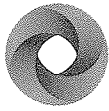


**Public Service Alliance of Canada**  
**Financial Statements**  
**December 31, 2009**

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# Raymond Chabot Grant Thornton

## Auditors' Report

Raymond Chabot Grant Thornton  
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To the Administrators and Members of  
Public Service Alliance of Canada

We have audited the statement of financial position of Public Service Alliance of Canada as at December 31, 2009 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the Public Service Alliance of Canada's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Public Service Alliance of Canada as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Raymond Chabot Grant Thornton LLP*

Chartered Accountants,  
Licensed Public Accountants

Ottawa, Canada  
March 29, 2010

# Public Service Alliance of Canada

## Operations

Year ended December 31, 2009

	General Fund		Strike Fund	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>REVENUE</b>				
Membership dues (Note 4)	78,065,519	73,153,667	2,190,836	1,309,931
Special Strike Fund levy (Note 5)				2,778,477
Net investment income				
Interest income	1,347,526	2,050,842	1,017,169	1,118,587
Net gain realized on disposal of available-for-sale investments	711,057	834,556	739,785	
Share in loss of wholly-owned subsidiary PSAC Holdings Ltd. - PSAC Placements Ltée (Note 12)	(725,686)	(776,612)		
Gain on disposal of capital assets	55	3,964		
Other revenue	923,357	778,397		
	<u>80,321,828</u>	<u>76,044,814</u>	<u>3,947,790</u>	<u>5,206,995</u>
<b>EXPENSES</b>				
Salaries and benefits	41,802,197	39,851,329		
Other operating expenses	9,327,749	8,667,413		
Members' expenses	19,839,481	18,806,763		
Rent	4,348,841	4,537,012		
Amortization of capital assets	1,859,247	1,574,319		
Miscellaneous (expenses not budgeted for) (Note 6)	6,041	62,589		
Strike benefits (Note 23)		436,133	1,878,724	2,080,916
Strike administration			316,530	107,003
	<u>77,183,556</u>	<u>73,935,558</u>	<u>2,195,254</u>	<u>2,187,919</u>
Excess of revenue over expenses before other items	3,138,272	2,109,256	1,752,536	3,019,076
<b>OTHER ITEMS</b>				
Unapproved Strike Fund Administration Expenses (Note 8)			(215,989)	(1,895,256)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>3,138,272</u>	<u>2,109,256</u>	<u>1,536,547</u>	<u>1,123,820</u>

The accompanying notes are an integral part of the financial statements.

Public Service Alliance of Canada  
**Changes in Fund Balances**

Year ended December 31, 2009

	General Fund 2009					Total 2008
	Unrestricted Fund	Capital Assets Fund	Internally Restricted Funds	Total General Fund 2009	Strike Fund 2009	
Balance, beginning of year	\$ 7,082,410	\$ 5,920,125	\$ 29,862,810	\$ 42,865,345	\$ 28,681,315	\$ 68,313,584
Excess (deficiency) of revenue over expenses	4,931,553		(1,793,281)	3,138,272	1,536,547	3,233,076
Acquisition of capital assets	(1,183,985)	1,183,985				
Amortization of capital assets	1,859,247	(1,859,247)				
Fund balance transfers (Note 9)	(3,823,411)		3,823,411			
	8,865,814	5,244,863	31,892,940	46,003,617	30,217,862	71,546,660
Accumulated gains and losses included directly in fund balances						
Balance, beginning of year	570,055		391,041	961,096	1,159,863	1,163,505
Reclassification adjustment for gains included in operations	(338,094)		(372,963)	(711,057)	(739,785)	(834,556)
	(31,919)		69,616	37,697	(120,382)	1,792,010
Variation in unrealized gains and losses on available-for-sale financial assets during the period	200,042		87,694	287,736	587,432	2,120,959
	9,065,856	5,244,863	31,980,634	46,291,353	30,517,558	73,667,619
Balance, end of year						

The accompanying notes are an integral part of the financial statements.

