

**UNIFOR**

**FINANCIAL STATEMENTS**  
**August 31, 2015**

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## INDEPENDENT AUDITOR'S REPORT

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### TO THE MEMBERS OF UNIFOR

We have audited the accompanying financial statements of Unifor, which comprise the balance sheet as at August 31, 2015 and the statements of changes in fund balances, revenues and expenditures and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Basis for Qualified Opinion**

The Organization's accounting policy with respect to the recognition and measurement of employee future benefits is to charge to operations annually, the amount of contributions to pension plans and post-employment benefits paid during the year. This policy is not in accordance with Canadian accounting standards for not-for-profit organizations. The Organization has not yet received actuarial valuations up to August 31, 2015 and has not provided us with the information necessary to estimate the effects and disclosures. As a result, we could not determine the adjustment that may be necessary to employee benefits expense, net surplus (deficit) for the year, unrestricted fund balance and accrued benefit liability.

The scope of our audit did not extend to an examination of the payroll records of the contributing employers. Therefore, our examination of per capita tax contributions was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to assets, per capita tax contributions and unrestricted fund balance.

Our audit opinion on the financial statements for the year ended August 31, 2014 was modified accordingly because of the possible effects of the above noted items.

**Qualified Opinion**

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Unifor as at August 31, 2015, 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.

A handwritten signature in black ink that reads "BDO Canada LLP".

Chartered Professional Accountants, Licensed Public Accountants

March 22, 2016  
Toronto, Ontario

# UNIFOR BALANCE SHEET

	General Funds	Education Fund	Convention Fund	Defence Fund	Organizing Fund	Family Education Centre	August 31, 2015 Total	August 31, 2014 Total
<b>ASSETS</b>								
<b>CURRENT</b>								
Cash and cash equivalents (note 9)	\$ 1,451,573	\$ -	\$ 101,456	\$ 2,543,383	\$ 3,751,932	\$ 353,350	\$ 8,201,694	\$ 19,477,908
Accounts receivable (note 4)	25,865,707	835,516	272,485	2,201,966	2,197,780	1,564,987	32,938,441	33,805,705
Prepaid expenses	2,055,405	8,317	-	996	71,062	419,070	2,554,850	3,051,009
Loans and mortgages - short term (note 3)	666,411	-	-	3,571,699	-	-	4,238,110	4,840,830
Investments - short term (note 2)	26,599,086	-	-	60,939,561	-	-	87,538,647	63,163,301
Due from (to) other Funds (note 5)	(7,043,837)	5,590,912	1,537,603	(10,419,902)	11,659,205	(1,323,981)	-	-
	49,594,345	6,434,745	1,911,544	58,837,703	17,679,979	1,013,426	135,471,742	124,338,753
<b>LONG TERM ASSETS</b>								
Accounts receivable - long term	49,970	-	-	-	-	-	49,970	93,924
Investments - long term (note 2)	18,329,438	-	-	54,743,763	-	-	73,073,201	92,347,963
Loans and mortgages - long term (note 6)	298,747	-	-	883,023	-	-	1,181,770	806,153
Capital assets (note 7)	54,736,484	-	-	32,663,973	-	-	87,400,457	90,393,923
<b>TOTAL ASSETS</b>	<b>\$ 123,008,984</b>	<b>\$ 6,434,745</b>	<b>\$ 1,911,544</b>	<b>\$ 147,128,462</b>	<b>\$ 17,679,979</b>	<b>\$ 1,013,426</b>	<b>\$ 297,177,140</b>	<b>\$ 307,980,716</b>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT</b>								
Accounts payable	\$ 31,069,701	\$ 628,412	\$ 329	\$ 95,204	\$ 117,257	\$ 1,013,426	\$ 32,924,329	\$ 36,539,088
Funds held in trust (note 9)	4,620,828	605,900	-	-	-	-	5,226,728	5,045,076
Current portion of deferred gain (note 8)	1,057,482	-	-	-	-	-	1,057,482	1,054,593
	36,748,011	1,234,312	329	95,204	117,257	1,013,426	39,208,539	42,638,757
Deferred gain (note 8)	800,335	-	-	-	-	-	800,335	1,857,817
	37,548,346	1,234,312	329	95,204	117,257	1,013,426	40,008,874	44,496,574
<b>NET ASSETS</b>								
Net assets	85,460,638	5,200,433	1,911,215	147,033,258	17,562,722	-	257,168,266	263,484,142
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 123,008,984</b>	<b>\$ 6,434,745</b>	<b>\$ 1,911,544</b>	<b>\$ 147,128,462</b>	<b>\$ 17,679,979</b>	<b>\$ 1,013,426</b>	<b>\$ 297,177,140</b>	<b>\$ 307,980,716</b>
<b>FUND BALANCES REPRESENTED BY:</b>								
INTERNALLY RESTRICTED	\$ -	\$ 5,200,433	\$ 1,911,215	\$ 147,033,258	\$ 17,562,722	\$ -	\$ 171,707,628	\$ 161,158,707
UNRESTRICTED	85,460,638	-	-	-	-	-	85,460,638	102,325,435
	\$ 85,460,638	\$ 5,200,433	\$ 1,911,215	\$ 147,033,258	\$ 17,562,722	\$ -	\$ 257,168,266	\$ 263,484,142

