



# **AUPE FINANCE FAQ**

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## HOW TO READ THIS DOCUMENT AND SUBMIT ADDITIONAL QUESTIONS

Page numbers listed in questions and answers refer to your 2024 Convention Reports and Resolution Books.

**How to Submit a question:** Members can email EST Justin Huseby [j.huseby@aupe.org](mailto:j.huseby@aupe.org)

### CODE: PRECONV24AFS

**These are questions submitted to EST Huseby prior to Convention 2024. While the AFS are prepared by an independent auditor, the answers provided have been prepared by EST Huseby.**

PRECONV24AFS **Q1:** Referring to note 12a) on page 111 in the Audited Financial Statements; why is the labour movement allies \$134,357 for 2023, but \$9,357 for 2024?

PRECONV24AFS **A1:** This is not an “investment account”, so it isn’t an investment “loss” over the year. What is shown is the amount in this account on June 30 in both 2024 and 2023. All decisions on spending from this account are made by your PE.

#### 12. Internally restricted net assets:

##### a) Union operations

	2024	2023
Defence fund	\$ 70,164,389	\$ 64,474,446
Contingency fund	1,690,040	1,453,826
Severance fund	8,216,165	7,555,315
Time-off fund	5,526,542	5,082,559
Digital strategy fund	196,588	351,972
Defending our services campaign	1,314,652	1,202,653
Mobilization campaign	629,114	629,114
Image campaign	269,989	269,989
Strategic planning campaign	181,700	181,699
Fight back operations campaign	3,038,059	3,178,059
Labour movement allies	9,357	134,357
	<b>\$ 91,236,595</b>	<b>\$ 84,513,989</b>

PRECONV24AFS **Q2:** Referring to the table contained in note 12a) on page 111 in the Audited Financial Statements, how much more funds is the finance committee looking for and why?

PRECONV24AFS **A2:** Your finance committee is not looking for additional funding to put into the various funds. All growth in those funds this past year was due to investment gains (both realized and unrealized). Your PE has endorsed the Defence Fund strategy (policy), which plans to dedicate \$3M in dues towards funding your Defence Fund and budgeting for 1% contingency as per policy.

Both of those items are included in the proposed budget. So ~\$3.6M of additional funding for the two funds stated above. But this is now a PE strategy, not finance committee. It will become the AUP Strategy if convention passes the proposed budget.

PRECONV24AFS **Q3**: On Page 111, 12 Internally restricted net assets, with labour movement allies last year we had 134,357 & this year it dropped to \$9,357 why?

PRECONV24AFS **A3**: What is reported is the value in that general ledger (GL) account as of June 30 for each year. It is not a representation of all inflows and outflows to that GL account.

PRECONV24AFS **Q4**: How much total money have we donated to all allies in last fiscal year?

PRECONV24AFS **A4**: The actual amount approved during the 2023/24 fiscal year was: \$205K. The amount transferred during 2023/24 was \$265K, as the approved PIA donation from the previous fiscal year (June 2023)\* was late and paid and ended up in this fiscal year.

- June 2023\* Public Interest Alberta (PIA) Operations: \$50K
- December 2023 Parkland Institute Research Project: \$30K
- February 2024 Alberta Workers Health Centre: \$20K
- February 2024 Parkland Institute Operations: \$50K
- April 2024 Friends of Medicare Operations: \$50K
- April 2024 Public interest Alberta (PIA) Operations \$50K
- April 2024 PIA Campaign \$15K

PRECONV24AFS **Q5**: How has the [labour movement allies] fund been utilized on who, what, where why and how?

PRECONV24AFS **A5**: The allocation of the funds are made by PE, by a vote. The funding is from segregated non-dues account and not from our regular AUPE operational expenses. This line is not an investment “fund” it is a general ledger account (GL).

Who?: Friends of Medicare, Public Interest Alberta, Parkland Institute, Alberta Workers Health Centre (AWHC); What?: Funding approved by PE to sustain operations and project initiatives but not from AUPE regular operations or dues; Where?: Alberta; Why?: These are organizations with long standing ties with AUPE who do advocate and reach we could not be able to do on our own. We have a seat on the boards of most of the organizations (except AWHC); How?: Vote by PE.

### CODE: CONV23AFS

**These are questions were asked during Convention 2023. The answers to these questions have been modified to the 2024 statements. While the AFS are prepared by an independent auditor, the answers provided have been prepared by EST Huseby.**

CONV23AFS **Q1**: “On page 97, of the Audited Financial Statements, what are ‘prepaid expenses and deposits’?”

CONV23AFS **A1**: That category contains items that have been paid in advance of receiving a service. Examples include property tax, insurance, deposits (like convention) etc. This is the value prepaid expenses on June 30 for each year. It is an asset because we have not received the service as of June 30 (in part or in full).

The value of this and all lines on your Statement of Financial Position changes daily. Sometimes it is best to think of this statement as showing you a picture at a specific moment in time (June 30).

June 30, 2024, with comparative information for 2023

	2024	2023
<b>Assets</b>		
Current assets:		
Cash	\$ 9,557,566	\$ 13,644,219
Accounts receivable (note 2)	5,078,535	4,569,248
Inventory	35,306	36,429
Prepaid expenses and deposits	1,689,406	1,504,761
	<u>16,360,813</u>	<u>19,754,657</u>

CONV23AFS **Q2**: “How much money does AUPE have in investments, and does that amount include the strike fund [Defence Fund]?”

CONV23AFS **A2**: The value of AUPE investments on June 30, 2024, was \$91,236,595 (Statement of Financial Position, page 97). Of this amount, \$70,164,389 is your Defence Fund, which you will see in note 12 on page 111.

### 12. Internally restricted net assets:

#### a) Union operations

	2024	2023
Defence fund	\$ 70,164,389	\$ 64,474,446
Contingency fund	1,690,040	1,453,826

CONV23AFS **Q3**: What is the 'Contingency Fund' used for?

CONV23AFS **A3**: There is a definition in the Audited Financial Statements is on Page 111, but this most recent iteration of the contingency fund was re-established after major damage due to flooding at the old HQ.

**Contingency Fund** This fund is established to fund repairs and major renovations. It is also used to finance the purchase of new properties. A minimum of 1% of dues revenue is to be transferred into the fund.

AUPE Finance Policy 5-6 states that... “[e]ach fiscal year one percent (1%) of Dues Revenue shall be budgeted toward Contingency Reserve. Disbursement of these funds shall be contingent upon recommendation from the Finance Committee and approval from the Provincial Executive.

There has not been a recommendation made to PE to transfer into this fund for several years. This year, the 1% is included in the proposed budget for (page 149, proposed budget, line 39).

The increase in value of the Contingency Fund for 2024 (note 12a, page 111) is because the value of the fund increased in 2024. There were no new transfers made into the fund (budgeted or approved by PE).

### 12. Internally restricted net assets:

#### a) Union operations

	2024	2023
Defence fund	\$ 70,164,389	\$ 64,474,446
Contingency fund	1,690,040	1,453,826
Severance fund	8,216,165	7,555,315

CONV23AFS **Q4**: How much do locals and area councils have in investments?

CONV23AFS **A4**: As of June 30, 2024, Locals had \$11,811,099 in investments, though this is book value (purchase amount). The total combined reserves were \$24,264,973 (Local bank accounts and investments) and you can refer to table O on page 131 of the Finance Committee report for further analysis.

This number will differ from note 13 in Audited Financial Statements on page 113. This is the market value (not book value) of the Local's Investment Fund on June 30, 2024 which is before the disbursements of investment gains were issued to Locals later in July 2024.

	2024	2023
Investment portfolio - Locals and Area Councils	\$ 11,703,782	\$ 11,135,332
Staff fund	14,845	33,442

EE**Q1**: What do you get when you cross an elephant with a rhino

EE**A1**: Elephino!

CONV23AFS **Q5**: Are all the funds and/or property of the union property of the union?

