



DRAFT 2019/2020 ANNUAL REPORT

Of the Joint Executive Council (JEC)

Of Grain and General Services Union (ILWU•Canada)

To the Members of GSU

Spring 2020

We welcome the opportunity to report to GSU members about the business of your union. It is our sincerest wish that all of you, your families and communities are healthy and safe at this time of the extraordinary crisis caused by the COVID-19 pandemic.

We acknowledge and thank all of those who are working tirelessly to maintain the health and well-being of people as the effects of the pandemic evolve and grow. In particular, we thank all of the healthcare workers and other providers who are doing all that they can to keep us alive and whole.

We also thank all of the workers who are providing the essentials of life to our communities, including the members of GSU who continue to work in the elevators, ag retail locations, plants, mills and from home to keep the system running. Without the labour of those who are working our society would truly be in even greater peril. Your efforts are appreciated.

As a result of the COVID-19 pandemic and corresponding public health crisis, GSU's Executive Committee felt obligated to cancel the Biennial Policy Convention that had been scheduled for March 19 to 21, 2020. And, considering this unprecedented situation, the Joint Executive Council was convened by conference call on April 3, 2020 to conduct the essential administrative business of the union, including the adoption of this annual report.

GSU ADMINISTRATION AND FINANCES

In light of the cancelation of GSU's 2020 Biennial Policy Convention the April 3 meeting of JEC provisionally amended the constitution of GSU to enable the holding of the next GSU policy convention within the first five months of 2021. The JEC also voted to extend the terms of office of the president, vice presidents and general secretary until the next policy convention is convened in 2021.

The audited financial statements included with this report show that GSU had a modest operating deficit of \$12,753 for 2019. Dues revenues for 2019 were virtually the same as in 2018 while operating expenses were \$35,000 higher.

The audited 2019 financial statements were presented, reviewed and approved by the JEC at its April 3 meeting and are included as part of this report.

We expect to operate modestly in the black for 2020 largely as a result of a reduction in expenses resulting from the efforts taken to adjust and respond to the COVID-19 pandemic.

On the administrative front, Debbie Head took over the financial accounting and related responsibilities in September 2019 and very quickly grasped the details of GSU's system. Debbie's job is part-time at 21 hours per week.

We thank Lynn Woods-Nordin for stepping up to the plate and immersing herself in the unfamiliar work of GSU's accounting and pay roll systems as we transitioned forward after the retirement of Dorothy Merk in February 2018.

We also thank Dale Markling, Steve Torgerson and Donna Driediger for pitching in and making it possible to function with one less staff person for the better part of two years.

Notwithstanding the impact of the COVID-19 pandemic, GSU continues to be in good financial shape. The Dec. 31, 2019 statement of financial position shows that the union's net assets stood at \$5,040,749 at the end of last year, however, the recent turmoil in the financial markets temporarily reduced the value of GSU's investments by more than \$500,000 according to our RBC investment advisor. All of GSU's financial commitments are current and there is no external debt other than the demand loan owed to Local 2 (Viterra Head Office) which was reduced to \$23,304 by the end of 2019.

Overall, GSU has a solid financial foundation. However, when everything is considered, careful management of GSU resources is always required. When decisions are made to take on more or expand existing programs it will be necessary to find the financial resources or juggle priorities.

BARGAINING 2020

GSU is engaged in agreement renewal collective bargaining covering Local 5 (The Western Producer), Local 7 (Heartland Livestock), and Local 15 (Nutrien Ag Solutions).

Success at the bargaining table is directly affected by the involvement and support of members on the job. Staying on top of the issues and openly expressing support for our union's bargaining efforts is a key ingredient required for successful results.

Agreement renewal bargaining for GSU members will involve a clash between members' reasonable expectations of decent wage increases and protection of their hard-won gains versus employers who want to wrestle away protections and wring out as many dollars of cost as they can from our collective agreements.

