



2018 Annual Report of the Joint Executive Council Grain and General Services Union (ILWU • Canada)

Presented to GSU Convention Delegates – March 22, 2018

We welcome the opportunity to report to GSU members about the business of your union.

GSU Administration

The audited financial statements included with this report show that GSU had an operating surplus of \$35,108 as of Dec. 31, 2017. The surplus was the result of somewhat higher revenues which offset somewhat higher expenses.

The Executive Assistant staff position was eliminated at the end of January 2018 with the retirement of Dorothy Merk. The full impact of this event on GSU's bottom line will not be realized until the latter half of 2018.

Assistant General Secretary Lynn Woods-Nordin has taken on the financial accounting and administration functions previously performed by Dorothy. We thank Lynn for stepping up to the plate to make GSU a better organization. The remainder of Dorothy's duties will be spread among the staff reps and general secretary.

Donna Driediger rejoined GSU as a staff rep on Jan. 29 and filled the vacancy left by Lawrence Maier who retired effective March 2, 2018. There will be some realigning of responsibilities, but for the most part Donna will take over from Lawrence.

We thank Dorothy and Lawrence for their many years of dedication, loyal service and hard work on behalf of GSU members. We welcome Donna on her return to GSU and wish her every success in representing the union's members. And, we thank Lynn Woods-Nordin, Dale Markling and Steve Torgerson for their good work and unwavering commitment to GSU.

Looking ahead, GSU continues to be in good financial shape. As the Dec. 31, 2017, balance sheet shows, the union's net assets increased by \$320,634 to \$4,618,364 in 2017. All of GSU's financial commitments are current, and there is no external debt. GSU continues to have a solid financial base.

Wage loss for bargaining committee members and other bargaining expenses will be substantially higher in 2018 compared to the previous year as a result of a much heavier agreement renewal bargaining agenda, particularly in the second half of the year.

In addition, wage loss and associated expenses will rise as a result of the biennial GSU convention, which was held from March 22 - 24, 2018.

It is expected that union dues revenues for 2018 will decline somewhat as a result of a full year of experience with the departure of Ag Retail Managers from the Local 15 (Crop Production Services) operations unit, consolidation of CPS Ag retail outlets, and closure of a number of Viterra elevators.

Legal expenses are expected to increase substantially in 2018 as a result of a growing number of grievances heading to arbitration, coupled with employers' efforts to undermine supplementary unemployment benefits and employer actions to eliminate extended healthcare benefits. The legal expenses GSU incurs in protecting employees' rights or bargaining improved collective agreements are central to the purpose of the union. GSU will not cut services or defense of union members' rights in order to cut costs.

GSU's commitment to defending collective agreement rights and benefits does not come without expense. A two- or three-day grievance arbitration can cost the union upwards of \$35,000.

Bearing in mind that GSU will likely have at least three (and possibly more) grievances arbitrated in 2018, the union is looking at a potential spike in legal expenses of \$100,000. In consideration of this challenge, and the need to defend hard won rights, delegates to the 2018 GSU convention passed a motion requesting that the Board of Directors of the GSU Defense Fund earmark \$100,000 to pay for GSU legal expenses in 2018.

The newly elected directors of the GSU Defense Fund convened on March 24, 2018 and approved/rejected the request from the delegates to pay \$100,000 of GSU's 2018 legal expenses.

When everything is considered, the usual careful management of GSU resources will be required in order to avoid a deficit in 2018. Towards this end, the elected delegates to GSU's 2018 Biennial Convention adopted a budget estimate that depends on \$100,000 for legal expenses

Comments:

being drawn from the Defense Fund in order to have a modest deficit in the 2018 operating budget.

Comments:

Bargaining and the World Around Us

In 2018, GSU will begin agreement renewal bargaining with nine employers, followed by the remainder of the collective agreements in 2019. It is expected bargaining will not be easy with any of the employers. Nonetheless, improved collective agreements with every employer is our shared objective.

