

ANNUAL REPORT 2020/2021

REPORT OF THE
JOINT EXECUTIVE COUNCIL OF
GRAIN AND GENERAL SERVICES
UNION (ILWU • CANADA) AS
APPROVED BY DELEGATES TO
GSU'S 14TH ANNUAL BIENNIAL
POLICY CONVENTION



We appreciate the hard work and dedication that GSU members devote to their jobs and in recognition of your sacrifice we commit to doing our level best to lead the effort to raise the wages, benefits and working conditions of every member of the union. We also welcome the opportunity to report to GSU members about the business of your union.

GSU Administration and Finances

The Dec. 31, 2020 audited financial statements included with this report show that GSU had an operating surplus of \$98,275 for 2020 fiscal year. Dues revenues for 2020 were higher by \$65,000 while operating expenses were \$50,000 lower compared to 2019.

We project an operating deficit of \$89,000 for 2021 as reflected in the budget estimate adopted by delegates to GSU's 2021 policy convention. Among other items, the budget estimate forecasts significantly increased expenses in relation to conventions and meetings as well as repairs to the union's office building in Regina. GSU has enough cash saved from prior years to cover the estimated deficit.

GSU is in good financial shape as the Dec. 31, 2020

balance sheet shows. The union's net assets were \$5,708,908 at the end of 2020; an improvement of \$578,959 compared to 2019. All of GSU's financial commitments are current and there is no external debt other than the steadily declining demand loan from Local 2 (Viterra Head Office).

GSU has a solid financial foundation, but prudent management and expense control is always required.

There were no major changes in GSU's administration during 2020 aside from the adjustments required to maintain union services during the COVID-19 pandemic and resulting public health orders. For a time this meant GSU staff worked from home, but returned to the offices at the beginning of June. However, despite returning to the offices, the ability to visit members' workplaces and hold in-person union meetings has been severely curtailed as a result of public health measures.

Notwithstanding the pandemic challenges, GSU has adjusted and adapted without stopping the delivery of support and assistance to union members. We will continue to adapt to a changing world and we commit

to GSU's mission to represent and elevate the life circumstances of union members.

We thank Lynn Woods-Nordin, Dale Markling, Steve Torgerson, Donna Driediger and Debbie Head for their high quality work and dedication to serving GSU members.

2021

GSU settled agreement renewal bargaining with the Western Producer and Wild West Steelhead in January of this year. Our thanks and congratulations go to Dale Markling and the bargaining committees of Locals 5 and 6.

The two settlements opened a seven- or eight-month window until bargaining begins with Advance Tank Production/ Advance Tank Centres Ltd and Richardson Pioneer in Oct. or Nov. 2021.

This opening creates opportunities to build member support around bargaining priorities, resume internal union education programs, resume organizing and more closely examine what changes are needed in GSU's administration.

The impact of the COVID-19 pandemic has revealed very serious gaps

in our economic system, particularly with respect to workers on the lower rungs of the economic ladder. GSU will continue to do its best to be a contributor to fixing the gaps.

Collective bargaining success and improvements to the quality of life for all is directly affected by the involvement and support of union members.

Staying on top of the issues and openly expressing support for a better society is central to your union's mandate.

Agreement renewal bargaining for GSU members involves a clash between members' expectations of decent wage increases and protection of their hard-won gains versus employers who want to wring as many dollars of profit as they can from the results of workers' labour.

The clash between two sets of interests at the bargaining table will test the resolve of affected members and GSU's leadership commits to supporting Locals who find themselves 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 to stand our ground.

The time for real increases to the wages

of every member of the Canadian working class is long overdue. The time has come for our movement to demand that Canada's political and business elites acknowledge that fixing working peoples' standards of living and community welfare is key to prosperity and a more equitable sharing of the wealth of our society.

Our aim is to build on the platform created for us by our predecessors. Our mission is to set the stage for a better world for those who come after us. What we have for ourselves, we want for all others.

GSU Defense Fund

At Dec. 31, 2020, the market value of GSU Defense Fund assets was \$5.2 million as our investment strategy of preserving capital while seeking steady positive returns continues to pay off.

