

**2017-2020
FINANCIAL
STATEMENTS**

2017-2020 REPORT
FROM THE FINANCIAL
SURVEILLANCE COMMITTEE

**TOGETHER
FOR EACH OTHER**



**66th CSN Convention
VIRTUAL | 2021**



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Treasurer's Remarks

Brothers and sisters,

The time has come to share the results of this past financial period with you. The CSN Convention, composed of its many unions, is our highest authority and has the responsibility of approving the financial statements for each financial period as it ends. Likewise, it will be up to all of you, the delegates at this convention, to approve the proposed budget for the new financial period, which began on March 1, 2020.

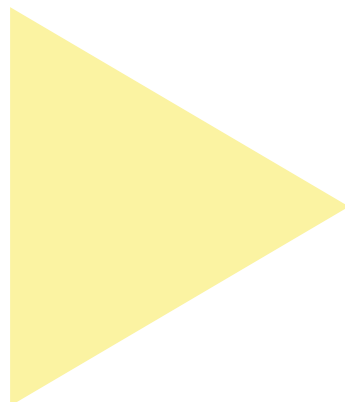
Our choice for transparency is part of our history. It is a choice in favour of democracy and accountability for the ways in which the union dues paid by our members are used. It is a distinctive characteristic of the trade unionism practiced at the CSN.

It is widely acknowledged, even by the most critical anti-union politicians and commentators, that the CSN's financial transparency is without equal.

The choice to be transparent is not without risks: anyone can see the CSN's financial situation and comment on it. So be it!

We still believe we're making the right choice, because members of the movement need the best information to make the best decisions. We believe this is the right choice because it has always served the best interests of the members composing the CSN's unions. Indeed, our decision to be transparent has always served the best interests of the movement as a whole.

Before examining the results for the last financial period, I would like to offer a brief review the CSN's financial structure and a few of the budget decisions made at the last Convention.



The CSN's Financial Structure

The CSN's Constitution and By-Laws set the *per capita* dues paid to the CSN at 0.72% of total gross pay. The *per capita* dues collected are distributed among three separate funds: the operating budget receives 0.47%, the Professional Defence Fund receives 0.225% and the Special Support Fund receives 0.025%.

The operating budget pays for the CSN departments and services that support the Confederation's unions, federations and central councils. These departments and services include unionization, research, status of women, support for bargaining, occupational health and safety, environment, communications, support for mobilization, regional activities, legal services, administration, and human resources and training. These departments and services let the CSN work effectively to defend the working conditions of individual members at its affiliated unions and to advance their social and political demands.

The operating budget also contributes to supporting the organization of various meetings, such as those of the Confederal Bureau, the Confederal Council and the current Convention, helping the CSN to maintain its vigorous democratic life.

The Professional Defence Fund (PDF) (Fonds de défense professionnelle) covers expenses in support of union struggles, such as special mobilizations, strike benefits, allowances to unions during labour disputes, and legal expenses related to union struggles.

The PDF also covers expenses in support of collective bargaining, such as financial support for consolidated or coordinated bargaining in the private sector. In the public sector, the entire operating budget of the Comité de coordination des secteurs public et parapublic (CCSPP, or Coordinating Committee for Public and Parapublic Sectors) is paid out of the Professional Defence Fund. This fund also covers equalization payments to federations and central councils. Lastly, the Professional Defence Fund pays for expenses made in support of our demands, such as those related to confederal campaigns, regional campaigns conducted by central councils, and sectoral campaigns conducted by federations.

The third fund, the Special Support Fund (SSF – Fonds de soutien extraordinaire), is essentially used to replenish the first two funds when necessary, as determined by the Confederal Council. A militant labour organization like ours must be able to take action under ever-evolving conditions. The Special Support Fund gives the movement the ability to adapt to these changing conditions, playing a crucial role in the CSN's financial structure.

As will be shown later on, the Special Support Fund was extremely important over the past financial period.

2017-2020 Budget Decisions

At the last Convention, revenue projections for 2017-2020 were made based on the estimate that, on average, we would have 261,696 due-paying members every month and that the monthly average of *per capita* dues would be \$25.65 for each dues-paying member.

On the basis of these figures, we estimated that our *per capita* revenue for 2017-2020 would be \$241,571,878. This would have been \$7,000,763 less than the actual figure for 2014-2017 and \$11,323,258 less than projected in the budget that was approved at the 2014 Convention.