The time for real increases to wage rates for every member of every bargaining unit is overdue. The time has also come for major improvements to working conditions, including balancing work with the right to a life away from work.

The ideas and aspirations of union members are the sources of GSU's bargaining priorities, and we urge the members of every bargaining unit to add their ideas and proposals to the list for their delegates to consider.

Bargaining for decent wages and working conditions is an integral part of the work our union does and we take pride in doing it well. Administering the collective agreements after they've been bargained is crucial to realizing the full measure of the bargain made with employers.

Our fight for gains won't be easy, especially in light of the economic challenges in the larger economy. But then again, it's never been easy. The prospects for corporate mergers and takeovers are ever-present and always complicating factors. When we look back, we are reminded that weathering takeover activities has been our reality for at least the last decade.

New market entrants in grain handling are disrupting factors and from our perspective the presence of too many non-union operations restrains our ability to fully make the gains that we should be making. So while struggling for better terms is at the top of our agenda, organizing should be there, too. We simply have to find the time and collective will to speak to our non-union counterparts and look for effective ways to bring them into GSU.

We also need to build a renewed sense of unity and purpose in each of GSU's bargaining units. Commitments to solidarity, mutual support and exercising our right to strike strategically and effectively are the keys to breaking through in collective bargaining.

It may seem old school to advocate for marching, demonstrating and carrying a picket sign, but perhaps the labour movement can be reignited by such actions. Every kind of action to advance working people should be an option. We won't make any progress if we don't have a plan and the courage to execute it.

GSU Defense Fund

At Dec. 31, 2017, the market value of GSU Defense Fund assets was \$4.1 million. The fund continues to grow steadily as a result of investment gains and the additional dues of \$10 per member per month being paid into the Fund.

In fall 2017, GSU's Executive Committee submitted a motion to annual membership meetings recommending continuation of the additional dues being paid to the GSU Defense Fund. The motion was voted on and approved by 76 percent of the members who voted. Accordingly, the additional dues will continue to be paid in 2018, and will be voted on again at the annual meeting in the fall.

However, in a related development, delegates to GSU's 2018 policy convention debated a resolution submitted by Sub-Locals 14.6 and 15.7 that the additional dues being paid into the GSU Defense Fund be reduced to \$5 per member per month. Following the debate, the delegates voted to defeat the resolution.

Union Benefits

Delegates to GSU's 2018 policy convention also debated whether to establish a family crisis benefit of up to \$1,500 payable from the GSU Defense Fund to individual union members. The benefit would be available to GSU members experiencing financial distress as a result of insufficient employer-paid leave when the employee is required to attend to a seriously ill or injured child or spouse who is undergoing medical treatment in a hospital or specialized institution.

Comments:

If established, the crisis benefit would be available GSU members in good standing who have a signed membership card on file with GSU. Members would be required to complete an application and provide proof that they are required to be absent from work beyond the paid serious illness leave available in the collective agreement with their employer.

Ultimately, the 2018 convention delegates voted to approve the establishment of a GSU family crisis benefit in principle subject to examination and review by the JEC as to desirability and feasibility.

Part of Something Bigger

Through affiliation with the International Longshore and Warehouse Union Canada, GSU is part of a larger union family that includes the Retail, Wholesale and Department Store Union in Saskatchewan and the Retail Wholesale Union in British Columbia. Together, we are fortunate to be a larger union organization of autonomous partners where we have a very good mutual support network and the ability to do our own thing. We look forward to continuing to work with our brothers and sisters in the ILWU Canada family wherever and whenever we can. There is strength in numbers.

The union movement was founded on the principles “that what we have, we want for all others” and “an injury to one is an injury to all”. We commit to advancing to these founding principles in all of our actions and activities.