Approved on behalf of the Executive Board:

COMMITMENTS, note 11  
CONTINGENT LIABILITIES, note 12

\_\_\_\_\_  
President

\_\_\_\_\_  
Secretary Treasurer

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

**UNIFOR**  
**STATEMENT OF CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	General Fund	Education Fund	Convention Fund	Defence Fund	Organizing Fund	<b>2015 Total</b>	2014 Total
<b>Balance, beginning of year</b>	\$102,325,435	\$ 5,994,230	\$ 563,008	\$140,551,224	\$ 14,050,245	<b>\$263,484,142</b>	\$259,154,185
<b>Excess (deficiency) of revenue over expenditures before undernoted</b>	(16,565,342)	(793,797)	1,348,207	6,482,034	3,512,477	<b>(6,016,421)</b>	6,350,534
<b>Deficiency - Unifor Family Education Centre (Schedule 1)</b>	(373,680)	-	-	-	-	<b>(373,680)</b>	(1,085,436)
<b>Excess - Unifor Childcare Centre (Schedule 3)</b>	74,225	-	-	-	-	<b>74,225</b>	64,859
<b>Contribution to Unifor Paid Education Leave Trust (PEL)</b>	-	-	-	-	-	-	(1,000,000)
<b>Net surplus (deficit) for the year</b>	(16,864,797)	(793,797)	1,348,207	6,482,034	3,512,477	<b>(6,315,876)</b>	4,329,957
	<b>\$ 85,460,638</b>	<b>\$ 5,200,433</b>	<b>\$ 1,911,215</b>	<b>\$147,033,258</b>	<b>\$ 17,562,722</b>	<b>\$257,168,266</b>	<b>\$263,484,142</b>

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

**UNIFOR**  
**STATEMENT OF REVENUES AND EXPENDITURES**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	General Fund	Education Fund	Convention Fund	Defence Fund	Organizing Fund	<b>2015 Total</b>	2014 Total
<b>REVENUE</b>							
Per capita tax contributions	\$ 80,814,151	\$ 4,040,470	\$ 1,347,180	\$ 10,759,515	\$ 10,775,871	<b>\$107,737,187</b>	\$107,975,034
Investment income	1,439,317	-	1,194	3,604,839	70,496	<b>5,115,846</b>	7,797,735
Retired workers dues	214,994	-	-	-	-	<b>214,994</b>	218,480
Other income	4,828,755	10,081	(167)	7,926	10,235	<b>4,856,830</b>	3,799,345
<b>TOTAL REVENUE</b>	<b>87,297,217</b>	<b>4,050,551</b>	<b>1,348,207</b>	<b>14,372,280</b>	<b>10,856,602</b>	<b>117,924,857</b>	<b>119,790,594</b>
<b>EXPENDITURES</b>							
<b>PERSONNEL</b>							
Salaries - staff	28,864,219	648,728	-	103,667	2,782,760	<b>32,399,374</b>	30,091,559
Salaries - support staff	8,326,730	171,749	-	42,740	207,045	<b>8,748,264</b>	7,883,697
National executive board honorarium	134,177	-	-	-	-	<b>134,177</b>	137,500
Employee benefits	22,767,836	436,540	-	55,861	1,447,783	<b>24,708,020</b>	22,418,410
Staff expenses	11,336,614	145,771	-	19,250	907,760	<b>12,409,395</b>	11,660,957
National executive board travel	65,375	-	-	-	99	<b>65,474</b>	208,962
National executive board lost wages	36,945	-	-	-	-	<b>36,945</b>	64,967
	<b>71,531,896</b>	<b>1,402,788</b>	<b>-</b>	<b>221,518</b>	<b>5,345,447</b>	<b>78,501,649</b>	<b>72,466,052</b>
<b>OFFICE</b>							
Amortization	2,815,960	-	-	1,023,049	-	<b>3,839,009</b>	3,749,566
Equipment rental and maintenance	615,644	1,774	-	-	775	<b>618,193</b>	1,198,433
Office expenses	2,890,596	106,271	-	8,856	87,381	<b>3,093,104</b>	2,740,074
Premises costs	6,151,109	-	-	-	23,870	<b>6,174,979</b>	5,915,488
Telecommunications	771,440	173	-	-	10,193	<b>781,806</b>	887,410
	<b>13,244,749</b>	<b>108,218</b>	<b>-</b>	<b>1,031,905</b>	<b>122,219</b>	<b>14,507,091</b>	<b>14,490,971</b>

