

FINANCIAL REPORTS



2ND ITUC WORLD CONGRESS

VANCOUVER, 21-25 JUNE 2010

NOW THE PEOPLE – FROM THE CRISIS TO GLOBAL JUSTICE



INTERNATIONAL TRADE UNION CONFEDERATION

2nd WORLD CONGRESS

Vancouver, 21 – 25 June 2010

FINANCIAL REPORTS

for the period 1 January 2007 to 31 December 2009

FINANCIAL REPORTS 2007 - 2009

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INTRODUCTION

The Financial Reports for the years 2007 to 2009 cover the first three years of the ITUC's operations. Chapter 1 provides an overview of the evolution of all ITUC funds, Chapter 2 deals with income and expenditure, Chapter 3 with the Solidarity Fund, and Chapter 4 covers Development Aid Funds. Thereafter Chapter 5 reproduces the reports of the External Auditors, the annual financial statements and the reports of the Internal Auditors.

These years presented significant challenges for the ITUC, both in terms of the overall financial stability of the Confederation and of financial management. If the bottom line is satisfactory, with the ITUC having entered the Congress year with a balanced budget and with a General Fund balance of some Euros 1.82 million in addition to its Reserve Fund which is held at a level equivalent to four months of current expenditure budget, that should not disguise the serious difficulties that were encountered in this first Congress period, not all of which can be considered definitively resolved. Indeed, the General Council at its meeting immediately before Congress will consider a number of recommendations which will have important implications for the future.

It will be recalled that the ITUC's initial financial circumstances were determined by the funds which it inherited from the International Confederation of Free Trade Unions by a decision of the dissolution Congress of that organisation. From there, the ITUC had to contend with a situation in which budgeted income from affiliation fees stagnated in nominal terms as a result of decreases in the paying membership of some organisations while costs rose, sometimes significantly. As a result, the General Council was obliged to adopt a deficit budget for 2009 and instructed the General Secretary to make proposals for reorganisation which would allow the presentation of a balanced budget for 2010. The reorganisation was subsequently approved by the General Council in October 2009, with the savings involved allowing a surplus to be recorded for that year and the adoption of a balanced budget for 2010. It should be noted that this operation involved the transfer of significant costs – including staff costs – to external funding mobilised through the ITUC's development cooperation strategy.

The situation in regard to affiliation fees has been monitored carefully with the General Council applying rigorously relevant constitutional provisions in the case of affiliates failing to meet their financial obligations. That has involved the removal of six organisations from membership in the years under review. As a result levels of delinquency in fees payment have been kept quite low with 2.45 % of the total still due at the end of 2009. Nevertheless a number of issues remain under examination, including differences between declared membership and paying membership, notification of changes in membership and anomalies in the placement of affiliates in the different bands through which fees are assessed.

The financial crisis had a serious impact on the ITUC's investments and revealed serious shortcomings in their management. Unrealised losses of Euros 1,421,237 were recorded in 2008, of which Euros 229,107 were recovered in 2009 due to positive developments in the financial market.

In this context, the General Council meeting immediately before Congress will be asked to adopt guidelines for ITUC investments which should provide for effective handling of ITUC funds and greater security in the future.

In the passage from the ICFTU to the ITUC, it became apparent that significant funds were being held in provisions against outstanding costs which were no longer real. These provisions totalling Euros 655,329 were reversed in 2008 and 2009. Nevertheless, other provisions, amounting to Euros 3,296,312 are still held, corresponding to expected costs and in accordance with normal accounting standards.

The financial reports show a substantial increase in the balance of the Solidarity Fund revealing serious under spending from the Fund. Paradoxically, perhaps, but damagingly certainly, having adopted rules for the Fund which would have it serve its intended purpose of delivering practical solidarity, the ITUC has not been able to match undoubted need for such support to the supply of available resources. This has been despite the repeated exhortations of the Fund's Management Board, and Congress will wish to echo them in calling for urgent and fundamental reappraisal of the Fund's operations.