In 2020 the asset mix of the Fund was modified to reverse the approximately 40/60 split of in favour of fixed income assets to a 60/40 split in favour of equities.

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).

Delegates to GSU's 2021 biennial policy convention elected the following members to two-year terms as directors of the GSU Defense Fund:

- Wilfred Harris
- Barb Healey
- Doug Kampman
- Darryl Knelsen
- Sheldon Reiss.

Despite market fluctuations, 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.

In autumn 2020 GSU members who participated in annual local and sub-local meetings voted once again on a motion to continue the additional dues being paid into the GSU Defense Fund. And, once again, the motion to continue the additional dues was approved by a majority of those who voted, albeit by the closet margin (63.83 percent) since 1996.

The GSU Defense Fund is solid insurance for GSU members and a very important 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 members' regular wage/salary plus payment of benefits plan premiums provided they participate directly in the authorized action in a collective bargaining dispute involving their GSU Local.

Succession Planning and Transition

Elected officers and staff of GSU have devoted time at the last three JEC meetings to succession planning to 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.

In this context the process for choosing the next general secretary has sparked considerable debate and reflection at the JEC. This is as it should be.

GSU's constitution stipulated 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 other than candidates must be delegates to the GSU convention where an election is being held. As a result, concern has arisen that without a thoughtful approach to succession, GSU risks the stability of the union.

At the Oct. 8, 2020 semi-annual meeting of the Joint Executive Council, GSU's Executive Committee brought forward two resolutions regarding the selection of the next general secretary.

One of the resolutions would have modified the current election process to ensure that only candidates

approved by the JEC could go forward as nominees for general secretary. The second resolution proposed to end election of the general secretary in favour of a recruitment and hiring process run by the executive committee subject to review and approval by the JEC.

After a thorough debate, the JEC unanimously voted in favour of moving to a recruitment and hiring process for selecting the next general secretary. Accordingly, the following constitutional amendment resolution was adopted by GSU's 2021 policy convention.

"That section 5.15 of GSU's constitution be amended by designating the first seven paragraphs as sub-section 5.15 (a), by deleting the eighth paragraph that says the office of General Secretary shall be filled by election and by adding a new sub-section 5.15 (b) as follows:

5.15 (b) Subject to approval by the Joint Executive Council, vacancies in the General Secretary position shall be filled by the Executive Committee through a recruitment and hiring process. The executive Committee may include members

of the Council and/or members of GSU staff to assist with the recruitment and hiring.

The Executive Committee shall determine the ability and qualification requirements of the position and all aspects of the candidate vetting and selection process. The Executive Committee may advertise for candidates within and outside GSU's membership."

Following debate at the 2021 policy convention, the motion to amend GSU's constitution to end election of the general secretary in favour of a hiring process was carried. Consequently, Hugh Wagner will be the last elected general secretary and, depending on the date of his departure, the process of recruiting to replace him is anticipated to begin in the second quarter of 2022.

Union Education

GSU provides in-house targeted workshop/seminar opportunities covering shop steward training and local leadership/representation as well as introductions to labour law and collective bargaining. However,

for a variety of reasons, GSU has not held a union education conference since 2017.

Delegates to the 2021 policy convention decided to end the hiatus and directed that GSU convene an in-house union education conference in autumn 2021, subject to the limits of any continuing public health measures stemming from the COVID-19 pandemic.

In addition to internally designed and delivered union education, GSU sponsors up to three opportunities for elected members to attend the CLC/SFL Spring School and the Prairie School for Union Women. GSU will do more to expand and promote participation in those programs.

Thanks to staff representative Steve Torgerson, GSU is examining holding on a series of virtual workshops which will enable the union to deliver information and instruction to interested union members without requiring them to travel and significantly interrupt their personal lives.

Members interested in becoming a GSU Staff Representative should consider stepping up to be a local union delegate, or

serve on a Local executive committee or bargaining committee, or serve as a Local representative on the JEC. In addition to attending in-house education events and outside forums such as the CLC/SFL Spring School, practical union experience is an important plus for someone aspiring to work full-time for GSU.