CONV23AFS **A5**: Yes. Article 20.13 of our constitution states that... “[f]unds and property of the Union under the control of any component remain the funds and property of the Union.”



CONV23AFS **Q6**: In note 14 on page 113 breaks out the investment income. Though this year we had realized gains, why would we have a realized loss in 2023? Why would we ever sell an investment at a loss?

**14. Investment income (loss):**

	2024	2023
Unrealized gains	\$ 3,765,416	\$ 4,016,855
Interest	2,387,726	1,595,477
Dividends	960,055	821,278
Realized gains (losses)	1,414,617	(322,830)
	<b>\$ 8,527,814</b>	<b>\$ 6,110,780</b>

CONV23AFS **A6**: Realized gains or losses are the outcome of investments that were sold during the fiscal year (sometimes referred to ‘liquidated out of the portfolio’). In 2023, there were some ‘realized’ losses that were reported and discussed that convention.

Sometimes we need to ‘realize’ losses to stop further losses. While it is preferential to never lose money, sometimes you need to pull out of an investment and put those assets elsewhere for better performance. The moment you sell, it has a realized loss or gain depending on the value at the time of sale from your purchase price.

For example, suppose EST Huseby personally invested \$10 into a security and it was underperforming compared with the market expectations. Let’s assume it is now valued at \$7 (perhaps the market conditions were unfavourable for the medium to long-term goals and risk profile). It may be better for his interest to sell the security for \$7, thereby ‘realizing’ a -\$3 loss. He can now put his \$7 cash into another instrument that performs in accordance with goals and objectives.

CONV23AFS **Q7**: The audited financial statements contain a line on future employee benefits and there is a fund set aside for severance. How many staff does the severance apply to?

CONV23AFS **A7**: This question mixes two separate financial items together. On page 97 of the Statement of Financial Position, the line for “Employee future benefits” deals with contractual obligations AUPE has at that moment in time (on June 30, 2024).



Lease inducements (note 10)	-	2,372
Employee future benefits (note 11)	1,959,207	1,801,235
	<u>67,452,546</u>	<u>59,720,407</u>

Separate from this, the Severance Fund is not specifically earmarked for any specific group or individual (note 12a, page 111). This fund is in place to help offset severance obligations in the event it is needed. The increase in value of the Severance Fund for 2024 was due to investment gains, not contributions.

### 12. Internally restricted net assets:

#### a) Union operations

	2024	2023
Defence fund	\$ 70,164,389	\$ 64,474,446
Contingency fund	1,690,040	1,453,826
Severance fund	8,216,165	7,555,315
Time-off fund	5,526,542	5,082,559

In summary, the line on 'Employee Future Benefits' is the measured value of liabilities as of June 30; whereas the 'Severance Fund' is an investment fund to help mitigate risk in the event severances are needed to be paid.

CONV23AFS **Q8**: How long are the terms of our out-of-scope [management] contracts?

CONV23AFS **A8**: Each contract has different terms and conditions and are approved by your Executive Committee. Details on individual contracts are protected by legislation. AUPE has a fiduciary and legal obligation to follow the law when it comes to employee contracts. Delegates elect their EST to be their Chief Financial Officer (AUPE constitution Article 12.01). This comes with the responsibility of being an organizational leader on AUPE operations, finance, and accounting; being an integrator and navigator for the organization; and steward AUPE's resources on behalf of all members.

CONV23AFS **Q9**: When and who made the decisions that the VPs move from part-time to full time? Why do they receive benefits and vacation?

CONV23AFS **A9**: Convention 2016 decided to make VPs 'up to' full time and also established compensation and benefits. Additional details are shared on pages 124 & 125 of the Finance Committee report.

CONV23AFS **Q10**: How are decisions made to invest in a particular asset class over another (for example, Canadian mutual funds vs exchange traded funds (ETFs))?

CONV23AFS **A10**: This question is a reference to note 3 on page 105 of the Audited Financial Statements that details the asset classes. AUPE Policy 5-39 (Internal Investment Policy) is the document that guides the parameters for your investment managers when administering our investments. Your EST and Finance committee oversees the performance and compliance with the policy, and your auditors test for this. Policy 5-39 is reviewed annually by your finance committee.

CONV23AFS **Q11**: Do the VPs pay into their pension plan?

CONV23AFS **A11**: Yes. If they are eligible, all executives contribute the employee portion requirement to their home pension plan. The employer contribution is paid by AUPE and is included in the value on table C on page 125 of the Finance Committee report.

CONV23AFS **Q12**: Did the AUPE create a pension plan for their staff?

CONV23AFS **A12**: Yes. There is pension plan that is jointly governed by Employer representatives and staff representatives.

CONV23AFS **Q13**: Do the VPs have the rights of AUPE staff in the collective agreement.

CONV23AFS **A13**: No, AUPE executives are not members of the AUPE Staff bargaining unit. However, Convention set entitlements for Executives to be similar to those in the staff collective agreement with some exceptions. For example, your executives are NOT entitled to things like weekend overtime or any wage adjustments in that agreement. The Finance Committee report has an extensive section breaking down executive compensation and expenses (see page 124-126).

CONV23AFS **Q14**: Why do VPs receive benefits?

CONV23AFS **A14**: Convention has set the entitlements. Please refer to table C and the subsequent Q&A on page 125 of the finance committee report.

CONV23AFS **Q15**: Why are vacation benefits and travel different numbers for VPs?

CONV23AFS **A15**: The vacation entitlement respects the levels of vacation executives have/had with their home employers. The benefits expenses differ depending on the employer and timeliness of expenditures. Travel expenses differ depending on the regional assignment in relation to their home employer. The tables on page 125 – 126 have a reference to the primary assignment and residence.

CONV23AFS **Q16**: Is travel different from car allowances?

CONV23AFS **A16**: Yes. Most of the category is fuel, but this category can include other types of travel expenses including airfare, parking, busing, public transportation, taxi etc.

CONV23AFS **Q17**: Why don't we vote on the AFS at convention?

CONV23AFS **A17**: The Audited Financial Statements are prepared by an independent auditor, presented to the finance committee. The finance committee reviews the statements with the independent auditor and makes a recommendation to the PE (board of directors). PE must take that recommendation, review the statements and meet with the auditor and make a decision on whether to approve the statements. After the statements are approved by PE, they are signed by your President and EST.

In summary, these statements are approved as per the regulatory requirements. The presentation of the statements at convention is for information.

For Convention 2024, the R&R book that was printed contains the draft version of the statements so the printing could commence and be ready for pickup at PE in September. The PE approved statements along with the president and EST signature are contained in the R&R book online. There are no content changes to report between the draft version in the printed book and the final on the online other than the required signatures.

**CODE: CONV22AFS**

**These questions were asked during Convention 2022. The questions and answers have been modified to the 2024 statements. The AFS are prepared by an independent auditor, however the answers provided to the following questions have been prepared by EST Huseby.**

CONV22AFS **Q1:** I just want to understand on that on page 98 of the 2024 AFS, did we pull in \$61,698,706 in membership dues and of that we spent \$39,453,543 in salaries and benefits?

CONV22AFS **A1:** Yes. Though as of June 30, 2024, we still needed to receive a portion of the dues from your employers (\$4,682,787). Please see note 2 page 104 'accounts receivable'.

CONV22AFS **Q2:** How many members do we have?

CONV22AFS **A2:** The amount fluctuates each month. The monthly average during the 2023-24 fiscal year was 100,537.

CONV22AFS **Q3:** On the line for membership dues on note 2 page 104 of accounts receivable, are those included in the membership dues on the statement of operations (page 98)?

CONV22AFS **A3:** Yes. Those are the dues receivable at the end of the year. AUPE has not received the "cash". It is a cut off/timing difference, but the timing is reconciled within a month or so. But they were accrued during the fiscal year, so they are included as revenue for 2023/24.

CONV22AFS **Q4:** Why are the "cashflows (used in) from investing activities" on page 100 different in 2024 compared to 2023?