# Public Service Alliance of Canada Cash Flows

Year ended December 31, 2009

	2009			2008		
	General Fund	Strike Fund	Total	General Fund	Strike Fund	Total
	\$	\$	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>						
Excess of revenue over expenses	3,138,272	1,536,547	4,674,819	2,109,256	1,123,820	3,233,076
Changes in non-cash working capital items						
Accounts receivable and accrued interest	395,149	49,501	444,650	(226,402)	(52,363)	(278,765)
Advances to members, officers and employees	(58,706)		(58,706)	(77,835)		(77,835)
Prepaid expenses	702,068		702,068	(769,809)		(769,809)
Accounts payable and accrued liabilities	2,606,450	(135,324)	2,471,126	(3,525,943)	135,324	(3,390,619)
Provision for National Triennial Convention	(2,147,975)		(2,147,975)	1,047,975		1,047,975
Interfund transfers	(3,513,794)	3,513,794		(3,091,008)	3,091,008	
Items not affecting cash						
Amortization of capital assets	1,859,247		1,859,247	1,574,319		1,574,319
Share in loss of wholly-owned subsidiary - PSAC Holdings Ltd. - PSAC						
Placements Ltée	725,686		725,686	776,612		776,612
Gain on disposal of capital assets	(55)		(55)	(3,964)		(3,964)
Net gain realized on disposal of available-for-sale investments	(711,057)	(739,785)	(1,450,842)	(834,556)		(834,556)
Cash flows from operating activities	2,995,285	4,224,733	7,220,018	(3,021,355)	4,297,789	1,276,434
<b>INVESTING ACTIVITIES</b>						
Due from a related entity	566,482		566,482	(407,709)		(407,709)
Decrease (increase) in long-term investments	3,158,298	(4,828,489)	(1,670,191)	7,443,826	(5,098,654)	2,345,172
Increase in long-term notes receivable	(3,109,162)		(3,109,162)	(3,135,525)		(3,135,525)
Acquisition of capital assets	(1,183,930)		(1,183,930)	(2,673,500)		(2,673,500)
Disposal of capital assets				3,964		3,964
Cash flows from investing activities	(568,312)	(4,828,489)	(5,396,801)	1,231,056	(5,098,654)	(3,867,598)
<b>FINANCING ACTIVITIES</b>						
Increase in long-term liabilities	633,600		633,600	1,226,129		1,226,129
Cash flows from financing activities	633,600		633,600	1,226,129		1,226,129
<b>Net increase (decrease) in cash</b>	3,060,573	(603,756)	2,456,817	(564,170)	(800,865)	(1,365,035)
Cash, beginning of year	14,792,779	1,251,823	16,044,602	15,356,949	2,052,688	17,409,637
Cash, end of year	17,853,352	648,067	18,501,419	14,792,779	1,251,823	16,044,602

The accompanying notes are an integral part of the financial statements.