Organizing

It's been quite some time since GSU has engaged in an organizing drive and it is time to get back to actively recruiting new members. Although the pandemic is an obstacle to organizing, we are hopeful that a lighter bargaining calendar for 2021 will lead to opportunities for bringing new members into the union. Most importantly, rather than talking about organizing we have to engage in active organizing.

An example of the importance of organizing is the hours of work standards in Part III of the Canada Labour Code which were amended in 2019 to place stricter requirements on employers and provide more worker friendly rules in relation to setting shifts and notifying employees of shift changes.

The ink was barely dry on the changes to the Canada Labour Code when the Western Grain Elevators Association and their counterpart in grain milling began lobbying for exemption from the new legislation on behalf of employers.

In March 2020 a consultation session on the employers' pitch for exemption was organized by the Labour Program of the federal Department of Employment and Social Development. GSU was represented at the consultation session by general secretary Hugh Wagner who was not surprised that representatives from Richardson International and Viterro were present and singing from the same song sheet.

A written brief opposing the exemptions for grain and grain milling companies was subsequently filed on behalf of GSU and we're happy to report that as a result of a combined union response the employers' efforts were turned back with one exception.

As matters stand, the federal regulators are on the verge of giving the grain and grain milling companies an exemption from section 173.1 of the Canada Labour Code

which requires employers to give employees a minimum of 24-hours' notice of shift changes. Such a development would be bad news for employees who are constantly adjusting their lives to fit their employer's last-minute needs.

GSU has filed another brief opposing the exemption and we should know where things land in the next short while. But the truly revealing aspect of this series of events is the level of cooperation demonstrated by commercial competitors when it comes to opposing more worker friendly labour standards.

This is not a new phenomenon. It simply reminds us that employers are organized when it comes to labour and it illustrates that workers should be organized in response. It is time for action.

The ILWU Canada Family

GSU's affiliation to ILWU Canada means that we are part of a larger union family that includes RWDSU Saskatchewan, RWBC and Grain Workers Union 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.

Solidarity,



Hugh Wagner
General Secretary

On behalf of the members
of the Joint Executive
Council of Grain &
General Services Union
(ILWU•Canada)

JOINT EXECUTIVE COUNCIL 2020/2021

GSU PRESIDENT

Jim Brown

GSU VICE PRESIDENTS

Michelle Houlden, Curtis Cousins

LOCAL 1 (VITERRA OPS/MAINTENANCE)

David Barrett, Matt Denomie, Gaylyn Kennedy, Glen Outram

LOCAL 2 (VITERRA OFFICES)

Sheila Tran, Howard Wilson

LOCAL 4 (GRAIN MILLERS)

Glen Wlasichuk, Kevin Pickup

LOCAL 5 (WESTERN PRODUCER/GVIC)

Sharlene Tetrault

LOCAL 6 (WILD WEST STEELHEAD)

Pasha Mughal

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)

Ben Scott

LOCAL 14 (RICHARDSON PIONEER)

Jerid Clark, Justin Shauf

LOCAL 15 (NUTRIEN)

Brian Cowan, David Jones, Lynn Shaw, (vacant)

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Financial Statements

Year Ended December 31, 2020

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

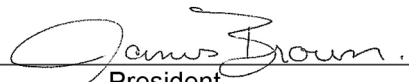
The financial statements of Grain and General Services Union (ILWU. Canada) have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These 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
March 18, 2021



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, 2020, 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, 2020, and the results of its operations and 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 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 these 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 ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

(continues)