The clash between two sets of values at the bargaining table will test the resolve of affected members. This clash is no more pronounced than at the Local 15 bargaining table with Nutrien where the employer wants to remove the current collective agreement provisions covering sick leave and the pension plan in favour of company policy that, on its face, appears to be a slight improvement. Unfortunately, Nutrien's bargaining proposals in this connection would leave union members vulnerable to unilateral employer actions to change to vital benefits without any check or balance whatsoever. No one will understand this predicament better than Local 1 (Viterra) members who gave up significant rights in their collective agreement in return for the promised rewards of a new pay system only to see any of the gains in the so called pay for performance program evaporate within five years.

GSU's leadership commits to supporting Local 15 in resisting Nutrien's takeaway demands as we do for any Local that finds itself in a fight with their employer. We have the financial resources to do the job. We just have to match those resources with the courage and grit to stand our ground.

While we fight to protect what we have, it must also be said that the time for real increases to the wages of every member of the Canadian working class is long overdue. The time has also come for Canada's political and business leaders to acknowledge that fixing working peoples' stagnating standards of living is a key to prosperity across this wealthy land.

Once again, the inadequacies of our socio-economic system have been revealed by the absence of any established income protection programs, other than meagre EI benefits and emergency band aids for workers who are negatively affected by the widespread effects of COVID-19 pandemic. Similarly, workers who are already economically insecure do not have adequate protections in the likely event of an economic recession.

It is high time to provide for major improvements to our socio-economic system, including universal paid sick leave, affordable childcare, paid child and eldercare leave, vastly improved investments to public healthcare and affordable housing for all Canadians, especially young people and other economically vulnerable citizens.

The chronic underfunding of our health care and social support systems, including the payment of decent wages, has been revealed for its short sightedness. Let's work together to make the political and economic changes we must make as we move forward into an uncertain future. Never again should we discover that vital equipment and resources are scarce when most needed.

As disruptive to peoples' lives and livelihoods as the COVID-19 pandemic is, it has also revealed that we can pull together as a country in dire circumstances and we can marshal enormous resources to combat a common enemy. It is clear that we have the national resources and capacity to root out and fix the problems of poverty, inequality and enormous wealth disparity. Our aim is to build on advances made by those who came before us. Our mission is to leave in place a better future for those who come after us. What we have for ourselves, we want for all others.

GSU DEFENSE FUND

At Dec. 31, 2019, the market value of GSU Defense Fund assets was \$4.9 million. Our investment strategy of preserving capital while seeking steady positive returns continues to pay off. It also paid off in the recent market convulsions triggered by the COVID-19 pandemic and the Russia/Saudi Arabia oil supply standoff as the Fund's investments weren't hit as hard as the broader market indexes.

Hopefully market losses for the Fund will be recovered over the longer term and it is important to remember that our investment strategy is a long-term value-based approach as opposed to the prevailing obsession with quarterly results. Updates on the Fund's value will be provided as frequently as we have solid information to report.

The GSU Defense Fund is administered by a Board of Directors elected by the delegates to biennial policy conventions of the union. In order to maintain an arm's length relationship between GSU's day-to-day operating finances and the Defense Fund, members serving as directors of the Fund cannot also sit on the union's Joint Executive Council (JEC).

As a result of the cancelation of GSU's 2020 biennial policy convention the JEC appointed the following members to term extensions as directors of the GSU Defense Fund until the 2021 GSU convention: Dennis Piasta, Ron Gerlock, Wilfred Harris and Darryl Knelsen. The vacant fifth position on the board of the Fund is being advertised in GSU's *Tuesday Members' Memo*. Members who are interested in serving on the board of directors are urged to send their expressions of interest to hugh@gsu.ca before April 30.

Despite market ups and downs, the Fund continues to grow steadily through the combination of investment returns and the additional dues of \$10 per member per month being paid into the Fund.

The GSU Defense Fund is solid insurance for GSU members and a very useful resource in assisting members with their collective bargaining agendas.