CONV22AFS **A4:** It is difficult to have "apples to apples" comparisons because the activities in this section of the cash flow statement can be quite different each year. For instance, in 2022/23, the old Edmonton HQ building was sold and the proceeds were recorded that year. We will likely never have a building for sale in the foreseeable future. In 2024, the purchase of investments and disposal of investments differs from 2023 due to the management of investments according to the market considerations and our investment policy.

CONV22AFS **Q5:** How many staff do we have at AUPE?

CONV22AFS **Q5:** We have 268 permanent full-time positions. This does not include 8 executive positions, temporary, casual, and cover off positions. There are also staff who come and go throughout the year.

CONV22AFS **Q6**: How many vacant positions do we have?

CONV22AFS **Q6**: As of Oct 17, 2024, we have 8 active permanent positions in recruitment with 12 other vacancies (20 total). This represents 7.4% of full time complement of 268. We will never achieve 0% at any one time due to internal movement/promotions, retirements, resignations etc.

CONV22AFS **Q7**: On page 98 of the AFS there is a line on “Administration”. What does this category typically contain?

CONV22AFS **A7**: Items like supplies, insurance, taxes, printing, postage etc.

CONV22AFS **Q8**: Why is the expenses for salaries and benefits not the same as last year (2024 vs 2023, page 98)?

CONV22AFS **A8**: This is due to a host of variables including different staffing levels, contractual obligations to staff, fluctuating temp levels and cover offs.

CONV22AFS **Q9**: Would the auditors catch if someone misspent \$500 spent on a dinner?

CONV22AFS **A9**: Your auditors conduct their work on a sample basis. They would not identify or examine EVERY single item below \$500. They do select a sample of expenses reports and review for appropriateness in terms of the type of the expense and compliance with the policies. So regardless of the dollar amount, if they saw something that deviated from the policies, they would report that back to management and your finance committee.

CONV22AFS **Q10**: Does the Auditor have any recommendations coming out of their audit?

CONV22AFS **A10**: EST Huseby feels it is important for delegates to ask their auditor this question during their report and hear the answer direct. Please read their opinion on page 94.

CONV22AFS **Q11**: What do “management fees entail” (page 98)?

CONV22AFS **A11**: Management fees are associated with administering our investments our investments.

CONV22AFS **Q12**: What do AUPE bargaining unit staff make in salary?

CONV22AFS **A12**: In 2024, there are 38 different bargaining unit classifications: the casual wage rate is: \$21.44/hr. For full time positions, the starting rate depends on the classification, but the lowest is starting salary is \$49,853 and the highest is \$119,208. The highest step on the highest classification is \$138,569. The collective agreement is publicly available along with all other collective bargaining agreements that are registered in Alberta <https://mediationservices.labour.alberta.ca/cbas/>.

CONV22AFS **Q13**: Regarding investment income on page 113 note 14, how much of the gains is from investments and how much is from our buildings?

CONV22AFS **A13**: None of the investment income is from increases or decreases in market value of AUPE properties or buildings. Additionally, depreciation is not part of calculating investment gains/losses. What is contained in the \$8.5M in investment gains are from your marketable securities, bonds, GICs etc. In other words, just from your investment accounts which are your long-term savings (like your Defence Fund).

CONV22AFS **Q14**: Are there mechanisms in place to ensure our investments are being used to promote democracy or the labour movement.

CONV22AFS **A14**: In your investment policy there are 12 companies that AUPE is prohibited from owning. They are commonly referred to as the dirty dozen for their anti-labour practices. Additionally, we do not build bombs, guns or help finance war. Your finance committee will be reviewing the whole investment policy in 2024/25. Additionally, in the finance committee report, EST Huseby included an initial disclosure on investments on page 123.

CONV22AFS **Q15**: What is “materiality” and what “level of materiality” was used?

CONV22AFS **A15**: Materiality is a concept used when executing audit work to gauge the extent of work that will be performed by your auditors. It is important to understand that not every dollar and invoice is looked at and that a representative sample is used. The goal of the auditors is to ensure that the financial statements are fairly presented. In order to assess that they set a tolerance level which is called “materiality”. Generally speaking, if there are differences that are above materiality they are adjusted. If they are below “materiality”, they are recorded but not necessarily adjusted.

As for the level of materiality used by your auditors for 2024, would a “first time delegate, first time at the mic” ask your auditor that question during the audited financial statements. For reference in 2022 when this original question was asked at the 2022 convention, the level was 3% of revenue (~\$1.5M).

CONV22AFS **Q16**: What are “internally restricted net assets” (note 12 page 111)?

CONV22AFS **A16**: Internally restricted net assets (IRNA) are one component of your retained earnings. It may be helpful to think of them as the accumulation of historical surpluses and investment growth. They are internally restricted because we have passed motions to set the dollars aside for approved purposes (eg. Defence Fund). They are your financial reserves.

CONV22AFS **Q17**: On page 98 of the AFS, there is a line called “Bank charges and interest” for \$1,889,805. What does that line entail?

CONV22AFS **A17**: The majority is the principal and interest on our building loan. There is a small amount for our solar panels installment in Calgary.

CONV22AFS **Q18**: On page 108 is a table of repayments on the principal of our building loan. Where will we come up with the \$36,053,744 after 2029?

CONV22AFS **A18**: That is not a lump sum payment. It is the total of repayments from the year 2030 through 2046.

CONV22AFS **Q19**: Why was “member travel and time off” higher in 2024 than in 2023 (page 98)?

CONV22AFS **A19**: Bargaining Bargaining Bargaining, and Mobilization, Mobilization Mobilization.

CONV22AFS **Q20**: Do we have investments in war?

CONV22AFS **A20**: No, but a review will occur in November by your finance committee and their advisors.



## CODE: CONV21AFS

**These questions were asked during Convention 2021. The answers to these questions have been modified to the 2024 statements. While the AFS are prepared by an independent auditor, the answers provided have been prepared by EST Huseby.**

CONV21AFS **Q1**: On page 111, it shows that the Defence Fund grew from \$64.4M to \$70.1M. How was money transferred in?

CONV21AFS **A1**: No money was transferred in, though any realized gains were returned into the fund. It has been quite a few years since a dedicated transfer of funds has occurred. The growth of your defence fund is from the gains in the market value, not by new contributions. The proposed budget for 2024 includes a plan for a dedicated transfer of \$3M.

## CODE: CONV18AFS

**These questions were asked during Convention 2018. The answers to these questions have been modified to the 2024 statements. While the AFS are prepared by an independent auditor, the answers provided have been prepared by EST Huseby.**

CONV18AFS **Q1:** Page 105 note 3 lists the investments, we have Canadian and international investments in equity. Why are we going international instead of Alberta only?

CONV18AFS **A1:** There are components of the investment funds that are in securities that are non- Albertan and non-Canadian. The investment portfolio is managed in accordance with the investment policy that has been approved and the AFS did not note that there were deviations from the policy. EST Huseby encourages a delegate to ask your auditor if their audit found any deviations or non-compliance with the investment policy. This way delegates can hear if the status has changed for 2024.

CONV18AFS **Q2:** What firms are restricted from being held?

CONV18AFS **A2:** Listed in Policy 5-39, Barrick Gold, Caterpillar, Coca Cola, Goldman Sachs, Halliburton, Koch Industries, McDonalds, Monsanto, Royal Bank of Canada, Wal-Mart, SNC Lavalin, and Siemens. This list is from 2021 and will be under review by your finance committee for 2024/25 as part of the investment policy review.

CONV18AFS **Q3:** Can the membership see the financial policies?

CONV18AFS **A3:** Yes. All policies are on the MyAUPE portal for members. Sign in at <https://www.aupe.org/policies-and-procedures>.

CONV18AFS **Q4:** Does the “travel – staff” include the travel costs for the executive committee members (page 98)?

CONV18AFS **A4:** Yes.

CONV18AFS **Q5:** Do we have to pay additional interest on \$2M dues suspension that is under appeal?

CONV18AFS **A5:** No.

CONV18AFS **Q6:** Is “bank charges and interest” the cost to hold a chequing account (page 98)?

