



2016 Annual Report

of the Joint Executive Council

Grain & General Services Union (ILWU • Canada)

Adopted by GSU Convention Delegates – March 17, 2016

We welcome the opportunity to report to GSU members. GSU is your union and it is your right to be informed about its administration.

GSU Constitution and Bylaws

As a result of the additional divestiture of agro operations flowing from the Viterra/Agrium transactions, Local 20 was established comprising members of the union employed by CHS Canada at Edenwold.

Additional constitutional amendments were approved by delegates to GSU's 2016 Biennial Policy Convention. The amendments in question deleted references to Locals 3, 11, and 12 in sections 5.1, 8.3, 8.10, 8.12, and 9.2 of the Constitution, since said Locals are now defunct.

Reference to Local 20 was added to sections 5.1, 8.20 and 9.2 of the Constitution and Section 8.16 - Local 17 was amended to change the name of the employer to Discovery Co-operative Ltd.

GSU Administration

The audited financial statements included with this report show that GSU had a very modest \$2,308 surplus in its operating fund, but this was only possible as a result of a transfer of \$100,000 from the GSU Defense Fund towards the end of 2015.

The \$100,000 transfer was necessary largely to cover the cost of renovations to the GSU office building (\$44,645) and a deficit in the certification protection fund (\$37,802). Delegates to GSU's 2016 convention passed a resolution to treat the \$100,000 as a non-repayable operating grant. The final decision rests with the Defense Fund Board of Directors.

Despite lower dues revenue resulting from job losses, high arbitration and high legal expenses, GSU continues to be in good financial shape as the December 31, 2015 balance sheet shows. All of GSU's financial commitments are current and the union continues to have a solid financial base.

GSU has also taken steps to reduce expenses, primarily by eliminating a union staff position in 2016.

REPORT

Wage loss for bargaining committee members and other bargaining expenses will grow compared to the previous year, as agreement renewal bargaining for Locals 1, 2, 15, 16, 17, 18 and 19 carries over into 2016. In addition, the collective agreements for Locals 4, 5 and 9 will be open for bargaining in 2016.

It is also anticipated legal expenses will not decline as much as we would like as a result of litigation in relation to CPS's application under the Saskatchewan Employment Act to remove Ag Retail Managers from Local 15's bargaining unit.

Expenses incurred in protecting employees' rights or bargaining improved collective agreements are the cost of doing business and GSU's administration always looks for savings wherever they can be found, but your union will not be turned away from the commitment to serve members because money has to be spent.

Our Challenges

GSU will confront major challenges in 2016 in relation to agreement renewal bargaining with Viterra, CPS and the Co-ops, where some employers are seeking concessions and weakening of employees' collective agreement rights.

Locals 1 and 2 will be first into the fray, since Viterra has served notice of a bargaining dispute and a request for conciliation under Part 1 of the Canada Labour Code. If there is no bargaining settlement at the end of the 60 day conciliation process, the parties could be in a lockout/strike position following a 21-day cooling off period. Any strike action by Local 1 or 2 members is subject to a secret ballot vote of the members.

Local 15 members may not be far behind, as their bargaining – although conducted under the Saskatchewan Employment Act – could end up in a similar dispute/conciliation/lockout/strike situation by mid-summer.

Members working for Locals 16, 17, 18, and 19 could be in the same boat.

Notwithstanding the challenges posed by the antics of employers, the biggest hurdles for us to overcome are fear and disunity. GSU has the resources to wage the battle against bad collective agreements being proposed by employers, but the first step toward success is members' willingness to stand together and take action.

Bargaining for decent wages and working conditions is an integral part of the work our union does, and this is always affected by up and down drafts in the market economy.

Nobody knows this better than members working in manufacturing for Advance Engineered Products Ltd. (AEPL) in Regina, where 135 members were informed on April 10, 2015 that their employment was being terminated. This action stemmed from the company's application to the court of Queen's Bench to seek protection from its creditors under the provisions of the Companies' Creditors Arrangements Act (CCAA) while it reorganized its finances.

In the ensuing months, AEA/GSU Local 8 pursued a drawn out battle to recover wages owed to the laid-off workers. Eventually, approximately 50 cents on the dollar was recovered, which is not enough, but is far better than the fate of other unsecured creditors.