The Financial Reports show a very marked increase in the receipt and spending of Development Aid Funds. This is a welcome result of the considerable upswing in the development cooperation activities carried out by the ITUC. However as these resources are made available by solidarity support organisations for specific work they do not materially impact on the financial circumstances of the ITUC itself.

Finally, the reports of both the External and Internal Auditors show the content and extent of their services and support to the ITUC. Their recommendations have, without exception, been examined carefully by management and have, in many cases helped it to improve its performance in putting the resources made available to the ITUC to the best possible use.

In presenting these reports to Congress I would express appreciation to the Auditors and to the staff of the ITUC dealing with its finances, who have worked hard, sometimes in challenging circumstances, to prepare the information contained in them and to bring the ITUC to Congress on a sound financial footing.



Guy Ryder
General Secretary
Brussels, June 2010

CHAPTER 1

OVERVIEW 2007 – 2009

Funds

Table 1 below provides a consolidated overview of ITUC assets and liabilities for the period under review, from 1 January 2007 to 31 December 2009. Chapters 3 and 4 of this financial report present overviews of the Solidarity Fund and Development Aid Funds respectively. The annual reports of the External Auditors with their certification of the ITUC Balance Sheets and additional information on balances and movements of funds are presented in Chapter 5, which also contains the annual reports of the Internal Auditors, presented to the General Council.

Table 1
Balance sheets 2007-2008-2009

	As at 31 December 2007	As at 31 December 2008	As at 31 December 2009
FUNDS			
General Fund	2,996.60	801,396.84	1,823,843.27
Reserve Fund	3,705,000.00	3,705,000.00	3,705,000.00
Solidarity Fund	2,943,687.66	3,304,707.40	4,109,909.11
Building fund		3,215,104.83	3,172,023.57
Other Funds: Staff			
Superannuation Fund	105,575.89	114,020.71	96,264.46
Other Funds: ITUC-PERC	<u>48,859.88</u>	<u>238,223.02</u>	<u>222,985.46</u>
	<u>6,806,120.03</u>	<u>11,378,452.80</u>	<u>13,130,025.87</u>
EMPLOYMENT OF FUNDS			
ITUBI		3,215,104.83	3,172,023.57
Movable property		14,818.63	42,083.76
Movable property (depreciation)		(2,963.73)	(12,544.60)
Fixed assets: hardware	10,332.46	26,464.29	43,268.07
Fixed assets (depreciation): hardware	<u>(3,444.15)</u>	<u>(12,265.58)</u>	<u>(26,688.27)</u>
	<u>6,888.31</u>	<u>3,241,158.44</u>	<u>3,218,142.53</u>
Current assets			
Short term investments	8,710,496.99	14,028,898.51	9,215,148.87
Cash at bank	264,412.72	801,453.56	6,638,153.80
Guarantee deposits	3,497.40	3,497.40	3,497.40
Debtors	<u>866,225.21</u>	<u>1,423,311.27</u>	<u>1,243,832.34</u>
	<u>9,844,632.32</u>	<u>16,257,160.74</u>	<u>17,100,632.41</u>
Current liabilities			
Development Aid Funds	181,657.67	1,190,130.88	438,631.30
Creditors	1,836,155.92	3,554,127.49	3,453,805.56
Provisions	<u>1,027,587.01</u>	<u>3,375,608.01</u>	<u>3,296,312.21</u>
	<u>3,045,400.60</u>	<u>8,119,866.38</u>	<u>7,188,749.07</u>
Net current assets	<u>6,799,231.72</u>	<u>8,137,294.36</u>	<u>9,911,883.34</u>
	<u>6,806,120.03</u>	<u>11,378,452.80</u>	<u>13,130,025.87</u>

General Fund - Accumulated Funds

This fund represents the accumulation of yearly surpluses and deficits of the General Fund Income and Expenditure Account. Affiliation fees received after 31 December of the year in which they were due are reported directly to this fund. The disposal of the balance of these accumulated funds or ad hoc allocations from them are decided by the General Council. As further explained in Chapter 2 of this report, the accumulated result of the General Fund Income and Expenditure Account for the period 1 January 2007 to 31 December 2009 was an overall surplus of Euros 730,597. This was credited to the General Fund.