Solidarity,

On Behalf Of The Joint Executive Council of
Grain & General Services Union (ILWU•Canada)



Hugh Wagner
GSU General Secretary

Joint Executive Council Members

President Jim Brown

Vice-presidents

Michelle Houlden, Brett North

Local 1 - Viterra Ops & Maintenance

Matthew Denomie, Dave Boulding

Local 2 - Viterra Head Office

Kevin Wagner, Sheila Tran,
Howard Wilson (Alternate)

Local 4 - Grain Millers

Tyler Chorneyko, Perry Fedun

Local 5 - Western Producer

Laurie Michalycia

Local 6 - Wild West

Riley Breen

Local 7 - Heartland

Heather Mackay

Local 8 - Advance

Dion Elliott Steve Holiday

Local 9 - HiPro

Kelly Saretzky

Local 14 - Richardson

Dylan Pilon

Local 15 - CPS

Tina Cojocar, Brian Cowan

Local 13 - IATSE, Local 16 -

Lake Country Co-op , Local

17 - Discovery Co-op, Local 18

- Lloydminster Co-op, Local 19 -

Prairie Co-op

To be elected

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Financial Statements

Year Ended December 31, 2017

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The financial statements of Grain and General Services Union (ILWU. Canada) have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Grain and General Services Union (ILWU. Canada)'s reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Joint Executive Council is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Council meets periodically with management and the members' auditors to review significant accounting, reporting and internal control matters. Following its review of the financial statements and discussions with the auditors, the Council reports to the members prior to their approval of the financial statements. The Council also considers, for review and approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited on behalf of the members by MWC Chartered Professional Accountants LLP, in accordance with Canadian generally accepted auditing standards.

General Secretary

President

Regina, Sask
April 13, 2018



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Grain and General Services Union (ILWU. Canada)

We have audited the accompanying financial statements of Grain and General Services Union (ILWU. Canada), which comprise the statement of financial position as at December 31, 2017 and the statements of operations, changes in net assets 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 audit opinion.

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An asset to our clients, not an expense

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Grain and General Services Union (ILWU. Canada) as at December 31, 2017 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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
April 13, 2018

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Financial Position

December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
ASSETS					
CURRENT					
Cash	\$ 118,317	\$ 7,383	\$ 232,126	\$ 357,826	\$ 409,826
Dues receivable	58,060	340	6,771	65,171	63,108
Prepaid expenses	4,606	-	-	4,606	3,170
Interfund (Note 7)	67,254	21,917	(89,171)	-	-
	<u>248,237</u>	<u>29,640</u>	<u>149,726</u>	<u>427,603</u>	<u>476,104</u>
CAPITAL ASSETS (Note 3)	180,382	-	-	180,382	186,680
INVESTMENTS (Note 4)	-	-	4,010,379	4,010,379	3,634,947
	<u>\$ 428,619</u>	<u>\$ 29,640</u>	<u>\$ 4,160,105</u>	<u>\$ 4,618,364</u>	<u>\$ 4,297,731</u>
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable (Note 5)	\$ 87,293	\$ -	\$ -	\$ 87,293	\$ 112,574
LONG-TERM DEBT (Note 6)	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
	127,293	-	-	127,293	152,574
NET ASSETS	<u>301,326</u>	<u>29,640</u>	<u>4,160,105</u>	<u>4,491,071</u>	<u>4,145,157</u>
	<u>\$ 428,619</u>	<u>\$ 29,640</u>	<u>\$ 4,160,105</u>	<u>\$ 4,618,364</u>	<u>\$ 4,297,731</u>
LEASE COMMITMENTS (Note 8)					
Approved by the Council:					
	_____	_____	_____	Officer	
	_____	_____	_____	Officer	
See accompanying notes					

