

**CANADIAN WORKER CO-OPERATIVE FEDERATION**  
**Financial Statements**  
**Year Ended August 31, 2023**

**CANADIAN WORKER CO-OPERATIVE FEDERATION**

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**Year Ended August 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Members of Canadian Worker Co-operative Federation

### *Opinion*

We have audited the financial statements of Canadian Worker Co-operative Federation (the Federation), which comprise the statement of financial position as at August 31, 2023, and the statements of revenues and expenditures, general reserve and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at August 31, 2023, and the results of its operations and cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian Auditing Standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Federation in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(continues)

Independent Auditors' Report to the Members of Canadian Worker Co-operative Federation *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Federation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Federation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Federation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Bishop & Company*

CHARTERED PROFESSIONAL ACCOUNTANTS

Wolfville, NS  
October 31, 2023

**CANADIAN WORKER CO-OPERATIVE FEDERATION**

**Statement of Financial Position**

**August 31, 2023**

	Federation Operations 2023	Tenacity Works Fund 2023	Total 2023	Total 2022
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 622,374	\$ 284,059	\$ 906,433	\$ 743,609
Accounts receivable (Note 4)	24,703	600	25,303	12,907
Harmonized sales tax recoverable	578	-	578	-
Prepaid expenses	2,477	-	2,477	580
Interfund balances (Note 5)	11,262	(11,262)	-	-
	661,394	273,397	934,791	757,096
<b>LONG TERM</b>				
INVESTMENTS (Note 6)	20,261	88,433	108,694	93,183
LOAN RECEIVABLE (Note 7)	-	35,821	35,821	30,228
RESTRICTED CASH (Note 8)	7,462,928	-	7,462,928	6,465,014
LOANS TO WORKER CO-OPERATIVES (Note 9)	-	-	-	5,751
	\$ 8,144,583	\$ 397,651	\$ 8,542,234	\$ 7,351,272

**LIABILITIES AND MEMBERS' EQUITY**

<b>CURRENT</b>				
Accounts payable and accrued liabilities	\$ 37,823	\$ 22,369	\$ 60,192	\$ 30,936
Harmonized sales tax payable	-	-	-	2,176
Deferred income (Note 11)	50,059	-	50,059	58,738
Current portion of long term debt (Note 12)	30,000	-	30,000	-
	117,882	22,369	140,251	91,850
LONG TERM DEBT (Note 12)	-	-	-	30,000
<b>TRUST FUNDS</b>				
PAYABLE (Note 13)	7,462,928	-	7,462,928	6,465,014
	7,580,810	22,369	7,603,179	6,586,864
<b>MEMBERS' EQUITY</b>				
General reserve (Note 14)	563,773	375,282	939,055	764,408
	\$ 8,144,583	\$ 397,651	\$ 8,542,234	\$ 7,351,272

COMMITMENTS (Note 17)

CONTINGENT LIABILITY (Note 24)

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See accompanying notes to financial statements

# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Statement of Revenues and Expenditures