On 31 December 2009, the General Fund stood at Euros 1,823,843.

Reserve Fund

On the establishment of the ITUC, it was decided to maintain the fund at a level equal to four months' budgeted expenditure of the Confederation.

On 31 December 2009, the Reserve Fund stood at Euros 3,705,000.

Building Fund

In 1990 a contract for the construction of a new trade union building was signed. Since then the Maison Syndicale Internationale (MSI) owns six floors of the building, presently rented to the ITUC and the European Trade Union Confederation (ETUC), which in turn have sub-let a number of offices to affiliates and other trade union organisations. In this context, a Building Fund was created in the new ITUC to be invested in the MSI. 1,683 shares in the MSI (out of 10,000) were allotted to the ITUC.

On 31 December 2009, the Building Fund stood at Euros 3,172,024.

Solidarity Fund

The Solidarity Fund (SF) receives income from voluntary contributions. The Management Board of the SF decides annually the allocation of these funds, which are registered as *SF - General*. A number of organisations earmark voluntary contributions for specific purposes and these are therefore registered as *SF - Earmarked*. Further details in this regard are given in Chapter 3 of this report.

Other Funds: Staff Superannuation Fund

The Staff Superannuation Fund consists of premiums (and accumulated interest) set aside for representatives and staff members on external employment contracts in respect of pension entitlements. On 31 December 2009, the Staff Superannuation Fund amounted to Euros 96,264.

Other Funds: ITUC-PERC

The ITUC-PERC Fund contains the accumulation of yearly surpluses and deficits of the ITUC-PERC Income and Expenditure Accounts. On 31 December 2009, the ITUC-PERC Fund stood at Euros 222,985.

Development Aid Funds

Although not being income for the ITUC, some donor organisations and foundations make funds available to the ITUC for project-related activities. The Confederation's Balance Sheets include these operations and the balances held at year-end are shown under current liabilities. Chapter 4 outlines the transactions of these Development Aid Funds in greater detail.

CHAPTER 2

INCOME AND EXPENDITURE

Table 2 below provides a consolidated overview of ITUC income and expenditure for the period under review, from 1 January 2007 to 31 December 2009.

Table 2
Income and expenditure 2007-2009

	2007 EUR	2008 EUR	2009 EUR
<u>INCOME</u>			
Affiliation fees received:			
Current year	10,457,958.33	10,555,560.21	10,848,377.22
Prior years		123,395.04	190,444.54
	10,457,958.33	10,678,955.25	11,038,821.76
<u>Council of Global Unions</u>			
Council of Global Unions (CGU)		1,591.73	11,951.18
Income for Offices	193,701.22	142,757.40	143,451.64
Income from financial investments		583,818.17	332,634.65
Other income	162,301.46	127,838.65	32,454.21
	10,813,961.01	11,534,961.20	11,559,313.44
<u>EXPENDITURE</u>			
<u>Head office</u>			
ITUC 2nd World Congress (provision)	250,000.00	250,000.00	250,000.00
Conferences, meetings, travel and activities	548,440.96	522,747.51	744,005.89
Reversed provisions for meetings and conferences		-303,329.04	-122,000.00
Office rent and upkeep	1,102,947.68	1,104,611.98	1,184,748.58
Other office expenses	281,876.99	291,155.75	380,370.49
Salaries, social charges, etc.	5,049,367.61	5,147,943.33	5,385,117.05
Incidental staff expenditure	89,762.93	134,245.87	109,799.03
Press and publications	317,106.14	374,846.22	351,902.29
Library, furniture, equipment and depreciation	48,894.73	47,063.62	44,595.10
Reversed provisions for furniture and equipment purchase			-210,000.00
Miscellaneous: unforeseen expenses			-302,042.79
	7,688,397.04	7,569,285.24	7,816,495.64
<u>ITUC offices</u>			
Geneva office	578,070.39	515,242.49	421,462.91
United Nations office, New York	150,356.27	158,210.98	206,822.57
ITUC/GUFs Washington office	127,577.51	129,070.41	159,132.07
Moscow Office for the NIS	86,343.47	74,361.73	86,679.36
Amman office	63,976.15	34,776.15	34,650.00
Hong Kong Office	72,020.76	20,000.00	12,500.00
Reversed provisions for Hong Kong Office			-20,000.00
	1,078,344.55	931,661.76	901,246.91