CONV18AFS **A6:** No. That line is the consolidation of the principal and interest paid on our loan for the building.

### CODE: PRECONV24FCR

#### Questions that were submitted to EST Huseby prior to Convention 2024 on the Finance Committee Report and not covered by a different section of the Finance Q&A document.

PRECONV24FCR **Q1**: How does AUPE employ a casual who gets elected to VP/Treasurer/President?

PRECONV24FCR **A1**: Any AUPE member in good standing member can run to be an executive, including members who may only be employed as a “casual” at their worksite. Even in those instances, a leave of absence will be sought from their home employer to protect a position when their term concludes. If this question was referring to AUPE employees; AUPE staff are not AUPE members and are therefore ineligible to run for executive office.

PRECONV24FCR **Q2**: Home employers do not pay a casual employee’s CPP, EI, WCB, Floater/Vacation etc. so why does AUPE cover 100%?

PRECONV24FCR **A2**: If/when there was a casual elected to an AUPE executive position, the cost of employment is born by AUPE as they are paid salary by AUPE. So, there are still costs for WCB, CPP, EI etc. The reported amounts for WCB/EI/ CPP are the employer (AUPE) portions paid to the government.

The amounts reported on page 125 (Table E) do not include portions of CPP, EI, WCB that are typically paid by employees. In other words, the amount that your executives paid the government as an employee of AUPE are not included in the report as they pay those obligations themselves from their pay (just like all members). Finally, the time off reported on page 126 (table F) is the value of the amount earned, not additional income.

PRECONV24FCR **Q3**: Is the vacation reported on page 126 table F ‘additional pay’ on top of salary reported on page 124 table B?

PRECONV24FCR **A3**: No. The time off reported in table F is the value of time off earned during the reporting period (July 1 2023- June 30, 2024). In other words, it is not additional pay.

PRECONV24AFS **Q4**: How much money have we donated to all allies [Labour Movement Allies] in last fiscal year?

PRECONV24AFS **A4**: The actual amount approved during the 2023/24 fiscal year was: \$205K. The amount transferred during 2023/24 was \$265K, as the approved PIA donation from the previous fiscal year (June 2023\*) was late being paid and ended up in this fiscal year. Here is the list: June 2023\* Public Interest Alberta (PIA) Operations: \$50K; December 2023 Parkland Institute Research Project: \$30K; February 2024 Alberta Workers Health Centre: \$20K; February 2024 Parkland Institute Operations: \$50K; April 2024 Friends of Medicare Operations: \$50K; April 2024 Public interest Alberta (PIA) Operations \$50K; April 2024 PIA Campaign \$15K. All contributions to labour movement allies are not from the current years operations and are approved by your Provincial Executive.

PRECONV24AFS **Q5**: If we contributed \$205K last fiscal year, clarify what “non-dues” means?

PRECONV24AFS **A5**: Not all revenue and reserves are from dues and no revenue from current dues is used for labour movement allies. Non-dues is meant to convey that the source of funding is not from current dues. It is from revenue prior to the legislation commencing. We have segregated funds in reserve to ensure our compliance. But it is important to note that funding every year is not guaranteed, and all applications disbursements are approved on an individual basis by your PE.

PRECONV24AFS **Q6**: How many and what kinds of segregated non-dues accounts do we have and how can our members see this?

PRECONV24AFS **A6**: Your investment accounts are segregated along with some general ledger accounts. These are on note 12a on page 111 of the audited financial statements (AFS).

### CODE: PRECONV24BUD

#### Questions on the 2024-2025 Proposed Budget (page 149) submitted prior to Convention 2024. Answers have been prepared by EST Huseby.

PRECONV24BUD **Q1:** We [Convention] have passed last 2 years budgets in deficit but both years come back as surplus why is the Finance committee proposing a deficit budget again?

PRECONV24BUD **A1:** The budget was stripped down and built back up as a new EST. I am confident that the forecasts are not overstated and aligns with the goals of the AUPE strategic plan.

PRECONV24BUD **Q2:** Regarding Equipment line 29 from the Finance Committee report statement (page 121) & proposed budget line 34 (page149): What is this equipment?

PRECONV24BUD **A2:** It is a consolidated budget line. There is a significant investment needed in our IT infrastructure, and physical operations supporting 10 offices and 100,000 people. You will find definitions on pages 150&151 of the R&R book. Equipment is associated with purchasing equipment for our offices and programs. Equipment purchased for less than \$5,000 is expensed, Equipment costing over \$5,000 is capitalized.

PRECONV24BUD **Q3:** Why every year we need \$2M worth of new equipment, and what happens to the old equipment whatever it may be?

PRECONV24BUD **A3:** There is a significant ongoing investment needed in our operations supporting 10 offices and programs for 100,000 members. The equipment is used until it is no longer needed.

PRECONV24BUD **Q4:** Why is line 19 of the proposed budget (page 149) roughly half of the amount budgeted the previous year (Local Rebates)?

PRECONV24BUD **A4:** The best comparison of the budget from the previous year for this question is in your finance committee report on page 146 line 19. The proposed budget passed by PE factors the impacts of resolution 2-1. Delegates will vote on resolution 2-1 before the budget is debated. Should 2-1 is pass, the proposed budget can remain the same. If it does not pass, the budget can still stay the same because policy 5-2 is what governs the rebate amounts. However, EST Huseby will move to amend line 19 by an additional \$3.5M if delegates wish to keep the status quo by not amending the rebate formula. This would be an increase to the deficit by roughly \$3.5M. Please refer to page 130 - 134 for further discussion and analysis on proposed changes 2-1.

PRECONV24BUD **Q5**: Why are we not budgeting for strike pay? (line 26 of proposed budget page 149)

PRECONV24BUD **A5**: We pay strike pay from the Defence Fund, not regular operations. However, if strike pay is issued (I mean when strike pay is issued!), it will be reported on your Statement of Operations even though it came from the Defence Fund.

PRECONV24BUD **Q6**: Are Defence Fund Transfers (line 40) the same as strike pay (line 26) in the proposed budget (page 149)?

PRECONV24BUD **A6**: No. Strike pay is strike pay received by members. We plan to use \$0 of the budget for this year for strike pay. However, this is not the same as saying there won't be a strike or strike pay! Strike pay will come from your Defence Fund savings, where the proposed Defence Fund transfer is planning to use part of this year's dues to build up the total defence fund. You may find it helpful to think of the Defence Fund transfer as planning to transfer an asset to an asset (transferring a current asset to a long-term asset).

EE **Q2**: How long would the Defence Fund last?

EE **A2**: That is a very interesting question from "Marlaina from Brooks-Medicine Hat". Sorry, this is for AUPE members only, so a "first-time delegate, first time at the mic" needs to be the one to ask their EST this question during the Finance Committee report!

PRECONV24BUD **Q7**: If the Defence Fund transfer is approved, will a portion of the \$3M be transferred monthly to the funds?

PRECONV24BUD **A7**: No. It would be at the fiscal year-end transfer on recommendation by your finance committee. Our ability to do this for 2024/25 is heavily dependent on the direction of delegates at this convention and ensuring we can meet our financial obligations. In other words, we cannot transfer if it means we can't pay the bills.

## CODE: CONV23BUD

**Questions about the budget asked during Convention 2023.  
The questions and answers have been modified to the 2024-2025  
proposed budget (page 149).**

CONV23BUD **Q1:** What is the % of salaries compared to member dues in the proposed budget?

CONV23BUD **A1:** In terms of base wages (line 12), 49.27%. In terms of wages, benefits, pension, Overtime (lines 12,13,14,&15), 68.9%.

CONV23BUD **Q2:** Why does PE only approve the budget?

CONV23BUD **A2:** This is not accurate. It is incumbent on your PE to approve a proposed budget to start the fiscal year so AUPE operations can continue. While PE approves a proposed budget for the fiscal year starting July 1, that budget comes to the convention delegates who may pass or amend the proposed budget.