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

**UNIFOR**  
**STATEMENT OF REVENUES AND EXPENDITURES - (CONTINUED)**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	General Fund	Education Fund	Convention Fund	Defence Fund	Organizing Fund	<b>2015 Total</b>	2014 Total
<b>GENERAL</b>							
Affiliation, membership dues	\$ 4,107,085	\$ -	\$ -	\$ -	\$ -	\$ 4,107,085	\$ 3,864,518
Communications	807,765	929	-	-	33,928	842,622	1,827,293
Donations	1,148,347	23,000	-	30,285	100	1,201,732	1,285,936
Defence fund payments	-	-	-	3,460,149	-	3,460,149	4,308,447
Family education program	-	1,475,983	-	-	-	1,475,983	963,981
Lost wages	1,270,992	800,742	-	21,917	849,826	2,943,477	2,707,743
Meetings and functions	4,355,763	401,890	-	381,521	211,676	5,350,850	2,097,273
Moving expenses	83,830	5,727	-	-	-	89,557	405,295
Professional fees	3,514,520	75,934	-	108,356	162,482	3,861,292	2,926,691
Promotional material	1,190,316	90,216	-	14,210	102,998	1,397,740	1,910,276
Special campaigns	1,939,110	-	-	2,607,248	143,370	4,689,728	3,068,800
Travel - other	668,186	458,921	-	13,137	372,079	1,512,323	1,116,784
	19,085,914	3,333,342	-	6,636,823	1,876,459	30,932,538	26,483,037
<b>TOTAL EXPENDITURES</b>	103,862,559	4,844,348	-	7,890,246	7,344,125	123,941,278	113,440,060
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	\$ (16,565,342)	\$ (793,797)	\$ 1,348,207	\$ 6,482,034	\$ 3,512,477	\$ (6,016,421)	\$ 6,350,534

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



**UNIFOR**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2015**

	2015	2014
<b>CASH WAS PROVIDED BY (USED IN)</b>		
<b>OPERATING ACTIVITIES</b>		
Net surplus (deficit) for the year	\$ (6,315,876)	\$ 4,329,957
Adjustments to reconcile net surplus to cash provided by operating activities:		
Amortization	3,839,009	3,749,566
Amortization of deferred gain	(1,054,593)	-
Gain from disposal of capital assets	(563,303)	(915,788)
Gain from sale of investments	(481,172)	-
Change in fair value of investments	(685,411)	(2,631,260)
Changes in non-cash working capital balances		
Accounts receivable	911,218	(3,700,884)
Prepaid expenses	496,159	1,110,866
Accounts payable	(3,614,759)	(4,264,414)
Funds held in trust	181,652	880,087
Deferred gain	-	2,912,410
	<u>(7,287,076)</u>	<u>1,470,540</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(90,221,813)	(45,593,445)
Proceeds from sale of investments	86,287,813	33,896,402
Receipts from loans and mortgages	227,103	853,426
Proceeds from disposal of capital assets	4,014,133	6,437,328
Purchase of capital assets	(4,296,374)	(3,399,134)
	<u>(3,989,138)</u>	<u>(7,805,423)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>	<b>(11,276,214)</b>	<b>(6,334,883)</b>
Cash and cash equivalents, beginning of year	<u>19,477,908</u>	<u>25,812,791</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 8,201,694</b>	<b>\$ 19,477,908</b>
<b>Represented by</b>		
Cash	\$ 8,201,694	\$ 18,617,454
Term deposit, maturing September 2014 earning yield of 1% per annum	-	860,454
	<u>\$ 8,201,694</u>	<u>\$ 19,477,908</u>

# UNIFOR

## NOTES TO FINANCIAL STATEMENTS

### AUGUST 31, 2015

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#### 1. SIGNIFICANT ACCOUNTING POLICIES

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The following is a summary of significant accounting policies of Unifor:

(a) Purpose of Organization

Unifor (the "Organization" or the "Union") is a national union, created September 1, 2013, whose members have joined together to enhance their strength and collectively improve their workplaces and communities through collective bargaining and political action.