**Public Service Alliance of Canada**  
**Financial Position**  
December 31, 2009

	General Fund	Strike Fund	Total 2009	Total 2008
	\$	\$	\$	\$
<b>ASSETS</b>				
<b>Current assets</b>				
Cash - Operations	17,853,352	648,067	18,501,419	16,044,602
Accounts receivable and accrued interest	2,522,704	185,331	2,708,035	3,152,685
Interfund balances	305,031	(305,031)		
Advances to members, officers and employees	429,756		429,756	371,050
Prepaid expenses	237,494		237,494	939,562
Current portion of long-term investments	4,135,481	3,336,677	7,472,158	4,874,243
Current portion of long-term notes receivable	737,675		737,675	667,490
	<u>26,221,493</u>	<u>3,865,044</u>	<u>30,086,537</u>	<u>26,049,632</u>
Due from a related entity (Note 10)	108,437		108,437	674,919
Long-term investments (Note 11)	20,453,866	26,652,514	47,106,380	48,116,789
Long-term investment - PSAC Holdings Ltd. - PSAC Placements Ltée (Note 12)	953,047		953,047	1,678,733
Long-term notes receivable (Note 13)	15,449,708		15,449,708	12,410,731
Capital assets (Note 14)	5,244,863		5,244,863	5,920,125
	<u>68,431,414</u>	<u>30,517,558</u>	<u>98,948,972</u>	<u>94,850,929</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	9,944,387		9,944,387	7,473,261
Long-term liabilities (Note 16)	12,195,674		12,195,674	11,562,074
Provision for National Triennial Convention				2,147,975
	<u>22,140,061</u>		<u>22,140,061</u>	<u>21,183,310</u>
<b>FUND BALANCES</b>				
Unrestricted	9,065,856		9,065,856	7,652,465
Capital assets	5,244,863		5,244,863	5,920,125
Restricted				
Internally	31,980,634		31,980,634	30,253,851
Strike fund		30,517,558	30,517,558	29,841,178
	<u>46,291,353</u>	<u>30,517,558</u>	<u>76,808,911</u>	<u>73,667,619</u>
	<u>68,431,414</u>	<u>30,517,558</u>	<u>98,948,972</u>	<u>94,850,929</u>

The accompanying notes are an integral part of the financial statements.

On behalf of the Alliance Executive Committee,

Regional Executive Vice President - Québec Region

**Public Service Alliance of Canada**  
**Notes to Financial Statements**  
December 31, 2009

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**1 - GOVERNING STATUTES AND PURPOSE OF THE ORGANIZATION**

Public Service Alliance of Canada (PSAC) is a union that represents its members as their bargaining agent in negotiating collective agreements. PSAC is an organization exempt from income tax. The operations of the Components are not reflected in these financial statements, as each Component is subject to separate control.

**2 - CHANGES IN ACCOUNTING POLICIES**

On January 1, 2009, in accordance with the applicable transitional provisions, the Organization applied the recommendations of the Canadian Institute of Chartered Accountants in the introduction to accounting standards that apply to not-for-profit organizations and several sections in the 4400 series as well as consequential changes to other sections of the Canadian Institute of Chartered Accountants' Handbook. These modifications, effective for fiscal years beginning on or after January 1, 2009, mainly affect the following, in particular:

- Inclusion of not-for-profit organizations within the scope of Section 1540 "Cash Flow Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430 "Capital Assets Held by Not-for-profit Organizations", for smaller entities;
- Inclusion of disclosure standards for the not-for-profit organization that classifies its expenses by functions and allocates expenses to a number of functions to which the expenses relate.

The CICA also published new Section 4470, "Disclosure of Allocated Expenses by Not-for-profit Organizations", which establishes disclosure standards for the not-for-profit organization that classifies its expenses by function and allocates expenses to a number of functions to which the expenses relate.

These changes only address disclosures and have no impact on the Organization's financial statements.

**3 - ACCOUNTING POLICIES**

**Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that PSAC may undertake in the future. Actual results may differ from these estimates.

# Public Service Alliance of Canada

## Notes to Financial Statements

December 31, 2009

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### **3 - ACCOUNTING POLICIES (Continued)**

#### **Fund accounting**

PSAC follows the restricted fund method of accounting for contributions.

The General Fund comprises the Unrestricted Fund, the Capital Assets Fund, and the Internally Restricted Funds.

The Unrestricted Fund accounts for PSAC's members and administrative activities.

The Capital Assets Fund reports the activities relating to the purchases, disposals and amortization expense related to capital assets.

The Internally Restricted Funds account for restricted revenues that benefit and support a number of specific needs and include the following:

- The Membership Asset Fund;
- The Members' Expenses Reserve Fund;
- The PSAC Holdings Reserve Fund;
- The Succession Planning Program Fund;
- The Representation Fund;
- The PSAC Social Justice Fund;
- The Special Legal Cases Fund.