	2014-2017 BUDGET	2014-2017 ACTUAL	2017-2020 BUDGET
AVERAGE NUMBER OF DUES-PAYING MEMBERS	291,711	284,790	261,696
AVERAGE RATE	\$24.08	\$24.25	\$ 25.65
PER CAPITA REVENUE	\$252,895,136	\$248,572,641	\$241,571,878

Sisters and brothers, you can easily understand that such a large drop in the CSN's income, combined with the natural growth of our costs, forced us to make difficult choices to reduce our spending. Delegates at the last Convention debated the proposed 2017-2020 budget at length and, before approving it, had to make choices that they hoped would be best for the movement—not only in the short term, but over the medium and long term as well. With the benefit of hindsight, we can now say that, without the tough decisions made at that last Convention, our operating budget today would be stripped bare.

The 2017-2020 budget was based on certain fundamental decisions intended to minimize impacts on the CSN's unions while allowing it to continue practicing the kind of militant, socially engaged trade unionism that defines it.

The first of these fundamental choices was obvious. Despite the decline in our revenue, we gradually raised the amount for strike benefits, from \$255 at the end of 2014-2017 to \$275 as of March 1, 2019.

In so doing, the CSN delivered a clear message to the workers united in its affiliated unions: that they would be able to fight all necessary battles to improve their working conditions whenever they made the democratic decision to do so. As will be seen later on at this Convention, the CSN plans to go even further in this regard.

Our second fundamental choice was to maintain all of the steps taken to work on the delivery of services to the CSN's unions, incorporating them into the 2017-2020 budget. Thus, despite a difficult financial situation, we maintained our new policy on support for dismissal arbitrations. We also maintained improvements to our policies for providing financial support to help unions participate in CSN conventions, for helping new unions to negotiate their first collective agreements, and for providing financial support to participate in mobilization training sessions. Lastly, we maintained our policies for supporting consolidated and coordinated bargaining for our private-sector unions and for reviewing and assessing collective bargaining rounds.

Our third fundamental choice was to maintain the amount of equalization transfers to CSN federations at the same level as the last year of 2014-2017 for each of the three years in the 2017-2020 period. Although our rules state that a drop in income should lead to a reduction in equalization transfers to the federations, maintaining them at the same level allowed us to protect the federations and the services they provide to their unions from the effects of declining membership.

For the central councils, in addition to maintaining equalization transfers for each of the three years in the 2017-2020 period at the same level as the last year of 2014-2017, we added \$150,000 for 2017-2020 as a whole. This additional support was provided to help central councils continue to effectively represent the CSN members within their respective territories.

Overall, the CSN transferred \$1.7 million more in equalization payments to the federations and central councils than we would have, had we followed CSN rules to the letter. We still think that this was the right choice.

Once these fundamental choices had been made, we absolutely had to reduce our other expenses. We therefore significantly reduced the budget for international action, as well as reducing the budgets for institutional visibility, for our regular publications, and for travel and living expenses, both for CSN leadership and for each CSN department. We also reduced the budgets for confederal committees and working groups. In order to help reduce expenses, confederal council meetings were shortened from three days to two.

We asked the Legal Services Department to do everything in its power to reduce spending on professional fees for outside services.

For the CSN Professional Defence Fund, we considerably reduced the amounts allocated for confederal campaigns and, to a lesser extent, sectoral and regional campaigns. Lastly, having noted that the number of strike-benefit recipients had been well below the budgeted amounts for several years, we adjusted our projections downward without, of course, letting that affect our commitment to affiliated unions and their members. The CSN will pay strike benefits as long as there are workers who need this indispensable tool to improve their working conditions. The CSN will continue to pay benefits to workers who are locked out or who are dismissed for union activities for as long as there are reprehensible employers who fire them or take other

reprisals against them. Despite all of the circumstances and cost-reduction efforts described above, our reduced revenue still forced us to eliminate some positions and redeploy some of our human resources.

Even after taking all of these decisions, the approved budget still included a \$6,412,254 deficit for the CSN's three funds. Projected deficits of \$6,516,155 for the operating budget and \$8,309,543 for the Professional Defence Fund were partly offset by \$8,413,444 in projected revenues for the Special Support Fund, helping to reduce the overall deficit.