Unifor is a voluntary association of members created as a trade union, exempt from income tax under Section 149 of the Income Tax Act.

(b) Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. The financial statements are presented on a fund basis. A description of the funds presented is as follows:

##### General Fund

To promote initiatives to inform the membership/general public about the Union's policies, goals, campaigns and issues.

To support and promote activities that oppose all forms of discrimination.

To promote activities improving the well-being of workers and trade unions throughout the world.

To promote and support programs benefiting retired members and to finance the operation of the Union retired workers department.

To strengthen democracy by encouraging members and citizens to participate and vote in elections and to run organizational and educational programs to make people aware of the need for active participation in a free and democratic society.

To promote recreation-leisure time programs.

To support programs that benefit female members.

To hold real estate and property of the Union.

To provide servicing to the membership.

To defray current expenses, such as affiliations, payment of salaries and benefits of officers and employees.

##### Education Fund

To provide local union leaders and members with training to advance the programs and goals of the Union.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

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(b) Basis of Accounting - (Continued)

Convention Fund

To cover the costs of the Union Convention held every 3 years.

Defence Fund

Aiding local unions engaged in authorized strikes or lockouts; donating or loaning money to other national unions and non-affiliated local unions in strikes or lockouts; meeting financial obligations incurred by the Union or local unions as a result of authorized strikes or lockouts.

Organizing Fund

To promote and encourage workers to become members of the Union.

The Unifor Family Education Centre is operated as a separate division of Unifor. Its assets and liabilities are included in the balance sheet, and the results of its operations are a part of the general fund. Due to the presentation of the operations of the Unifor Family Education Centre in a separate schedule, the Family Education Program expenditures included in the Statement of Revenues and Expenditures of the Organization are included in revenue of the Unifor Family Education Centre.

The Organization negotiates funding from employers for workplace training, employment equity, health and safety, skilled trades, and ergonomic programs as well as funding for various not-for-profit funds who share certain board members in common with Unifor. The financial position and operations associated with these funds are not reflected in these financial statements and are summarized in note 13.

(c) Revenue Recognition

The Organization follows the accrual basis of accounting whereby provision is made in the financial statements for all income earned but not received and all expenses incurred and unpaid. Per capita tax contributions are recognized in the month when dues are deducted from members' wages. The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(d) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments have been designated to be measured at fair value, with gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at cost or amortized cost.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**1. SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

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(e) Cash and Cash Equivalents

Cash and cash equivalents consists of cash on hand, bank balances and investments in money market instruments which are cashable, highly liquid or mature within 90 days of original purchase.

(f) Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis as follows:

Buildings	-	45 years
Computers	-	3 years
Furniture and equipment	-	10 years
Leasehold improvements	-	over the term of the lease
Sign	-	15 years
Wind turbine	-	20 years

(g) Leases

Leases are classified as capital or operating leases. A lease that transfers substantially all of the benefits and risks incidental to the ownership of property is classified as a capital lease. At the inception of a capital lease, an asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of the lease. Assets recorded under capital leases are amortized on a straight-line basis over the term of the lease, which is the estimated useful life of the assets.

(h) Pensions Plans and Post-Employment Benefits

Pension plans and post-employment benefits expense for current services are charged to operations for the year based on the amount of contributions to pension plans and post-employment benefits plans during the year.

(i) Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenditures during the reporting period. The critical estimates and judgments made in the preparation of the Organization's financial statements include the valuation of accounts receivable, investments, loans and mortgages and the estimated useful lives of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

<b>2. INVESTMENTS</b>	<b>Cost</b>	<b>2015 Fair Value</b>	<b>Cost</b>	<b>2014 Fair Value</b>
Corporate and Government Notes and Guaranteed Investment Funds maturing between September 2015 to June 2025, with yields to maturity from 1% to 4.95% (2014 - 1.1% to 6.5%)	\$ 85,317,165	\$ 90,943,840	\$ 112,190,045	\$ 119,915,380
Under One Roof Properties, 3.5% maturing July 2037	75,000	80,250	75,000	75,000
Common and Preferred Shares, quoted in an active market	28,934,914	30,037,947	4,028,181	4,331,412
Mutual Funds invested primarily in domestic and foreign equities and bonds	37,655,419	39,549,811	28,062,452	31,189,472
	151,982,498	160,611,848	144,355,678	155,511,264
Short term portion of investments	(82,420,274)	(87,538,647)	(57,199,403)	(63,163,301)
	<b>\$ 69,562,224</b>	<b>\$ 73,073,201</b>	<b>\$ 87,156,275</b>	<b>\$ 92,347,963</b>

