

Financial Primer: Reading ONA's 2019 Consolidated Statements

We know that reading consolidated financial statements can be a bit tricky. All those numbers under all those headings. What do they really mean? Well, grab your statements for the year ended December 31, 2019, found on pages 34 and 35 in the fall 2020 issue of *Front Lines*, and follow along as we break the numbers down line by line.

Balance Sheet

The first page of the consolidated financial statements (page 34 in *Front Lines*) is the Balance Sheet, where you'll see that ONA reported increases in assets from 2018 to 2019 (\$79.3 million to \$86.6 million). Current assets (cash, dues receivables and prepaid expenses) grew from \$28.5 million to \$31.4 million – with the most significant increase of dues receivable reflecting outstanding dues collections.

Capital assets increased in 2019 as ONA invested in expanding the Toronto and regional properties and our information technology (IT) infrastructure to support staff growth and member-servicing capabilities.

Certain funds have been invested by ONA to ensure they are safeguarded and available to support the restricted Security Fund, Legal Expense Assistance Plan (LEAP) Fund (see more below) and Bursary funds. These funds are shown as marketable investments on the Balance Sheet and grew to \$24.8 million at the end of 2019.

Investment in ONA Liability Insurance Ltd. reflects ONA's 100 per cent ownership of the Malpractice Fund, which provides ONA members with professional liability protection.

Liabilities include current liabilities (accounts payable and accrued liabilities) and capital lease obligations. These increased in 2019 (from \$11.3 million to \$12.9 million), reflecting normal business activities and obligations in support of ONA's IT infrastructure rebuild.

Employee future benefits highlights our future commitments to support employees in retirement benefit plans (health/dental). This amount will increase over time as ONA's staffing numbers rise. In 2019, ONA added 12 new positions to our staff complement to support increased member servicing.

Statement of Operations

The second page of the consolidated financial statements (page 35 in *Front Lines*) is the Statement of Operations, which shows that ONA's membership dues revenues increased to \$67.4 million from \$64.2 million in 2018 – a five per cent increase.

A full two per cent of our dues revenue increase was driven by growth in the number of members ONA represents, while the annual dues amount paid by each member increased by three per cent in 2019. Between 2017 and 2019, we welcomed many new Bargaining Units and members (a newly certified Bargaining Unit may require up to a year to finalize a first collective agreement and begin contributing dues). Some of the dues growth in 2019 came as a result of Bargaining Units being certified prior to 2019.

There was an increase of \$4.9 million in expense spending from 2018 to 2019 (\$60.9 million to \$65.8 million), which reflects the variability and growth in ONA's activities to support members. In particular, ONA's Governance, External Vision and Membership Services costs grew \$2.3 million (from \$4.4 million to \$6.7 million). These expense categories are cyclical and in accordance with the timing of some very specific events/conferences, including a governance renewal initiative,

central contract bargaining (hospital, nursing home, Local Health Integration Network and Victorian Order of Nurses occurred in 2019) and the 2019 Biennial Convention and Treasurers Workshop (see more below).

In addition, ONA has been growing our leadership development programs, increasing the number of member participants in the annual Provincial Leadership Meeting (all Bargaining Unit Presidents are funded provincially to attend) and our Membership Secondment Program, intense labour relations training for grassroots members. The Biennial Convention provides Local leaders with the opportunity to consider and vote on Constitutional Amendments and Resolutions (all Local Coordinators and Bargaining Unit Presidents attend, and ONA provides provincial financial support for leaders and members to do so). The Treasurers Workshop, which all Local Treasurers attend, is held every two years to support leadership skills for Treasurers and Local Coordinators. Provincial funding is also provided.

ONA's Service, Support and Fixed cost expense categories represent the core services and activities provided by ONA. These activities include the provision of contract negotiations and administration (grievance handling and arbitrations), professional practice (which advocates for members on workload issues), pay equity, Workplace Safety and Insurance Board claim appeals, long-term disability (LTD) appeals, and membership education. Also, in support of these activities, we require communications and government relations, membership records, IT, building administration, accounting and human resource supports. In 2018, these activities cost a combined \$53 million and grew to \$54.8 million in 2019 – a three per cent growth. Included in this was the increase in staffing mentioned above, and general inflation.

Program costs include support for ONA's Security Fund, LEAP, critical illness and LTD insurance for members, and supplementary Local assistance. The Security Fund allows ONA to fund strike pay for members who can exercise that right (as a union, we are obligated to support members financially during such times). A further \$0.5 million was invested in supplementary Local funding, which provides financial assistance to Locals in need. In 2019, this increase was driven by our support for members of those Locals to participate in the Biennial Convention. Our contribution to LEAP increased by \$0.3 million in 2019. LEAP represents members in regulatory college matters, privacy violations, coroner investigations and more (LEAP staff are lawyers). In 2017, ONA opened 374 cases. This grew to 592 in 2018 and 518 as of October 29, 2019. As members' need for ONA support increases, we continue to invest in this service.

Since 1973, when we were first formed, ONA ensures that any Excess of Revenue over expenses carries over from year to year to support cyclical activities such as central bargaining and conventions (as scheduled in 2019), and provides a modest level of reserve in the event of unanticipated events.