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
March 18, 2021

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Financial Position

December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
ASSETS					
CURRENT					
Cash	\$ 246,523	\$ 19,054	\$ 439,208	\$ 704,785	\$ 639,090
Dues receivable	56,153	549	6,584	63,286	66,084
Prepaid expenses	13,333	-	-	13,333	2,698
Interfund (Note 7)	67,018	14,454	(81,472)	-	-
	383,027	34,057	364,320	781,404	707,872
TANGIBLE CAPITAL ASSETS (Note 3)	166,189	-	-	166,189	169,512
INVESTMENTS (Note 4)	-	-	4,761,315	4,761,315	4,252,565
	\$ 549,216	\$ 34,057	\$ 5,125,635	\$ 5,708,908	\$ 5,129,949
LIABILITIES AND NET ASSETS					
CURRENT					
Accounts payable (Note 5)	\$ 126,688	\$ -	\$ -	\$ 126,688	\$ 60,898
Current portion of long term debt (Note 6)	5,000	-	-	5,000	5,000
	131,688	-	-	131,688	65,898
LONG-TERM DEBT (Note 6)	15,340	-	-	15,340	23,304
	147,028	-	-	147,028	89,202
NET ASSETS	402,188	34,057	5,125,635	5,561,880	5,040,747
	\$ 549,216	\$ 34,057	\$ 5,125,635	\$ 5,708,908	\$ 5,129,949
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, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
REVENUES					
Membership dues (Note 9)	\$ 1,198,231	\$ 7,463	\$ 147,814	\$ 1,353,508	\$ 1,282,930
Rental income	17,350	-	-	17,350	27,300
Other revenue	1,261	-	-	1,261	2,090
Investment income	74	67	138,230	138,371	139,194
Realized gains	-	-	39,377	39,377	18,774
Unrealized gains (losses) on adjustment to fair market value	-	-	167,243	167,243	304,004
Government subsidy	6,875	-	-	6,875	-
	1,223,791	7,530	492,664	1,723,985	1,774,292
EXPENSES (Schedules 1 & 2)					
Meetings	71,625	-	985	72,610	222,366
Administration	916,086	-	71,351	987,437	864,718
Affiliation and organization	87,757	5,000	-	92,757	89,846
Building	50,048	-	-	50,048	76,946
	1,125,516	5,000	72,336	1,202,852	1,253,876
EXCESS OF REVENUES (EXPENSES)	\$ 98,275	\$ 2,530	\$ 420,328	\$ 521,133	\$ 520,416

Statement of Changes in Net Assets Year Ended December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 303,913	\$ 31,527	\$ 4,705,307	\$ 5,040,747	\$ 4,520,331
Excess of revenues (expenses)	98,275	2,530	420,328	521,133	520,416
NET ASSETS - END OF YEAR	\$ 402,188	\$ 34,057	\$ 5,125,635	\$ 5,561,880	\$ 5,040,747

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Statement of Cash Flows

Year Ended December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
OPERATING ACTIVITIES					
Excess of revenues (expenses)	\$ 98,275	\$ 2,530	\$ 420,328	\$ 521,133	\$ 520,416
Items not affecting cash:					
Realized gains	-	-	(39,377)	(39,377)	(18,774)
Unrealized gains (losses) on adjustment to fair market value	-	-	(167,243)	(167,243)	(304,004)
Amortization	8,013	-	-	8,013	7,766
	106,288	2,530	213,708	322,526	205,404
Changes in non-cash working capital	52,517	5,037	399	57,953	(7,680)
Cash flow from operating activities	158,805	7,567	214,107	380,479	197,724
INVESTING ACTIVITIES					
Purchase of tangible capital assets	(4,691)	-	-	(4,691)	(3,730)
Proceeds on disposal of investments	-	-	1,559,088	1,559,088	1,666,463
Purchases of investments	-	-	(1,861,217)	(1,861,217)	(1,708,394)
Cash flow from (used by) investing activities	(4,691)	-	(302,129)	(306,820)	(45,661)
FINANCING ACTIVITY					
Repayment of long term debt	(7,964)	-	-	(7,964)	(11,696)
Cash flow from (used by) financing activity	(7,964)	-	-	(7,964)	(11,696)
INCREASE (DECREASE) IN CASH FLOW	146,150	7,567	(88,022)	65,695	140,367
CASH - BEGINNING OF YEAR	100,373	11,487	527,230	639,090	498,723
CASH - END OF YEAR	\$ 246,523	\$ 19,054	\$ 439,208	\$ 704,785	\$ 639,090

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2020

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 (ASNPO).

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.

Government subsidies are recognized as revenue when received or receivable if the amount to received can be reasonably estimated and collection is reasonably assured.

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, 2020

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 support other unions who are on strike or locked out and to support community projects or organizations deemed to be worthy at the discretion of the Joint Executive Council.

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

Tangible capital assets

Tangible 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 tangible 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, 2020

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.