The Membership Asset Fund balance should be equal to three and a half months worth of membership dues revenue.

The Strike Fund reports the restricted dues that are used for the payment of strike benefits and strike expenses.

#### **Revenue recognition**

Restricted contributions related to members' activities are recognized as revenues of the General Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenues of the General Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted investment income earned on General Fund resources is recognized as revenue of the General Fund when it is earned.

Contributions restricted for strike activities are recognized in the Strike Fund in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured. Investment income earned on Strike Fund resources is recognized as revenue of the Strike Fund when it is earned.



**Public Service Alliance of Canada**  
**Notes to Financial Statements**  
 December 31, 2009

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**3 - ACCOUNTING POLICIES (Continued)**

**Capital assets**

Capital assets are recorded at cost and are amortized on a straight-line basis over the following periods:

	<u>Periods</u>
Equipment and furniture	5 years
Computer equipment	3 years
Software	5 years
Leasehold improvements	5 years

**Fair value of financial instruments**

The Organization has chosen to apply the recommendations of Section 3861 "Financial Instruments – Disclosure and Presentation" of the Canadian Institute of Chartered Accountants' Handbook with respect to the presentation and disclosure of financial instruments.

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value.

Subsequently, financial assets and liabilities are measured and recognized as follows:

– Cash:

Cash is classified as a held-for-trading financial asset. It is measured at fair value and changes in fair value are recorded in the statement of operations.

– Accounts receivable:

Accounts receivable and advances to members, officers and employees are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount, less any allowance for doubtful accounts.

– Long-term notes receivable:

Long-term notes receivable are with a related party and consequently are measured at the exchange amount, which is the value agreed to by the parties.

The fair value of the due from a related entity could not be determined since it is practically impossible to find a financial instrument on the market having substantially the same economic characteristics.

– Investments:

Investments are classified as available-for-sale financial assets. They are recognized at fair value and changes in fair value are recognized in the statement of changes in fund balances until they are sold or are impaired.

– Accounts payable:

Accounts payable and accrued liabilities and long-term liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest method.

# Public Service Alliance of Canada

## Notes to Financial Statements

December 31, 2009

### 3 - ACCOUNTING POLICIES (Continued)

#### PSAC Holdings Ltd. - PSAC Placements Ltée

PSAC Holdings Ltd. - PSAC Placements Ltée is a controlled company and is accounted for using the equity method.

#### Accrued benefit obligation

Public Service Alliance of Canada participates in a multi-employer pension plan. The plan is a defined benefit plan being accounted for as a defined contribution plan. PSAC recognizes as expenses for current services the amount of its required contribution in a given year.

PSAC has an unfunded post-retirement benefit plan. The cost of retirement benefits earned by employees under this plan is actuarially determined using the projected benefit method prorated on service and management's best estimate of retirement ages of employees.

### 4 - MEMBERSHIP DUES - GENERAL FUND

	<u>2009</u>	<u>2008</u>
	\$	\$
Membership dues	143,134,689	131,456,752
Less : Component and local rebates	(63,069,929)	(57,130,857)
Strike Fund per capita	(2,190,836)	(1,309,931)
Add : Directly Chartered Locals service dues	191,595	137,703
	<u>78,065,519</u>	<u>73,153,667</u>

PSAC is responsible for collecting dues on behalf of the Components and Directly Chartered Locals of PSAC. As such, these monies flow through PSAC to the various Components and Directly Chartered Locals. A portion of the dues received by the General Fund represents Strike Fund per capita contributions. These amounts are reported as revenue in the Strike Fund.