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Operations

Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
REVENUES					
Membership dues (Note 9)	\$ 1,160,278	\$ 7,458	\$ 148,901	\$ 1,316,637	\$ 1,375,415
Other income	18,610	-	-	18,610	25,838
Investment income (loss)	(3)	3	134,602	134,602	128,301
Realized gains (losses)	-	-	60,496	60,496	70,981
Unrealized gains (losses)	-	-	31,927	31,927	113,006
	1,178,885	7,461	375,926	1,562,272	1,713,541
EXPENSES (Schedules 1 & 2)					
Meetings	112,734	-	-	112,734	212,819
Administration	900,889	-	61,331	962,220	995,886
Affiliation and organization	88,974	11,250	-	100,224	88,271
Building	41,180	-	-	41,180	38,608
	1,143,777	11,250	61,331	1,216,358	1,335,584
EXCESS OF REVENUES (EXPENSES)	\$ 35,108	\$ (3,789)	\$ 314,595	\$ 345,914	\$ 377,957

Statement of Changes in Net Assets Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 266,218	\$ 33,429	\$ 3,845,510	\$ 4,145,157	\$ 3,767,200
EXCESS OF REVENUES (EXPENSES)	35,108	(3,789)	314,595	345,914	377,957
NET ASSETS - END OF YEAR	\$ 301,326	\$ 29,640	\$ 4,160,105	\$ 4,491,071	\$ 4,145,157

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Cash Flows

Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
OPERATING ACTIVITIES					
Excess of revenues (expenses) items not affecting cash:	\$ 35,108	\$ (3,789)	\$ 314,595	\$ 345,914	\$ 377,957
Realized (gains) losses on sale of investments	-	-	(60,496)	(60,496)	(70,981)
Unrealized (gains) losses on market value adjustment	-	-	(31,927)	(31,927)	(113,006)
Amortization	8,198	-	-	8,198	10,769
Changes in non-cash working capital	43,306	(3,789)	222,172	261,689	204,739
	(22,341)	6,519	(12,959)	(28,781)	64,645
Net cash flow investing activities	20,965	2,730	209,213	232,908	269,384
INVESTING ACTIVITIES					
Purchase of capital assets	(1,899)	-	-	(1,899)	(420)
Proceeds on disposal of investments	-	-	840,058	840,058	1,327,604
Purchase of investments	-	-	(1,123,067)	(1,123,067)	(1,683,227)
Cash flows from investing activities	(1,899)	-	(283,009)	(284,908)	(356,043)
FINANCING ACTIVITIES					
Interfund transfers	-	-	-	-	-
Repayment of interfund loan	(535)	-	535	-	-
Net cash flow from financing activities	(535)	-	535	-	-
NET CHANGE IN CASH FLOW	18,531	2,730	(73,261)	(52,000)	(86,659)
CASH - BEGINNING OF YEAR	99,786	4,653	305,387	409,826	496,485
CASH - END OF YEAR	\$ 118,317	\$ 7,383	\$ 232,126	\$ 357,826	\$ 409,826

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

1. NATURE OF OPERATIONS

Grain and General Services Union (ILWU. Canada) (the Union) is a not-for-profit organization and as such, it is exempt from income taxes. Its sole purpose is to represent employees of:

Local 1 - Viterra (operations and maintenance)
Local 2 - Viterra (head office)
Local 4 - Grain Millers Canada Corp.
Local 5 - Western Producer Publications (GVIC)
Local 6 - Wild West Steelhead
Local 7 - Heartland Livestock Services
Local 8 - Advance Employees' Assoc.
Local 9 - Hi-Pro Feeds
Local 13 - IATSE #295
Local 14 - Richardson Pioneer
Local 15 - Agrium/Crop Production Services
Local 16 - Lake Country Co-operative Assoc. (formerly known as Prince Albert Co-operative Assoc.)
Local 17 - Discovery Co-op
Local 18 - Lloydminster and District Co-operative Assoc.
Local 19 - Prairie Co-operative Ltd.
Local 20 - CHS

The Union is certified to represent these employees by the Canada Labour Code and the appropriate Provincial Labour Relations Acts. The Union also provides administrative, arbitration, bargaining and research services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

Membership dues are recognized in the period in which they are withheld from the member by the bargaining unit. Other revenue is recorded as income upon receipt.