CONV23BUD **Q3:** Where is the budget line for bargaining?

CONV23BUD **A3:** The budget is built on the AUPE strategic plan, which is focused on bargaining. The expected budget for your negotiators, essential services reps, administrative professionals, researchers, organizers etc will be included in budget categories for staffing like wages, OT, travel, etc. Any consultants and legal will be in line 21 & 22. Don't forget about Time off for members, travel, advertising, printing postage.

In essence bargaining touches almost all aspects of AUPE operational budget. It is the focus of AUPE operations.

CONV23BUD **Q4:** What is the breakdown of the budget line staff salary & benefits for the past 2 years?

CONV23BUD **A4:** Please refer to table AI on page 146 of the Finance Committee report which compares this year's proposed budget with last year's convention approved budget.

The table below compares the proposed budget with the 2 most recent years of approved budget for the requested categories contained within salary and benefits.



		2024/25	2023/24	2022/23
<u>Line</u>	<u>Category</u>	<u>Proposed Budget</u>	<u>Budget (Approved)</u>	<u>Budget (Approved)</u>
12	Wages	\$31,057,000	\$29,464,880	27,961,920
13	Overtime	\$2,313,000	\$2,348,560	2,459,280
14	Pension	\$3,996,000	\$3,860,520	3,586,788
15	Benefits	\$6,053,000	\$6,435,334	6,280,236
	Total	\$43,419,000	\$42,109,294	\$40,288,224

CONV23BUD **Q5**: How many positions do we have?

CONV23BUD **A5**: We currently have 268 permanent positions, plus your 8 executive committee members. In addition to this, there are staff for temporary, casual, “cover-off” throughout the year and those are not included in the permanent allocation. Those needs also forecasted into the budget to sever the needs of our 100,096 members.

CONV23BUD **Q6**: Why don’t we have any money for the strike fund and defence fund?

CONV23BUD **Q6**: This question was from 2023. In 2024 the proposed budget has included a fund transfer of \$3M to the Defence Fund from Dues. This topic is discussed extensively in the finance committee report. Additionally, this is point 1 of the 4 point financial stabilization plan on page 135 & 136. For prior years, the defence fund grew by investment gains and surpluses that could be transferred at the end of the year.

CONV23BUD **Q7**: Are we proposing to put money in the defence fund?

CONV23BUD **A7**: While this is a question originated from 2023. Yes. This year will mark the first time in recent memory that AUPE’s budget has dedicated section of dues going into the defence fund.

CONV23BUD **Q8**: Why don’t we have any money for the strike fund and defence fund?

CONV23BUD **A8**: This is a 2023 question. This year includes funding in the proposed budget for delegates to decide.

CONV23BUD **Q9**: Can we move money to make a balanced budget?

CONV23BUD **A9**: That isn't how budgets work. They are tools to measure your performance. They are a plan, but not a promise to spend. They are a bit of art and science. Historical reference with future expectations. A budget is simply how you foresee the management of your income and expenditures for a given period. If you have more revenue than expenditures, it is a surplus. If they are equal, it is balanced. If it has more expenditures than revenue, it is a deficit.

A deficit is not the same as debt. But deficits mean we would have to use our savings like the defence fund, which is what we are wanting to avoid.

CONV23BUD **Q10**: Why can't we make this a balanced budget?

CONV23BUD **A10**: We can, but it may not mean what you think. AUPE as an organization owes a duty of fair representation to members through services and there is a cost for those services.

CONV23BUD **Q11**: Most countries have only 1 VP. They run a country with millions of taxpayers. Why do we need 6 VPs for 100,000 members.

CONV23BUD **A11**: The decisions on how to govern AUPE is made by convention. This is a decision of convention to increase the complement many years ago to have better representation for members across the province.

CONV23BUD **Q12**: What is the breakdown of budget lines 13, 28-32, & 34 for the past 2 years?

CONV23BUD **A12**: See below for the approved budgets for the last 2 years plus the proposed budget for this year:

		"This Year"	"Last Year"	"Year Before"
		2024/25	2023/24	2022/23
Line	Category	Proposed Budget	Budget (Approved)	Budget (Approved)
13	Travel Members	\$2,347,000	\$2,051,608	1,939,968
28	Administration - Supplies & Misc	292,000	\$281,308	178,824
29	Administration - Insurance	305,000	\$298,320	242,304
30	Administration - Interest On Long Term Debt	1,845,000	\$2,005,692	2,225,988
31	Administration - Property Taxes	744,000	\$846,516	1,759,176
32	Administration - Printing, Postage & Mailing	466,000	\$435,088	391,680
34	Equipment	2,130,000	\$1,731,828	1,375,860

### CODE: CONV22BUD

**These questions were asked during Convention 2022. The answers to these questions have been modified to the 2024 data and the answers provided have been prepared by EST Huseby.**

CONV22BUD **Q1**: Does the salaries in the budget assume 100% fill rate?

CONV22BUD **A1**: No. During the budget preparation time, current or anticipated vacancies (eg. retirements) were staggered throughout the year. It may be tempting to divide a number into the lines but remember that the “wages” include your executives, cover-offs, temporary staff etc.

CONV22BUD **Q2**: Last year we proposed a budget deficit. But then came in with an actual surplus. Is this year different?

CONV22BUD **A2**: Remember that we do not use or plan to use AUPE members’ savings like your Defence Fund to pay the operational bills. We had a very good year for investments, but those gains were partially unrealized and realized. Where they were realized, they were put back into to the fund. defence fund EST Huseby in his first year broke the proposed budget back down and rebuilt it to best achieve our goals of AUPE to ensure services for the membership and forecast needs through the fiscal year.

CONV22BUD **Q3**: What is the cost of staff and what is the salary for starting out?

CONV22BUD **A3**: The planned budget is line 12- 15 for wages, OT, pensions, and benefits on page 149. The actuals from last year are found in lines 8-11 on table A on page 121 of the finance report. There are 38 different bargaining unit classifications: the casual wage rate is: \$21.44/hr. For full time positions, the starting rate depends on the classification, but the lowest is starting salary is \$49,853 and the highest is \$119,208. The highest step on the highest classification is \$138,569.

CONV22BUD **Q4**: Do AUPE staff belong to their own union? What union are they members of?

CONV22BUD **A4**: Yes. The bargaining unit staff are members of AULRep.

CONV22BUD **Q5**: Is the AUPE staff collective agreement filed with the [Alberta] Labour board?

CONV22BUD **A5**: Yes, like all collective agreements registered in Alberta and searchable via <https://mediationservices.labour.alberta.ca/cbas/>.

CONV22BUD **Q6**: When did we start a staff pension plan and who asked for it?

CONV22BUD **A6**: It is a defined benefit pension plan that is negotiated in their collective bargaining. It is a joint plan that is governed with trustees who are appointed by AUPE and AULRep.

CONV22BUD **Q7**: Where is Labour Movement Allies line in the budget?

CONV22BUD **A7**: We don't use our operational funds for Labour Movement Allies (LMA), so we budget \$0. Any decision on LMA belong to your Provincial Executive on recommendation of your Finance Committee.

CONV22BUD **Q8**: Do we allocate any money to our reserves [savings] in the budget?

CONV22BUD **A8**: Historically no. This year the proposed budget includes a transfer of \$3M to your Defence fund and -\$630K to your Contingency Fund. These transfers would still need to be approved by PE at year end. The ability to conduct the transfer at fiscal yearend will be dependent on the decisions of delegates on whether there will be an adjustment to the rebates (line 19) and whether we can expect a dues rate increase for the following year. If one or both do not proceed, then the ability to conduct a planned transfer in 2024 will be hindered.

CONV22BUD **Q9**: How many vacancies do we currently have?

CONV22BUD **A9**: As of Oct 17, 2024 we have 8 active permanent positions in recruitment at the moment with 12 other vacancies. So 20.

CONV22BUD **Q10**: Are the vacancies accounted for in the budget?