Before moving on to present highlights from the 2017-2020 period, I want to remind you that this period ended on February 29, 2020, just before the COVID-19 crisis began. Our review of the financial statements from the period that has just ended will help us to make the best decisions possible for our future later in this convention. But we will have to keep in mind that we have been dealing with the effects of COVID-19, including revenue losses for the CSN, since the start of the 2020-2023 financial period. We will come back to look at this issue in greater depth during the 2020-2023 budget presentation.

Combined Financial Statements

The combined financial statements show the combined totals of financial statements for the CSN's three funds: the operating budget, the Professional Defence Fund (PDF) and the Special Support Fund (SSF).

For the 2017-2020 financial period, the monthly average of dues-paying members was 261,544. The projected monthly average at the last convention was 261,696 dues-paying members.

The average monthly dues were \$26.07 per dues-paying member, compared to the projected average of \$25.65 during the last convention.

	BUDGET	ACTUAL
AVERAGE NUMBER OF DUES-PAYING MEMBERS	261,696	261,544
AVERAGE MONTHLY DUES	\$25.65	\$26.07

The CSN's total revenue (*per capita* and interest) for the past three years was \$248,635,397, or \$4,663,519 more than forecast in the 2017-2020 budget. However, we should note that this was still \$2,978,797 less than the actual total revenue for 2014-2017.

	ACTUAL 2014-2017	BUDGET 2017-2020	ACTUAL 2017-2020
TOTAL CSN REVENUE	\$251,614,194	\$243,971,878	\$248,635,397

Expenses totalled \$223,059,849. As such, revenues exceeded expenses by \$25,575,548.

REVENUE	\$248,635,397
EXPENSES	\$223,059,849
SURPLUS OF REVENUE OVER EXPENSES	\$25,575,548

As we shall see shortly, almost all of this surplus came from the Professional Defence Fund, mainly because the average weekly number of strike and lockout benefit recipients was much lower than budgeted. We had planned to pay 475 recipients per week. Instead, we only had to pay 93.

Operating budget

In the CSN's operating budget, revenue before the transfer from the Special Support Fund (SSF) was \$163,934,902.

Expenses totalled \$165,401,956, resulting in a deficit of \$1,467,054 before the transfer from the SSF.

Operating Budget

REVENUE BEFORE TRANSFER FROM THE SSF		
PER CAPITA	\$163,449,483	\$163,934,902
INTEREST	\$485,419	
EXPENSES		\$165,401,956
DEFICIT BEFORE TRANSFER FROM THE SSF		\$1,467,054

As decided by the confederal council, \$8.8 million was transferred from the SSF to the operating budget during the 2017-2020 period. As a result of this transfer, the operating budget had a surplus of \$7,332,946 for this period.

Distressingly, despite this \$8.8 million transfer from the SSF, the operating cash balance fell by \$6,755,519 (from \$21,643,695 as of February 28, 2017, to \$14,888,176 as of February 29, 2020).

Operating Cash Balance

FEBRUARY 28, 2017	\$21,643,695
FEBRUARY 29, 2020	\$14,888,176
DECREASE	\$6,755,519

While an operating cash balance of \$14,888,176 might make it seem that the operating budget is in good health, we have to consider the CSN's financial commitments. For example, it has commitments to maintain an insurance plan

for its employees once they retire. This represents a total commitment of \$11,014,900 for employees who retired before December 31, 2009. In the coming years, these amounts will be drawn directly from our operating cash balance. As such, we need to ensure we have sufficient cash on hand to meet this commitment.

If we subtract this commitment from the operating cash balance on February 29, 2020, we are left with only \$3,873,276, representing slightly more than two weeks of the CSN's *per capita* revenue. That is very little money. This gives a more accurate picture of the financial situation of the operating budget.

Later at this convention, during the budget presentation, I will go into more detail on changes to the operating cash balance.

Professional Defence Fund

For the Professional Defence Fund, *per capita* revenue was \$72,765,412. Interest revenue was \$3,558,178, for a total revenue of \$76,323,590.

Expenses totalled \$57,657,893, for a surplus of \$18,665,697.

Professional Defence Fund

REVENUS		
PER CAPITA	\$72,765,412	\$76,323,590
INTEREST	\$3,558,178	
EXPENSES		
SUPPORT FOR STRUGGLES	\$20,636,671	\$57,657,893
SUPPORT FOR COLLECTIVE BARGAINING	\$34,130,498	
SUPPORT FOR DEMANDS	\$2,890,724	
SURPLUS OF REVENUES OVER EXPENSES		\$18,665,697

The average weekly number of strike and lockout benefit recipients during the 2017-2020 period was 93, down from 165 during the 2014-2017 period. These kinds of fluctuations are not unusual in the history of the Professional Defence Fund. For example, during the 2002-2005 period, we had a weekly average of 607 strike and lockout benefit recipients, the highest since the late 1980s. During the following period, 2005-2008, this number fell to 140.