Year Ended August 31, 2023

	Federation Operations 2023	Tenacity Works Fund 2023	Total 2023	Total 2022
<b>REVENUE</b>				
Annual general meeting	\$ 37,133	\$ -	\$ 37,133	\$ 10,623
Dues (Note 19)	36,398	-	36,398	31,843
Investment income (Note 20)	499,284	3,690	502,974	236,836
RRSP and TFSA fees	190,924	-	190,924	206,697
Other income (Note 21)	67,732	-	67,732	27,014
	<u>831,471</u>	<u>3,690</u>	<u>835,161</u>	<u>513,013</u>
<b>EXPENSES</b>				
Annual general meeting	31,010	-	31,010	13,341
Bad debts	9,143	-	9,143	-
Board and committee	20,465	-	20,465	5,391
Bookkeeping	17,110	743	17,853	15,236
Dues and insurance	14,134	-	14,134	10,901
Government relations	16,372	-	16,372	19,553
Interest and bank charges	3,520	132	3,652	1,645
Office and communications	21,801	3,893	25,694	27,054
Professional and consulting fees	11,410	-	11,410	9,725
RRSP Program	152,934	-	152,934	133,129
Rental	4,900	-	4,900	5,000
Salaries and independent contractors (Note 22)	203,015	13,911	216,926	153,776
Special projects (Note 23)	88,701	-	88,701	31,676
TFSA Program	13,480	-	13,480	11,567
Technical assistance grants	26,295	-	26,295	22,498
Travel	6,971	-	6,971	434
	<u>641,261</u>	<u>18,679</u>	<u>659,940</u>	<u>460,926</u>
<b>INCOME (LOSS) FROM OPERATIONS</b>	<u>190,210</u>	<u>(14,989)</u>	<u>175,221</u>	<u>52,087</u>
Recovery on write-down of loans to Worker Co- operatives	-	737	737	1,580
Loss from CCIF Limited Partnership	-	(1,311)	(1,311)	(1,953)
	-	(574)	(574)	(373)
<b>NET INCOME (LOSS)</b>	<u>\$ 190,210</u>	<u>\$ (15,563)</u>	<u>\$ 174,647</u>	<u>\$ 51,714</u>

See accompanying notes to financial statements

**CANADIAN WORKER CO-OPERATIVE FEDERATION****Statement of General Reserve****Year Ended August 31, 2023**

	Federation Operations 2023	Tenacity Works Fund 2023	<b>Total 2023</b>	Total 2022
<b>GENERAL RESERVE - BEGINNING OF YEAR</b>	\$ 373,563	\$ 390,845	<b>\$ 764,408</b>	\$ 712,694
Net income (loss)	190,210	(15,563)	<b>174,647</b>	51,714
<b>GENERAL RESERVE - END OF YEAR</b>	<b>\$ 563,773</b>	<b>\$ 375,282</b>	<b>\$ 939,055</b>	<b>\$ 764,408</b>

See accompanying notes to financial statements

**CANADIAN WORKER CO-OPERATIVE FEDERATION****Statement of Cash Flow****Year Ended August 31, 2023**

	<b>2023</b>	2022
<b>OPERATING ACTIVITIES</b>		
Cash receipts from operations	\$ 301,921	\$ 297,489
Cash paid to suppliers and employees	(641,417)	(442,766)
Interest received	502,974	236,836
Interest paid	(3,651)	(1,645)
Harmonized sales tax	(2,754)	1,501
	<hr/>	<hr/>
Cash flow from operating activities	<b>157,073</b>	91,415
<b>INVESTING ACTIVITIES</b>		
Purchase of long term investments	-	(61,551)
Loan advances	-	(13,842)
Increase in Trust Funds payable	997,914	656,551
Increase in restricted cash / investments	(997,914)	(656,551)
Net change in loans to Worker Co-operatives	5,751	3,517
	<hr/>	<hr/>
Cash flow from (used by) investing activities	<b>5,751</b>	(71,876)
<b>INCREASE IN CASH FLOW</b>	<b>162,824</b>	19,539
Cash - beginning of year	<hr/> <b>743,609</b>	<hr/> 724,070
<b>CASH - END OF YEAR</b>	<hr/> <b>\$ 906,433</b>	<hr/> \$ 743,609

See accompanying notes to financial statements



# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 1. NATURE OF OPERATIONS

The Federation, incorporated under the Canada Co-operatives Act, is a Not-for-Profit co-operative whose objective is to work for the development and expansion of employee owned businesses organized according to co-operative principles.

The Federation is exempted from income tax under Section 149(1)(l) of the Canadian Income Tax Act which deals with Not-for-Profit Organizations.

The Federation Operations manages the operations of the Federation, provides service for funding received in the form of service contracts, and manages the RRSP and TFSA contributions of employees and investors of member co-operatives and other organizations.