Along the way, Local 8 members who still had jobs in manufacturing agreed to the equivalent of a 15 percent wage cut in order to cinch the sale of the business to Ironbridge Equity Partners. This was a bitter but necessary pill to swallow and it underlines the need for far better wage protection legislation in Canada.

When the dust settled in the AEPL saga, GSU's legal bills totaled more than \$25,000, not to mention the hundreds of hours of elected officer time devoted to the struggle.

There were also some important firsts in 2015 as GSU Local 14 managed to bargain an improved first agreement with Richardson International after only six days of bargaining. It took even less time for Local 20 to bargain a renewed collective agreement with CHS Canada.

After more than a year of on again, off again bargaining, Local 7 reached a settlement with Heartland Livestock in February 2016. Compared to other bargained settlements in Saskatchewan, Local 7's new agreement provides better than average wage increases, but still leaves wage rates in the livestock yards too far behind the provincial herd.

In May 2015, members of Local 6 approved a new agreement with Wild West Steelhead that expires at the end of February 2018. It provides annual wage increases of three percent per year over the life of the three year collective agreement. Through their hard bargaining, Local 6 members were also able to do better than the average of bargained settlements in Saskatchewan.

Bargaining by GSU Local 4 with Grain Millers began in February 2016 and has quickly moved into a zone where a settlement is possible. The existing collective agreement expires March 31, 2016.

Meanwhile, the collective agreement between GSU Local 9 and Hi-Pro Feeds expired December 31, 2015 and is off to a much slower start. That said, the employer's bargaining spokesperson has assured GSU that retroactivity will not be an issue.

To round out GSU's bargaining agenda, members of Local 5 will head to the bargaining table this summer as their agreement with Western Producer Publications Partnership expires July 31, 2016.

Expenses incurred in protecting employees' rights or bargaining improved collective agreements are the cost of doing business. GSU's administration always looks for savings wherever they can be found, but your union will not be turned away from the commitment to serve members because money has to be spent.

There is no shortage of issues as the bean counters at WPP's parent company constantly snip about the edges of bargaining unit work and increasingly shift to digital replacement of the traditional newspaper platform.

All in all, GSU's plate is full in 2016. A big collective effort will be needed to wipe it clean by the end of the year. Nonetheless, your elected officers and union staff are confident the job will get done.

GSU Defense Fund

At December 31, 2015, the GSU Defense Fund had assets just short of \$3.6 million, based on market values.

As mentioned earlier in this report, \$100,000 was advanced to GSU operations to address the 2015 operating deficit. Delegates to GSU's 2016 Policy Convention voted to recommend that the Defense Fund Board of Directors treat the \$100,000 as a non-repayable operating grant.

In fall 2015 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 75.37 percent of the members who voted.

Accordingly, the additional dues will continue to be paid in 2016 and will be voted on again at the annual meeting in the fall.

Federal and Provincial Elections

Canadians elected a new national government in October 2015. Hopefully, it will deliver on its promises of renewal, compassion, transparency and support for the middle class. It is our job as citizens and union members to hold the new government to its commitments.

In April 2016, Saskatchewan voters will have an opportunity to elect a provincial government, and your leadership believes it is essential for working people to actively engage in the political process. Elections matter and governments matter. Democracy makes a difference, and the political parties are not all the same.

The challenge to the collective bargaining and union representation rights of GSU members employed by CPS as Ag Retail Managers are the direct result of a policy decision made by the current provincial government, over the opposition of working people and their unions. This fact alone should give all of us cause to carefully consider who we are going to vote for.

We urge every GSU member to get involved in the upcoming Saskatchewan provincial election and to vote for the candidate of the party you believe has supported

your rights as a worker. You're best placed to decide who that is, and to encourage your colleagues, family and friends to do likewise.

2016 Policy Convention

From March 17 to 19, 2016, GSU held its 12 Biennial Policy Convention. Delegates from around the union gathered to review and develop the union's policies and administration for the next two years.

The policy convention is a very important event in GSU's ongoing work, as the officers responsible for administering the union are elected for two-year terms of office and their policy platform is set by the convention delegates.

GSU president Jim Brown, vice-presidents Michelle Houlden and Brett North, and general secretary Hugh Wagner were elected at the 2016 policy Convention. They will be responsible for administering the union and reporting to the Joint Executive Council for the next two years.

Convention delegates also elected a board of directors for the GSU Defense Fund. Dave Boulding, Lindsey Hertlein, Brian Lark, Dennis Piasta, Sharlene Tetrault, and alternate director Ron Gerlock will serve on the board of directors for the next two years.