<b>3. SHORT-TERM LOANS AND MORTGAGES</b>	<b>General Fund</b>	<b>Defence Fund</b>	<b>2015 Total</b>	<b>2014 Total</b>
Local Union mortgages, current portion with interest at 3.79% to 4.44% (2014 - 3.79% to 4.99%) (note 6)	\$ -	\$ 226,032	\$ 226,032	\$ 907,419
Mortgage receivable, due on demand, interest at 5.99% (2014 - 5.99%) (note 6)	-	3,345,667	3,345,667	3,345,667
Loans receivable from other labour organizations and affiliated organizations, current portion, non-interest bearing (note 6)	666,411	-	666,411	587,744
	<b>\$ 666,411</b>	<b>\$ 3,571,699</b>	<b>\$ 4,238,110</b>	<b>\$ 4,840,830</b>

The mortgages are held in trust for the Organization by the Union Building Corporation of Canada.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

**4. ACCOUNTS RECEIVABLE**

	<b>General Fund</b>	<b>Education Fund</b>	<b>Convention Fund</b>	<b>Defence Fund</b>	<b>Organizing Fund</b>	<b>Family Education Centre</b>	<b>2015 Total</b>	<b>2014 Total</b>
Per capita tax receivable	\$ 18,014,664	\$ 828,317	\$ 272,485	\$ 2,204,810	\$ 2,194,280	\$ -	\$ 23,514,556	\$ 21,609,628
Due from Unifor Paid Education Leave Trust	1,397,371	-	-	-	-	375,474	1,772,845	2,299,350
Due from CAW Health, Environment and Research Trust Inc.	-	-	-	-	-	80,613	80,613	1,327,624
Due from Unifor Skilled Trades Union Education Fund	-	-	-	-	-	46,240	46,240	160,765
Due from CAW Retirees Fund	11,045	-	-	-	-	-	11,045	-
Other	6,442,627	7,199	-	(2,844)	3,500	1,062,660	7,513,142	8,408,338
	<b>\$ 25,865,707</b>	<b>\$ 835,516</b>	<b>\$ 272,485</b>	<b>\$ 2,201,966</b>	<b>\$ 2,197,780</b>	<b>\$ 1,564,987</b>	<b>\$ 32,938,441</b>	<b>\$ 33,805,705</b>

The Unifor Paid Education Leave Trust, the CAW Health, Environment and Research Trust Inc., Unifor Skilled Trades Union Education Fund and CAW Retirees Fund are controlled by the Unifor National Executive Board. Accounts receivable from these entities have arisen from the payment of expenses on their behalf and are measured at the exchange amount as agreed upon by the related parties.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**5. DUE FROM (TO) OTHER FUNDS**

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Interfund balances are non-interest bearing and have no specified terms of repayment.

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<b>6. LONG TERM MORTGAGES AND LOANS</b>	<b>General Fund</b>	<b>Defence Fund</b>	<b>2015 Total</b>	<b>2014 Total</b>
Local union mortgages, maturing between August 2016 to July 2020 with interest at varying rates from 3.79% to 4.44% per annum, secured by the buildings (2014 - 3.79% to 4.99%)	\$ -	\$ 1,101,924	\$ 1,101,924	\$ 1,344,375
Mortgage receivable, due on demand, interest at 5.99%, secured by the building	-	3,345,667	3,345,667	3,345,667
Current portion of mortgages and loans receivable (note 3)	-	(3,571,699)	(3,571,699)	(4,253,086)
	-	875,892	875,892	436,956
Loans receivable from other labour organizations and affiliated organizations, non-interest bearing maturing to November 2018	965,158	7,131	972,289	956,941
Current portion of loans receivable (note 3)	(666,411)	-	(666,411)	(587,744)
	298,747	7,131	305,878	369,197
	<b>\$ 298,747</b>	<b>\$ 883,023</b>	<b>\$ 1,181,770</b>	<b>\$ 806,153</b>

The mortgages are held in trust for the Organization by the Union Building Corporation of Canada.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
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**7. CAPITAL ASSETS**