The Tenacity Works Fund manages capital held by the Canadian Worker Co-operative Federation to provide funding capital to member co-operatives in the form of term loans. In 2023 the mandate of the Fund was expanded to include CEBA take-out loans.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, investments in equity instruments that are quoted in an active market are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are subsequently reported at amortized cost, and tested for impairment when there are indicators of impairment.

Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at fair value are expensed when incurred. Transaction costs on the acquisition, sale, or issue of financial instruments which are subsequently reported at amortized cost are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash, accounts receivable, long term investments in widely held co-operatives, loans receivable, restricted cash and investments, and loans to worker co-operatives.

Financial liabilities measured at amortized cost include the accounts payable, trust funds payable and long term debt.

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

#### Investment in CCIF Limited Partnership

The investment in CCIF Limited Partnership is accounted for using the equity method. The investment is initially recorded at cost and is adjusted thereafter to include additional cash investments to August 31 and the Fund's pro rata share of the earnings (losses) of the Limited Partnership to June 30. Earnings between July 1 and August 31 are not significant. The investment is tested for impairment on an annual basis and when there are indicators of impairment the carrying value of the investment will be reduced accordingly.

#### Revenue recognition

- a) The value of donated materials and services are not recorded in these financial statements. Cash donations are recognized in the year received.
- b) Funds received under various grant programs are recognized as income in the period in which they are utilized for approved grant purposes. Unused funds are reflected on the balance sheet as deferred income.
- c) The Federation follows the deferral method of accounting for contributions.
- d) Revenue from Federation programs are recognized as services are performed and ultimate collection is reasonably assured.
- e) Investment income is recognized as revenue in the year in which it is earned.

#### Allocation of expenses

The Federation allocates certain salaries and wages proportionately on the basis of the time spent to the various projects listed on the Statement of Revenues and Expenditures for which funding has been specifically provided. The allocation of the salaries and wages does not exceed the revenue received and/or receivable for each project. Similarly, salaries and wages are allocated to the Tenacity Works Fund in proportion to the time spent. The basis of allocation is applied consistently each year.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Most notable, the Tenacity Works Fund extends loans to qualifying co-operative businesses. The Fund's management has estimated the allowance for loan impairment based upon six criteria as follows: 1) whether the Co-op has achieved its revenue and expense projections, 2) if revenue and expense projections are not met, review of a financial plan demonstrating potential to repay, 3) level of security vis a vis other creditors, 4) commitment level of members to achieve success, 5) payment history, and 6) length of term until full payment is due. Significant changes in these factors could result in a material impairment of the loans to worker co-operatives.

Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 3. FINANCIAL INSTRUMENTS

The Federation is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. It is management's opinion that the Federation is not exposed to significant currency risk from its financial instruments. The following analysis provides information about the Federation's risk exposure and concentration as of August 31, 2023.

#### Credit risk

The Federation is exposed to credit risk in connection with the collection of its accounts receivable, loans receivable, and loans to worker co-operatives. The Federation mitigates this risk by performing credit checks and therefore does not anticipate significant loss for non-collection. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Federation has a comprehensive plan in place to meet their obligations as they come due - primarily from cash flow from operations.

#### Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The Federation is mainly exposed to interest rate risk.

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Federation is exposed to interest rate risk on its fixed and floating rate interest bearing financial instruments which include restricted cash, loans receivable, and long term debt. Changes in the bank lending rates can cause fluctuations in cash flows and interest expense. The Federation does not use any derivatives to manage this risk.

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### 4. ACCOUNTS RECEIVABLE

	<b>2023</b>	<b>2022</b>
Accounts receivable	\$ 34,318	\$ 12,907
Interest receivable	600	-
Allowance for doubtful accounts	(9,615)	-
	<b>\$ 25,303</b>	<b>\$ 12,907</b>

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### 5. INTERFUND BALANCES

Interfund balances are non-interest bearing, unsecured and have no set terms of repayment.