<u>Regional organisations and structures</u>			
African Regional Organisation	591,848.08	568,979.88	671,561.92
Asian and Pacific Regional Organisation	684,057.59	795,325.82	691,254.08
American Regional Organisation	399,040.41	511,817.92	414,668.46
Pan-European Regional Council (PERC)	30,000.00	31,500.00	
Council of Global Unions (CGU)			<u>41,640.00</u>
	<u>1,704,946.08</u>	<u>1,907,623.62</u>	<u>1,819,124.46</u>
	<u>10,471,687.67</u>	<u>10,408,570.62</u>	<u>10,536,867.01</u>
Decrease in value of financial investments	339,276.74	1,421,236.53	
	<u>10,810,964.41</u>	<u>11,829,807.15</u>	<u>10,536,867.01</u>
<u>TRANSFERRED TO GENERAL FUND</u>			
Income from prior years		123,395.04	190,444.54
(Deficit) Surplus of the year	<u>2,996.60</u>	<u>(418,240.99)</u>	<u>832,001.89</u>
	<u>2,996.60</u>	<u>(294,845.95)</u>	<u>1,022,446.43</u>

Income: Affiliation Fees

The level of fees payable to the ITUC by affiliates is determined by a system approved by the General Council. It is based on the Gross National Income (GNI) per capita of each country as published by the World Bank. This system allows the secretariat automatically to determine the fee level for each affiliated organisation.

The system consists of five bands covering different levels of GNI per capita, as shown below.

<i>Countries with GNI per capita</i>	
Band 1	US\$ 10,001 or more
Band 2	US\$ 5,001 – 10,000
Band 3	US\$ 3,001 – 5,000
Band 4	US\$ 1,001 – 3,000
Band 5	US\$ 1,000 or less

For the period under review, fees were payable annually per thousand members (in Euros), as shown in table 3 below.

Table 3
Annual affiliation fees per thousand members

	<i>Year</i>	<i>Year</i>	<i>Year</i>
	<i>2007</i>	<i>2008</i>	<i>2009</i>
	<i>EUR</i>	<i>EUR</i>	<i>EUR</i>
Band 1	182.20	185.85	191.45
Band 2	65.45	66.75	68.75
Band 3	23.50	24.00	24.75
Band 4	8.50	8.65	8.90
Band 5	3.00	3.05	3.15

This represented an increase of 2% for the years 2007 and 2008, and an increase of 3% for the year of 2009, as decided by the founding Congress.

On 31 December 2009, 312 organisations were affiliated to the ITUC. During the period up to 31 December 2009, 20 new affiliates joined the ITUC, 7 merged and were accepted as one single affiliate and 6 withdrew from membership.

The classification of affiliated organisations in the scale of affiliation fees was as follows:

<i>Number of affiliates at year end 2009</i>	
Band 1	69
Band 2	16
Band 3	47
Band 4	68
Band 5	<u>112</u>
	312

The declared membership of affiliated organisations was as follows:

	<i>Year 2007</i>	<i>Year 2009</i>
Band 1	60,868,249	65,212,468
Band 2	3,222,521	3,760,230
Band 3	7,264,880	8,597,237
Band 4	53,143,744	57,198,461
Band 5	<u>40,585,605</u>	<u>41,920,995</u>
	165,084,999	176,689,391

The paying membership of affiliated organisations was as follows:

	<i>Year 2007</i>	<i>Year 2009</i>
Band 1	55,063,196	54,501,481
Band 2	3,026,116	2,867,456
Band 3	6,377,062	6,521,389
Band 4	27,828,445	29,635,499
Band 5	<u>26,836,494</u>	<u>26,436,892</u>
	119,131,313	119,962,717

