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# Financial statements of Manitoba Nurses' Union

December 31, 2023

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## Independent Auditor's Report

To the Members of the Manitoba Nurses' Union,

### Opinion

We have audited the financial statements of the Manitoba Nurses' Union (the "Union"), which comprise the statement of financial position as at December 31, 2023 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year ended December 31, 2023, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at December 31, 2023 and the results of its operations and its cash flows for the year ended December 31, 2023 in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

### Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audits 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 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 Audits 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 GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audits. 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 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 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 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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Chartered Professional Accountants

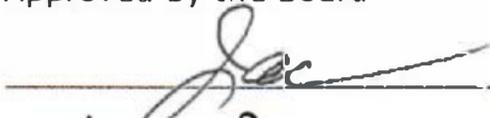
Winnipeg, Manitoba  
April 4, 2024

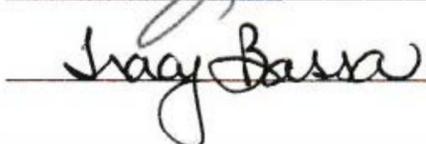
**Manitoba Nurses' Union**  
**Statement of financial position**  
As at December 31, 2023

	Notes	2023 \$	2022 \$
<b>Assets</b>			
Current assets			
Cash		4,500,468	3,359,665
Accounts receivable		783,594	762,474
Prepaid expenses		97,793	32,636
		<b>5,381,855</b>	4,154,775
Investments in marketable securities	3	12,319,531	11,338,021
Investment in Union Centre Inc.	4	579,362	579,362
Property and equipment	5	170,828	120,983
		<b>18,451,576</b>	16,193,141
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	6	875,793	994,581
Severance benefit payable	7	537,633	533,493
		<b>1,413,426</b>	1,528,074
<b>Commitments</b>			
<b>Fund balances</b>			
Defence/Strike Fund		2,810,804	2,792,412
Keith Lambert Scholarship Fund		40,477	35,186
Vera Chernecki Award Fund		3,969	3,969
Negotiations Fund		3,011,946	2,982,596
International Assistance Fund		6,498	6,498
General Fund		11,164,456	8,844,406
		<b>17,038,150</b>	14,665,067
		<b>18,451,576</b>	16,193,141

The accompanying notes are an integral part of the financial statements.

Approved by the Board

 \_\_\_\_\_, President

 \_\_\_\_\_, Security Treasurer

**Manitoba Nurses' Union****Statement of operations**

Year ended December 31, 2023

	Notes	2023 \$	2022 \$
<b>Revenue</b>			
Membership dues		<b>10,008,633</b>	9,838,292
Less: dual dues refunds		<b>(216,629)</b>	(188,658)
		<b>9,792,004</b>	9,649,634
Investment income (loss), net of management fees and taxes	3	<b>1,037,245</b>	(986,365)
Donations and other income		<b>114</b>	6,610
		<b>10,829,363</b>	8,669,879
<b>Expenses</b>			
Office support	Sch 1	<b>691,810</b>	685,377
Democratic process	Sch 2	<b>1,010,013</b>	589,578
Membership services	Sch 3	<b>1,384,669</b>	1,168,169
Affiliations	Sch 4	<b>690,839</b>	571,946
Outreach and solidarity	Sch 5	<b>54,461</b>	74,871
Administrative support		<b>4,624,488</b>	4,956,183
		<b>8,456,280</b>	8,046,124
<b>Net income for the year</b>		<b>2,373,083</b>	623,755

The accompanying notes are an integral part of the financial statements.