	2015		2014	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
General Fund				
Land and buildings - held for resale	\$ -	\$ -	\$ 1,050,000	\$ 241,111
Buildings	1,330,000	41,667	4,523,790	563,857
Computers	1,021,927	646,792	1,011,499	616,300
Furniture and equipment	9,679,704	5,172,267	8,916,470	5,005,826
Leasehold improvements	2,491,354	414,562	1,515,424	266,990
Sign	188,673	18,867	188,673	6,289
The Unifor Family Education Centre				
Land	9,215,791	-	8,869,761	-
Buildings	59,338,339	25,167,350	58,769,505	23,857,182
Wind turbine	3,405,151	472,950	3,219,805	307,326
	<b>86,670,939</b>	<b>31,934,455</b>	88,064,927	30,864,881
Cost less accumulated amortization		<b>54,736,484</b>		57,200,046
Defence Fund				
Land	3,350,494	-	3,350,494	-
Buildings	46,283,774	16,970,295	45,790,629	15,947,246
	<b>49,634,268</b>	<b>16,970,295</b>	49,141,123	15,947,246
Cost less accumulated amortization		<b>32,663,973</b>		33,193,877
Total all funds				
Cost less accumulated amortization		<b>\$ 87,400,457</b>		\$ 90,393,923

The titles to land and buildings are held in trust for the Organization by the Union Building Corporation of Canada.

The Unifor Family Education Centre is currently undergoing renovations with an estimated cost to complete at August 31, 2015 of approximately \$80,000 (2014 - \$233,000).

The Organization has letters of credit outstanding of approximately \$23,000 (2014 - \$817,000) with suppliers relating to capital assets.

During the year, the Organization sold two of its properties for proceeds of approximately \$3,600,000 resulting in a gain of approximately \$560,000 included in Other Income in the Statement of Revenue and Expenditures.



**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. DEFERRED GAIN**

The Organization sold one of its properties and leased the same property back from the purchaser for three years starting June 2014. As a result, the gain on the sale of the property will be recognized over the lease term, with the unamortized portion of the gain being deferred.

**9. FUNDS HELD IN TRUST**

Funds held in trust relate to funds administered by Unifor on behalf of various locals and companies. The corresponding assets are included in cash, short-term investments and interfund balances. These financial statements do not include all of the assets, liabilities, revenue and expenses of these various locals and companies nor the activities of the funds held in trust administered on behalf of the various locals and companies.

**10. EMPLOYEE FUTURE BENEFITS**

The Organization has defined benefit pension plans and other post-employment benefits for its employees. The Organization charges to income annually the amount of contributions paid during the year. This policy is not in accordance with the requirements of Canadian accounting standards for not-for-profit organizations which requires that entities charge to income annually the benefit plan expense which includes the current service cost, interest and other elements as determined by actuarial valuations.

The following table discloses certain amounts that would have been recorded and/or disclosures that would have been required under Canadian accounting standards for not-for-profit organizations. This information has been presented as at August 31, 2015.

	Pension	Other Post- Employment Benefits
Plan assets	\$ 331,076,000	\$ 2,865,000
Obligation	311,285,000	154,409,000
Surplus (Deficit)	<u>\$ 19,791,000</u>	<u>\$ (151,544,000)</u>

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**11. COMMITMENTS**

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- (a) The Organization has commitments under operating leases for facilities and equipment as follows:

2016	\$ 3,152,458
2017	2,197,715
2018	1,426,975
2019	1,227,786
2020	1,050,507
Thereafter	<u>5,288,111</u>
	<u>\$ 14,343,552</u>

- (b) The Organization has guaranteed the loans of a local union and non-related parties to a maximum of \$800,000.

**12. CONTINGENT LIABILITIES**

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The Organization is a defendant, along with others, to legal actions, the outcomes of which are not readily determinable at this time. However, management believes, on the basis of its examination and consideration of these matters, that the actions will not result in the payment of amounts which would have a material effect on the financial statements. Losses, if any, will be accounted for in the period they are determined.

**13. ORGANIZATIONS WITH COMMON BOARDS**

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Certain members of the Unifor Executive Board are also members of the Board of the following non-for-profit entities:

**CAW Retirees Fund**

The Trust was established by a Trust Deed dated April 3, 2002 to enhance the role of Unifor retirees in the affairs of the Union, to support the contributions that retirees make to the Union and to their communities, to work for legislation at all levels of government which will improve the status and living standards of retirees across Canada, and to assist active employees to prepare for a secure and dignified retirement. The Trust is exempt from tax under the Income Tax Act.