Strike or lockout pay is set by the Board of Directors of the GSU Defense Fund and is not subject to income tax. Strike/lockout pay currently stands at 75 percent of a member's regular wage/salary provided they directly participates in the authorized action in a collective bargaining dispute involving their Local. In addition, the Defense Fund will pay the benefit premiums to continue member's group insurance coverage during a strike or lockout.

In autumn 2019, GSU's Executive Committee again submitted a motion to the annual membership meetings recommending continuation of the additional dues being paid to the GSU Defense Fund. The motion was voted on and approved by 86 percent of the members who voted. In autumn 2020, the question of continuation will be voted on again at the annual meetings of the Locals.

SUCCESSION PLANNING AND TRANSITION

Elected officers and GSU staff are devoting time at the 2020 JEC meetings to discuss the elements a succession plan and ensure that administration and leadership of the union transitions well to a new generation of union people.

The central components of developing a succession plan for GSU are:

1. Identifying the core functions that have to be fulfilled.
2. Identifying the qualifications needed to fulfill the functions.
3. Providing the internal education/training required by those interested in GSU leadership.
4. Establishing a selection/election process.

The general secretary and staff are compiling a list of leadership and administrative functions of the general secretary and the staff in general, all of which form the essential parts of GSU's obligations and responsibilities. In addition, the recommended educational and experiential qualifications expected of candidates for the general secretary position will be identified. Once these tasks are complete the material will be shared with the JEC for debate, refinement and adoption.

The process for choosing the next general secretary has sparked considerable debate and reflection at the JEC. This is not surprising considering the current incumbent's long tenure.

GSU's constitution stipulates that the general secretary be elected for a two-year term at each biennial policy convention of the union. There is no established recruitment or screening process in relation to the general secretary election and concern has arisen that without a thoughtful approach to succession GSU runs the risk of results that would undermine the stability of the union. Accordingly, the JEC is considering recommendations with respect to the election/selection process and will make a decision at its semi-annual meeting this coming autumn.

GSU EDUCATION

GSU can and will provide internal targeted workshop/seminar opportunities covering shop steward training and local leadership/representation as well as introductions to labour law and collective bargaining. In conjunction with internally delivered education, GSU will support attendance at labour education programs like the CLC/SFL Spring School.

GSU sponsors up to three opportunities for elected members to attend the CLC/SFL Spring School. This year's school was cancelled due to the Covid-19 pandemic. In future GSU will do more to expand and promote participation in the Spring School as well as the Prairie School for Union Women.

GSU will advise and remind members that if they aspire to work for GSU as a staff member or fulltime elected officer they should consider stepping up to be a local union delegate or a local executive committee member or a local representative on the JEC in addition to attending internal and external education events and forums such as the GSU biennial policy convention and the CLC/SFL Spring School.

Programs offered by external educational institutions will be made available to union staff in order to round out and/or bolster their credentials. In addition, consideration will be given to the best way to provide and deliver executive development support to GSU's senior elected officers.

ORGANIZING

Corporate acquisitions and mergers as well as regulatory and technological changes have taken their toll and altered the nature of jobs in agricultural services, crop processing and grain handling over the last three decades. GSU's membership numbers and the kinds of jobs members are employed in reflect these trends.

Recently there's been somewhat of a reversal in employment numbers as new grain handling companies have entered the market in Western Canada. As a result, the potential to grow the union is out there.

It's been quite some time since GSU has engaged in an organizing drive and it is time to get back to the work of actively recruiting new members. To this end, our plan is to

develop a new outreach effort to educate current and prospective members about the union advantage in general and the GSU advantage in particular.

Most importantly, rather than talking about organizing we have to engage in active organizing. If you have any leads on employees who would benefit from GSU representation, please let us know.

THE ILWU CANADA FAMILY

May 1, 2020 marks the 25th anniversary of GSU's affiliation to ILWU Canada. Through affiliation we became part of a larger union family including Retail, Wholesale and Department Store Union (RWDSU) Saskatchewan; Retail Wholesale Union (RWU) in British Columbia; and Grain Workers Union (GWU) Local 333. Together we constitute an organization of more than 16,000 progressive trade unionists who share a strong commitment to economic and social justice. We look forward to continuing our work with the ILWU Canada family to advance the welfare of the working class and our communities.