Looking at changes over time in the benefits paid to members who were on strike or locked out (1988-2020), we see significant fluctuations in the number of recipients and, as a result, in the total amount of benefits paid from one three-year period to the next.

Changes in Strike and Lockout Benefit Payments

	Number of Recipients	Total Benefits Paid
1988-1990	704	\$7,185,212
1990-1992	454	\$5,138,033
1992-1994	420	\$5,691,832
1994-1996	481	\$7,335,575
1996-1999	464	\$11,557,460
1999-2002	299	\$7,532,210
2002-2005	607	\$18,840,497
2005-2008	140	\$4,382,431
2008-2011	494	\$15,670,730
2011-2014	263	\$9,739,920
2014-2017	165	\$6,426,235
2017-2020	93	\$3,319,677

Despite these fluctuations, the overall trend has been downward. In the 1990s—from March 1, 1990, to February 28, 1999—we paid an average of 454 strike and lockout benefit recipients per week, with very little change in that number from year to year. From March 1, 1999, to February 28, 2011, the fluctuations were larger, with the average weekly number of strike and lockout benefit recipients decreasing slightly for this period, to 385. Lastly, we have seen a continuous reduction in the number of recipients from March 1, 2011, to February 29, 2020: the average number for this entire period was 174 per week.

	Weekly Average Number of Strike and Lockout Benefit Recipients
1990-1999 ¹	454
1999-2011	385
2011-2020	174

To end this discussion of the Professional Defence Fund, we will underscore that, as of February 29, 2020, its net assets totalled \$74,464,805, with \$41,250,000 of that amount allocated to the reserve of 150,000 accumulated benefits. Consequently, there is an unallocated amount of \$33,214,805, in other words, a surplus in the accumulated benefits reserve.

Net Assets	\$74,464,805
Accumulated Benefits in the Reserve Fund	\$41,250,000
Unrestricted	\$33,214,805

As can be seen, the financial situation of the Professional Defence Fund is very good indeed.

1. Every period in this table starts on March 1 of the first year shown and ends on the last day of February of the second year shown.

The delegates at the last Convention mandated us to review the rules governing the Professional Defence Fund. We have now done so and will present the results of our work over the course of this Convention. As you will see, the CSN would like to enhance this wonderful tool for solidarity so that we can continue to strengthen the support it provides to workers who choose to fight to improve their working conditions.

Special Support Fund

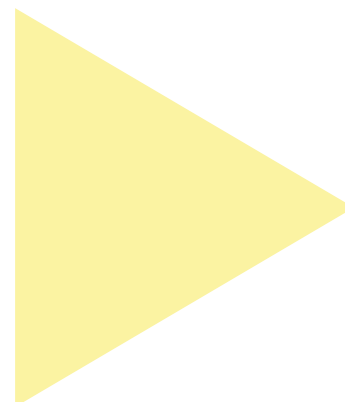
The Special Support Fund's *per capita* revenue was \$8,270,659 and its interest revenue was \$106,246, for a total revenue of \$8,376,905.

Expenses consisted of \$8.8 million in transfers to the operating budget, authorized by the delegates to the Confederal Council and resulting in a \$423,095 deficit.

Consequently, the net assets of the Special Support Fund now stand at \$2,184,585, compared with \$23,465,121 on February 28, 2011, \$17,759,379 on February 28, 2014, and \$2,607,680 on February 28, 2017.

	Net Assets of the Special Support Fund
February 28, 2011	\$23,465,121
February 28, 2014	\$17,759,379
February 28, 2017	\$2,607,680
February 29, 2020	\$2,184,585

During the past three years, contributions from the Special Support Fund have been invaluable. Without it, the operating budget would have been cleaned out, significantly affecting the support that the CSN can provide to its affiliated unions.



Conclusion

Brothers and sisters,

The unions affiliated with the CSN have made the decision to pool their resources in order to sustain services and tools that support their actions on all fronts and at every level – local, regional, federal and confederal.