### 5 - SPECIAL STRIKE FUND LEVY

The 2006 Triennial Convention approved the introduction of a special levy in order to rebuild the PSAC Strike Fund. This special levy was to remain in effect until the month after the Strike Fund reaches \$25 million. A special levy will be re-introduced at any time the Strike Fund falls below \$10 million and will remain in place until such time as the Strike Fund balance exceeds \$25 million. Effective July 1, 2008, the special levy was ceased as the Strike Fund exceeded its target of \$25 million.

## Public Service Alliance of Canada Notes to Financial Statements

December 31, 2009

### 6 - MISCELLANEOUS (EXPENSES NOT BUDGETED FOR)

This item represents expenses approved by the Alliance Executive Committee. They are categorized as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
Grants - New Locals	4,016	2,500
Treasury Board - Members mail list		51,106
Alcohol and Gaming Commission of Ontario	2,000	2,000
Other	25	6,983
	<u>6,041</u>	<u>62,589</u>

### 7 - NATIONAL HARDSHIP FUND INCOME (EXPENSES)

In January 1997, the National Board of Directors passed a motion to set up a National Hardship Fund. The purpose of this fund was to assist members who encounter financial hardship as a result of being on strike. In 2008, the balance of this fund was reallocated to the Unrestricted Fund in order to support members' strike payments.

The following shows the activities related to the fund for the year ended December 31:

	<u>2009</u>	<u>2008</u>
	\$	\$
Balance in reserve, beginning of year		427,249
Add : Revenue	17,286	
Deduct: Expenses	(17,286)	
UPCE strike pay surplus allocation		(427,249)
Balance in reserve, end of year	<u>-</u>	<u>-</u>

### 8 - UNAPPROVED STRIKE FUND ADMINISTRATION EXPENSES

For the year ended December 31, 2009, expenses of \$316,530 were paid from January to July and were presented and approved at the June and October 2009 meetings of the National Board of Directors.

Expenses of \$215,989 were also paid from August to December 2009, of which \$106,063 were approved at the February 2010 National Board of Directors meeting.

For the year ended December 31, 2008, expenses of \$1,895,256 were paid from August to December 2008 and were presented and approved at the February and June meetings of the National Board of Directors held in 2009.

**Public Service Alliance of Canada**  
**Notes to Financial Statements**  
December 31, 2009

**9 - FUND BALANCE TRANSFERS AND ALLOCATIONS OF EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES**

The following fund balance transfers were made in accordance with normal operating procedures:

	<u>2009</u>	<u>2008</u>
	\$	\$
From Unrestricted Fund Balances to Strike Fund		(3,087,176)
From Internally Restricted Funds to Unrestricted Fund Balances	319,366	
From Unrestricted Fund Balances to Members' Expenses Reserve	(3,839,430)	
From Unrestricted Fund Balances to Internally Restricted Funds	<u>(303,347)</u>	<u>(21,917,843)</u>
	<u>(3,823,411)</u>	<u>(25,005,019)</u>

The following allocations of excess (deficiency) of revenue over expenses were made to the various members' expense reserves in accordance with normal operating procedures. These procedures specify that over (under) expenditures in relation to the approved budget be charged to the reserve to which the expenditures relate. No allocation from the Unrestricted Fund Balances to the Strike Fund was made in the current year. This was approved at the 2009 PSAC convention.

**Excess (Deficiency) of Revenue over Expenses, Members' Expenses Reserve**

	<u>2009</u>	<u>2008</u>
	\$	\$
Negotiations and Mobilization Reserve	800,985	(1,219,306)
Member Education Services Reserve	(847,268)	864,933
Local Development Reserve	(56,805)	40,895
Regional Activities Reserve	395,117	(173,212)
Organizing Reserve	(44,319)	143,928
Human Rights Reserve	693,903	162,307
Health and Safety Reserve	(503,822)	195,132
Communications Reserve	(92,746)	(24,801)
Political Action Reserve	345,470	423,722
Joint Initiatives Reserve	57,818	65,818
Legal Reserve	(1,305,109)	(864,764)
Labour Movement Reserve	(592,597)	(354,212)
Internal Governance Reserve	(546,458)	23,981
Accessibility Reserve	64,736	27,480
Family Care Reserve	(15,823)	5,278
Interpretation Reserve	22,940	(10,913)
General Membership Reserve	34,048	79,898
Social Justice Fund Reserve	(68,658)	(107,891)
Directly Chartered Locals Expenses	<u>(134,693)</u>	<u>(38,839)</u>
	<u>(1,793,281)</u>	<u>(760,566)</u>

