
Financial statements of Manitoba Nurses' Union

December 31, 2022

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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, 2022 and the statement of operations, statement of changes in fund balances and statement of cash flows for the year ended December 31, 2022, 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, 2022 and the results of its operations and its cash flows for the year ended December 31, 2022 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.

Other Matter

The financial statements of the Union for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on April 26, 2022.

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.

The logo for Deloitte, featuring the word "Deloitte" in a stylized, handwritten-style font, followed by the letters "CPA" in a smaller, simpler font.

Chartered Professional Accountants

Winnipeg, Manitoba
April 4, 2023

Manitoba Nurses' Union
Statement of financial position
As at December 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash		3,359,665	3,024,866
Accounts receivable		762,474	687,477
Prepaid expenses		32,636	74,354
		4,154,775	3,786,697
Investments in marketable securities	3	11,338,021	11,036,728
Investment in Union Centre Inc.	4	579,362	579,362
Property and equipment	5	120,983	153,761
		16,193,141	15,556,548
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	994,581	956,061
Severance benefit payable	7	533,493	559,175
		1,528,074	1,515,236
Commitments			
	8		
Fund balances			
Defence/Strike Fund		2,792,412	1,488,296
Keith Lambert Scholarship Fund		35,186	32,545
Vera Chernecki Award Fund		3,969	—
Negotiations Fund		2,982,596	2,974,370
International Assistance Fund		6,498	6,498
General Fund		8,844,406	9,539,603
		14,665,067	14,041,312
		16,193,141	15,556,548

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

Approved by the Board

_____, President

Joey Bawa, Security Treasurer

Manitoba Nurses' Union
Statement of operations
Year ended December 31, 2022

	Notes	2022	2021
		\$	\$
Revenue			
Membership dues		9,838,292	9,805,494
Less: dual dues refunds		(188,658)	(228,580)
		9,649,634	9,576,914
Investment (loss) income, net of management fees and taxes	3	(986,365)	963,550
Donations and other income		6,610	—
		8,669,879	10,540,464
Expenses			
Office support	Sch 1	685,377	635,542
Democratic process	Sch 2	589,578	401,406
Membership services	Sch 3	1,168,169	1,074,116
Affiliations	Sch 4	571,946	571,333
Outreach and solidarity	Sch 5	74,871	33,500
Administrative support		4,956,183	4,575,577
		8,046,124	7,291,474
Net income for the year		623,755	3,248,990

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

Manitoba Nurses' Union

Statement of changes in fund balances

Year ended December 31, 2022

							2022	2021
	Defense/ Strike Fund \$	Keith Lambert Scholarship Fund \$	Vera Chernecki Award Fund \$	Negotiations Fund \$	International Assistance Fund \$	General Fund \$	Total \$	Total \$
Balance, beginning of year	1,488,296	32,545	-	2,974,370	6,498	9,539,603	14,041,312	10,792,322
Net income for the year	-	-	-	-	-	623,755	623,755	3,248,990
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	14,041,312

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

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

Year ended December 31, 2022

	2022	2021
	\$	\$
Operating activities		
Net income for the year	623,755	3,248,990
Items not affecting cash		
Amortization	37,813	38,440
Realized loss (gain) on sale of investments	1,061,630	(1,003,002)
Unrealized gain on investments	(168,994)	(42,055)
Investment management fees and taxes	106,071	95,583
	1,660,275	2,337,956
Change in non-cash working capital items		
Accounts receivable	(74,997)	(160,808)
Prepaid expenses	41,718	(42,938)
Accrued interest	—	5,180
Accounts payable and accrued liabilities	38,520	129,302
Severance benefit payable	(25,682)	3,876
	1,639,834	2,272,568
Investing activities		
Purchase of investments	(1,300,000)	(2,010,023)
Proceeds on disposal of investments	—	251,738
Purchase of property and equipment	(5,035)	(13,685)
	(1,305,035)	(1,771,970)
Net increase in cash during the year	334,799	500,598
Cash, beginning of year	3,024,866	2,524,268
Cash, end of year	3,359,665	3,024,866

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 2022, \$4,116 of interest income (\$2,542 in 2021) was transferred to the Defense/Strike Fund from the General Fund. The Board also approved a transfer of \$1,300,000 to the Defense/Strike Fund from the General Fund.