The CSN's 2017-2020 budget was developed under unprecedented, tremendously difficult circumstances. We had received the final results of the union-affiliation votes in the health and social services sector just a few weeks before the 65th Convention opened. For the first time in decades, we had to develop a budget based on projected revenues that were lower than those from the preceding financial period. This regrettable situation forced us to make a number of choices, some of which were particularly painful.

Nevertheless, using the *per capita* dues paid by its affiliated unions, the CSN has been able to carry out the mandates entrusted to it by the 65th Convention and support its affiliated organizations. Over the past three years, the CSN's funds have been used to provide real support for the services and actions of all of its component organizations.

While the CSN has accomplished a great deal, there is much that remains to be done. We need to organize our resources to support our actions in the short, medium and long term. Only in this way can the workers who belong to CSN unions improve their working conditions. Only in this way can we hope, someday, to live in a society that embraces the values that our movement defends.

LONG LIVE THE CSN!



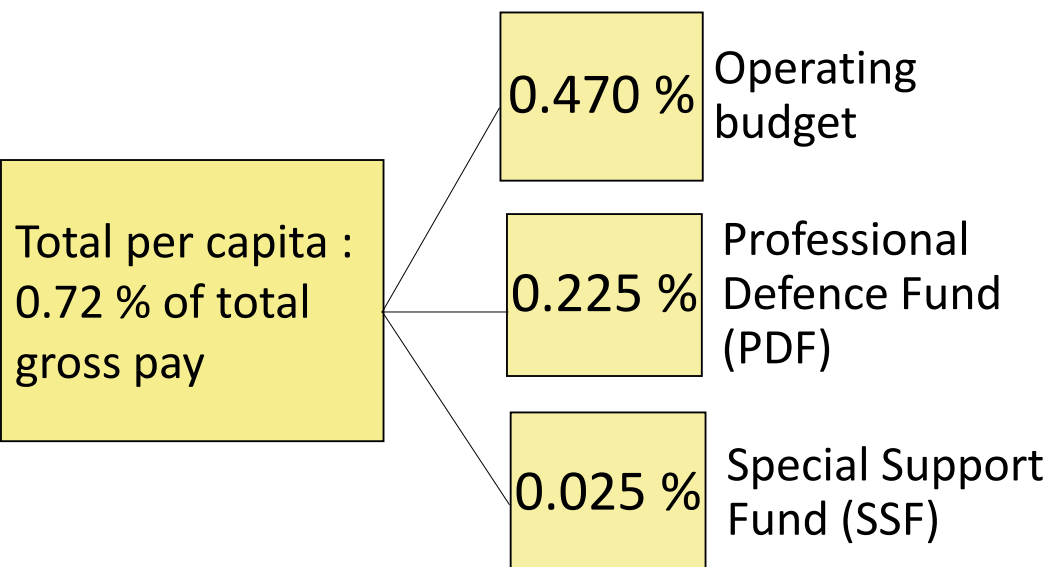
Pierre Patry
Treasurer of the CSN

2017-2020 Financial Statements

66th CSN Convention
January 2021



The CSN's financial structure



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The CSN's financial structure

- The operating budget pays for :
 - CSN services in support of unions, federations and central councils
 - Union organizing, research and status of women, support for bargaining, health and safety & environment, communications, mobilization support and regional activities, legal services, administration, human resources and educationn

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The CSN's financial structure

- The operating budget pays for :
 - Defence of working conditions
 - Advancement of our demands
 - Decision-making bodies and democratic life

4



The CSN's financial structure

- The Professional Defence Fund covers expenses related to our union struggles :
 - Mobilization
 - Disputes (strike benefits, strike allowances and legal expenses)

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The CSN's financial structure

- The Professional Defence Fund also covers support for :
 - Co-ordinated or combined bargaining in the private sector
 - The co-ordinating committee for the public and parapublic sectors (CCSPP)
 - Equalization payments to federations and central councils
 - Confederal, sectoral and regional campaigns

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The CSN's financial structure

- The Special Support Fund :
 - Replenishes the operating budget or the Professional Defence Fund as needed and as decided by the Confederal Council
 - Plays a critical role in maintaining the movement's ability to adapt

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2017-2020 budget choices

	Budget 2014-2017	Actual 2014-2017	Budget 2017-2020
Average number of dues-paying members	291,711	284,790	261,696
Average rate	\$24.08	\$24.25	\$25.65
Per capita revenue	\$252,895,136	\$248,572,641	\$241,571,878