In June 2016 GSU will mark the 80th anniversary of the union's founding in 1936. Then as now, GSU's mission is to adapt and change, while continuing to promote the core values of collective action, community, equality and unity.

Democracy and Unions

In the coming days we will be tested as we pursue the goal of a better working life for ourselves and those of the next generations. Let us never forget that the most reliable and enduring defenders of our democratic society are the union movement, social activists, and our allies.

Through affiliation with ILWU Canada, GSU is part of a larger union family that recently welcomed Grain Workers Union into the fold. In addition to warmly welcoming GWU, we look forward to working closely with them as we confront the same opponents.

We have benefited from the friendship and support of the officers and members of ILWU Canada. We thank them and look forward to continuing to build a unique and democratic alliance for the good of working people.

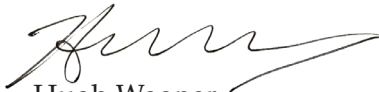
We urge every GSU member to get involved in the upcoming Saskatchewan provincial election and to vote for the candidate of the party you believe has supported your rights as a worker. You're best placed to decide who that is, and to encourage your colleagues, family and friends to do likewise.

The union movement was founded on the principles that what we have for ourselves we want for all others, and an injury to one is an injury to all. We can't possibly sustain our good fortune – or improve on it – if others around us are experiencing the destruction of their rights, habitat and welfare.

If we sacrifice our freedom for the false promise of security, ultimately we will have neither.

Solidarity,

ON BEHALF OF THE JOINT EXECUTIVE COUNCIL OF
GRAIN & GENERAL SERVICES UNION (ILWU•CANADA)

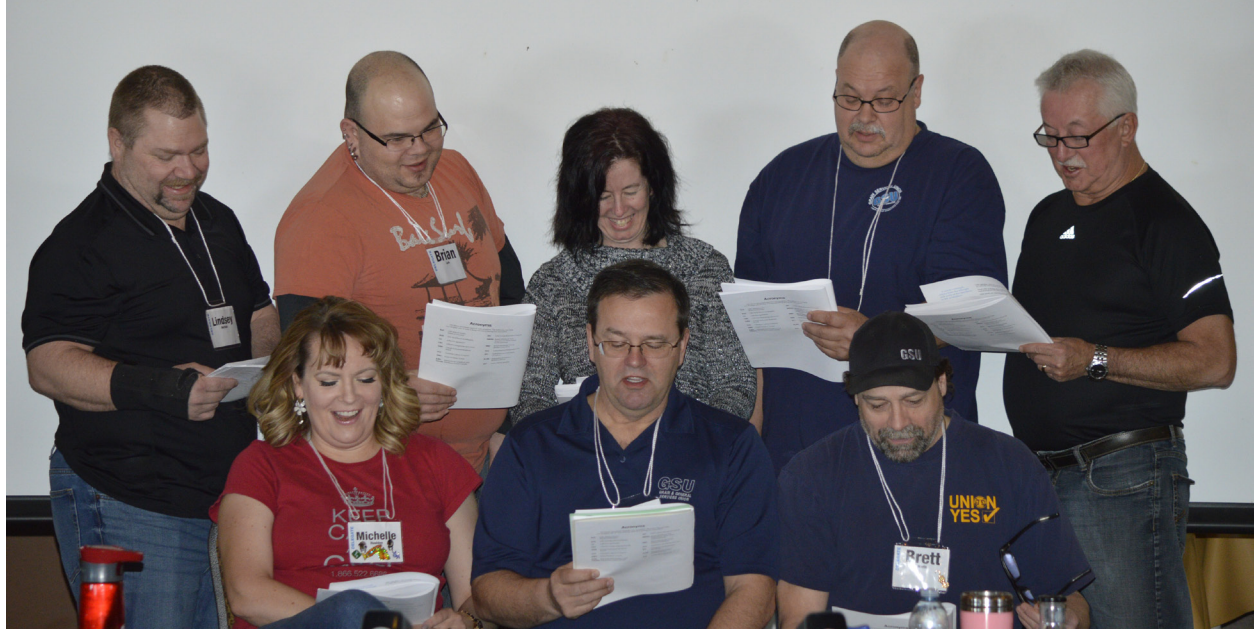


Hugh Wagner
General Secretary

President Jim Brown
Vice Presidents Michelle Houlden
Brett North
Local 1 - Viterra Ops/Maintenance
Travis Brewer Wilfred Harris
Local 2 - Viterra Head Office
Michelle Hofer Kevin Wagner
Local 4 - Grain Millers
Ray Allen Terry Schultz