**CAW Health, Environment Research Trust Inc.**

The Trust was established by Letters Patent dated May 28, 1997 as a corporation without share capital and provides training and education to workers concerning health and safety and environmental issues. The Trust is exempt from tax under the Income Tax Act.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**13. ORGANIZATIONS WITH COMMON BOARDS - (CONTINUED)**

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Unifor Skilled Trades Union Education Fund

The Trust was established by a Trust Deed dated November 16, 2000 to protect and advance the interests of Unifor skilled tradespersons concerning their employment relationship with their respective employers, to encourage skilled tradespersons to organize and participate in the affairs of Unifor, to work for legislation at all levels of government which will enhance the security and interest of all tradespersons in Canada, and to educate the membership of Unifor as to the important contribution skilled tradespersons make towards the wealth and well being of society. The Trust is exempt from tax under the Income Tax Act.

Unifor Paid Education Leave Trust

The Trust was established by Trust Deed dated July 1, 1986 to continue the program of paid education leave for its members originally established by the UAW on or about July 3, 1979. The Trust is exempt from tax under the Income Tax Act.

Included below is a summary of the financial position and results of operations of these funds which are not reflected in these financial statements:

	<u>2015</u>	2014
Assets	<b>\$ 23,570,249</b>	\$ 23,156,287
Liabilities	<b>2,095,844</b>	5,342,225
Fund Balance	<b>\$ 21,474,405</b>	\$ 17,814,062
Revenue	<b>\$ 12,954,138</b>	\$ 11,122,677
Expenses	<b>9,293,795</b>	9,205,786
Net income	<b>\$ 3,660,343</b>	\$ 1,916,891
Cash provided by (used in) operating activities	<b>\$ 1,958,413</b>	\$ 2,815,986
Cash provided by (used in) investing activities	<b>\$ (3,663,238)</b>	\$ (464,112)
Cash provided by (used in) financing activities	<b>\$ 54,578</b>	\$ 764,639

Included in revenues of the Unifor Family Education Centre (Schedule 1) is approximately \$2,198,000 (2014 - \$2,416,000) charged to the above-noted entities.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**14. FINANCIAL RISK MANAGEMENT**

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The Organization has exposure to credit, investment management, market, interest rate, currency and liquidity risk.

**Credit Risk**

The Organization assists local unions when negotiating collective agreements with numerous employers. These employers are required to deduct union dues (per capita tax) from those employees covered by the collective agreement and remit those dues to the local unions or directly to the Organization. The Organization receives their proportionate share from the local unions. The Organization monitors delinquencies to ensure that all per capita taxes are being remitted by the local unions and contributing employers.

The Organization provides loans to some local unions and other labour organizations. These loans are unsecured and susceptible to credit risk.

The Organization provides mortgages to some of its local unions to facilitate their purchase of a local union hall. These mortgages are pre-approved by the Unifor National Executive and are secured by the underlying property.

The Organization extends credit to various funds with common board members and member companies. The Organization monitors amounts owing and historically has not experienced collection issues.

The Organization operates a conference facility (the Unifor Family Education Centre) for use by various Funds with common board members, its local unions and other labour organizations. The Organization manages credit risk on accounts receivable by requiring customer deposits and monitoring delinquent accounts.

The allowance for doubtful accounts at August 31, 2015 is not significant.

**Investment Management Risk**

Risk management relates to the understanding and active management of risk associated with all areas of the business and the associated operating environment. Investments are primarily exposed to market, interest and currency risk. The Organization mitigates these risks with an investment policy which establishes target asset mix and diversification of investments within investment categories and sets limits on exposure of individual investments.

**UNIFOR**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2015**

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**14. FINANCIAL RISK MANAGEMENT - (CONTINUED)**

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**Market and Interest Rate Risk**

The Organization invests surplus cash in various investments, primarily fixed income, equity securities and mutual funds.

The risk associated with the investments are the risks associated with the securities in which the funds are invested. The value of equity securities changes with the stock market conditions, which are affected by general economic and market conditions and developments within the specific companies which issue the securities. The Organization is exposed to interest rate risk arising from fluctuations in interest rates depending on prevailing rates at renewal of fixed income investments. To manage interest rate exposure, the Organization invests in various government and corporate bonds and debentures, upon advice received from professional advisors. To further manage interest rate risk, the Organization has established a laddering program whereby investment maturities are staggered over a five year period. The investment policy is designed to limit exposure and concentration while achieving optimal return within reasonable risk tolerances.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization transacts in foreign currencies which results in exposure to foreign currency fluctuations as the Organization does not use derivative instruments to mitigate foreign exchange risk. The Organization is exposed to this risk through its investments. Included in investments is approximately \$37,000,000 (2014 - \$2,600,000) of foreign investments denominated in USD.

