

Manitoba Nurses' Union

Financial Statements
December 31, 2020



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, 2020 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, 2020;
- 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 significant accounting policies and other explanatory information.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

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 17, 2021

Manitoba Nurses' Union

Balance Sheet

As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	2,524,268	603,889
Accounts receivable	526,669	784,011
Prepaid expenses	31,416	78,340
	<hr/>	<hr/>
	3,082,353	1,466,240
Investments in marketable securities (note 3)	8,334,149	7,871,262
Investment in Union Centre Inc. (note 4)	579,362	579,362
Property and equipment (note 5)	138,328	178,054
Intangible assets (note 6)	40,188	64,541
	<hr/>	<hr/>
	12,174,380	10,159,459
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	826,759	1,126,675
Leasehold inducement	-	30,000
Severance benefit payable	555,299	501,088
	<hr/>	<hr/>
	1,382,058	1,657,763
Fund balances		
Defence/Strike Fund (note 9)	1,530,006	1,782,848
Keith Lambert Scholarship Fund (note 10)	29,045	27,547
Negotiations Fund (note 11)	3,100,269	3,131,317
International Assistance Fund (note 12)	6,498	6,498
General Fund	6,126,504	3,553,486
	<hr/>	<hr/>
	10,792,322	8,501,696
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	12,174,380	10,159,459

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, 2020

	2020 \$	2019 \$
Revenue		
Membership dues	9,659,800	8,127,723
Less: Dual dues refunds	(202,020)	(189,378)
	<hr/>	<hr/>
	9,457,780	7,938,345
Investment income (note 3)	466,464	870,633
Other income	-	2,500
	<hr/>	<hr/>
	9,924,244	8,811,478
Expenses		
Office support (note 16)	693,740	710,759
Democratic process (note 17)	364,936	1,172,471
Membership services (note 18)	1,528,973	2,311,436
Affiliations (note 19)	547,877	543,948
Outreach and solidarity (note 20)	33,452	50,843
Administrative support	4,464,640	4,302,221
	<hr/>	<hr/>
	7,633,618	9,091,678
Net income (loss) for the year	<hr/> 2,290,626	<hr/> (280,200)

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, 2020

						2020	2019
	Defence/ Strike Fund \$	Keith Lambert Scholarship Fund \$	Negotiations Fund \$	International Assistance Fund \$	General Fund \$	Total \$	Total \$
Balance – Beginning of year	1,782,848	27,547	3,131,317	6,498	3,553,486	8,501,696	8,781,896
Net income (loss) for the year	(256,756)	-	(37,926)	-	2,585,308	2,290,626	(280,200)
Interfund transfers (notes 9, 10, 11 and 12)	3,914	1,498	6,878	-	(12,290)	-	-
Balance – End of year	1,530,006	29,045	3,100,269	6,498	6,126,504	10,792,322	8,501,696

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

Manitoba Nurses' Union
Statement of Cash Flows
For the year ended December 31, 2020

	2020	2019
	\$	\$
Cash provided by (used in)		
Operating activities		
Net income (loss) for the year	2,290,626	(280,200)
Items not affecting cash		
Depreciation	94,456	142,960
Leasehold inducement amortization	(30,000)	(30,000)
Realized gain on sale of investments	(402,988)	(804,417)
Unrealized gain on investments	(47,534)	(40,102)
	<hr/>	<hr/>
	1,904,560	(1,011,759)
Change in non-cash working capital items		
Accounts receivable	257,342	207,472
Prepaid expenses	46,924	(28,195)
Accrued interest	(2,404)	377
Accounts payable and accrued liabilities	(245,705)	531,138
	<hr/>	<hr/>
	1,960,717	(300,967)
Investing activities		
Purchase of investments	(259,796)	(1,007,270)
Proceeds on disposal of investments	249,835	1,377,907
Purchase of property and equipment	(30,377)	(50,497)
	<hr/>	<hr/>
	(40,338)	320,140
Increase in cash during the year	1,920,379	19,173
Cash – Beginning of year	<hr/>	<hr/>
	603,889	584,716
Cash – End of year	<hr/>	<hr/>
	2,524,268	603,889

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

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

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.

COVID-19

On March 11, 2020, a virus known as COVID-19 was declared a pandemic by the World Health Organization. The pandemic resulted in governments worldwide enacting emergency measures to combat the spread of the virus including the implementation of travel bans, self-imposed quarantine periods and social distancing. These emergency measures caused significant disruption to businesses globally resulting in an economic slowdown. To combat the economic slowdown, governments and central banks have since provided significant fiscal and financial assistance. Governments have started to roll out mass vaccination campaigns, but it is still difficult to predict the duration and impact of the pandemic. However, the effects of the COVID-19 outbreak did not have a significant negative impact on the organization in the current year.

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%.

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%.

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

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

- 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.

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.

