

Manitoba Nurses' Union

Financial Statements
December 31, 2019



Independent auditor's report

To the Board of Directors of Manitoba Nurses' Union

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Manitoba Nurses' Union (the Organization) as at December 31, 2019 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.

What we have audited

The Organization's financial statements comprise:

- the balance sheet as at December 31, 2019;
- the statement of operations for the year then ended;
- the statement of changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

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

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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 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.

PricewaterhouseCoopers LLP
One Lombard Place, Suite 2300, Winnipeg, Manitoba, Canada R3B 0X6
T: +1 204 926 2400, F: +1 204 944 1020



In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

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 Organization'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 Organization'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 Organization 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants

Winnipeg, Manitoba
March 18, 2020

Manitoba Nurses' Union

Balance Sheet

As at December 31, 2019

	2019 \$	2018 \$
Assets		
Current assets		
Cash	603,889	584,716
Accounts receivable	784,011	991,483
Prepaid expenses	78,340	50,145
	<hr/>	<hr/>
	1,466,240	1,626,344
Investments in marketable securities (note 3)	7,871,262	7,397,757
Investment in Union Centre Inc. (note 4)	579,362	579,362
Property and equipment (note 5)	242,595	335,058
	<hr/>	<hr/>
	10,159,459	9,938,521
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	1,126,675	623,588
Leasehold inducement	30,000	60,000
Severance benefit payable	501,088	473,037
	<hr/>	<hr/>
	1,657,763	1,156,625
Fund balances		
Defence/Strike Fund (note 8)	1,782,848	2,654,660
Keith Lambert Scholarship Fund (note 9)	27,547	27,751
Negotiations Fund (note 10)	3,131,317	3,133,182
International Assistance Fund (note 11)	6,498	6,498
General Fund	3,553,486	2,959,805
	<hr/>	<hr/>
	8,501,696	8,781,896
	<hr/>	<hr/>
	10,159,459	9,938,521

Approved by the Board of Directors

_____ President

_____ Secretary-Treasurer

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

Manitoba Nurses' Union
Statement of Operations
For the year ended December 31, 2019

	2019 \$	2018 \$
Revenue		
Membership dues	8,127,723	8,053,239
Less: Dual dues refunds	(189,378)	(203,580)
	<hr/>	<hr/>
	7,938,345	7,849,659
Investment income (note 3)	870,633	27,733
Other income	2,500	10,772
	<hr/>	<hr/>
	8,811,478	7,888,164
Expenses		
Office support (note 15)	710,759	742,068
Democratic process (note 16)	1,172,471	1,219,490
Membership services (note 17)	2,311,436	1,771,129
Affiliations (note 18)	543,948	340,804
Outreach and solidarity (note 19)	50,843	54,078
Administrative support	4,302,221	4,441,331
	<hr/>	<hr/>
	9,091,678	8,568,900
Net loss for the year	<hr/> (280,200)	<hr/> (680,736)

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

Manitoba Nurses' Union

Statement of Changes in Fund Balances

For the year ended December 31, 2019

						<u>2019</u>	<u>2018</u>
	Defence/ Strike Fund \$	Keith Lambert Scholarship Fund \$	Negotiations Fund \$	International Assistance Fund \$	General Fund \$	Total \$	Total \$
Balance – Beginning of year	2,654,660	27,751	3,133,182	6,498	2,959,805	8,781,896	9,462,632
Net income (loss) for the year	(882,018)	(204)	(10,511)	-	612,533	(280,200)	(680,736)
Interfund transfers (notes 8, 9, 10 and 11)	10,206	-	8,646	-	(18,852)	-	-
Balance – End of year	<u>1,782,848</u>	<u>27,547</u>	<u>3,131,317</u>	<u>6,498</u>	<u>3,553,486</u>	<u>8,501,696</u>	<u>8,781,896</u>

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

Manitoba Nurses' Union
Statement of Cash Flows
For the year ended December 31, 2019