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Fundamental choices

- The decrease in per capita revenue and the natural growth in our costs have forced the CSN to make choices to reduce its spending levels
- Without those choices, our operating budget today would be stripped bare

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Fundamental choices

- Aim of the choices made :
 - Try to minimize the impacts of lower member numbers on affiliates (unions, federations and central councils)
 - Give ourselves the means to continue practising the kind of unionism that characterizes the CSN

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Fundamental choices

- Gradual increase in strike, lockout and dismissal for union work benefits from \$255 to \$275 as of March 1, 2019

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Fundamental choices

- Continuation of all direct support measures for unions
 - Arbitration in cases of dismissal
 - Participation in CSN conventions
 - Negotiation of a first collective agreement
 - Mobilization training sessions
 - Consolidated and co-ordinated bargaining
 - Review and assessment of collective bargaining

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Fundamental choices

- Continued equalization transfers to the federations and central councils, which thus received nearly \$1.7 million more than stipulated by the equalization rules, despite the decrease in per capita revenue

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Fundamental choices

- Once these fundamental choices were made, we had to look at other budget items to reduce our expenses

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2017-2020 budget choices

- In the operating budget, we reduced the amounts allocated for :
 - International action
 - Institutional visibility
 - Our regular publications

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2017-2020 budget choices

- In the operating budget, we reduced the amounts allocated for :
 - Travel and living expenses
 - Confederal committees and working groups
 - Confederal council meetings
 - Professional fees for outside legal services

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2017-2020 budget choices

- At the Professional Defence Fund, we reduced :
 - Amounts allocated for confederal, sectoral and regional campaigns

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2017-2020 budget choices

- Despite our cost-reduction efforts, we have been forced to eliminate positions and redeploy resources
- Even after taking those actions, our proposed budget for 2017-2020 showed a deficit of \$6,412,254
- This financial period ended February 29, 2020, just before the COVID-19 crisis struck
- Since the start of the 2020-2023 period, the CSN has lost revenue

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2017-2020 budget choices

- At the Professional Defence Fund, we made downward adjustments :
 - Provision for weekly average strike benefits (550 to 475) to bring them closer to the trend observed
 - Continued PDF commitments to CSN union members

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Highlights Combined financial statements

	Budget	Réel
Average number of dues-paying members	261,696	261,544
Average rate	\$25.65	\$26.07

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Highlights Combined financial statements

	Actual 2014-2017	Budget 2017-2020	Actual 2017-2020
Total CSN revenue	\$251,614,194	\$243,971,878	\$248,635,397

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Highlights Combined financial statements

Revenue	\$248,635,397
Expenses	\$223,059,849
Surplus of revenue over expenses	\$25,575,548

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Highlights

Combined financial statements

- Almost all of the surplus came from the Professional Defence Fund
- Average weekly number of strike and lockout benefit recipients was 93
- We had budgeted for a weekly average of 475 recipients

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Highlights

Operating budget

Revenue before transfer from the SSF		
<i>Per capita</i>	\$163,449,483	\$163,934,902
Interest	\$485,419	
Expenses		\$165,401,956
Deficit before transfer from the SSF		\$1,467,054

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Highlights

Operating budget

- Transfer of \$8.8 million from the SSF to the operating budget
- As a result of the transfer, we had a surplus of \$7,332,946 in the operating budget for this period

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Highlights

Operating budget

Operating cash balance	
February 28, 2017	\$21,643,695
February 29, 2020	\$14,888,176

- The operating cash balance fell by \$6,755,519 despite the \$8.8 million transfer from the SSF

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Highlights

Operating budget

- The CSN has commitments to maintain an insurance plan for its employees once they retire
- For employees who retired before December 31, 2009, this commitment represents a total of \$11,014,900
- If we subtract this commitment, we are left with only \$3,873,276
- This represent just two weeks of CSN's revenue from per capitas, which is very little

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Highlights

Professional Defence Fund

Revenue		\$76,323,590
Per capitas	\$72,765,412	
Interest	\$3,558,178	
Expenses		57 657 893 \$
Support for struggles	\$20,636,671	
Support for bargaining	\$34,130,498	
Support for demands	\$2,890,724	
Surplus of revenue over expenses		\$18,665,697

