



FINANCE FAQ

This report is a compilation of answers to questions submitted by members to your Executive Secretary-Treasurer on AUPE Finances. These include, any questions members have about their AUPE finances including (but not limited to): AUPE's audited financial statements, the Finance Committee Report, the proposed budget, general and constitutional resolutions.

This document will be updated regularly as questions come in. Please email your questions to j.huseby@aupe.org

Audited Financial Statement Questions

September 19, 2024

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.

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
	\$ 91,236,595	\$ 84,513,989



Resolutions Questions: General Resolution 2-1 (Rebate Change)

Q2: Do Locals need to save money in case their members have to go on strike?

A2: 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.

Rebates are issued for local councils to engage and mobilize AUPE members assigned to their local and chapters. There was ~ \$24.2M in reserves being held by Locals as of July 1, 2024.

Q3: What the intent of Resolution 2-1?

A3: 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.

Q4: Why is an “end date” not included in resolution 2-1 on reducing Local rebates?

A4: 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
	Range:	July 1, 2024	2024/25 Local Budget	If 2-1 Passed
76				
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	2024/25 Local Funds		\$30,980,973	\$27,622,973

(*) 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.

Q5: If 2-1 was passed, will Locals have to stop or slow their strategic plans?

A5: 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.

Table O	
Summary Financial Status - All Locals - as of July 1, 2024	
Local Bank Accounts	\$12,453,873
Local Investments	\$11,811,099
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

Q6: "My Local has less than a years' worth of reserves, so we can't support 2-1."

A6: Unfortunately, that statement is not accurate. As of July 1, 2024, all Locals started with 1.54 years – 15.88 years of reserves. The average number is 4.34 years of reserves.

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.

Q7: Will Locals have to pay back the rebates they received in July, August, September, and October (before convention) if resolution 2-1 is approved?

A7: If this resolution is passed in its current form, your EST and AUPE Accounting department will work so that the rebates issued to the Locals align with the amended policy by June 30, 2025.

In other words, Locals will not have to write a cheque for the overpayments due to the change in policy, instead rebates will continue to be issued in the following months but adjusted to account for the earlier overpayments



Q8: If 2-1 passes in the current form (with a July 1,2024 effective date), does the reduction take effect immediately?

A8: 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.

The next PE meeting is in December 2024. Your PE, Finance committee and EST will comply with whatever direction delegates set and would bring forth the changes to that meeting. In other words, the first month rebates would likely be scaled back would likely be December 2025.

Q9: If 2-1 is passed, does that mean we don't need to raise dues by 0.25% (resolution 1-1)

A9: No. We still need to raise dues regardless of whether delegates direct PE to reduce rebates by 50% (or even 100%).

Resolution 2-1 is not a solution that enables enough income each year to cover to cover that years regular 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 reserve
- Continue AUPE strategic plan mobilization
- Continued membership service
- Continue member activism in the
- 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
A Revenue	1.25%	1.25%	1.25%
B Forecast Membership Dues (9 1.25% base)	61,056,000	64,237,000	66,565,000
C Investment Income - Reserve			
D Rental Income	346,000	350,000	354,000
E Interest and Other Income	750,000	650,000	650,000
F Forecast operational revenues	64,152,000	64,937,000	67,569,000
G Expenses			
H Forecast Operational Expenses	68,061,000	69,810,000	71,130,000
I Fund-Transfers			
J Revenue - Contingency Fund	-	-	-
K Revenue - Defence Fund	-	-	-
L Forecast Revenue Fund-Transfers	-	-	-
M Total Expenses & Revenue Fund-Transfers	68,061,000	69,810,000	71,130,000
N Revenue in Excess of Operational Expenses and Revenue Fund-Transfers	(5,909,000)	(4,873,000)	(3,561,000)

Please refer to the financial forecast (table AD) 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 in forecast AD, the assumption has rebates returning to 100% (hence the increase in deficit to \$8.5M).

Acronyms:

EST: Executive Secretary-Treasurer

HQ: AUPE Headquarters

PE: Provincial Executive

R&R: Reports and Resolutions book