**Public Service Alliance of Canada**  
**Notes to Financial Statements**  
December 31, 2009

**10 - DUE FROM A RELATED ENTITY**

The Social Justice Fund is a separate entity that focuses on international development work, Canadian anti-poverty and development initiatives, emergency relief work in Canada and around the world, worker to worker exchanges, and worker education in Canada and around the world. As at December 31, 2009, the balancing receivable related to this fund is \$108,437 (\$674,919 in 2008). This amount bears no interest and has no set terms of repayment.

**11 - LONG-TERM INVESTMENTS**

	<u>2009</u>		% of total (fair value) %
	Fair value \$	Cost \$	
<b>GENERAL FUND</b>			
Government of Canada and government guaranteed bonds (1% - 2% due 2011 - 2012)	6,541,281	6,557,151	26.61
Provincial bonds (5.25% - 6.1% due 2010 - 2012)	5,715,491	5,482,985	23.25
Other bonds (1.65 - 5.04% due 2010 - 2012)	3,428,574	3,416,028	13.94
Guaranteed investment certificates (1.65% - 3.70% due 2010 - 2014)	3,800,000	3,800,000	15.45
Mutual fund bonds	2,322,158	2,267,317	9.44
Shares in public companies	8,049	4,336	0.03
Mortgage - Canadian Labour Congress	2,673,630	2,673,630	10.87
Other loans	100,164	100,164	0.41
	<u>24,589,347</u>	<u>24,301,611</u>	<u>100.00</u>
Current portion	<u>4,135,481</u>	<u>4,065,382</u>	
	<u>20,453,866</u>	<u>20,236,229</u>	
<b>STRIKE FUND</b>			
Government of Canada and government guaranteed bonds (1.25% - 5% due 2010 - 2012)	12,294,291	12,261,384	41.00
Provincial bonds (4.1% - 6.1% due 2010 - 2012)	10,585,185	10,436,985	35.30
Other bonds (1.35% - 5.2% due 2010 - 2012)	2,610,780	2,497,105	8.70
Guaranteed investment certificates (3.70% - 5.20% due 2011 - 2014)	4,196,583	4,191,785	13.99
Mutual fund bonds	302,352	302,236	1.01
	<u>29,989,191</u>	<u>29,689,495</u>	<u>100.00</u>
Current portion	<u>3,336,677</u>	<u>3,288,231</u>	
	<u>26,652,514</u>	<u>26,401,264</u>	
<b>TOTAL</b>	<u>47,106,380</u>	<u>46,637,493</u>	