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Highlights

Professional Defence Fund

Number of strike and lockout benefit recipients

2014-2017 period	165
2017-2020 period	93

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Highlights

Professional Defence Fund

Changes in strike and lockout benefit payments

	Number of recipients	Total benefits paid
1988-1990	704	\$7,185,212
1990-1992	454	\$5,138,033
1992-1994	420	\$5,691,832
1994-1996	481	\$7,335,575
1996-1999	464	\$11,557,460
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2008-2011	494	\$15,670,730
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2014-2017	165	\$6,426,235
2017-2020	93	\$3,319,677

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Highlights Professional Defence Fund

Weekly average number of strike
and lockout benefit recipients

1990-1999	454
1999-2011	385
2011-2020	174

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Highlights Professional Defence Fund

Net assets	\$74,464,805
Accumulated benefits reserve fund	\$41,250,000
Unrestricted	\$33,214,805

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Highlights Special Support Fund

Revenue		\$8,376,905
Per capita	\$8,270,659	
Interest	\$106,246	
Expenses		
Transfer to the operating budget		\$8,800,000
Deficit		\$423,095

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Highlights Special Support Fund

Net assets	
February 28, 2011	\$23,465,121
February 28, 2014	\$17,759,379
February 28, 2017	\$2,607,680
February 29, 2020	\$2,184,585

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2017-2020 Report From the Surveillance Committee

Financial period ending February 29, 2020

Under Article 60 of the CSN's Constitution and By-laws, the Surveillance Committee is composed of three members elected by delegates at the Convention, who referred this election to the Confederal Council following the Convention.

For the 2017-2020 period, the Committee was initially made up of Guy Gingras, Michel Tétreault and Denis Beaudin. Following the retirement of Guy Gingras in September 2019, Pauline Bélanger joined the committee. The members of the Surveillance Committee would like to thank Guy Gingras for his eight years of service to the Committee.

The Surveillance Committee fulfilled all of its duties and focused on its responsibility to offer sage counsel to the decision-making bodies regarding major budget issues.

The committee's duties are to:

examine any special expense not provided for in the budget;

examine the treasurer's semi-annual reports;

oversee administration of the Professional Defence Fund and application of the by-laws;

be represented by one of its members at all sessions of the CSN's Confederal Bureau, Confederal Council and Convention; the entire Surveillance Committee attends debates on the financial statements;

make any recommendations it deems useful to the Executive Committee and the Confederal Bureau;

inform the Confederal Council of any transfer of funds recommended by the Executive Committee or Confederal Bureau.

During its 2017-2020 mandate, the Surveillance Committee issued three recommendations to transfer funds from the Special Support Fund to the operating budget.

In the context of its work, the committee met several times with the CSN's treasurer, controller and accountant. We are satisfied with the explanations given concerning the significant variances observed between the budget and actual spending, and we thank each of them for their invaluable co-operation. We also want to thank the office employees for their generous contributions to the completion of our mandate.

For the 2017-2020 period, the average monthly number of dues-paying members was 261,544, a shortfall of 152 members as compared to the initial projection of 261,696.

The average rate of dues was higher than projected: \$26.07 instead of \$25.65.

Combined Results

At the end of the 36-month financial period ending February 29, 2020, the CSN's total revenue was \$248,635,397, with \$244,485,554 coming from *per capita* dues and \$4,149,843 from interest.

Expenses totalled \$223,059,849, which is \$27,324,283 less than projected in the adopted budget. The financial period ended with a surplus of \$25,575,548, compared to a projected deficit

Assets

Net assets increased from \$93,130,127 on February 28, 2017, to \$121,234,675 on February 29, 2020. The favourable variance is primarily due to the surplus of \$18,665,697 reported by the Professional Defence Fund for the 36-month period.

Operating Budget

Revenue for the operating budget was \$172,734,902, up from the budget projection of \$161,086,871. It's important to mention that during this period, \$8,800,000 was transferred from the Special Support Fund to the operating budget. A first transfer of \$4,000,000 was made in June 2018, followed by a second of \$3,000,000 in June 2019 and a third of \$1,800,000 in December 2019.

Expenses totalled \$165,401,956, which was \$2,201,070 lower than the adopted projection of \$167,603,026. The 2017-2020 financial period therefore ends with a surplus of revenue over expenses of \$7,332,946. However, had it not been for the \$8,800,000 transfer, there would have been a \$1,467,054 deficit.

The operating cash balance decreased from \$21,643,695 on February 28, 2017, to \$14,888,176 on February 29, 2020. This is a \$6,755,519 decrease in the cash balance over the past 36 months, despite the \$8,800,000 transfer. As such, we must note that the situation with the operating budget is fragile. The Committee will closely monitor the situation over its next term.