	2019	2018
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the year	(280,200)	(680,736)
Items not affecting cash		
Depreciation	142,960	200,941
Leasehold inducement amortization	(30,000)	(30,000)
Realized (gain) loss on sale of investments	(804,417)	53,924
Unrealized (gain) loss on investments	(40,102)	(22,178)
	<hr/>	<hr/>
	(1,011,759)	(478,049)
Change in non-cash working capital items		
Accounts receivable	207,472	154,176
Prepaid expenses	(28,195)	(40,176)
Accrued interest	377	498
Accounts payable and accrued liabilities	531,138	(27,748)
	<hr/>	<hr/>
	(300,967)	(391,299)
Investing activities		
Purchase of investments	(1,007,270)	(665,952)
Proceeds on disposal of investments	1,377,907	602,386
Purchase of property and equipment	(50,497)	(99,090)
	<hr/>	<hr/>
	320,140	(162,656)
Increase (decrease) in cash during the year	19,173	(553,955)
Cash – Beginning of year	<hr/>	<hr/>
	584,716	1,138,671
Cash – End of year	<hr/>	<hr/>
	603,889	584,716

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

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

1 Organization

The constitution and bylaws of the Manitoba Nurses' Union (MNU) were adopted in October 1975. The objective of MNU is the advancement of the social, economic and general welfare of its members. As such, MNU 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.

Revenue recognition

MNU follows the deferral method of accounting for contributions.

Dues are recorded as income in the month in which they are earned. Investment income is recognized when earned.

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%.

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

a) Measurement of financial instruments

MNU initially measures its financial assets and financial liabilities at fair value. MNU 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.

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

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.

b) 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.

3 Investments in marketable securities

Investments consist of:

	2019		2018	
	Market value \$	Cost \$	Market value \$	Cost \$
Term deposits	504,003	496,393	783,380	775,393
Accrued interest	7,584	7,584	7,961	7,961
Pooled funds	7,170,841	7,236,451	6,420,926	6,527,015
Preferred shares	188,833	188,833	185,490	185,490
	<u>7,871,261</u>	<u>7,929,261</u>	<u>7,397,757</u>	<u>7,495,859</u>

Pooled funds consist of the following:

	2019		2018	
	Market value \$	Cost \$	Market value \$	Cost \$
Canadian equity	1,810,545	1,870,788	1,674,303	1,795,124
Global equity	1,803,985	1,884,938	1,838,499	1,898,002
Money Market	-	-	129,265	129,273
Bond Fund	1,446,406	1,457,741	1,375,196	1,364,047
Core Plus Bond (PIMCO)	1,448,275	1,469,508	786,185	790,154
Global Direct Real Estate	661,631	553,486	617,478	550,415
	<u>7,170,842</u>	<u>7,236,461</u>	<u>6,420,926</u>	<u>6,527,015</u>

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

Investment income consists of the following:

	2019	2018
	\$	\$
Interest	26,114	59,479
Realized gain (loss) on sale of investments	804,417	(53,924)
Unrealized gain (loss) on fair market value adjustment	40,102	22,178
	<hr/>	<hr/>
	870,633	27,733
	<hr/>	<hr/>

4 Investment in Union Centre Inc.

The investment in Union Centre Inc., which represents approximately 27% membership and voting interest, is recorded at cost. Union Centre Inc. is a not-for-profit organization, exempt from income taxes, that was formed to operate the building at 275 Broadway in Winnipeg.

5 Property and equipment

	<hr/>		2019	<hr/>	2018
	Cost	Accumulated	Net	Net	Net
	\$	amortization	\$	\$	\$
		\$			
Furniture and equipment	2,266,897	2,024,302	242,595	<hr/>	335,058
				<hr/>	

6 Government remittances

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, \$42,519 (2018 – 33,599) is included within accounts payable and accrued liabilities.

7 Severance Benefit payable

MNU 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 Defence/Strike Fund

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

Manitoba Nurses' Union

Notes to Financial Statements

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In 2019, \$10,206 (2018 – \$24,045) was transferred to the Defence/Strike Fund from the General Fund and \$nil (2018 – \$138,115) was transferred from the Defence/Strike Fund to the General Fund, for a net transfer of \$10,206 (2018 – \$114,070) to the Defence/Strike Fund.