**Public Service Alliance of Canada**  
**Notes to Financial Statements**  
December 31, 2009

**11 - LONG-TERM INVESTMENTS (Continued)**

	2008		% of total (fair value) %
	Fair Value \$	Cost \$	
<b>GENERAL FUND</b>			
Government of Canada and government guaranteed bonds (5.5% due 2009)	3,558,575	3,235,691	12.84
Provincial bonds (5% - 6.5% due 2010 - 2038)	16,396,289	15,884,544	59.17
Other bonds (3.6 % due 2013)	4,043,017	3,914,581	14.59
Shares in public companies	2,367	4,336	0.01
Mortgage - Canadian Labour Congress	3,632,375	3,632,375	13.11
Other loans	77,325	77,325	0.28
	<u>27,709,948</u>	<u>26,748,852</u>	<u>100.00</u>
Current portion	<u>2,567,895</u>	<u>2,529,207</u>	
	<u>25,142,053</u>	<u>24,219,645</u>	
<b>STRIKE FUND</b>			
Government of Canada and government guaranteed bonds (4% - 5% due 2009 - 2010)	4,404,047	4,286,369	17.42
Provincial bonds (4.1% - 5.38% due 2011 - 2015)	13,549,708	12,832,281	53.60
Other bonds (4% - 4.8% due 2010 - 2013)	7,327,329	7,002,571	28.98
	<u>25,281,084</u>	<u>24,121,221</u>	<u>100.00</u>
Current portion	<u>2,306,348</u>	<u>2,299,900</u>	
	<u>22,974,736</u>	<u>21,821,321</u>	
<b>TOTAL</b>	<u>48,116,789</u>	<u>46,040,966</u>	

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**12 - LONG-TERM INVESTMENT - PSAC HOLDINGS LTD. - PSAC PLACEMENTS LTÉE**

PSAC has control over PSAC Holdings Ltd. - PSAC Placements Ltée since it can determine its strategic operating, investing and financing policies. The financial statements of PSAC Holdings Ltd. - PSAC Placements Ltée are available separately. Financial summaries of PSAC Holdings Ltd. - PSAC Placements Ltée are as follows:

	<u>2009</u>	<u>2008</u>
	\$	\$
<b>BALANCE SHEET</b>		
Total assets	<u>17,215,346</u>	<u>15,501,940</u>
Total liabilities	<u>16,262,299</u>	13,823,207
Shareholders' equity	<u>953,047</u>	1,678,733
<b>Total liabilities and shareholders' equity</b>	<u><u>17,215,346</u></u>	<u><u>15,501,940</u></u>
<b>RESULTS OF OPERATIONS</b>		
Total revenues	<u>3,460,913</u>	3,374,825
Total expenses	<u>4,186,599</u>	4,151,437
<b>Net loss</b>	<u><u>(725,686)</u></u>	<u><u>(776,612)</u></u>
<b>CASH FLOWS</b>		
Cash flows from operations	<u>(566,627)</u>	160,418
Cash flows from investing activities	<u>(3,212,928)</u>	(1,966,231)
Cash flows from financing activities	<u>3,235,476</u>	2,609,311
<b>Increase (decrease) in cash</b>	<u><u>(544,079)</u></u>	<u><u>803,498</u></u>

During the year, PSAC paid \$2,204,636 (\$2,233,348 in 2008) to PSAC Holdings Ltd. - PSAC Placements Ltée for the use of office space and parking facilities. An additional amount of \$3,800,000 (\$2,845,229 in 2008) was loaned to PSAC Holdings Ltd. - PSAC Placements Ltée during the year for renovations to a building. The interest income received during the year by PSAC on the long-term notes receivable issued to PSAC Holdings Ltd. - PSAC Placements Ltée was \$489,411 (\$396,668 in 2008).

These transactions were measured at the exchange amount, that is the amount established and accepted by the parties and were conducted in the normal course of business.

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**13 - LONG-TERM NOTES RECEIVABLE**

	<b>Total 2009</b>	<b>Total 2008</b>
	\$	\$
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$7,408 including interest calculated at the rate of 4%, maturing April 1, 2025	<b>1,017,638</b>	1,064,800
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$4,236 including interest calculated at the rate of 4%, maturing December 1, 2030	<b>721,485</b>	742,993
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$6,661 including interest calculated at the rate of 4%, maturing April 1, 2025	<b>915,070</b>	957,479
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$2,150 including interest calculated at the rate of 4%, maturing December 1, 2025	<b>304,595</b>	317,926
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$15,859 including interest calculated at the rate of 4%, maturing December 1, 2013	<b>702,396</b>	861,152
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$13,423 including interest calculated at the rate of 4%, maturing December 1, 2026	<b>1,984,488</b>	2,064,441