Local 5 - Western Producer
Kim Quintin
Local 6 - Wild West Steelhead
James Jones
Local 7 - Heartland Livestock
Heather Mackay
Local 8 - Advance Employees' Assoc.
Dion Elliot Steve Holliday
Doug Murray

Local 9 - HiPro
Kelly Saretzky
Local 13 - IATSE 295
Susan Schrader
Local 14 - Richardson
Lindsey Hertlein Dennis Piasta
Local 15 - Agrium/CPS
Brian Cowan Carolyn Illerbrun
Brent Pelechaty
Local 16-20



GSU elected officers and Defense Fund directors take their Oath of Office at GSU's 2016 biennial policy convention March 19, 2016.

(Back row, l-r) Lindsey Hertlein, Defense Fund director; Brian Lark, Defense Fund director; Sharlene Tetrault, Defense Fund director; Dave Boulding, Defense Fund director; and Hugh Wagner, general secretary.

(Front row, l-r) Michelle Houlden, GSU vice president; Jim Brown, GSU president; and Brett North, GSU vice president.

Missing from photo: Dennis Piasta, Defense Fund director; and Ron Gerlock, alternate Defense Fund director.

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Financial Statements

Year Ended December 31, 2015

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
March 18, 2016



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, 2015 and the statements of operations and 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, 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.

MWC LLP

Chartered Professional Accountants

Regina, Saskatchewan
March 18, 2016

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Financial Position

December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
ASSETS						
CURRENT						
Cash	\$ 96,829	\$ 10,045	\$ 382,932	\$ 6,678	\$ 496,484	\$ 361,035
Dues receivable	77,405	507	8,600	-	86,512	121,872
Source deductions receivable	-	-	-	-	-	1,189
Prepaid expenses	10,934	-	-	-	10,934	7,271
Interfund (Note 8)	(80,120)	26,160	104,277	(50,317)	-	-
	105,048	36,712	495,809	(43,639)	593,930	491,367
CAPITAL ASSETS (Note 3)	194,818	92	-	-	194,910	159,701
INTANGIBLE ASSETS (Note 4)	2,119	-	-	-	2,119	4,238
INVESTMENTS (Note 5)	-	-	3,095,337	-	3,095,337	3,090,031
	\$ 301,985	\$ 36,804	\$ 3,591,146	\$ (43,639)	\$ 3,886,296	\$ 3,745,337
LIABILITIES AND NET ASSETS						
CURRENT						
Accounts payable (Note 6)	\$ 79,096	\$ -	\$ -	\$ -	\$ 79,096	\$ 70,024
INTERFUND LOAN (Note 8)	46,399	-	(46,399)	-	-	-
LONG-TERM DEBT (Note 7)	40,000	-	-	-	40,000	40,000
	165,495	-	(46,399)	-	119,096	110,024
NET ASSETS (DEBT)	136,490	36,804	3,637,545	(43,639)	3,767,200	3,635,313
	\$ 301,985	\$ 36,804	\$ 3,591,146	\$ (43,639)	\$ 3,886,296	\$ 3,745,337

LEASE COMMITMENTS (Note 10)

Approved by the Council:

_____ Officer

_____ Officer

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Operations and Net Assets

For the Year Ended December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
REVENUES						
Membership dues (Note 9)	\$ 1,186,064	\$ 10,349	\$ 154,203	\$ -	\$ 1,350,616	\$ 1,415,256
Other income	2,863	-	-	-	2,863	4,333
Investment income (loss)	(4,201)	2	136,381	-	132,182	102,826
Realized gains (losses)	-	-	11,437	-	11,437	50,119
Unrealized gains (losses)	-	-	(87,830)	-	(87,830)	104,550
	1,184,726	10,351	214,191	-	1,409,268	1,677,084
EXPENSES (Schedules 1 & 2)						
Meetings	116,738	-	2,782	37,299	156,819	167,258
Administration	946,294	23	52,319	-	998,636	1,106,386
Affiliation and organization	81,900	2,550	-	-	84,450	101,178
Building	37,476	-	-	-	37,476	37,889
	1,182,408	2,573	55,101	37,299	1,277,381	1,412,711
EXCESS OF REVENUES (EXPENSES)	2,318	7,778	159,090	(37,299)	131,887	264,373
NET ASSETS - BEGINNING OF YEAR	134,172	29,026	3,478,455	(6,340)	3,635,313	3,370,940
NET ASSETS - END OF YEAR	\$ 136,490	\$ 36,804	\$ 3,637,545	\$ (43,639)	\$ 3,767,200	\$ 3,635,313