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GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Fund accounting

A portion of the monies received by the Union may only be used for specific purposes and accordingly are accounted for in separate funds. Temporary transfers of monies between these funds are recorded as interfund receivables/payables. Permanent transfers are recorded as transfers in the net asset accounts.

The Union follows the restricted fund method of accounting for contributions.

The Operating Fund records the day to day operations of the Union.

The Solidarity Fund is to assist international and local development projects at the discretion of the Joint Executive Council.

The Defense Fund receives local strike assessments and supports members in the event of a dispute.

Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Buildings	5%	declining balance method
Equipment and furniture	20%	declining balance method
Land improvements	10 years	straight-line method

The Union regularly reviews its capital assets to eliminate obsolete items. A full year's amortization is taken in the year of acquisition.

Foreign currency translation

Accounts in foreign currencies have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Non-monetary assets have been translated at the rate of exchange prevailing at the date of transaction. Revenues and expenses have been translated at the average rates of exchange during the year, except for amortization, which has been translated at the same rate as the related assets.

Foreign exchange gains and losses on monetary assets and liabilities are included in the determination of earnings.

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GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

The Union has elected to value all investments in debt instruments at fair market value rather than amortized cost.

Financial assets including cash and accounts receivable are reported at amortized cost. All investments are reported at fair market value.

Financial liabilities including accounts payable and accrued liabilities, and long-term debt are reported at amortized cost.

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Buildings	180,690	88,739	91,951	96,790
Equipment and furniture	159,471	150,176	9,294	9,718
Land improvements	10,343	6,206	4,137	5,172
	\$ 425,504	\$ 245,121	\$ 180,382	\$ 186,680

As a requirement of owing real property, the Union holds beneficial title to the assets through a bare trustee Grain Services Holdings Inc.

4. INVESTMENTS

	2017	2016
Equity investments	\$ 1,946,939	\$ 1,786,377
RBC mutual funds	466,862	447,794
Fixed income investments	1,596,578	1,400,776
	\$ 4,010,379	\$ 3,634,947

Fixed income investments have interest rates between 1.742% and 6.40% (2016 - 1.742% to 6.50%) and mature between January 2020 and June 2041 (2016 - March 2018 and June 2037).

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

5. ACCOUNTS PAYABLE

Included in accounts payable are the following balances:

	<u>2017</u>	<u>2016</u>
Trade payables	\$ 18,707	\$ 35,350
Vacation payable	31,619	21,146
Wages payable	-	19,892
Retirement benefit payable	35,807	35,106
Interest payable	1,160	1,080
	<u>\$ 87,293</u>	<u>\$ 112,574</u>

6. LONG-TERM DEBT

Loan payable to Local 2 has no specific repayment terms and bears interest at 2.90%. The loan is unsecured.

7. INTERFUND TRANSFERS AND BALANCE

During 2017, the operating fund administered funds on behalf of the Defense and Solidarity Funds. These interfund balances are temporary and change throughout the year.

A portion of the funds advanced to the Operating Fund was treated as a term loan with monthly repayments and an interest rate of 6.00% per annum and was repayable in monthly blended payments of \$3,950. The loan was secured by a promissory note. This term loan has been fully paid during the year.