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

### 6. LONG TERM INVESTMENTS

	2023	2022
Alberta Community and Co-operative Association	\$ 50	\$ 50
British Columbia Co-operative Association	10	10
Canadian Co-operative Investment Fund	100	100
CCIF Limited Partnership, accounted for using the equity method ( <i>Note 17</i> )	87,533	72,065
Membership Shares Co-operators Group	1	1
Co-operative Management Education Co-operative	100	100
Co-operators Group Class D Shares	20,000	20,000
Connect First Credit Union	900	857
	<u>\$ 108,694</u>	<u>\$ 93,183</u>

The investment in the CCIF Limited Partnership is subject to a Limited Partnership Agreement dated December 8, 2017. Under this Agreement, the Partners are obligated to contribute to the capital of the Partnership in response to Capital Calls. Notice was provided on May 8, 2023 that Capital Call #10 was issued with a due date of June 6, 2023. As at the report date, this Capital Call was not paid by the Fund and, as such, is now classified as a Defaulting Limited Partner. Consequences of such a default include:

- Interest will be payable on the Called Amount at the rate of Prime + 5% for the period from the Call Date until the date of payment;
- The right to receive any allocation of income or distribution of funds will be adjusted;
- The Defaulting Limited Partner will be liable for losses incurred as a result of the default;
- All units held may be offered for sale with proceeds applied to settle the Capital Call and any losses incurred; and
- The Defaulting Limited Partner will not be entitled to participate in votes, consents or decisions of the CCIF.

### 7. LOAN RECEIVABLE

	2023	2022
CCIF Limited Partnership loan receivable bearing interest at 4% per annum, repayable at the sole and absolute option of the CCIF Limited Partnership. The loan is unsecured, matures on December 8, 2027, and can be extended by mutual consent of the Federation and CCIF Fund Management ( <i>Note 17</i> ).	\$ 35,821	\$ 30,228
Amounts receivable within one year	-	-
	<u>\$ 35,821</u>	<u>\$ 30,228</u>

### 8. RESTRICTED CASH

Restricted cash represents amounts held in trust for RRSP and TFSA deposits, the Mark Goldblatt Fund, and deposits for the Federation of Worker Co-ops of British Columbia (*Note 13*).

# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

### 9. LOANS TO WORKER CO-OPERATIVES

	<u>2023</u>	<u>2022</u>
Term loans	\$ -	\$ 6,488
Allowance for loan impairment	-	(737)
	<u>\$ -</u>	<u>\$ 5,751</u>

Pursuant to the terms of the HRDC Pilot Project, loans are extended to qualifying co-operative businesses. Term loans bear interest at varying rates and are repayable in blended monthly installments over a five year term. Preferred loans bear interest at varying rates which accrue over the five year term of the loan. Accrued interest and principal are due and payable at the end of the term. There is a registered security agreement covering each loan.

### 10. CREDIT FACILITY

The bank operating loan with Valley Credit Union is limited to \$20,000, bears interest at prime plus 1.75% and is secured by a General Security Agreement on the funds held in deposit at the Credit Union. At the balance sheet date, there are no advances on the credit facility.

### 11. DEFERRED INCOME

	Opening balance	Contributions received	Revenue recognized	Ending balance
Worker Co-op Academy Program	\$ 1,000	\$ -	\$ 1,000	\$ -
JEDI Conversion Project ( <i>Note 17</i> )	49,988	-	41,229	8,759
Conference sponsorship	7,750	41,250	7,750	41,250
Member dues	-	50	-	50
	<u>\$ 58,738</u>	<u>\$ 41,300</u>	<u>\$ 49,979</u>	<u>\$ 50,059</u>

### 12. LONG TERM DEBT

	<u>2023</u>	<u>2022</u>
Connect First Credit Union Ltd. Canadian Emergency Business Account (CEBA) term loan bearing interest at 0% per annum, with no principal repayments required until January 18, 2024. If 75% of the loan is repaid by January 18, 2024, the remaining balance of the loan will be forgiven. Balances outstanding thereafter bear interest at the rate of 5% per annum which is payable monthly. \$40,000 was advanced in May 2020 and the loan is reflected net of the forgivable portion. The balance is due in full on December 31, 2026.	\$ 30,000	\$ 30,000
	<u>30,000</u>	30,000
Amounts payable within one year	<u>(30,000)</u>	-
	<u>\$ -</u>	<u>\$ 30,000</u>

# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 13. TRUST FUNDS PAYABLE

	<u>2023</u>	<u>2022</u>
RRSP deposits	\$ 7,103,283	\$ 5,989,286
TFSA deposits	332,077	448,160
Mark Goldblatt Fund	25,000	25,000
FWCBC deposits	<u>2,568</u>	<u>2,568</u>
	<b>\$ 7,462,928</b>	<b>\$ 6,465,014</b>

The RRSP and TFSA deposits represent uninvested cash held on behalf of account holders. The Mark Goldblatt Fund is a bequest received during 2016 which is restricted for use in a cultural project. The FWCBC funds are being held in trust by the Canadian Worker Co-operative Federation until such time as the BC organization resumes operations.

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### 14. GENERAL RESERVE

Pursuant to the Federation's Articles of Association, any surplus of the Federation is to be retained as a reserve and used only for the objects for which the Federation is established. No part of the reserve shall be payable to, or otherwise be available for, the personal benefit of any member of the Federation.

During the 2021 fiscal year, the Board passed a revised motion whereby the Federation Operations General Reserve be maintained with sufficient balance to cover, at a minimum, one year's budgeted core operating expenses.

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### 15. SHARE CAPITAL

Pursuant to the Federation's Articles of Association there is no legal share capital. The relationship among the members is that of a membership bond with rights and attendant limitations from time to time embodied in the bylaws of the Federation.

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### 16. RETIREMENT PLAN

The Federation contributes to a defined contribution employer-matched retirement benefit group RRSP-TFSA plan. Contributions made to the plan and expensed in the current year total \$7,529 (2022 - \$6,165).

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 17. COMMITMENTS

In addition to the \$107,462 invested in and the \$35,821 loaned to the CCIF Limited Partnership, and subject to certain conditions, the Federation has made additional investment pledges from the Tenacity Works Fund totaling \$106,717 to the Canadian Co-op Investment Fund (CCIF).

The Federation has a lease with respect to its office premises which expires in December 2023. The future minimum lease payments (including HST) as at August 31, 2023 are \$2,445.

The Federation has a service agreement with respect to its investment administration services which expires in December 2026. The future minimum service fees (including GST) as at August 31, 2023 are \$68,093.

The Federation has undertaken a project titled "Justice, Equity, Diversity, and Inclusion (JEDI) Social Acquisition" (*Note 11*) with \$49,988 of funding from Employment and Social Development Canada. The Federation has committed to spending these funds in accordance with the terms of the funding agreement by the end date of the project of March 31, 2024. During the year the Federation invested \$41,229 in this project.

The Federation has committed \$12,000 for racial justice grants and an additional \$5,000 for BIPOC bursaries in 2024. The funding is to be paid out by general operating revenues, with \$5,000 committed by Vancity Credit Union. During the year the Federation paid out \$12,500.

The Federation has committed to provide Le Réseau de la coopération du travail du Québec with 10% of the Co-operators loyalty payment, with a minimum of \$7,500 per year, provided certain conditions are met.

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

### 18. RELATED PARTY TRANSACTIONS

Payments to member Co-operatives, Developer members, members of the Board of Directors or businesses owned by employees for contracts awarded:

	<u>2023</u>	<u>2022</u>
Big Idea Consulting	\$ 3,500	\$ -
CanTrust Hosting Co-operative	384	384
Chris Nichols	100	-
Communitas Group	1,000	3,600
Deep Hollow Print	-	2,167
Evan Proven	600	-
Hullabaloo Publishing (Prairie Dog)	1,004	344
Jared Blustein	900	-
Jessica Provencher	700	-
Joy Emmanuel	800	-
Juliet Kego	700	-
Just Us! Coffee Roasters Co-op	469	-
Kelly Storie	500	-
La Siembra Co-operative	525	-
Leslie Brown	100	-
Marty Frost	4,500	6,060
Meg Ronson	-	1,000
Nasreen Omar	800	-
Reba Plummer	600	-
Réseau de la coopération du travail du Québec	14,645	5,570
Rhythm Communications	21,680	11,706
Sun Certified Builders Cooperative Limited	-	3,500
Urbane Cyclist	468	1,750