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Cash Flows

Year Ended December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
OPERATING ACTIVITIES						
Excess of revenues (expenses)	\$ 2,318	\$ 7,778	\$ 159,090	\$ (37,299)	\$ 131,887	\$ 264,373
Items not affecting cash:						
Realized (gains) losses on sale of investments	-	-	(11,437)	-	(11,437)	(50,119)
Unrealized (gains) losses on market value adjustment	-	-	87,830	-	87,830	(104,550)
Amortization	11,530	23	-	-	11,553	10,250
	13,848	7,801	235,483	(37,299)	219,833	119,954
Changes in non-cash working capital	31,965	175	9,819	-	41,959	(936)
Net cash from investing activities	45,813	7,976	245,302	(37,299)	261,792	119,018
INVESTING ACTIVITIES						
Purchase of capital assets	(44,645)	-	-	-	(44,645)	(7,514)
Net change in investments	-	-	(81,698)	-	(81,698)	(245,660)
Cash flow from (used by) investing activities	(44,645)	-	(81,698)	-	(126,343)	(253,174)
FINANCING ACTIVITIES						
Interfund transfers	118,938	304	(156,544)	37,302	-	-
Repayment of interfund loan	(43,199)	-	43,199	-	-	-
Net cash from financing activities	75,739	304	(113,345)	37,302	-	-
NET CHANGE IN CASHFLOW	76,907	8,280	50,259	3	135,449	(134,156)
CASH - BEGINNING OF YEAR	19,922	1,765	332,673	6,675	361,035	495,191
CASH - END OF YEAR	\$ 96,829	\$ 10,045	\$ 382,932	\$ 6,678	\$ 496,484	\$ 361,035

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

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 3 - Unisource Canada Inc.
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 11 - PrintWest Communications
Local 12 - Hillcrest Farms
Local 13 - IATSE #295
Local 14 - Richardson Pioneer
Local 15 - Agrium/Crop Production Services
Local 16 - Prince Albert Co-operative Assoc.
Local 17 - Battlefords and District Co-operative Ltd.
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.

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GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

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.

The Certification Protection Fund is to compensate members who are off the job while being trained to manage decertification situations; to pay the collective bargaining expenses and legal expenses of Locals 1 and 2 associated with maintaining GSU collective agreements and union members' union representation rights during the takeover of Viterra by Glencore PLC and the subsequent divestiture of Viterra operations; and to pay the first agreement bargaining expenses of Local 9.

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.

Intangible assets

The database is being amortized on a straight-line basis over its estimated useful life of five years.

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GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

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

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.

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	2015 Net book value	2014 Net book value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Buildings	180,270	78,805	101,465	62,160
Equipment and furniture	157,572	145,332	12,239	15,301
Land improvements	10,343	4,137	6,206	7,240
	<u>\$ 423,185</u>	<u>\$ 228,274</u>	<u>\$ 194,910</u>	<u>\$ 159,701</u>

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

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements Year Ended December 31, 2015

4. INTANGIBLE ASSETS

	2015	2014
Database system software	\$ 10,596	\$ 10,596
Accumulated amortization	(8,477)	(6,358)
	<u>\$ 2,119</u>	<u>\$ 4,238</u>

5. INVESTMENTS

	2015	2014
Equity investments	\$ 1,165,769	\$ 1,130,970
Preferred shares	240,474	286,116
RBC mutual funds	366,485	381,441
Fixed income bonds	1,322,609	1,291,504
	<u>\$ 3,095,337</u>	<u>\$ 3,090,031</u>

Fixed income bonds have interest rates between 1.70% and 6.50% (2014 - 1.70% to 6.50%) and mature between February 2017 and December 2106 (2014 - December 2017 and December 2106).