CONV22BUD **A10**: Yes, but they staggered throughout the year so we can get a better estimate of what the projected costs will be for our contractual and operational commitments. In other words, just because you have a vacancy on day 1, the budget doesn't carry all 12 months... it may have 9 months as it takes time for notice, posting, interviewing, hiring and on-board etc.

CONV22BUD **Q11**: Does the proposed dues increase resolution factor into this budget [resolution 1-1]?

CONV22BUD **A11**: No, not for the operational income for this year. The proposed resolutions (1-1) would take effect next year if passed.

However, it would be unlikely that we would be able to transfer \$3M to the Defence Fund this year if additional dues revenue is not approved by delegates because that money would be needed to continue regular operations for the current strategic plan.

CONV22BUD **Q12**: The budget the past 2 years projected a deficit of roughly \$10M that didn't come to be. Can we assume that the history will be the same with this budget?

CONV22BUD **A12**: No. I (EST Huseby) am comfortable the budget is the best combination of the plans and projections for the needs of AUPE. Budgets are tools to measure and a best forecast of the needs of AUPE members for the current fiscal year based on the best available information at the time. And I remind all delegates that we do not budget investment gains for our regular operations, but we must report changes to your investment as part of accounting standards.

CONV22BUD **Q13**: Does this budget include projections for inflation?

CONV22BUD **A13**: Yes. But we take a financially conservative approach for the creation of the budget and used an assumption of 2% inflation for items that we did not have fresh information for.

CONV22BUD **Q14**: Does the budget account for expected increases in salaries for AUPE members, thus reflecting increases in dues income?

CONV22BUD **A14**: Yes, but keep in mind the estimate is an average across the board (all 100K members).

CONV22BUD **Q15**: How many more years can the union sustain deficit budgets and where will the money come from to sustain deficit budget?

CONV22BUD **A15**: There are 2 of 3 Forecasts (tables AC & AD on page 140 and 141) that lays this out. Depending on the decisions of delegates this year, the answer is between 1 year and 2.5 years before we must use our savings for operations to fulfil these strategic plans.

CONV22BUD **Q16**: Does PE approve the staffing compliment and is it part of the budget?

CONV22BUD **A16**: Yes. The full time staff compliment of 268.

## CODE: CONV21BUD

**These questions were asked during Convention 2021. The answers to these questions have been modified to the 2024 data and the answers provided have been prepared by EST Huseby.**

CONV21BUD **Q1**: Why do we expect an increase on professional consulting fees this year (page 145 line 22)?

CONV21BUD **A1**: It is an estimate, though in 2025 your Provincial executive members voted to host a labour school which will increase some of the costs associated with this line. Please see table AI line 22 on page 146 to compare the budget years and table AG page 144 for the actuals from last year.

CONV21BUD **Q2**: Why is there not a budget line for dues suspension?

CONV21BUD **A2**: In a previous year, \$2M was set aside and booked as a liability. Should we be victorious in overturning the dues suspension from the 2020 wildcat that money that was previously booked as an expense in a previous year would be reversed and reported on the statement of operations.

CONV21BUD **Q3**: Does the advertising line on page 149 account for our internal communications people.

CONV21BUD **A3**: No. The costs associated with the AUPE communications department and internally produced content are captured in employment expenses (Lines 12-16, & 32) of the budget. we do a lot of work in-house with our communications staff.

CONV21BUD **Q4**: Do we have money for bursaries in the budget?

CONV21BUD **A4**: The bursary program is run by the Member's' Benefits Committee. The budget allocated \$300,000 to their programs and is on line 25. The administration of the education fund is done by the committee.

CONV21BUD **Q5**: Have you thought about hiring more MSOs in the budget?

CONV21BUD **A5**: Yes, the budget includes for 6 more full time equivalent MSOs which was approved by your Provincial Executive in June 2024.

CONV21BUD **Q6**: Where would I find the building [HQ] purchase cost for the upcoming year?

CONV21BUD **A6**: On page 149 line 30 is where you will find the payment for your HQ this year in the budget.

CONV21BUD **Q7**: What is the cost of VPs salaries if they were in for a full year with the current rate?

CONV21BUD **A7**: Great question! As of today 2024, the salary of executives if the rate was for a full 12 months, would be:

President: \$198,479

Secretary Treasurer \$158,783

Vice-President 119,087

These amounts differ from the reporting provided in table B on page 124 because the start date for new executives came part way through the year. As for incumbents that were re-elected in 2023, the GOA most recent increases timing did not start on July 1 2023 (it occurred in September 2023).

CONV21BUD **Q8**: Do the executives have gas cards?

CONV21BUD **A8**: Yes.

CONV21BUD **Q9**: Why are we pay for health benefits for the executives?

CONV21BUD **A9**: Convention determined this in 2016. Please refer to the details provided in the Finance committee report Q&A on page 124-126.

CONV21BUD **Q10**: When did we change to giving health benefits to the full-time executives?

CONV21BUD **A10**: 2016 Convention.

CONV21BUD **Q11**: Do Executives ever get pay cut?

CONV21BUD **A11**: If the members of the GOA decide to cut salary or rollback base salaries, your executive salaries will roll back (as per policy). The other way you can cut your Executives' salaries is by way of recommendation through PE that is approved by Convention. See page 124 of the finance report section for further details.

CONV21BUD **Q12**: Do AUPE VPs pay union dues?

CONV21BUD **A12**: Yes. All executives including the President, the VP, and EST pay union dues.



CONV21BUD **Q13**: Why is the amount for sponsorship and donations low (line 24 page 149)?

CONV21BUD **A13**: The focus of our strategic plan is on bargaining, not sponsorships. The budget is built to best support the strategic plans given our resources.

CONV21BUD **Q14**: If we lose members, will we have to lose staff?

CONV21BUD **A14**: We're resourcing to take on the employers at the bargaining table. The budget invests in members to help secure the demands of the members including job security. If we lose members, we lose income, strength which reduces our ability to sustain staffing levels at a time that we need to boost in some areas. EST has no intention of scaling back our staff as it is contrary to the strategic plan of our Union. 268 full time positions support 102,798 members (August 1 2024).

CONV21BUD **Q15**: Do members have access to the AUPE policy and procedures manual?

CONV21BUD **A15**: Yes, EST Huseby has ensured that everyone has access to the AUPE policies and procedures manual through their MyAUPE as of September 2024. Visit <https://www.aupe.org/policies-and-procedures> and sign in. As for your specific local policies and procedures, please see your local executive member for details.

CONV21BUD **Q16**: What do we anticipate paying in property taxes for this year?

CONV21BUD **A16**: Page 149 line 31, the combined tax payments for Edmonton, Calgary, and Peace River will be \$744K.

CONV21BUD **Q17**: Why is the member travel amount higher than the staff travel line?

CONV21BUD **A17**: Page 149 Line 17 vs 16: We have more members. Also, the budget does not include travel and time off for members at Local expenses. All AUPE staff travel expenses are covered by the HQ budget, even if the staff are conducting specific supports to a local.

CONV21BUD **Q18**: Where do we have regional offices located?

CONV21BUD **A18**: Athabasca, Grande Prairie, Peace Reiver, Camrose, Calgary, Lethbridge, Red Deer, and Medicine Hat (re-opening 2025). See page 175 for locations.

CONV21BUD **Q19**: How long is the mortgage for our HQ?

CONV21BUD **A19**: The loan for the building matures in July 2046 (see AFS Page 108). As of July 1, 2024, the principal owing was \$42.5M. That will be reduced to \$41.2M by the end of June 2025.

CONV21BUD **Q20**: How many buildings do we have [own] and which ones do we have rental income from?

CONV21BUD **Q20**: We own three: Peace River, Calgary & Edmonton. We only receive rental income from the Calgary Regional Office.

CONV21BUD **Q21**: Where are the lines in the budget for PE member expenses?

CONV21BUD **A21**: It is included with member travel and time off (page 149 Line 17 & 18).

CONV21BUD **Q22**: If we are budgeting \$68M in expenses but only expect \$64M of income, where is the cash coming from to pay the difference?