Sincerely,

**JOINT EXECUTIVE COUNCIL
GRAIN AND GENERAL SERVICES UNION (ILWU•CANADA)**



GSU President – Jim Brown

GSU Vice Presidents – Michelle Houlden, Brett North

Local 1 (Viterra Ops/Maintenance)

Dave Barrett, Travis Brewer, Gaylyn Kennedy, vacant

Local 2 (Viterra Offices) – 2 representatives

Sheila Tran, Howard Wilson

Local 4 (Grain Millers) – 2 representatives

Glen Wlasichuk, Alex McKay

Local 5 (Western Producer/GVIC) – 1 representative

Sharlene Tetrault

Local 6 (Wild West Steelhead) – 1 representative

Amber Pearson

Local 7 (Heartland)

Heather Mackay

Local 8 (Advance Employees Association)

Dion Elliott, Steve Holliday, Doug Murray

Local 9 (Trouw Nutrition)

Derek Webb

Local 13 (IATSE Local 295), Local 16 (Lake Country Co-op), Local 17 (Discovery Co-op), Local 18 (Lloydminster Co-op), Local 19 (Prairie Co-op)
Vacant

Local 14 (Richardson Pioneer)

Justin Shauf, Mark Zacharias

Local 15 (Nutrien)

Curtis Cousins, Brian Cowan, Lynn Shaw, vacant

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Financial Statements

Year Ended December 31, 2019

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, SK
April 15, 2020



Chartered Professional
Accountants LLP

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Grain and General Services Union (ILWU. Canada) (the Union), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Union as at December 31, 2019 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Union in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Union's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Union or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Union's financial reporting process.

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An asset to our clients, not an expense

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Union's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Union to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Chartered Professional Accountants

Regina, Saskatchewan
April 15, 2020

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Financial Position

December 31, 2019

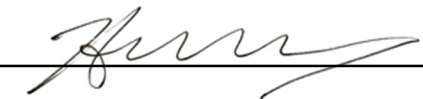
	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
ASSETS					
CURRENT					
Cash	\$ 100,373	\$ 11,487	\$ 527,230	\$ 639,090	\$ 498,723
Dues receivable	57,245	375	8,465	66,085	65,513
Prepaid expenses	2,698	-	-	2,698	315
Interfund (Note 7)	63,288	19,665	(82,953)	-	-
	223,604	31,527	452,742	707,873	564,551
CAPITAL ASSETS (Note 3)	169,512	-	-	169,512	173,548
INVESTMENTS (Note 4)	-	-	4,252,565	4,252,565	3,887,855
	\$ 393,116	\$ 31,527	\$ 4,705,307	\$ 5,129,950	\$ 4,625,954
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable (Note 5)	\$ 60,898	\$ -	\$ -	\$ 60,898	\$ 63,422
Current portion of long term debt (Note 6)	5,000	-	-	5,000	-
Deferred income	-	-	-	-	2,200
	65,898	-	-	65,898	65,622
LONG-TERM DEBT (Note 6)	23,304	-	-	23,304	40,000
	89,202	-	-	89,202	105,622
NET ASSETS	303,914	31,527	4,705,307	5,040,748	4,520,332
	\$ 393,116	\$ 31,527	\$ 4,705,307	\$ 5,129,950	\$ 4,625,954

COMMITMENT (Note 11)

Approved by the Council:



Officer



Officer

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Operations

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
REVENUES					
Membership dues (Note 9)	\$ 1,133,338	\$ 7,061	\$ 142,531	\$ 1,282,930	\$ 1,282,378
Rental income	27,300	-	-	27,300	21,400
Other revenue	2,090	-	-	2,090	916
Investment income	173	131	138,890	139,194	135,318
Realized gains	-	-	18,774	18,774	60,207
Unrealized gains (losses) on adjustment to fair market value	-	-	304,004	304,004	(258,134)
	1,162,901	7,192	604,199	1,774,292	1,242,085
EXPENSES (Schedules 1 & 2)					
Meetings	219,865	-	2,501	222,366	190,777
Administration	796,546	-	68,171	864,717	892,883
Affiliation and organization	82,297	7,550	-	89,847	76,070
Building	76,946	-	-	76,946	53,096
	1,175,654	7,550	70,672	1,253,876	1,212,826
EXCESS OF REVENUES (EXPENSES)	\$ (12,753)	\$ (358)	\$ 533,527	\$ 520,416	\$ 29,259

Statement of Changes in Net Assets

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 316,667	\$ 31,885	\$ 4,171,780	\$ 4,520,332	\$ 4,491,073
Excess of revenues (expenses)	(12,753)	(358)	533,527	520,416	29,259
NET ASSETS - END OF YEAR	\$ 303,914	\$ 31,527	\$ 4,705,307	\$ 5,040,748	\$ 4,520,332

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Cash Flows

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
OPERATING ACTIVITIES					
Excess of revenues (expenses)	\$ (12,753)	\$ (358)	\$ 533,527	\$ 520,416	\$ 29,259
Items not affecting cash:					
Realized gains	-	-	(18,774)	(18,774)	(60,207)
Unrealized (gains) losses	-	-	(304,004)	(304,004)	258,134
Amortization	7,767	-	-	7,766	7,655
	(4,986)	(358)	210,749	205,404	234,841
Changes in non-cash working capital	(26,499)	(1,012)	19,831	(7,680)	(17,720)
Cash flow from operating activities	(31,485)	(1,370)	230,580	197,724	217,121
INVESTING ACTIVITIES					
Purchase of capital assets	(3,731)	-	-	(3,730)	(821)
Proceeds on disposal of investments	-	-	1,666,463	1,666,463	1,789,390
Purchases of investments	-	-	(1,708,394)	(1,708,394)	(1,864,793)
Cash flow from investing activities	(3,731)	-	(41,931)	(45,661)	(76,224)
FINANCING ACTIVITY					
Repayment of long-term debt	(11,696)	-	-	(11,696)	-
Cash flow from (used by) financing activity	(11,696)	-	-	(11,696)	-
INCREASE (DECREASE) IN CASH FLOW	(46,912)	(1,370)	188,649	140,367	140,897
CASH - BEGINNING OF YEAR	147,285	12,857	338,581	498,723	357,826
CASH - END OF YEAR	\$ 100,373	\$ 11,487	\$ 527,230	\$ 639,090	\$ 498,723

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2019

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 (country operations and maintenance)
Local 2 - Viterra (Saskatchewan head office)
Local 4 - Grain Millers Canada Corp.
Local 5 - Western Producer Publications
Local 6 - Wild West Steelhead
Local 7 - Heartland Livestock Services
Local 8 - Advance Employees' Association
Local 9 - Trouw Nutrition
Local 13 - IATSE Local #295
Local 14 - Richardson Pioneer
Local 15 - Nutrien Ag Solutions
Local 16 - Lake Country Co-operative Assoc.
Local 17 - Discovery Co-op
Local 18 - Lloydminster and District Co-operative Association
Local 19 - Prairie Co-operative Ltd.

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.

Rental income is recognized when earned.

Investment income is recognized when earned. Realized gains or losses are recognized in the period the transaction is settled. Unrealized gains and/or losses on adjustment to fair market value of investments held are also reported in the year based on prevailing prices at the fiscal yearend.

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GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019

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 reports investments, including debt instruments, at fair market value.

Financial assets including cash and dues receivable are reported at amortized cost.