Leadership (page 22)

Legal Services (page 45)

The variance in the *Rent* item for legal services is explained by penalties for cancelling the lease at 2100 De Maisonneuve.

Convention

Expenses for the June 2017 convention totalled \$1,901,375, compared with the projected budget of \$3,000,000. This represents \$1,098,625 in savings. A focus on cost reductions by the entire convention team and the fact that a great deal of work was completed within our organization (including all of the visuals) made these results possible.

Union Organizing (page 23)

There was a budget overrun of \$455,513 in *Salaries and Benefits*, attributable to the public sector raiding period (2017) and union exploration outside Quebec.

Labour Relations (page 24)

Operating Expenses

The *Education* item indicates revenue of \$57,322, compared with a budgeted expense of \$700,000. This positive variance was attributable to the repayment of Commission des normes, de l'équité, de la santé et de la sécurité du travail (CNESST) subsidies.

Rent

The variance in *Rent* is explained by penalties for cancelling the lease at 2100 De Maisonneuve.

Administration (page 27)

Finances (page 57)

A budget overrun of \$336,982 was recorded in *Professional fees*, attributable to a variety of computer projects, such as improvements to reimbursements for affiliated organizations (Optipayable) and the replacement of Comtab with Syndex (union records, *per capita* management and accounting software for federations and central councils), including integration of a union organizing component.

Computer Services (page 58)

We welcome the introduction of the videoconferencing project in the regions, which has already been highly useful.

Montréal Building (page 59)

A negative variance in the *Montréal Building Depreciation* item of \$3,493,052 is due to new accounting methods for the calculation of depreciation.

A new account was created (*Non-recurring expenses - federation rent*). For this account, \$602,766 was added as a result of agreements entered into between the CSN and the federations that had leases in spaces other than 1601 De Lorimier (i.e., 1600 De Lorimier and 2100 De Maisonneuve). When the federations moved into the new premises at 1601 De Lorimier, the CSN took over their leases to keep the federations from having to pay twice. The CSN subsequently negotiated agreements to terminate those organizations' leases.

Professional Defence Fund

At the end of this 36-month period, the Professional Defence Fund had a surplus of revenue over expenses of \$18,665,697—a positive variance of \$26,975,240 from the adopted budget. This surplus was due to the reduced number of strike benefits paid and negative variances in the items identified below. For 2017-2020, an average of 93 weekly benefits were paid, instead of the 475 that were budgeted.

Support for Bargaining (page 29)

Consolidated and Local Bargaining (page 34)

The *Consolidated and local bargaining* item presents a negative variance of \$5,942,619. Note that this budget item can vary based on when bargaining starts for both the private and public sectors. Additionally, costs vary in the private sector depending on the number of unions included in consolidated bargaining.

Operating Expenses (page 34)

For the public sector, there is a negative variance of \$2,214,629, and for the private sector, the negative variance was \$1,500,196.

Support for our Demands (page 29)

Confederal Campaigns (page 68)

We note that some campaigns did not incur significant costs, including the following:

La Planète s'invite au travail –

\$116,735 of the \$527,000 budget;

Prescription Drug Insurance –

\$28,937 of the \$145,000 budget;

Manifesto, Clear Vision, Sharp Focus –

\$67,157 of the \$486,500 budget;

In addition, some campaigns were postponed, including the CSN's 100th anniversary and the campaign related to the *Occupational Health and Safety Act* and the *Act respecting industrial accidents and occupational diseases*.

Assets

Net assets increased from \$55,799,108 on February 28, 2017, to \$74,464,805 on February 29, 2020.

Special Support Fund

During this period, the Special Support Fund posted revenue of \$8,376,905. The fund was used for three transfers totalling \$8,800,000.

Assets

The fund had \$2,184,585 in net assets on February 29, 2020, compared to \$2,607,680 on February 28, 2017.

Recommendation

The Surveillance Committee recommends that the 66th CSN Convention approve the financial statements for the operating budget, the Professional Defence Fund and the Special Support Fund, as well as the combined results, for the 36-month period ending February 29, 2020.

CSN Surveillance Committee



Denis Beaudin



Pauline Bélanger



Michel Tétreault

**As we approach
the 100th anniversary
of the CSN,
our history has confirmed
that it is possible
to take action
for a better future.**

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