by the Local may only be used for specific purposes and accordingly are accounted for in separate funds. Temporary transfers of monies between these funds are recorded as interfund receivables/payables. Permanent transfers are recorded as transfers in the net asset accounts.

Financial instruments

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.

Financial assets including cash, cash - restricted, term deposits and accounts receivable are reported at amortized cost.

Financial liabilities including accounts payable and accrued liabilities are measured at amortized cost.

Scrimshaw retirement prints

Retirement prints are stated at the original cost plus framing. Prints given to qualifying retirees are expensed in the year that retirement takes place.

Tangible capital assets

Tangible capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Equipment	20%	declining balance method
Computer equipment	30%, 45%, 55% & 100%	declining balance method
Office equipment	20%	declining balance method
Leasehold improvements	5 years	straight-line method

One half year's amortization is taken in the year of acquisition.

Intangible capital assets

Intangible capital assets including websites are stated at cost less accumulated amortization and are amortized over a straight-line basis over its estimated useful life of two years. One half year's amortization is taken in the year of acquisition.

UNIFOR LOCAL 649

Notes to Financial Statements Year Ended December 31, 2022

4. CASH - RESTRICTED

The Local has internally restricted a portion of net assets. While there are no separate accounts identified as restricted cash, a portion of cash reserves has been earmarked to fully fund these reserves.

5. TERM DEPOSITS

	<u>2022</u>	<u>2021</u>
Term deposits, bearing interest from 0.95% to 4.00% and mature between January 2023 and September 2027	\$ 2,793,763	\$ 2,703,338
Accrued interest	26,871	22,427
	<u>\$ 2,820,634</u>	<u>\$ 2,725,765</u>

6. SCRIMSHAW RETIREMENT PRINTS

The Local purchased Autumn Splendor from the Glen Scrimshaw galleries and along with the purchase of the original artwork, they received prints that are being given to long time retiring employees of the union.

The cost of the prints is recorded at the original cost plus framing. The print is expensed in the year that the retiree receives it.

	<u>2022</u>	<u>2021</u>
Autumn Splendor	\$ 8,516	\$ 17,102

During the year, the Local paid \$Nil (2021 - \$Nil) to frame prints and provided \$8,586 (2021 - \$12,813) of prints to members who retired.

7. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	<u>2022 Net book value</u>	2021 Net book value
Equipment	\$ 23,794	\$ 23,272	\$ 522	\$ 653
Computer equipment	23,079	22,029	1,050	2,349
Office equipment	18,945	1,894	17,051	-
Leasehold improvements	11,892	10,572	1,320	2,008
	<u>\$ 77,710</u>	<u>\$ 57,767</u>	<u>\$ 19,943</u>	<u>\$ 5,010</u>

UNIFOR LOCAL 649

Notes to Financial Statements Year Ended December 31, 2022

8. INTANGIBLE ASSETS

	<u>2022</u>		<u>2021</u>
Website	\$ 9,484	\$	9,484
Accumulated amortization	<u>(9,484)</u>		<u>(7,113)</u>
	<u>\$ -</u>	\$	<u>2,371</u>

9. GLEN SCRIMSHAW PORTRAITS

The Local purchased the following original portraits from the Glen Scrimshaw galleries. The portraits are recorded at the original cost plus taxes and framing. The original portraits are on display in the union office.

	<u>2022</u>		<u>2021</u>
Sunset Storm	\$ 4,520	\$	4,520
Autumn Splendor	<u>5,638</u>		<u>5,638</u>
	<u>\$ 10,158</u>	\$	<u>10,158</u>

10. LINE OF CREDIT

The Local has a \$40,000 revolving line of credit of which \$Nil (2021 - \$Nil) was used as at year-end. Bank advances on the credit line are payable on demand and bear interest at 6.25% (2021 - 2.45%). The credit line is secured by the term deposits.

11. COMMITMENTS

As of December 31, 2022, the Local has a commitment for the lease of office space which expires May 2024. The Local also has commitments related to a photocopier which expires March 2028.

	<u>Office Lease</u>	<u>Photocopier</u>	<u>Total</u>
2023	\$ 32,716	\$ 2,363	\$ 35,079
2024	13,683	2,363	16,046
2025	-	2,363	2,363
2026	-	2,363	2,363
2027	-	2,363	2,363

UNIFOR LOCAL 649

Notes to Financial Statements

Year Ended December 31, 2022

12. FINANCIAL INSTRUMENTS

The Local is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Local's risk exposure and concentration as of December 31, 2022.

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 the Bargaining units and members. This risk is considered to be minimal.

Liquidity risk

Liquidity risk is the risk of financial loss in the event that the Local will not be able to fund obligations as they become due. In the event of a strike, the Local is supported by the national union. In addition, many of the Local's members are subject to essential services legislation. Liquidity risk is not considered significant.

Interest rate risk

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 organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate on the line of credit but it rarely uses this nor does the Local rely on interest income. This risk is considered to be low.

Unless otherwise noted, it is management's opinion that the Local is not exposed to significant other price risks arising from these financial instruments.

13. CORRESPONDING FIGURES

In 2022, a new chart of accounts was created to better group financial information. As a result, the prior year's figures have been reclassified to conform to the current year's presentation to the best of the Local's abilities. There is no impact on total assets, total liabilities, net assets, total revenues, total expenses or excess of revenue (expenses) for the year as a result of the reclassifications.

14. BUDGETED FIGURES

Budgeted figures are presented for information purposes only and are not subject to audit.

UNIFOR LOCAL 649

Other Revenues

(Schedule 1)

Year Ended December 31, 2022

	Budget (Unaudited)	Operating Fund	Training and Education Fund	2022	2021
Interest	\$ 40,000	\$ 44,869	\$ -	\$ 44,869	\$ 34,801
Expense recoveries	13,500	41,294	-	41,294	37,147
PAP insurance	50,000	34,923	-	34,923	42,307
SaskEnergy training grant	20,700	-	18,810	18,810	18,810
	<u>\$ 124,200</u>	<u>\$ 121,086</u>	<u>\$ 18,810</u>	<u>\$ 139,896</u>	<u>\$ 133,065</u>

See notes to financial statements