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 2022, \$2,641 (\$2,500 in 2021) 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 2022, \$3,969 (\$nil in 2021) 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 2022, \$8,226 of interest income (\$5,151 in 2021) 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.

3. Investments in marketable securities

Investments consist of:

	2022		2021	
	Market value	Book value	Market value	Book value
	\$	\$	\$	\$
Pooled funds	11,129,169	10,869,962	10,833,958	10,620,406
Preferred shares	208,852	208,852	202,770	202,770
	11,338,021	11,078,814	11,036,728	10,823,176

Pooled funds consist of the following:

	2022		2021	
	Market value	Book value	Market value	Book value
	\$	\$	\$	\$
Money market	109,532	109,532	108,131	108,131
Canadian equity	2,630,748	2,630,748	2,813,345	2,813,368
Global equity	2,630,748	2,630,748	2,706,210	2,706,210
Bond Fund	2,797,513	2,797,513	2,544,500	2,544,500
Core Plus Bond (PIMCO)	1,699,230	1,699,230	1,569,368	1,569,368
Global Direct Real Estate	1,261,398	1,002,191	1,092,404	878,829
	11,129,169	10,869,962	10,833,958	10,620,406

Investment (loss) income consists of the following:

	2022	2021
	\$	\$
Interest	18,447	14,076
Realized (loss) gain on sale of investments	(1,067,735)	1,003,002
Unrealized gain on fair market value adjustment	168,994	42,055
Investment management fees and taxes	(106,071)	(95,583)
	(986,365)	963,550

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 \$291,065 (\$291,133 in 2021) in rent to Union Centre Inc.

5. Property and equipment

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
	\$	\$	\$	\$
Furniture and equipment	427,784	349,461	78,323	92,881
Leasehold improvements	587,912	564,326	23,586	28,730
Computer software	148,693	129,619	19,074	32,150
	1,164,389	1,043,406	120,983	153,761

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, \$nil (\$66,977 in 2021) 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 \$251,268 and for each of the next two 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 \$308,164 (\$288,613 in 2021).

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, 2022

	Notes	2022 \$	2021 \$
Amortization		37,813	38,440
Audit		54,338	22,676
Bank charges		1,751	1,511
Copier		18,968	25,417
Fax costs		—	1,443
Insurance		32,396	15,047
Messenger services		2,539	4,332
Miscellaneous		11,305	5,990
Office supplies		22,751	12,431
Postage (recovery)	4	(10,262)	18,825
Premises rental		291,065	291,133
Printing		875	2,579
Resource material		18,165	14,731
Stationery		1,272	1,245
Technology		130,936	107,428
Telephone		71,465	72,314
		685,377	635,542

Manitoba Nurses' Union
Schedule 2 - Democratic Process

Year ended December 31, 2022

	2022 \$	2021 \$
Annual meeting	84,995	75,505
Board	164,827	102,213
Committees	339,516	223,527
Miscellaneous meetings	240	161
	589,578	401,406

Manitoba Nurses' Union
Schedule 3 - Membership services

Year ended December 31, 2022

	2022 \$	2021 \$
Communications	146,432	148,084
Computer support	14,200	14,200
Education programs	46,282	49,950
Legal expense assistance plan	28,194	64,840
Legal, arbitration and consultation	508,403	297,789
Regional and worksite president's days	410,125	361,820
Negotiations	14,533	137,433
	1,168,169	1,074,116

Manitoba Nurses' Union**Schedule 4 - Affiliations**

Year ended December 31, 2022

	2022	2021
	\$	\$
Canadian Federation of Nurses' Unions (CFNU) and Canadian Labour Congress	330,053	337,622
Labour Councils	57,492	55,489
Manitoba Federation of Labour Dues	136,215	133,491
CFNU Biennial	186	11,731
Other	48,000	33,000
	571,946	571,333

Manitoba Nurses' Union**Schedule 5 - Outreach and solidarity**

Year ended December 31, 2022

	2022	2021
	\$	\$
Ad hoc donations	20,495	12,500
Budgeted donations	11,500	6,500
Student outreach	1,296	—
International Assistance Donation	26,030	—
Joyce Gleason Scholarship	6,000	6,000
Keith Lambert Scholarships	2,500	2,500
Other donations and sponsorships	7,050	6,000
	74,871	33,500