8. LEASE COMMITMENTS

The Union has long-term leases with respect to its office equipment. Future minimum lease payments as at December 31, 2017 are as follows:

2018	\$ 4,320
2019	2,880

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

9. MEMBERSHIP DUES

	2017	2016
Operating Fund:		
Local 1 - Viterra (operations and maintenance)	\$ 395,590	\$ 385,871
Local 2 - Viterra (head office)	84,943	84,234
Local 4 - Grain Millers Canada Corp.	105,257	107,457
Local 5 - Western Producer Publications (GVIC)	45,140	44,287
Local 6 - Wild West Steelhead	12,689	11,573
Local 7 - Heartland Livestock Services	11,315	10,988
Local 8 - Advance Employees' Assoc.	14,201	14,583
Local 9 - Hi-Pro Feeds	35,124	31,222
Local 13 - IATSE #295	656	683
Local 14 - Richardson Pioneer	93,940	92,145
Local 15 - Agrium/Crop Production Services	329,270	393,780
Local 16 - Lake Country Co-operative Assoc.	12,017	10,520
Local 17 - Discovery Co-op	7,758	6,829
Local 18 - Lloydminster and District Co-operative Assoc.	4,029	4,258
Local 19 - Prairie Co-operative Ltd.	5,223	7,799
Local 20 - CHS	3,126	3,146
	\$ 1,160,278	\$ 1,209,375
Defense Fund:		
Local 1- Viterra (operations and maintenance)	\$ 46,306	\$ 46,742
Local 2 - Viterra head office	9,683	9,822
Local 4 - Grain Millers Canada Corp.	13,272	13,798
Local 5 - Western Producer Publications (GVIC)	4,890	4,204
Local 6 - Wild West Steelhead	2,989	2,792
Local 7 - Heartland Livestock Services	1,927	3,212
Local 8 - Advance Employees' Assoc.	7,299	6,070
Local 9 - Hi-Pro Feeds	4,074	3,816
Local 13 - IATSE #295	120	120
Local 14 - Richardson Pioneer	11,515	11,225
Local 15 - Agrium/Crop Production Services	42,783	51,013
Local 16 - Lake Country Co-operative Assoc.	1,320	1,120
Local 17 - Discovery Co-op	970	1,503
Local 18 - Lloydminster and District Co-operative Assoc.	520	809
Local 19 - Prairie Co-operative Ltd.	870	1,548
Local 20 - CHS	363	380
	\$ 148,901	\$ 158,174

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

10. FINANCIAL INSTRUMENTS

The Union is exposed to various risks through its financial instruments and management is responsible to monitor, evaluate and manage these risks. The following analysis provides information about the Union's risk exposure and concentration as of December 31, 2017.

Credit risk

Credit risk is the risk of financial loss resulting from default of financial obligations by a debtor to the Union. These obligations are primarily dues withheld from employees that are due to the Union and it is management's opinion this risk is low since dues are remitted promptly.

Liquidity risk

Liquidity risk is the risk of financial loss in the event that the Union will not be able to fund obligations as they become due. Liquidity risk is not considered significant because the Union has historically been able to access resources of the defense fund. In the event of a prolonged strike with a larger local this risk would increase.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Union is mainly exposed to currency rate risk and interest rate risk.

Currency risk

Currency risk is the risk to the Union's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Union is exposed to foreign currency exchange risk on investments held in US dollars. The Union does not use derivative instruments to reduce its dollar denominated exposure to foreign currency risk. At yearend, the Union has \$497,407 (2016 \$372,695) CDN of US investments. Net income includes \$646 (2016 - \$329 foreign exchange gain) of foreign exchange loss.

Interest rate risk

The Union's interest rate risk is nominal. While interest rate fluctuations affect the return on investments, this can be managed.

Due to the nature of investments and their susceptibility to changes in market value, interest rate risk is reflected in the market value of the investments, as reported in Note 4.

While the Union does have some long term debt, the interest is at market rate and the term loan is owed to a related partner union.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or it's issuer, or factors affecting all similar financial instruments traded in the market. The Union is exposed to other price risk through its investment in quoted shares.

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2017

11. ECONOMIC DEPENDENCE

A significant portion of union membership is concentrated in 3 large locals. If there were large declines in one or more of these locals, the Union could not continue to operate in the same way it does currently.