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

3. CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Buildings	180,690	97,704	82,986	87,353
Equipment and furniture	164,022	154,564	9,457	8,092
Land improvements	10,343	8,274	2,069	3,103
	<u>\$ 430,055</u>	<u>\$ 260,542</u>	<u>\$ 169,512</u>	<u>\$ 173,548</u>

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

4. INVESTMENTS

	2019	2018
Equity investments	\$ 2,163,046	\$ 1,919,409
RBC mutual funds	730,514	694,702
Fixed income investments	1,359,005	1,273,744
	<u>\$ 4,252,565</u>	<u>\$ 3,887,855</u>

Fixed income investments have interest rates between 1.90% and 5.85% (2018 - 1.742% to 5.85%) and mature between March 2021 and June 2041 (2018 - March 2020 and June 2041).

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2019

5. ACCOUNTS PAYABLE

Included in accounts payable are the following balances:

	<u>2019</u>	<u>2018</u>
Trade payables	\$ 6,641	\$ 31,528
Vacation payable	24,026	21,920
Source deductions payable (recoverable)	13,343	(6,892)
Retirement benefit payable	15,670	15,438
Interest payable	1,218	1,428
	<u>\$ 60,898</u>	<u>\$ 63,422</u>

6. LONG-TERM DEBT

Effective May 15, 2019, the loan payable to Local 2 calls for minimum principal repayments of \$5,000 per year but additional payments may be made from time to time. The loan also bears interest at the average prime rate of 3.95% (2018 - 3.57%). The loan is unsecured.

7. INTERFUND BALANCE

During 2019, the operating fund administered funds on behalf of the Defense and Solidarity Funds. These interfund balances are temporary, change throughout the year and bear no interest.

8. 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>2019</u>	<u>2018</u>
Local 1 and 2 (Viterra)	40%	39%
Local 15 (Nutrien Ag Solutions)	27%	28%

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2019

9. MEMBERSHIP DUES

	2019	2018
Operating Fund:		
Local 1 - Viterra (country operations and maintenance)	\$ 379,738	\$ 349,029
Local 2 - Viterra (Saskatchewan head office)	78,411	96,999
Local 4 - Grain Millers Canada Corp.	126,818	118,366
Local 5 - Western Producer Publications	38,995	38,706
Local 6 - Wild West Steelhead	9,646	12,049
Local 7 - Heartland Livestock Services	10,668	11,758
Local 8 - Advance Employees' Association	20,313	18,638
Local 9 - Trouw Nutrition	30,423	33,426
Local 13 - IATSE Local #295	622	807
Local 14 - Richardson Pioneer	90,635	98,378
Local 15 - Nutrien Ag Solutions	309,114	322,356
Local 16 - Lake Country Co-operative Assoc.	15,197	12,563
Local 17 - Discovery Co-op	8,327	8,150
Local 18 - Lloydminster and District Co-operative Assoc.	3,182	3,287
Local 19 - Prairie Co-operative Ltd.	11,249	7,364
	\$ 1,133,338	\$ 1,131,876
Defense Fund:		
Local 1- Viterra (country operations and maintenance)	\$ 42,620	\$ 40,216
Local 2 - Viterra (Saskatchewan head office)	8,707	10,124
Local 4 - Grain Millers Canada Corp.	15,239	14,438
Local 5 - Western Producer Publications	4,282	4,293
Local 6 - Wild West Steelhead	2,099	2,683
Local 7 - Heartland Livestock Services	1,645	915
Local 8 - Advance Employees' Association	9,140	8,150
Local 9 - Trouw Nutrition	3,597	4,157
Local 13 - IATSE Local #295	120	120
Local 14 - Richardson Pioneer	10,970	11,755
Local 15 - Nutrien Ag Solutions	39,532	42,467
Local 16 - Lake Country Co-operative Assoc.	1,850	1,680
Local 17 - Discovery Co-op	930	910
Local 18 - Lloydminster and District Co-operative Assoc.	420	390
Local 19 - Prairie Co-operative Ltd.	1,380	1,100
	\$ 142,531	\$ 143,398

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2019

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, 2019.

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 \$993,070 (2018 - \$848,707) CDN of US investments. Net income includes \$857 (2018 - \$1,874 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, 2019

11. COMMITMENT

The Union's building sustained damage in the year and necessary corrective repairs were needed to protect the property. These repairs were not completed by yearend and the forecast cost of remaining remediation is \$12,177.