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**13 - LONG-TERM NOTES RECEIVABLE (Continued)**

	<u>Total 2009</u>	<u>Total 2008</u>
	\$	\$
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$22,876 including interest calculated at the rate of 4%, maturing December 1, 2027	3,518,277	3,649,201
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$17,242 including interest calculated at the rate of 4%, maturing January 1, 2029	2,750,414	2,845,229
Note receivable from PSAC Holdings Ltd. - PSAC Placements Ltée in monthly instalments of \$16,021 including interest calculated at the rate of 3% , maturing December 1, 2039	3,800,000	
Note receivable from YEU in monthly instalments of \$7,600 including interest calculated at the rate of 4%, maturing February 1, 2013	278,020	350,000
Note receivable from UPCE, non-interest bearing, with no terms of repayment	195,000	225,000
	<u>16,187,383</u>	<u>13,078,221</u>
Current portion	737,675	667,490
	<u>15,449,708</u>	<u>12,410,731</u>

As of January 1, 2010, the interest rate on all the notes receivable from PSAC Holdings was renegotiated to 3%.

**14 - CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated amortization</u>	<u>2009 Net book value</u>	<u>2008 Net book value</u>
	\$	\$	\$	\$
Equipment and furniture	6,293,211	4,586,394	1,706,817	2,130,134
Computer equipment	6,439,339	5,500,913	938,426	851,128
Software	2,392,083	1,358,779	1,033,304	980,831
Leasehold improvements	2,617,146	1,050,830	1,566,316	1,958,032
	<u>17,741,779</u>	<u>12,496,916</u>	<u>5,244,863</u>	<u>5,920,125</u>

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**15 - BANK LOAN**

Public Service Alliance of Canada has an authorized bank loan of \$10,000,000 which was not utilized as at December 31, 2009 and 2008. This loan bears interest calculated at the prime rate ( 2.25%; 3.5% in 2008). The first million dollars loaned is unsecured and any excess is secured on a dollar for dollar basis by a pledge of cash or cash equivalent and/or fixed income investments included in a separate pledge account. As at December 31, 2009, the balance of the pledge account is \$Nil.

**16 - LONG-TERM LIABILITIES**

	<u>2009</u>	<u>2008</u>
	\$	\$
Separation payments	6,133,471	5,892,045
Annual leave	3,363,821	3,155,461
Compensatory leave	1,271,642	1,281,675
Deferred salaries payable	61,040	31,193
Accrued benefit liability	<u>1,365,700</u>	<u>1,201,700</u>
	<u>12,195,674</u>	<u>11,562,074</u>

**17 - MEMBERS' EXPENSES RESERVE**

The National Board of Directors or the Alliance Executive Committee have imposed the following internal restrictions:

the remaining Members' Expenses Reserve balances are reversed to the Unrestricted Fund Balance at the end of each three year budget cycle.

	<u>2009</u>	<u>2008</u>
	\$	\$
<b>Members' Expenses Reserve balance (deficiency)</b>		
Negotiations and Mobilization Reserve		(1,282,109)
Member Education Services Reserve		1,249,703
Local Development Reserve		56,895
Regional Activities Reserve		(313,981)
Organizing Reserve		280,774
Human Rights Reserve		(826,260)
Health and Safety Reserve		(182,694)
Communications Reserve		353,850
Political Action Reserve		1,238,241
Joint Initiatives Reserve		126,475
Legal Reserve		(2,025,147)
Labour Movement Reserve		(544,709)
Internal Governance Reserve		(6,063)
Accessibility Reserve		22,992
Family Care Reserve		(4,500)
Interpretation Reserve		(6,192)
General Membership Reserve		33,817
Social Justice Fund Reserve		(178,402)
Directly Chartered Locals Expenses		<u>(38,839)</u>
	<u>-</u>	<u>(2,046,149)</u>