Actual fees received during the year for which they were due are shown in table 4 below:

Table 4
Total fees received (Euros)

	<i>Year 2007</i> <i>EUR</i>	<i>Year 2008</i> <i>EUR</i>	<i>Year 2009</i> <i>EUR</i>
Band 1	9,921,106.55	9,981,966.59	10,258,172.74
Band 2	165,884.60	186,638.87	194,159.35
Band 3	122,089.42	117,797.55	94,189.97
Band 4	182,254.84	204,681.59	233,809.59
Band 5	<u>66,622.92</u>	<u>64,475.61</u>	<u>68,045.57</u>
	10,457,958.33	10,555,560.21	10,848,377.22

This data does not reflect late payment of fees received in subsequent years.

It should be noted that on 31 December 2009 the following amounts were still considered as due:

Outstanding for the year 2007: Euros 17,522
Outstanding for the year 2008: Euros 34,643
Outstanding for the year 2009: Euros 230,754

In exercising the authority conferred by the Constitution, the General Council reached agreements with a number of affiliates experiencing general economic and social or political conditions that did not permit them to pay at the full rate. Those agreements provided for the waiver of some or all of fees payable.

The annual Internal Auditors' reports give further details in respect of fee delinquency (chapter 5 of this report). At the end of 2009, the situation was as follows:

Table 5
Delinquency by organisation

<i>Number of organisations</i>	<i>Paying Membership</i>	<i>%</i>	
235	108,528,755	75.32%	Not in arrears
45	7,615,102	14.42%	2 – 4 quarters
20	3,005,910	6.41%	5 – 8 quarters
<u>12</u>	<u>542,950</u>	<u>3.85%</u>	more than 8 quarters
312	119,692,717	100.00%	

It should be noted that Article XXXII of the Constitution stipulates that: "Organisations owing eight or more quarters' affiliation fees shall be regarded as having withdrawn".

Affiliation fees per region

The following tables show membership and affiliation fees from the different geographical regions and sub-regions in 2007, in comparison with the situation at the end of the period under review (31 December 2009).

Table 6
Declared and paying membership and fees received per region

	<i>Declared membership at year end</i>	
	<i>2007</i>	<i>2009</i>
Africa	12,547,351	13,879,633
Asia and Pacific	28,557,300	32,247,534
Middle East	1,282,326	1,282,326
Central & Eastern Europe/N.I.S.	50,072,107	47,956,013
Western Europe	41,881,467	46,204,253
North America	10,308,000	10,389,238
Latin America	20,214,450	24,510,096
West Indies	<u>221,998</u>	<u>220,298</u>
	165,084,999	176,689,391

	<i>Paying membership at year end</i>	
	<i>2007</i>	<i>2009</i>
Africa	11,998,148	12,170,853
Asia and Pacific	16,337,124	18,081,954
Middle East	1,284,000	1,284,000
Central & Eastern Europe/N.I.S.	28,109,336	25,760,947
Western Europe	36,705,196	36,127,209
North America	10,308,000	10,353,985
Latin America	14,170,027	16,001,287
West Indies	219,482	182,482
	119,131,313	119,962,717

	<i>Actual fees received</i>	
	<i>Year 2007</i>	<i>Year 2009</i>
	<i>EUR</i>	<i>EUR</i>
Africa	79,723	97,127
Asia and Pacific	1,546,894	1,652,061
Middle East	74,518	56,926
Central & Eastern Europe/N.I.S.	269,166	281,576
Western Europe	6,493,024	6,670,788
North America	1,878,118	1,982,270
Latin America	111,235	102,503
West Indies	5,280	5,126
	10,457,958	10,848,377

Income from Financial Investment and Other Income

This income derives from investment of the accumulated reserves, to other income received for the ITUC offices and to a minor extent to the sale of publications and to some miscellaneous income.

CHAPTER 3

SOLIDARITY FUND

The Solidarity Fund (SF) derives income from voluntary contributions for use in accordance with rules set down by the General Council. The Management Board of the SF decides annually the allocation of these funds, which are registered as *SF - General*. A number of affiliated organisations earmark voluntary contributions for specific purposes and these are therefore registered as *SF - Earmarked*.