12. CORRESPONDING FIGURES

Some of the prior years figures have been reclassified to conform to the current year's presentation.

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Meeting Expenses

(Schedule 1)

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
Joint Executive Council meetings	\$ 26,059	\$ -	\$ -	\$ 26,059	\$ 8,410
Dues rebate	5,989	-	-	5,989	4,203
Convention and education seminars	61,426	-	-	61,426	59,877
Board of Directors meetings	-	-	2,501	2,501	2,558
GSU biennial convention	149	-	-	149	43,229
Board of Delegates	-	-	-	-	14,158
<u>Executive and bargaining</u>					
Local 1	37,048	-	-	37,048	13,782
Local 2	11,575	-	-	11,575	4,984
Local 4	30,046	-	-	30,046	1,712
Local 5	585	-	-	585	1,077
Local 6	1,520	-	-	1,520	3,188
Local 7	1,527	-	-	1,527	2,980
Local 8	1,333	-	-	1,333	563
Local 9	4,593	-	-	4,593	8,282
Local 14	8,713	-	-	8,713	13,687
Local 15	18,500	-	-	18,500	5,295
Local 16	2,938	-	-	2,938	1,615
Local 17	2,386	-	-	2,386	369
Local 18	2,654	-	-	2,654	317
Local 19	2,825	-	-	2,825	491
	<u>\$ 219,866</u>	<u>\$ -</u>	<u>\$ 2,501</u>	<u>\$ 222,367</u>	<u>\$ 190,777</u>

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses

(Schedule 2)

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
Administration					
Accounting	\$ 7,890	\$ -	\$ -	\$ 7,890	\$ 1,667
Advertising	1,294	-	-	1,294	1,735
Amortization of equipment	2,365	-	-	2,365	2,023
Arbitration boards	20,356	-	-	20,356	32,228
Audit	11,600	-	-	11,600	9,990
Employee benefits	56,484	-	-	56,484	55,235
Interest	1,218	-	-	1,218	1,428
Investment council fees	-	-	68,170	68,170	66,551
Legal fees and costs	-	-	-	-	928
Miscellaneous	-	-	-	-	45
Office rent	15,600	-	-	15,600	17,669
Postage	607	-	-	607	208
Printing and office supplies	25,342	-	-	25,342	28,242
Promotional	20,075	-	-	20,075	8,394
Salaries and consulting fees	573,471	-	-	573,471	593,532
Telephone	13,246	-	-	13,246	10,179
Travel and per diems	46,998	-	-	46,998	62,829
	<u>796,546</u>	<u>-</u>	<u>68,170</u>	<u>864,716</u>	<u>892,883</u>

(continues)

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses *(continued)*

(Schedule 2)

Year Ended December 31, 2019

	Operating Fund	Solidarity Fund	Defense Fund	2019	2018
Affiliation and Organization					
Canadian Labour Congress	10,637	-	-	10,637	10,744
Donations and contributions	21,250	7,550	-	28,800	17,778
ILWU	14,183	-	-	14,183	14,325
Other affiliate expense	6,039	-	-	6,039	5,742
Saskatchewan Federation of Labour	16,187	-	-	16,187	14,881
Scholarship	14,000	-	-	14,000	12,000
Organizing	-	-	-	-	600
	82,296	7,550	-	89,846	76,070
Building					
Amortization of building	5,402	-	-	5,402	5,632
Insurance	2,293	-	-	2,293	2,257
Interest	863	-	-	863	724
Repairs and maintenance <i>(Note 11)</i>	52,832	-	-	52,832	27,543
Taxes	10,074	-	-	10,074	9,646
Utilities	5,482	-	-	5,482	7,294
	\$ 76,946	\$ -	\$ -	\$ 76,946	\$ 53,096

See notes to financial statements

If you have questions, comments, or concerns about this report, don't hesitate to contact a member of the Joint Executive Council or your GSU staff representative.



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