**Manitoba Nurses' Union**  
**Statement of changes in fund balances**

Year ended December 31, 2023

							2023
	Defense/ Strike Fund \$	Keith Lambert Scholarship Fund \$	Vera Chernecki Award Fund \$	Negotiations Fund \$	International Assistance Fund \$	General Fund \$	Total \$
<b>Balance, beginning of year</b>	<b>2,792,412</b>	<b>35,186</b>	<b>3,969</b>	<b>2,982,596</b>	<b>6,498</b>	<b>8,844,406</b>	<b>14,665,067</b>
Net income for the year	-	-	-	-	-	<b>2,373,083</b>	<b>2,373,083</b>
Interfund transfers (Note 2)	<b>18,392</b>	<b>5,291</b>	-	<b>29,350</b>	-	<b>(53,033)</b>	-
<b>Balance, end of year</b>	<b>2,810,804</b>	<b>40,477</b>	<b>3,969</b>	<b>3,011,946</b>	<b>6,498</b>	<b>11,164,456</b>	<b>17,038,150</b>
							2022
	Defense/ Strike Fund \$	Keith Lambert Scholarship Fund \$	Verna Chernecki Fund \$	Negotiations Fund \$	International Assistance Fund \$	General Fund \$	Total \$
Balance, beginning of year	1,488,296	32,545	-	2,974,370	6,498	9,539,603	14,041,312
Net income for the year	-	-	-	-	-	623,755	623,755
Interfund transfers (Note 2)	1,304,116	2,641	3,969	8,226	-	(1,318,952)	-
Balance, end of year	2,792,412	35,186	3,969	2,982,596	6,498	8,844,406	14,665,067

The accompanying notes are an integral part of the financial statements.

**Manitoba Nurses' Union****Statement of cash flows**

Year ended December 31, 2023

	<b>2023</b>	2022
	<b>\$</b>	\$
<b>Operating activities</b>		
Net income for the year	<b>2,373,083</b>	623,755
Items not affecting cash		
Amortization	<b>31,704</b>	37,813
Realized (gain) loss on sale of investments	<b>(640,714)</b>	1,061,630
Unrealized gain on investments	<b>(447,788)</b>	(168,994)
Investment management fees and taxes	<b>106,992</b>	106,071
	<b>1,423,277</b>	1,660,275
Change in non-cash working capital items		
Accounts receivable	<b>(21,120)</b>	(74,997)
Prepaid expenses	<b>(65,157)</b>	41,718
Accounts payable and accrued liabilities	<b>(118,788)</b>	38,520
Severance benefit payable	<b>4,140</b>	(25,682)
	<b>1,222,352</b>	1,639,834
<b>Investing activities</b>		
Purchase of investments	—	(1,300,000)
Purchase of property and equipment	<b>(81,549)</b>	(5,035)
	<b>(81,549)</b>	(1,305,035)
Net increase in cash during the year	<b>1,140,803</b>	334,799
Cash, beginning of year	<b>3,359,665</b>	3,024,866
Cash, end of year	<b>4,500,468</b>	3,359,665

The accompanying notes are an integral part of the financial statements.

## **1. Organization**

The constitution and bylaws of the Manitoba Nurses' Union (the "Union") were adopted in October 1975. The objective of the Union is the advancement of the social, economic and general welfare of its members. As such, the Union is exempt from income taxes under Section 149(1)(k) of the Income Tax Act.

## **2. Summary of significant accounting policies**

### *Basis of presentation*

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

### *Fund accounting*

The Union utilized the following funds to manage and report its activities:

#### *i) General Fund*

The General Fund accounts for current operating revenues and expenses.

#### *ii) Defense/Strike Fund*

The Defense/Strike Fund is internally restricted and was established for the purpose of funding future labor disputes. The Union allocates, on a percentage basis, interest earned from investments to this fund as determined by the Board of Directors.

In 2023, \$18,392 of interest income (\$4,116 in 2022) was transferred to the Defense/Strike Fund from the General Fund. The Board also approved a transfer of \$nil to the Defense/Strike Fund from the General Fund (\$1,300,000 in 2022).

#### *iii) Keith Lambert Scholarship Fund*

The Keith Lambert Scholarship Fund is internally restricted and was established in 1993 in recognition of Keith Lambert's contribution to the labor movement and the Union. The objective of the fund is to provide financial assistance to members of the Union who enroll in programs of advanced labor studies. In 2023, \$5,291 (\$2,641 in 2022) was transferred to the Keith Lambert Scholarship Fund from the General Fund.

#### *iv) Vera Chernecki Award Fund*

The Vera Chernecki Award Fund is internally restricted and was established in 2022 in memoriam of Vera Chernecki, a past president of the Union. The objective of the fund is to provide an award to a member who exemplifies the criteria of an emerging leader in activism. In 2023, \$nil (\$3,969 in 2022) was transferred to the Vera Chernecki Award Fund from the General Fund.