6. ACCOUNTS PAYABLE

Included in accounts payable are the following balances:

	2015	2014
Trade payable	\$ 47,173	\$ 37,586
Vacation payable	24,324	31,238
Source deductions payable	6,483	-
Interest payable	1,116	1,200
	<u>\$ 79,096</u>	<u>\$ 70,024</u>

7. LONG-TERM DEBT

Loan payable to Local 2 with no specific repayment terms and currently paying interest at 2.79%. The loan is unsecured.

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

8. INTERFUND TRANSFERS AND BALANCE

During 2015, the operating fund administered funds on behalf of the Defense, Certification Protection, and Solidarity Funds, which resulted in the following payable (receivable):

	2015	2014
Solidarity Fund	\$ 26,160	\$ 26,463
Defense Fund - non-interest bearing	104,277	(52,266)
Certification Protection Fund	(50,317)	(13,019)
Operating Fund	80,120	(38,822)
Defense Fund - interest bearing	46,399	89,598
	\$ 126,519	\$ 50,776

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

9. MEMBERSHIP DUES

Funds received by the Operating Fund related to membership dues were:

	2015	2014
Local 1 (Viterra operations and maintenance)	\$ 371,823	\$ 364,069
Local 2 (Viterra head office)	75,378	80,204
Local 3 (Unisource Canada Inc.)	105	208
Local 4 (Grain Millers Canada Corp.)	79,837	79,408
Local 5 (Western Producer Publications (GVIC))	50,944	52,871
Local 6 (Wild West Steelhead)	9,884	8,224
Local 7 (Heartland Livestock Services)	12,106	13,654
Local 8 (Advance Employees Assoc.)	23,928	59,793
Local 9 (Hi-Pro Feeds)	28,914	25,556
Local 11 (PrintWest Communications)	4,815	7,311
Local 12 (Hillcrest Farms)	369	531
Local 13 (IATSE #295)	583	755
Local 14 (Richardson Pioneer)	90,867	102,722
Local 15 (Agrium/Crop Production Services)	406,258	407,632
Local 16 (Prince Albert Co-operative Assoc.)	7,865	8,861
Local 17 (Battlefords and District Co-operative Ltd.)	5,735	5,743
Local 18 (Lloydminster and District Co-operative Assoc.)	3,973	4,475
Local 19 (Prairie Co-operative Ltd.)	7,986	6,699
Local 20 (CHS)	4,694	533
	\$ 1,186,064	\$ 1,229,249

(continues)

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

9. MEMBERSHIP DUES *(continued)*

	2015	2014
Funds received by the Defense Fund (excluding interest):		
Local 1 (Viterra operations and maintenance)	\$ 44,060	\$ 43,514
Local 2 (Viterra head office)	9,148	9,222
Local 4 (Grain Millers Canada Corp.)	9,622	10,723
Local 5 (Western Producer)	5,926	6,708
Local 6 (Wild West Steelhead)	2,167	2,234
Local 7 (Heartland Livestock)	2,030	2,430
Local 8 (Advance Employees Assoc.)	12,980	27,140
Local 9 (Hi-Pro Feeds)	3,852	3,367
Local 12 (Hillcrest Farms)	227	120
Local 13 (IATSE #295)	120	145
Local 14 (Richardson Pioneer)	11,205	12,975
Local 15 (Agrium/Crop Production Services)	49,566	54,139
Local 16 (Prince Albert Co-op)	802	1,130
Local 17 (Battlefords and District Co-op)	690	660
Local 18 (Lloydminster and District Co-op)	661	480
Local 19 (Prairie Co-op)	572	1,030
Local 20 (CHS)	575	45
	\$ 154,203	\$ 176,062

10. LEASE COMMITMENTS

The Union has long-term leases with respect to its office equipment. Future minimum lease payments as at December 31, 2015 are as follows:

2016	\$ 11,593
2017	8,379
2018	6,561
2019	2,880

11. 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, 2015.

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.

(continues)

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2015

11. FINANCIAL INSTRUMENTS *(continued)*

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 U.S. dollars. The Union does not use derivative instruments to reduce its exposure to foreign currency risk. At yearend the Union has \$415,775 (2014 \$318,173) CDN of US investments.

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 5.

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.

12. ECONOMIC DEPENDENCE

The Union is dependent on collecting dues from a few of the locals. Listed below are the locals and their percentage (%) of total membership revenues in the year.