Financial assets including cash and dues receivable are reported at amortized cost. The Union reports investments, including debt instruments, at fair market value.

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

3. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Land	\$ 75,000	\$ -	\$ 75,000	\$ 75,000
Buildings	180,690	101,854	78,836	82,986
Equipment and furniture	168,713	157,394	11,318	9,457
Land improvements	10,343	9,308	1,035	2,069
	<u>\$ 434,746</u>	<u>\$ 268,556</u>	<u>\$ 166,189</u>	<u>\$ 169,512</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

	2020	2019
Equity investments	\$ 2,468,915	\$ 2,163,046
RBC mutual funds	799,028	730,514
Fixed income investments	1,493,372	1,359,005
	<u>\$ 4,761,315</u>	<u>\$ 4,252,565</u>

Fixed income investments have interest rates between 1.75% and 5.85% (2019 - 1.90% to 5.85%) and mature between December 2022 and December 2048 (2019 - March 2021 and June 2041).

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2020

5. ACCOUNTS PAYABLE

Included in accounts payable are the following balances:

	2020	2019
Trade payables	\$ 26,643	\$ 6,641
Vacation payable	25,346	24,026
Source deductions payable	11,094	13,343
Retirement benefit payable	63,042	15,670
Interest payable	563	1,218
	<u>\$ 126,688</u>	<u>\$ 60,898</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 2.78% (2019 - 3.95%). The loan is unsecured.

7. INTERFUND BALANCE

During 2020, 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.

	2020	2019
Local 1 and 2 (Viterra)	40%	40%
Local 15 (Nutrien Ag Solutions)	27%	27%

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2020

9. MEMBERSHIP DUES

	2020	2019
Operating Fund:		
Local 1 - Viterra (country operations and maintenance)	\$ 410,954	\$ 379,738
Local 2 - Viterra (Saskatchewan head office)	61,405	78,411
Local 4 - Grain Millers Canada Corp.	159,661	126,816
Local 5 - Western Producer Publications	34,533	38,995
Local 6 - Wild West Steelhead	11,375	9,646
Local 7 - Heartland Livestock Services	10,879	10,668
Local 8 - Advance Employees' Association	20,281	20,313
Local 9 - Trouw Nutrition	30,812	30,423
Local 13 - IATSE Local #295	732	622
Local 14 - Richardson Pioneer	95,582	90,635
Local 15 - Nutrien Ag Solutions	323,850	309,114
Local 16 - Lake Country Co-operative Assoc.	14,522	15,197
Local 17 - Discovery Co-op	8,952	8,327
Local 18 - Lloydminster and District Co-operative Assoc.	3,151	3,182
Local 19 - Prairie Co-operative Ltd.	11,542	11,249
	\$ 1,198,231	\$ 1,133,336
Defense Fund:		
Local 1 - Viterra (country operations and maintenance)	\$ 45,098	\$ 42,621
Local 2 - Viterra (Saskatchewan head office)	8,741	8,707
Local 4 - Grain Millers Canada Corp.	18,421	15,239
Local 5 - Western Producer Publications	3,810	4,282
Local 6 - Wild West Steelhead	2,564	2,099
Local 7 - Heartland Livestock Services	1,588	1,645
Local 8 - Advance Employees' Association	8,585	9,140
Local 9 - Trouw Nutrition	3,536	3,597
Local 13 - IATSE Local #295	90	120
Local 14 - Richardson Pioneer	11,245	10,970
Local 15 - Nutrien Ag Solutions	39,836	39,532
Local 16 - Lake Country Co-operative Assoc.	1,590	1,850
Local 17 - Discovery Co-op	920	930
Local 18 - Lloydminster and District Co-operative Assoc.	380	420
Local 19 - Prairie Co-operative Ltd.	1,410	1,380
	\$ 147,814	\$ 142,532

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Notes to Financial Statements

Year Ended December 31, 2020

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, 2020.

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.

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 \$1,368,394 (2019 - \$993,070) CDN of US investments. Net income includes \$3,837 (2019 - \$857 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, 2020

11. COMMITMENT

The Union's building sustained damages in 2019 and necessary corrective repairs are needed to protect the property. These repairs are expected to be completed in 2021 and the forecast cost of the remaining remediation is \$48,069.