	<u>2017</u>	<u>2016</u>
Local 1 and 2 (Viterra)	41%	37%
Local 15 (Agrium/Crop Production Services)	28%	32%

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

(Schedule 1)

Schedule of Meeting Expenses

Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
Joint Executive Council meetings	\$ 20,815	\$ -	\$ -	\$ 20,815	\$ 15,033
Dues rebate	3,074	-	-	3,074	1,342
Convention and education seminars	43,069	-	-	43,069	48,437
Board of Directors meetings	7	-	-	7	2,051
G5U biennial convention	1,713	-	-	1,713	44,406
Board of Delegates	274	-	-	274	-
Executive and bargaining					
Local 1	18,312	-	-	18,312	26,814
Local 2	714	-	-	714	2,550
Local 4	2,666	-	-	2,666	14,898
Local 5	129	-	-	129	967
Local 6	1,498	-	-	1,498	1,299
Local 7	2,093	-	-	2,093	4,186
Local 8	-	-	-	-	6
Local 9	2,581	-	-	2,581	14,369
Local 14	2,802	-	-	2,802	4,146
Local 15	9,653	-	-	9,653	22,996
Local 16	1,004	-	-	1,004	1,745
Local 17	1,650	-	-	1,650	3,154
Local 18	680	-	-	680	2,048
Local 19	-	-	-	-	2,290
Local 20	-	-	-	-	82
	\$ 112,734	\$ -	\$ -	\$ 112,734	\$ 212,819

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

(Schedule 2)

Schedule of Expenses

Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
Administration					
Accounting	\$ 1,041	\$ -	\$ -	\$ 1,041	\$ 275
Advertising	693	-	-	693	693
Amortization of capital assets	2,324	-	-	2,324	2,522
Amortization of intangible assets	-	-	-	-	2,119
Arbitration boards	45,706	-	-	45,706	3,299
Audit	9,768	-	-	9,768	9,460
Educational	23,339	-	-	23,339	-
Employee benefits	58,818	-	-	58,818	59,824
Interest	1,160	-	-	1,160	1,080
Investment council fees	-	-	61,331	61,331	53,912
Legal fees and costs	5,402	-	-	5,402	21,034
Miscellaneous	106	-	-	106	147
Office rent	15,600	-	-	15,600	15,600
Postage	3,415	-	-	3,415	5,799
Printing and office supplies	32,418	-	-	32,418	43,109
Promotional	2,512	-	-	2,512	11,977
Salaries and consulting fees	633,659	-	-	633,659	702,314
Telephone	13,648	-	-	13,648	13,682
Travel	51,280	-	-	51,280	49,040
	900,889	-	61,331	962,220	995,886

See accompanying notes

(continues)

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

(Schedule 2)

Schedule of Expenses (continued)

Year Ended December 31, 2017

	Operating Fund	Solidarity Fund	Defense Fund	2017	2016
Affiliation and Organization					
British Columbia Federation of Labour	-	-	-	-	84
Canadian Labour Congress	10,937	-	-	10,937	11,159
Donations and contributions	23,250	11,250	-	34,500	25,744
ILWU	14,583	-	-	14,583	14,879
Other affiliate expense	10,600	-	-	10,600	12,493
Saskatchewan Federation of Labour	15,604	-	-	15,604	15,912
Scholarship	14,000	-	-	14,000	8,000
	88,974	11,250	-	100,224	88,271
Building					
Amortization of building	5,874	-	-	5,874	6,128
Insurance	2,226	-	-	2,226	2,075
Interest	988	-	-	988	1,108
Office renovations	613	-	-	613	2,801
Repairs and maintenance	16,588	-	-	16,588	12,983
Taxes	9,236	-	-	9,236	8,411
Utilities	5,655	-	-	5,655	5,102
	\$ 41,180	\$ -	\$ -	\$ 41,180	\$ 38,608

See accompanying notes



Questions? Comments? Need help in the workplace?

We're here to help you.

Grain & General Services Union

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