**Liquidity Risk**

Liquidity risk is the risk the Organization will not be able to meet its financial obligations as they fall due. The Organization's approach to managing liquidity risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due. The Organization manages liquidity risk by forecasting cash flows from operations and investing activities. The Organization invests in fixed income securities to improve liquidity and minimize market price risk.

**UNIFOR**  
**SCHEDULE OF INCOME -**  
**THE UNIFOR FAMILY EDUCATION CENTRE**  
**FOR THE YEAR ENDED AUGUST 31**

**SCHEDULE 1**

<b>THE UNIFOR FAMILY EDUCATION CENTRE</b>	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>		
Bar sales	\$ 179,355	\$ 173,461
Interest income	3,370	3,892
Other income	1,667,545	21,828
Recoveries, conferences and affiliates	752,861	765,992
Room and board	4,810,025	4,431,048
Meeting rooms	127,040	113,710
Meals	166,272	161,633
Hospitality food	53,125	65,718
Tuck shop and kit sales	97,774	112,333
	<b>7,857,367</b>	<b>5,849,615</b>
<b>EXPENDITURES, schedule 2</b>	<b>8,625,547</b>	<b>8,069,830</b>
<b>DEFICIENCY OF REVENUE OVER EXPENDITURES FOR THE YEAR</b>	<b>(768,180)</b>	<b>(2,220,215)</b>
<b>Share of deficiency to:</b>		
The Unifor Paid Education Leave Trust	303,500	872,907
The Unifor Skilled Trades Union Education Fund	71,500	130,936
The CAW Health, Environment and Research Trust Inc.	19,500	130,936
<b>NET DEFICIENCY FOR THE YEAR</b>	<b>\$ (373,680)</b>	<b>\$ (1,085,436)</b>

**UNIFOR**  
**SCHEDULE OF EXPENDITURES -**  
**THE UNIFOR FAMILY EDUCATION CENTRE**  
**FOR THE YEAR ENDED AUGUST 31**

**SCHEDULE 2**

<b>THE UNIFOR FAMILY EDUCATION CENTRE</b>	<b>2015</b>	<b>2014</b>
<b>PERSONNEL</b>		
Employees benefits	\$ 1,596,559	\$ 1,456,383
Employees training	9,528	5,491
Salaries - office	391,088	351,205
- operations	3,204,341	2,973,616
- staff	417,057	393,090
	<b>5,618,573</b>	<b>5,179,785</b>
<b>PREMISE</b>		
Insurance	337,186	286,465
Realty taxes	257,636	258,144
Repairs and maintenance	262,699	365,151
Utilities	449,210	422,436
	<b>1,306,731</b>	<b>1,332,196</b>
<b>OFFICE AND GENERAL</b>		
Audit	31,916	10,000
Bank charges	18,750	7,250
Books and subscriptions	325	325
Computer costs	29,839	34,305
Donations	7,554	7,938
Equipment rental and maintenance	4,663	24,072
Freight and courier	3,536	2,700
HST	175,522	182,523
Legal	1,363	12,463
Office supplies and photocopies	43,153	50,508
Other	19,111	19,134
Postage	12,190	17,648
Promotion	4,176	1,476
Telephone and facsimile	66,497	72,061
Travel	18,540	17,113
Translation	46	412
	<b>437,181</b>	<b>459,928</b>
<b>OPERATING EXPENSES</b>		
Cost of Tuck-Shop sales	60,403	74,977
Food costs	786,630	677,929
Liquor beer and wine	104,190	94,181
Outside accommodation	21,994	6,047
Recreation	1,112	172
Supplies	288,733	244,615
	<b>1,263,062</b>	<b>1,097,921</b>
<b>TOTAL EXPENDITURES</b>	<b>\$ 8,625,547</b>	<b>\$ 8,069,830</b>

**UNIFOR**  
**SCHEDULE OF REVENUE AND EXPENDITURES -**  
**THE UNIFOR CHILDCARE CENTRE**  
**FOR THE YEAR ENDED AUGUST 31**

**SCHEDULE 3**

<b>THE UNIFOR CHILDCARE CENTRE</b>	<b>2015</b>	<b>2014</b>
<b>REVENUE</b>	<b>\$ 306,635</b>	<b>\$ 256,986</b>
<b>EXPENDITURES</b>		
Employee benefits	5,840	16,377
Office expenses	20,614	15,137
Other	1,359	1,350
Salaries	189,438	143,358
Travel	15,159	15,905
	<b>232,410</b>	<b>192,127</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>		
<b>FOR THE YEAR</b>	<b>\$ 74,225</b>	<b>\$ 64,859</b>