CONV21BUD **A22**: On the budget page 149, not all expenses are cash expenses. For example, Line 35 & line 37 Unrealized Gain/loss on Interest Rate Swap” are non-cash expenses in the budget.

If you remove the non-cash expenses in the budget, the planned cash expenses are \$519,000 more than the planned revenue (line 38 minus line 10). The additional money would come out of our cash account. The Sankey diagram on page 147 of the finance report helps visualize the inflows and outflows of the proposed budget.

The premise to this question does not factor in the contingency and defence fund transfers which are assets transferring into assets. These are current assets being transferred to your long-term savings (non-current assets) - see line 39 & 40). But since we are removing them from the operations budget, the overall “Revenue in excess of expenditures AND transfers” is -\$7.5M. Like the example used for context above, if we exclude non-cash expenses it would be -\$4.1M (but \$3.6M of this is money in your long term savings).

## CODE: CONV18BUD

**These questions were asked during Convention 2018. The answers to these questions have been modified to the 2024 data and the answers provided have been prepared by EST Huseby.**

CONV18BUD **Q1**: How are rebates to locals determined line 20, page 149?

CONV18BUD **A1**: Head counts in accordance with the amounts policy 5-2.

CONV18BUD **Q2**: When we approve a budget, what does it mean to provide guidance for spending over the coming year?

CONV18BUD **Q2**: It is a forecast and a tool to measure, not a promise to spend. The budget is a tool to measure. Be inquisitive when the actual costs are different from the budget. It is a forecast and deviations from it should lead to constructive questions.

CONV18BUD **Q3**: How are area council rebates calculated (line 20 page 149)?

CONV18BUD **Q3**: They are paid based on actual headcounts as per policy. The budget is a best expectation of what this would be through the fiscal year.

CONV18BUD **Q4**: Why are we forecasting \$0 in “investment income” (line 7 page 149)?

CONV18BUD **A4**: The investments are for your long-term savings. The budget is for your regular operations. The regular operations are not funded by investments (currently). Even though we don’t use them. The investment gains are reported in the balance sheet. An estimate of gains or losses based on a historical information.

CONV18BUD **Q5**: Where are the costs of travel for our “Membership Services Officers” (MSOs) and “Union reps”?

CONV18BUD **Q5**: If they incur costs as part of the incredible work they do to support members, it is in line 16 page 149.

CONV18BUD **Q6**: Are you looking at fleet vehicles for this proposed budget?

CONV18BUD **A6**: No.

CONV18BUD **Q7**: How do we increase or reduce our staff compliment.

CONV18BUD **A7**: The staff compliment is set by your provincial executive and given to your President and EST to then oversee the operation of your union.

CONV18BUD **Q8**: How much has our membership increased since 2020?

CONV18BUD **A8**: Please see table Z on page 136 of the finance committee report. The membership has grown from 93,300 in 2020 and the updated membership count on August 1, 2024 102,798. This is an increase of +9,498 members which is a 10.18% increase in membership.

The change from 2013 to August 1, 2024 is +20,994 members which is a 25.66% increase in membership over ~12 years.

### **CODE:** PRECONV24GEN

**These are questions on general and/or miscellaneous Finance topics submitted to EST Huseby prior to Convention 2024**

PRECONV24GEN **Q1:** Please can you provide us the AUPE management staff salary & benefits break downs.

PRECONV24GEN **A1:** A similar question on this topic was asked at convention 2023 and the answer is still the same. Each out-of-scope contract has different terms and conditions and are approved by your Executive Committee. Details on individual contracts are protected by legislation. AUPE has a fiduciary and legal obligation to follow the law when it comes to employee contracts. Delegates elect their EST to be their Chief Financial Officer (AUPE constitution Article 12.01). This comes with the responsibility of being an organizational leader on AUPE operations, finance, and accounting; being an integrator and navigator for the organization; and steward AUPE's resources on behalf of all members.

PRECONV24GEN **Q2:** How do we reduce the salaries of the AUPE Executive Committee?

PRECONV24GEN **A2:** Article 8.08 of your constitution states that "...[t]he remuneration and other benefits for elected Officers of the Union shall be formulated by the Provincial Executive and presented to Convention for ratification."

In summary, a motion to amend the policy on AUPE Executive salaries could be brought forth through your Provincial Executive representative. The Provincial Executive needs to debate whether to move forward with that recommendation. Any proposed changes approved by your Provincial Executive need to be brought to Convention to approve.

## CODE: CONV22GEN

**These are finance related questions that were asked during Convention 2022. The answers to these questions have been modified to the 2024 numbers.**

CONV22GEN **Q1**: How much did we spend on wages and benefits combined compared to dues?

CONV22GEN **A1**: Refer to page 121. Line 8C “wages \$ 28,318,113” and line 11C “benefits \$5,758,526” total \$ 34,076,639 which is 55.2% of dues (line 2C) for the past year.

If you include OT and pension (lines 9C and 10C) with wages and benefits, the total is \$39,837,358, which would be 64.6% of dues (line 2C).

### **CODE:** PRECON24R1-1

#### **Questions on Resolution 1-2 submitted prior to Convention.**

PRECON24R1-1 **Q1:** Are union dues 'tax deductible'?

PRECON24R1-1 **A1:** Yes, union dues are tax deductible. The amount of dues a member paid in a year is located in box 44 of your T4 slip issued by your Employer.

Something is 'tax-deductible' or 'a tax deduction' when it lowers your taxable income. The amount of taxable income you have determines how much tax you owe.

PRECON24R1-1 **Q2:** How many members did we have the last time union dues were increased?

PRECON24R1-1 **A2:** Approximately 36,000. And we did not have the right to strike.



### **CODE:** PRECON24R1-3

#### **Questions on Resolution 1-3 submitted prior to Convention 2024.**

PRECON24R1-3 **Q1:** How can we possibly have a convention every two years if the resolution before (1-2) calls for all elected officers to have 3-year terms?

PRECON24R1-3 **A1:** Resolution 1-3 is not linked or submitted in conjunction with 1-2. They were submitted by different components. Resolution 1-2 was sent in by Local 052 whereas 1-3 was submitted by your Provincial Executive. Should delegates pass resolution 1-2 (elected positions move to 3-year terms), then any resolution that contradicts this will need to be withdrawn, especially resolution 1-3 (biennial convention). The initial order of resolutions presented in the agenda was compiled by your Legislative Committee. I expect your Provincial Executive will discuss this potential situation at their pre-convention meeting on Oct 23, 2024.

# PART P

Questions on Resolution  
1-4 Ratio Change



**CODE:** PRECON24R1-4

**Questions on Resolution 1-4 submitted prior to Convention 2024.**

# PART Q

Questions on Resolution  
1-5 Ratio Change

**CODE:** PRECON24R1-5

**Questions on Resolution 1-5 submitted prior to Convention 2024.**

# PART R

Questions on Resolution  
1-6 Ratio Change

**CODE:** PRECON24R1-6

**Questions on Resolution 1-6 submitted prior to Convention 2024.**

# PART S

Questions on Resolution  
1-7 Ratio Change

**CODE:** PRECON24R1-7

**Questions on Resolution 1-7 submitted prior to Convention 2024.**

No questions dedicated to Part P, Q, R, and S have been submitted as of this moment.

### **CODE:** PRECON24R1-1

#### **Questions on Resolution 2-1 submitted prior to Convention 2024.**

PRECON24R2-1 **Q1:** Do Locals need to save money in case their members have to go on strike?

PRECON24R2-1 **A1:** No, Locals are not responsible for strike pay and benefit administration. This is a responsibility of your EST and HQ operations as there are tax implications for things classified as income.

PRECON24R2-1 **Q2:** What the intent of Resolution 2-1?

PRECON24R2-1 **A2:** The intent is to reduce new rebates by ~ 50%. Instead of putting excess rebate money in, Locals could use their reserves for a bit. For this year, 2-1 would help enable ~ \$3.5M of dues to be put in defence fund in the proposed budget.