The Federation regularly engages in transactions with its members, who are considered related parties. Most of these transactions are undertaken in the normal course of operations, are reflected at the exchange amount, and are not disclosed separately. Other payments for contracts awarded to member Co-operatives, Developer members, members of the Board of Directors, and businesses owned by employees are disclosed above. The Board of Directors has procedures in place to ensure that any relationship for contracts awarded to a member is equitable, legal, and financially responsible to both the Federation and the member co-operative.

### 19. DUES

	<u>2023</u>	<u>2022</u>
Regular	\$ 27,198	\$ 22,643
Associate	7,700	7,700
Regional Federation	1,500	1,500
	<u>\$ 36,398</u>	<u>\$ 31,843</u>



**CANADIAN WORKER CO-OPERATIVE FEDERATION****Notes to Financial Statements****Year Ended August 31, 2023**

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**20. INVESTMENT INCOME**

	<u>2023</u>	<u>2022</u>
<b>Investment income - Federation</b>		
Interest	\$ 362,119	\$ 110,157
Loyalty payment Co-operators	136,165	120,832
Dividends Co-operators Class D shares	1,000	500
	<u>499,284</u>	<u>231,489</u>
<b>Investment income - Fund</b>		
CCIF interest	1,719	302
Interest	1,713	4,278
Investment loan interest	258	767
	<u>3,690</u>	<u>5,347</u>
	<u>\$ 502,974</u>	<u>\$ 236,836</u>

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**21. OTHER INCOME**

	<u>2023</u>	<u>2022</u>
JEDDI Business Conversion Project	\$ 41,229	\$ -
Donations	17,204	6,873
Fee for service contracts	6,325	17,438
Finders fees	1,896	1,859
Miscellaneous	1,078	844
	<u>\$ 67,732</u>	<u>\$ 27,014</u>

Fee for service contract revenue includes \$Nil (2022 - \$5,134) of funding from the Government of Quebec for the Worker Co-op Academy Program.

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**22. ALLOCATION OF SALARIES AND INDEPENDENT CONTRACTORS**

As described in *Note 2*, salaries and wages are allocated proportionately on the basis of time spent.

	<u>2023</u>	<u>2022</u>
Total salaries and wages	\$ 348,758	\$ 260,593
Allocation to projects	(131,832)	(106,817)
	<u>\$ 216,926</u>	<u>\$ 153,776</u>

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# CANADIAN WORKER CO-OPERATIVE FEDERATION

## Notes to Financial Statements

Year Ended August 31, 2023

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### 23. SPECIAL PROJECTS

	<u>2023</u>	<u>2022</u>
Webinars	\$ 600	\$ 1,200
Worker Co-op Academy	15,786	22,176
Special projects	-	170
Marketing (finders) fees	14,645	1,570
Member engagement	2,941	2,205
Arts and culture grant expense	1,000	1,500
Racial justice grant and bursaries	12,500	2,855
JEDI business conversion project	41,229	-
	<u>\$ 88,701</u>	<u>\$ 31,676</u>

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### 24. CONTINGENT LIABILITY

In 2020, the Federation received a \$40,000 Canada Emergency Business Account (CEBA) loan, \$10,000 of which is forgivable if the remainder of the loan is repaid by January 18, 2024 (*Note 12*). The \$10,000 CEBA loan forgiveness was recognized in income in 2020 and is fully repayable over the extended term of the loan if this condition is not met.

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### 25. IMPACT OF COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of social and physical distancing, travel bans, and self-imposed quarantine periods, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions.

The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Federation in future periods.

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