#### *v) Negotiations Fund*

The Negotiations Fund is internally restricted and was established in 2002 for the purpose of funding collective bargaining negotiations of future years. The Union allocates, on a percentage basis, interest earned from investments to this fund as determined by the Board of Directors. During 2023, \$29,350 of interest income (\$8,226 in 2022) was transferred to this fund from the General Fund.

#### *vi) International Assistance Fund*

The International Assistance Fund is internally restricted and was established in 2009 for the purpose of providing donations to organizations that provide health and social support in developing countries or those countries recovering from natural or human disasters.

## **2. Summary of significant accounting policies (continued)**

### *Revenue recognition*

The Union follows the restricted fund method of accounting for contributions. Restricted contributions related to general operations are recognized as revenue of the General Fund. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable.

Dues are recorded as income in the month in which they are earned.

Investment revenue is recognized as revenue and allocated among the Defense/Strike Fund, Negotiations Fund and General Fund pro-rata.

### *Property and equipment*

Property and equipment are initially recorded at cost.

Amortization is provided for by using the straight-line method to amortize the cost of the assets over their estimated useful lives at a rate of 20%.

### *Intangible assets*

Intangible assets are initially recorded at cost.

Amortization is provided for by using the straight-line method to amortize the cost of the assets over their estimated useful lives at a rate of 20%.

### *Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

### *Financial instruments*

#### *i) Measurement of financial instruments*

The Union initially measures its financial assets and financial liabilities at fair value. The Union subsequently measures all its financial assets and financial liabilities at amortized cost, except for cash and investments in marketable securities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include accounts receivable. The investment in Union Centre Inc. is measured at cost.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and severance benefit payable.

#### *ii) Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

**Manitoba Nurses' Union**  
**Notes to the financial statements**  
December 31, 2023

**3. Investments in marketable securities**

Investments consist of:

	<b>2023</b>		2022
<b>Market value</b>	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>
\$	\$	\$	\$
Pooled funds	<b>12,100,236</b>	<b>11,577,128</b>	11,129,169
Preferred shares	<b>219,295</b>	<b>208,852</b>	208,852
	<b>12,319,531</b>	<b>11,785,980</b>	11,338,021
			11,078,814

Pooled funds consist of the following:

	<b>2023</b>		2022
<b>Market value</b>	<b>Cost</b>	<b>Market value</b>	<b>Cost</b>
\$	\$	\$	\$
Canadian equity	<b>3,053,595</b>	<b>2,994,672</b>	2,630,748
Global equity	<b>3,119,608</b>	<b>2,895,783</b>	2,630,748
Bond Fund	<b>2,963,729</b>	<b>2,869,478</b>	2,797,513
Core Plus Bond (PIMCO)	<b>1,798,404</b>	<b>1,729,256</b>	1,699,230
Global Direct Real Estate	<b>1,164,900</b>	<b>1,087,939</b>	1,261,398
	<b>12,100,236</b>	<b>11,577,128</b>	11,129,169
			10,869,962

Investment income (loss) consists of the following:

	<b>2023</b>	2022
	\$	\$
Interest	<b>66,177</b>	18,447
Realized gain (loss) on sale of investments	<b>630,272</b>	(1,067,735)
Unrealized gain on fair market value adjustment	<b>447,788</b>	168,994
Investment management fees and taxes	<b>(106,992)</b>	(106,071)
	<b>1,037,245</b>	(986,365)

**4. Investment in Union Centre Inc.**

The investment in Union Centre Inc., which represents approximately 27%, is recorded at cost. Union Centre Inc. was formed to operate the building at 275 Broadway in Winnipeg. During the year, the Union paid \$291,682 (\$291,065 in 2022) in rent to Union Centre Inc.

**5. Property and equipment**

	<b>2023</b>	2022
<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net</b>
\$	\$	\$
Furniture and equipment	<b>468,242</b>	<b>367,318</b>
Leasehold improvements	<b>593,142</b>	<b>570,921</b>
Computer software	<b>184,553</b>	<b>136,870</b>
	<b>1,245,937</b>	<b>1,075,109</b>
		<b>170,828</b>
		78,323
		23,586
		19,074
		120,983

**6. Government remittances payable**

Government remittances consist of amounts (such as sales taxes and payroll withholding taxes) required to be paid to government authorities and are recognized when the amounts become due. In respect of government remittances payable, \$11,045 (\$3,222 in 2022) is included within accounts payable and accrued liabilities.