Local spending was ~ \$6.3M last year and they have an average of 4.34 years' worth of reserves. With 2-1, delegates can put ~\$3.5M to work, instead of enhancing reserves and/or the budget deficit.

PRECON24R2-1 **Q3:** Why is an "end date" not included in resolution 2-1 on local rebates? end date for the 50% reduction in resolution 2-1.

PRECON24R2-1 **A3:** Your finance committee will come back to convention 2025 with new recommendations based on the financial picture and the direction set by convention 2024. General resolution 2-2 will ensure this.

If Locals only need to spend ~\$6.3M for their operations, there is little sense to keep adding to the reserves and deficit. But delegate decisions on the following year's approach should factor in the financial numbers and status as of the end of this fiscal year.

Table V on page 133 of your R&R book details the impact of this proposed change on the rebates for locals.

**Table V**  
**Local Finance Impacts: Financial Reserves + Forecast Rebates**  
**As of July 1, 2024**

	M	N	O	P
76	Range:	July 1, 2024	2024/25 Local Budget	If 2-1 Passed
77	0.0 to 1.0 Year			
78	1.0 to 1.49 Years*			
79	1.5 to 1.99 Years*	4		
80	2.0 to 2.99 Years	7	4	8
81	3.0 to 3.99 Years	15	7	12
82	4.0 to 4.99 Years	1	15	7
83	5.0 to 5.99 Years		1	
84	6.0 to 6.99 Years	1		1
85	7.0 to 7.99 Years	2	1	1
86	8.0 to 8.99 Years	1	2	1
87	9.0 to 10.99 Years*		1	1
88	11.0 to 11.99 Years	2		2
89	12.0 to 14.99 Years*		2	
90	15.0 to 15.99 Years	1		
91	16.0 to 16.99 Years		1	1
92		34 Locals	34 Locals	34 Locals
93	Financial Reserves	\$24,264,973	\$24,264,973	\$24,264,973
94	Rebates (Forecast)		\$6,716,000	\$3,358,000
95	<b>2024/25 Local Funds</b>		<b>\$30,980,973</b>	<b>\$27,622,973</b>

(\*) Change in Range

The decision to set the rebate amount belongs to convention. Remember that if 2-1 is passed, every Local will still have at least 2 years of funding for this year.

PRECON24R2-1 **Q4**: If 2-1 was passed, will Locals have to stop or slow their strategic plans?

PRECON24R2-1 **A4**: No. Locals need to continue to enhance their mobilization and engagement plans.

But they don't need \$31M for this fiscal year. The largest total spend was last year at ~ \$6.3M. Please refer to Table O on page 131 of the R&R book. Locals had ~ \$24.2M in reserves as of July 1, 2024 for this year, and this does not include the forecasted rebates.

<b>Table O</b>	
<b>Summary Financial Status - All Locals - as of July 1, 2024</b>	
Local Bank Accounts	\$12,453,873
Local Investments	<u>\$11,811,099</u>
Total Local Funds	\$24,264,973
Average Local Financial Reserve	\$713,676
Financial Reserve Range	\$97,157 - \$3,085,614
Average Years Worth of Financial Reserves	4.34 Years
Financial Reserve Range	1.54 - 15.88 Years
2023/24 Average Annual Rebate	\$199,126
2023/24 Annual Rebate Range	\$23,474 - \$575,451

PRECON24R2-1 **Q5**: “My local has less than a years’ worth of reserves, so we can’t support 2-1.”

PRECON24R2-1 **A5**: Unfortunately, that statement is not accurate. As of July 1,2024, all Locals started with 1.54 years – 15.88 years of reserves. This is an average of 4.34 years.

Should resolution 2-1 pass, every Local will have between 2.04 and 16.38 years of funding (reserves + rebates) for this year. If 2-1 does not pass, Locals will have between 2.54 and 16.88 years of funding for this year.

PRECON24R2-1 **Q6**: Will Locals have to pay back the rebates they received in July, August, September, and October (before convention) if resolution 2-1 is approved.

PRECON24R2-1 **A6**: If this resolution is passed in its current form, your EST and AUPE Accounting department will work so that rebates issued to the locals aligns with the amended policy by June 30, 2025.

In other words, there won’t be a cheque that is written by Locals to return overpayments due to the change in policy. Instead, rebates will continue to be issued in the following months but adjusted so to account for the overpayment earlier. Therefore, the final total of rebates issued to Locals will align with the amended policy by the end of the fiscal year (June 30, 2025).

PRECON24R2-1 **Q7**: If 2-1 passes in the current form (with a July 1,2024 effective date), does the reduction take effect immediately?

PRECON24R2-1 **A7**: No. While the resolution takes effect immediately, but there still needs to be policy change at PE. The resolution is for convention to direct PE to amend policy.

PRECON24R2-1 **Q8**: If 2-1 is passed, does that mean we don't need to raise dues by 0.25% (resolution 1-1)

PRECON24R2-1 **A8**: No. We still need to raise dues regardless of whether delegates direct PE to reside rebates by 50% (or even 100%).

Resolution 2-1 is not a single solution that makes members have enough income each year to regular cover that years expenses and strengthen their Defence Fund.

**Table AD:**  
10 Year Financial Forecast - Dues 1.25%  
Remove Annual Transfers to Defence Fund  
Contingency Savings

**Forecast Assumptions:**  
- Revenue: Average annual dues  
- Continue annual transfer to Def & K)  
- Conservative Inflation: Forecast  
- Investment income from reserves  
- Continue AUPE strategic plan for mobilization  
- Continued membership service  
- Continue member activism in th  
- 50% Local rebates for 2024/25  
- Available cash set aside for open

CATEGORY	Proposed 2024/2025 Budget	2025/26 Year 1	2026/27 Year 2
<b>A Revenue</b>	1.25%	1.25%	1.25%
<b>B Forecast Membership Dues (@ 1.25% base)</b>	63,036,000	64,297,000	65,583,000
<b>C Investment Income - Reserves</b>	-	-	-
<b>D Rental Income</b>	346,000	350,000	354,000
<b>E Interest and Other Income</b>	750,000	650,000	650,000
<b>F Forecast Operational Revenue</b>	<b>64,132,000</b>	<b>65,297,000</b>	<b>66,587,000</b>
<b>G Expenses</b>			
<b>H Forecast Operational Expenses</b>	<b>68,051,000</b>	<b>69,810,000</b>	<b>75,130,000</b>
<b>I Fund Transfers</b>			
<b>J Reserve - Contingency Fund</b>	-	-	-
<b>K Reserve - Defence Fund</b>	-	-	-
<b>L Forecast Reserve Fund Transfers</b>	-	-	-
<b>M Total Expenses &amp; Reserve Fund Transfers</b>	<b>68,051,000</b>	<b>69,810,000</b>	<b>75,130,000</b>
<b>N Revenue in Excess of Operational Expenses and Reserve Fund Transfers</b>	<b>(3,919,000)</b>	<b>(4,513,000)</b>	<b>(8,543,000)</b>

Please refer to the financial forecast (table AE) on page 141 of your R&R book.

This forecast assume that the delegates don't want to continue with the defence and contingency fund saving strategy and dues remain at 1.25% for the next `10 years.

The budget in row "N" has deficit of \$3.9M and \$4.5M for this year and "Year 1".

Without 2-1, that forecast deficit would increase by ~ \$3.5M for each of those two years.

As for Years 2-10 of forecast AE, the assumptions have rebates returned to 100% (hence the increase in deficit to \$8.5M).

**CODE:** PRECON24R2-2

**Questions on Resolution 1-6 submitted prior to Convention 2024.**

No questions dedicated to this topic have been submitted as of this moment.

## ACRONYMS

**AFS:** Audited Financial Statements

**EST:** Executive Secretary-Treasurer

**HQ:** AUPE Headquarters

**PE:** Provincial Executive

**R&R:** Reports and Resolutions book





**THANKS FOR READING! ANY QUESTIONS?**

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