9 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 labour movement and the MNU. The objective of the fund is to provide financial assistance to members of the MNU who enrol in programs of advanced labour studies.

10 Negotiations Fund

The Negotiations Fund is internally restricted and was established in 2002 for the purpose of funding collective bargaining negotiations of future years. MNU allocates, on a percentage basis, interest earned from investments to this Fund as determined by the Board of Directors. During 2019, \$18,646 was transferred to this Fund from the General Fund (2018 – \$26,434).

11 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.

12 Lease commitments

The approximate aggregate future minimum lease payments required under long-term operating leases for leased premises and office equipment amount to approximately \$1,005,072 and for each of the next five years are:

	\$
Year ending December 31, 2020	251,268
2021	251,268
2022	251,268
2023	251,268
2024	-
	<hr/>
	1,005,072
	<hr/>

13 Post-retirement benefits

MNU maintains various defined contribution plans for its eligible employees. Pension expense for these plans for the year amounted to \$273,673 (2018 – \$291,998).

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

14 Financial instruments

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

a) Credit risk

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

b) Interest rate risk

MNU is exposed to interest rate risk on its fixed and floating interest rate investments. Fixed rate instruments subject MNU to a fair value risk, while the floating rate instruments subject MNU to a cash flow risk. Interest rates on term deposits and bonds vary from 2.05% to 2.65% and maturity dates vary from December 2020 – January 2022.

c) Market risk

MNU 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 investments.

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

15 Office support

Expenses include the following:

	2019 \$	2018 \$
Amortization	112,960	170,941
Audit	16,943	19,340
Bank charges	1,168	1,087
Copier	22,384	20,077
Fax costs	1,562	1,628
Insurance	17,959	16,181
Messenger services	6,802	4,659
Miscellaneous	2,672	-
Office supplies	26,903	25,044
Postage	24,217	17,287
Premises rental	299,422	297,448
Printing	830	8,220
Resource material	13,944	12,829
Stationery	8,072	10,689
Technology	82,474	77,400
Telephone	72,447	59,238
	<hr/> 710,759	<hr/> 742,068

16 Democratic process

Expenses include the following:

	2019 \$	2018 \$
Annual meeting	706,321	647,673
Board	173,093	258,703
Committees	286,738	308,904
Miscellaneous meetings	6,319	4,210
	<hr/> 1,172,471	<hr/> 1,219,490

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

17 Membership services

Expenses include the following:

	2019	2018
	\$	\$
Communications	1,292,904	596,832
Computer support	14,000	-
Education programs	251,492	328,380
Employer invoice estimate	14,984	56,317
Legal expense assistance plan	77,102	75,883
Legal, arbitration and consultation	310,211	399,016
Regional and worksite president's days	332,969	300,012
Negotiations	17,774	14,689
	<hr/>	<hr/>
	2,311,436	1,771,129
	<hr/>	<hr/>

18 Affiliations

Expenses include the following:

	2019	2018
	\$	\$
Canadian Federation of Nurses' Unions and Canadian Labour Congress	401,217	301,204
Labour Councils	27,023	-
Manitoba Council of Health Care Unions	6,600	6,600
Manitoba Federation of Labour Dues	76,108	-
Other	33,000	33,000
	<hr/>	<hr/>
	543,948	340,804
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Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2019

19 Outreach and solidarity

Expenses include the following:

	2019	2018
	\$	\$
Ad hoc donations	9,960	9,982
Budgeted donations	5,000	6,500
Student outreach	7,063	9,271
International Assistance Donation	416	2,000
Joyce Gleason Scholarship	6,000	6,000
Keith Lambert Scholarships	2,500	2,225
Other donations and sponsorships	19,904	18,100
	<hr/>	<hr/>
	50,843	54,078
	<hr/>	<hr/>

20 Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's presentation.