**7. Severance benefit payable**

The Union has a severance policy in place for its employees eligible under their respective collective agreements. On termination of employment, an employee who has completed ten years of continuous employment shall receive a severance of one week's pay for each year of employment.

**8. Lease commitments**

The aggregate future minimum lease payments required under long-term operating leases for leased premises and office equipment amount to approximately \$239,267 and for each of the next five years.

**9. Post-retirement benefits**

The Union maintains various defined contribution plans for its eligible employees. Pension expense for these plans for the year amounted to \$296,302 (\$308,164 in 2022).

**10. Financial instruments**

The Union manages risk and risk exposures by applying policies approved by the Board of Directors. The significant financial risks to which the Union is exposed are credit risk and interest rate risk.

*Credit risk*

The Union is exposed to credit risk with respect to its accounts receivable and term deposits. The Union earns its revenue from membership dues and investment income.

*Market risk*

The Union is exposed to market risk due to potential for loss from changes in the value of financial instruments. Value can be affected by changes in interest rates, foreign exchange rates and equity prices. Market risk primarily impacts the value of cash and investments.

**Manitoba Nurses' Union**  
**Schedule 1 - Office support**

Year ended December 31, 2023

	Notes	2023 \$	2022 \$
Amortization		31,704	37,813
Audit		37,000	54,338
Bank charges		11,694	1,751
Copier		18,774	18,968
Insurance		25,378	32,396
Messenger services		465	2,539
Miscellaneous		7,011	11,305
Office supplies		20,015	22,751
Postage (recovery)		4,468	(10,262)
Premises rental	4	291,682	291,065
Printing		4,417	875
Resource material		19,614	18,165
Stationery		2,222	1,272
Technology		145,987	130,936
Telephone		71,379	71,465
		<b>691,810</b>	<b>685,377</b>

**Manitoba Nurses' Union**  
**Schedule 2 - Democratic Process**

Year ended December 31, 2023

	2023 \$	2022 \$
Annual meeting	542,386	84,995
Board	144,319	164,827
Committees	321,134	339,516
Miscellaneous meetings	2,174	240
	<b>1,010,013</b>	<b>589,578</b>

**Manitoba Nurses' Union**  
**Schedule 3 - Membership services**

Year ended December 31, 2023

	2023 \$	2022 \$
Communications	331,071	146,432
Computer support	14,090	14,200
Education programs	142,506	46,282
Legal expense assistance plan	77,700	28,194
Legal, arbitration and consultation	422,793	508,403
Regional and worksite president's days	387,263	410,125
Negotiations	9,246	14,533
	<b>1,384,669</b>	<b>1,168,169</b>

## Manitoba Nurses' Union

### Schedule 4 - Affiliations

Year ended December 31, 2023

	<b>2023</b>	2022
	<b>\$</b>	\$
Canadian Federation of Nurses' Unions (CFNU) and Canadian Labour Congress	<b>330,000</b>	330,053
Labour Councils	<b>57,875</b>	57,492
Manitoba Federation of Labour Dues	<b>134,416</b>	136,215
CFNU Biennial	<b>135,048</b>	186
Other	<b>33,500</b>	48,000
	<b>690,839</b>	571,946

## Manitoba Nurses' Union

### Schedule 5 - Outreach and solidarity

Year ended December 31, 2023

	<b>2023</b>	2022
	<b>\$</b>	\$
Ad hoc donations	<b>22,500</b>	20,495
Budgeted donations	<b>11,500</b>	11,500
Student outreach	<b>7,804</b>	1,296
International Assistance Donation	<b>—</b>	26,030
Joyce Gleason Scholarship	<b>6,000</b>	6,000
Keith Lambert Scholarships	<b>2,500</b>	2,500
Other donations and sponsorships	<b>4,157</b>	7,050
	<b>54,461</b>	74,871