- 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:

	2020		2019	
	Market value \$	Cost \$	Market value \$	Cost \$
Term deposits	251,738	246,558	504,003	496,393
Accrued interest	5,180	5,180	7,584	7,584
Pooled funds	7,880,844	7,896,490	7,170,841	7,236,451
Preferred shares	196,387	196,387	188,833	188,833
	<u>8,334,149</u>	<u>8,344,615</u>	<u>7,871,261</u>	<u>7,929,261</u>

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

Pooled funds consist of the following:

	2020		2019	
	Market value	Cost	Market value	Cost
	\$	\$	\$	\$
Canadian equity	2,150,260	2,243,761	1,810,545	1,870,788
Global equity	2,162,737	2,196,822	1,803,985	1,884,938
Bond Fund	1,763,752	1,752,612	1,446,406	1,457,741
Core Plus Bond (PIMCO)	1,122,954	1,152,276	1,448,275	1,469,508
Global Direct Real Estate	681,141	551,019	661,631	553,486
	<u>7,880,844</u>	<u>7,896,490</u>	<u>7,170,842</u>	<u>7,236,461</u>

Investment income consists of the following:

	2020	2019
	\$	\$
Interest	15,942	26,114
Realized gain on sale of investments	402,988	804,417
Unrealized gain on fair market value adjustment	47,534	40,102
	<u>466,464</u>	<u>870,633</u>

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 \$292,945 (2019 – \$299,422) in rent to Union Centre Inc.

5 Property and equipment

	2020		2019	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Furniture and equipment	409,065	312,516	96,549	112,810
Leasehold improvements	587,912	546,133	41,779	65,244
	<u>996,977</u>	<u>858,649</u>	<u>138,328</u>	<u>178,054</u>

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

6 Intangible assets

Intangible assets are comprised of computer software which has a cost of \$148,693 (2019 – \$147,188) and accumulated amortization of \$108,505 (2019 – \$82,647).

7 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, \$62,595 (2019 – \$42,519) is included within accounts payable and accrued liabilities.

8 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.

9 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.

In 2020, \$3,914 (2019 – \$10,206) was transferred to the Defence/Strike Fund from the General Fund and \$nil (2019 – \$nil) was transferred from the Defence/Strike Fund to the General Fund, for a net transfer of \$3,914 (2019 – \$10,206) to the Defence/Strike Fund.

10 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.

11 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 2020, \$6,878 was transferred to this fund from the General Fund (2019 – \$18,646).

12 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.

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

13 Lease commitments

The approximate aggregate future minimum lease payments required under long-term operating leases for leased premises and office equipment amount to approximately \$753,804 and for each of the next five years are as follows:

	\$
Year ending December 31, 2021	251,268
2022	251,268
2023	251,268
2024	-
2025	-
	<hr/>
	753,804
	<hr/>

14 Post-retirement benefits

MNU maintains various defined contribution plans for its eligible employees. Pension expense for these plans for the year amounted to \$282,408 (2019 – \$273,673).

15 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.

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.

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 2.25% and mature in January 2021.

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, 2020

16 Office support

Expenses include the following:

	2020	2019
	\$	\$
Amortization	94,456	112,960
Audit	22,580	16,943
Bank charges	1,637	1,168
Copier	19,547	22,384
Fax costs	906	1,562
Insurance	18,913	17,959
Messenger services	4,042	6,802
Miscellaneous	7,541	2,672
Office supplies	23,097	26,903
Postage	19,060	24,217
Premises rental	292,945	299,422
Printing	4,465	830
Resource material	13,717	13,944
Stationery	2,714	8,072
Technology	94,441	82,474
Telephone	73,679	72,447
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	693,740	710,759
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17 Democratic process

Expenses include the following:

	2020	2019
	\$	\$
Annual meeting	20,415	706,321
Board	81,461	173,093
Committees	261,936	286,738
Miscellaneous meetings	1,124	6,319
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	364,936	1,172,471
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Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

18 Membership services

Expenses include the following:

	2020	2019
	\$	\$
Communications	339,780	1,292,904
Computer support	13,900	14,000
Education programs	240,537	251,492
Employer invoice estimate	-	14,984
Legal expense assistance plan	62,470	77,102
Legal, arbitration and consultation	458,844	310,211
Regional and worksite president's days	365,185	332,969
Negotiations	45,479	17,774
New member expenses	2,778	-
	<hr/>	<hr/>
	1,528,973	2,311,436

Of the Communications and Education programs totals, \$18,284 and \$238,472, respectively, relate to the Defence/Strike Fund, totalling \$256,756 (2019 – \$882,018).

19 Affiliations

Expenses include the following:

	2020	2019
	\$	\$
Canadian Federation of Nurses' Unions and Canadian Labour Congress	331,300	401,217
Labour Councils	54,547	27,023
Manitoba Council of Health Care Unions	-	6,600
Manitoba Federation of Labour Dues	129,030	76,108
Other	33,000	33,000
	<hr/>	<hr/>
	547,877	543,948

Manitoba Nurses' Union

Notes to Financial Statements

December 31, 2020

20 Outreach and solidarity

Expenses include the following:

	2020	2019
	\$	\$
Ad hoc donations	9,950	9,960
Budgeted donations	6,500	5,000
Student outreach	1,843	7,063
International Assistance Donation	1,159	416
Joyce Gleason Scholarship	6,000	6,000
Keith Lambert Scholarships	2,500	2,500
Other donations and sponsorships	5,500	19,904
	<hr/>	<hr/>
	33,452	50,843

21 Comparative amounts

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