	<u>2015</u>	<u>2014</u>
Local 1 and 2 (Viterra)	37	35
Local 15 (Agrium/Crop Production Services)	34	33

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Meeting Expenses

(Schedule 1)

Year Ended December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
Joint Executive Council meetings	\$ 20,164	\$ -	\$ -	\$ -	\$ 20,164	\$ 5,754
Dues rebate	2,615	-	-	-	2,615	5,771
Convention and education seminars	7,259	-	-	17,568	24,827	57,289
Board of Directors meetings	-	-	2,782	-	2,782	3,057
GSU Biennial Convention	347	-	-	-	347	41,180
Board of Delegates	17,459	-	-	-	17,459	-
<u>Executive and bargaining</u>						
Local 1	16,485	-	-	13,300	29,785	19,514
Local 2	2,754	-	-	-	2,754	621
Local 3	-	-	-	-	-	443
Local 4	1,668	-	-	-	1,668	5,174
Local 5	39	-	-	-	39	2,272
Local 6	2,849	-	-	-	2,849	801
Local 7	9,115	-	-	-	9,115	1,254
Local 8	127	-	-	-	127	6,898
Local 9	-	-	-	6,431	6,431	2,600
Local 11	406	-	-	-	406	-
Local 12	192	-	-	-	192	32
Local 13	52	-	-	-	52	808
Local 14	16,973	-	-	-	16,973	3,381
Local 15	15,065	-	-	-	15,065	8,203
Local 16	852	-	-	-	852	882
Local 17	332	-	-	-	332	362
Local 18	406	-	-	-	406	471
Local 19	1,437	-	-	-	1,437	491
Local 20	142	-	-	-	142	-
	\$ 116,738	\$ -	\$ 2,782	\$ 37,299	\$ 156,819	\$ 167,258

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses

(Schedule 2)

Year Ended December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
Administration						
Accounting	\$ 275	\$ -	\$ -	\$ -	\$ 275	\$ -
Advertising	2,542	-	-	-	2,542	295
Amortization of capital assets	3,037	23	-	-	3,060	3,825
Amortization of intangible assets	2,119	-	-	-	2,119	2,119
Arbitration boards	50,701	-	-	-	50,701	127,656
Audit	9,240	-	-	-	9,240	8,800
Employee benefits	63,161	-	-	-	63,161	58,681
Interest	1,116	-	-	-	1,116	1,200
Investment council fees	-	-	52,319	-	52,319	47,043
Labour boards	160	-	-	-	160	-
Legal fees and costs	49,275	-	-	-	49,275	18,657
Miscellaneous	500	-	-	-	500	825
Office rent	15,600	-	-	-	15,600	15,600
Postage	8,221	-	-	-	8,221	9,111
Printing and office supplies	23,692	-	-	-	23,692	63,860
Promotional	6,681	-	-	-	6,681	11,808
Salaries and consulting fees	652,641	-	-	-	652,641	673,302
Telephone	13,899	-	-	-	13,899	15,422
Training	-	-	-	-	-	689
Travel	43,434	-	-	-	43,434	47,493
	946,294	23	52,319	-	998,636	1,106,386

(continues)

See accompanying notes

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses *(continued)*

(Schedule 2)

Year Ended December 31, 2015

	Operating Fund	Solidarity Fund	Defense Fund	Certification Protection Fund	2015	2014
Affiliation and Organization						
British Columbia Federation of Labour	325	-	-	-	325	306
Canadian Labour Congress	11,830	-	-	-	11,830	12,312
Donations and contributions	12,228	2,550	-	-	14,778	29,822
ILWU	15,771	-	-	-	15,771	17,588
Other affiliate expense	13,832	-	-	-	13,832	10,600
Saskatchewan Federation of Labour	16,487	-	-	-	16,487	18,416
Scholarship	11,159	-	-	-	11,159	12,000
Organizing	-	-	-	-	-	134
Training	268	-	-	-	268	-
	81,900	2,550	-	-	84,450	101,178
Building						
Amortization of capital assets	6,374	-	-	-	6,374	4,306
Insurance	2,206	-	-	-	2,206	3,584
Interest	1,175	-	-	-	1,175	1,375
Repairs and maintenance	14,147	-	-	-	14,147	16,198
Taxes	8,250	-	-	-	8,250	7,265
Utilities	5,324	-	-	-	5,324	5,161
	\$ 37,476	\$ -	\$ -	\$ -	\$ 37,476	\$ 37,889

See accompanying notes