12. UNCERTAINTY OF IMPACT OF COVID-19

In early 2020, the federal and provincial governments in Canada implemented measures intended to reduce the impact of the Covid-19 pandemic. These regulations have an ongoing impact on the operations of organizations and individuals.

The Union has postponed their 2020 convention to be held virtually in March 2021 due to the ongoing government regulations. These circumstances also made it challenging to have Local and in-person meetings throughout the fiscal year.

The ongoing impact of the continued government measures on the Union subsequent to yearend is unknown.

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Meeting Expenses

(Schedule 1)

Year Ended December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
Joint Executive Council meetings	\$ 14,267	\$ -	\$ -	\$ 14,267	\$ 26,059
Dues rebate	9,349	-	-	9,349	5,989
Convention and education seminars	870	-	-	870	61,426
Board of Directors meetings	-	-	985	985	2,501
GSU biennial convention	2,328	-	-	2,328	149
<u>Executive and bargaining</u>					
Local 1	4,690	-	-	4,690	37,047
Local 2	696	-	-	696	11,575
Local 4	743	-	-	743	30,046
Local 5	3,055	-	-	3,055	585
Local 6	3,491	-	-	3,491	1,520
Local 7	2,198	-	-	2,198	1,527
Local 8	-	-	-	-	1,333
Local 9	1,147	-	-	1,147	4,593
Local 14	2,393	-	-	2,393	8,713
Local 15	24,594	-	-	24,594	18,500
Local 16	154	-	-	154	2,938
Local 17	280	-	-	280	2,386
Local 18	192	-	-	192	2,654
Local 19	1,178	-	-	1,178	2,825
	\$ 71,625	\$ -	\$ 985	\$ 72,610	\$ 222,366

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses

(Schedule 2)

Year Ended December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
Administration					
Accounting	\$ -	\$ -	\$ -	\$ -	\$ 7,890
Advertising	3,404	-	-	3,404	1,294
Amortization of equipment	3,864	-	-	3,864	2,365
Arbitration boards	22,452	-	-	22,452	20,356
Audit	11,655	-	-	11,655	11,600
Computer equipment and software	7,655	-	-	7,655	-
Employee benefits	69,588	-	-	69,588	56,484
Interest	564	-	-	564	1,218
Investment council fees	-	-	71,351	71,351	68,172
Legal fees and costs	10,700	-	-	10,700	-
Memberships	696	-	-	696	-
Miscellaneous	211	-	-	211	-
Office rent	15,600	-	-	15,600	15,600
Postage	747	-	-	747	607
Printing and office supplies	13,221	-	-	13,221	25,342
Promotional	31,125	-	-	31,125	20,075
Salaries and consulting fees	700,583	-	-	700,583	573,471
Telephone	14,421	-	-	14,421	13,246
Travel and per diems	9,600	-	-	9,600	46,998
	916,086	-	71,351	987,437	864,718

(continues)

See notes to financial statements

GRAIN AND GENERAL SERVICES UNION (ILWU. CANADA)

Schedule of Expenses *(continued)*

(Schedule 2)

Year Ended December 31, 2020

	Operating Fund	Solidarity Fund	Defense Fund	2020	2019
Affiliation and Organization					
Canadian Labour Congress	11,192	-	-	11,192	10,637
Donations and contributions	24,450	5,000	-	29,450	28,800
ILWU	14,922	-	-	14,922	14,183
Other affiliate expense	6,155	-	-	6,155	6,039
Saskatchewan Federation of Labour	17,038	-	-	17,038	16,187
Scholarship	14,000	-	-	14,000	14,000
	87,757	5,000	-	92,757	89,846
Building					
Amortization of building	4,149	-	-	4,149	5,402
Insurance	2,254	-	-	2,254	2,293
Interest	931	-	-	931	863
Repairs and maintenance <i>(Note 11)</i>	27,058	-	-	27,058	52,832
Taxes	10,272	-	-	10,272	10,074
Utilities	5,384	-	-	5,384	5,482
	\$ 50,048	\$ -	\$ -	\$ 50,048	\$ 76,946

See notes to financial statements