The Confederation's Balance Sheets (see Chapter 5 of this report) show the year-end balances and the income and expenditure totals of the SF for the years 2007, 2008 and 2009. These operations are summarised in table 7 below:

Table 7
Solidarity Fund Summary

	<i>2007</i> <i>EUR</i>	<i>2008</i> <i>EUR</i>	<i>2009</i> <i>EUR</i>
<u>Income (contributions)</u>			
General	1,019,838.26	992,345.93	1,041,790.51
Earmarked	<u>286,525.28</u>	<u>281,932.68</u>	<u>400,566.56</u>
	1,306,363.54	1,274,278.61	1,442,357.07
<u>Expenditure</u>			
General	(587,809.97)	(717,448.83)	(418,182.77)
Earmarked	<u>(304,328.38)</u>	<u>(195,810.04)</u>	<u>(218,972.59)</u>
	(892,138.35)	(913,258.87)	(637,155.36)
Net income/(expenditure)	414,225.19	361,019.74	805,201.71
Balance at beginning of year	2,529,462.47	2,943,687.66	3,304,707.40
Balance at end of year	<u>2,943,687.66</u>	<u>3,304,707.40</u>	<u>4,109,909.11</u>

Over the period under review, the balance of the fund increased by Euros 1,580,447, from Euros 2,529,462 on 1 January 2007 to Euros 4,109,909 on 31 December 2009.

In each year under review the SF showed an excess of income over expenditure.

Table 8 below provides an overview on contributions to the Solidarity Fund - General

Table 8
Solidarity Fund – General Contributions

Country and organisation	2007 EUR	2008 EUR	2009 EUR
Austria, ÖGB	60,000.00	60,000.00	60,000.00
Belgium, ACV-CSC			50,000.00
Bermuda, BIU			1,426.30
Canada, CLC		9,145.54	12,331.98
Canada, CSN	3,561.00	3,060.54	3,193.06
Cyprus, SEK		1,000.00	
Denmark, LO	34,705.35	34,845.65	35,000.00
Dominica, DTU	150.00		
Finland, SAK	18,000.00	18,000.00	18,000.00
France, CFDT		10,000.00	15,000.00
France, CGT			13,700.00
Germany, DGB	375,140.20	375,140.20	384,540.20
Guatemala, CGTG		71.94	68.00
Japan, JTUC-RENGO	161,693.28	147,869.86	183,540.54
Luxemburg, CGTL	2,500.00	2,500.00	2,500.00
Netherlands, FNV	79,000.00	80,300.00	83,000.00
Nigeria, NLC			2,760.37
Norway, LO	62,158.13	54,469.79	57,284.27
Poland, NSZZ Solidarnosc	705.22	775.19	721.71
Romania, ALFA Cartel		1,000.00	
Russia, FNPR	2,000.00	2,000.00	
Santa Lucia, NWU			100.00
Spain, CC.OO		9,152.62	
Spain, USO	6,000.00	8,000.00	
Sri Lanka, NWC		200.00	
Sweden, LO	167,218.84	137,720.89	87,684.26
Sweden, TCO	43,261.48	37,093.71	27,301.27
Tunisia, UGTT	3,744.76		3,608.55
Robert Bensen			30.00
	1,019,838.26	992,345.93	1,041,790.51

A number of affiliated organisations earmark their contributions to the SF for specific purposes. Earmarked income comprises not only these contributions, but also income from special appeals launched by the ITUC in line with decisions for specific needs. Global Union Federations also respond by making earmarked contributions to the SF.

The summarised statement of SF-Earmarked funds for the period under review is given in table 9 below:

Table 9
Solidarity Fund – Earmarked Contributions

	2007 EUR	2008 EUR	2009 EUR
Country and organisation			
ACILS	5,465.88		
ACTU	11,824.00		
Ago Autonome Gew	100.00		
Austria, ÖGB			3,813.59
Barbados, BWU			324.00
Belgium, ACV-CSC	15,000.00		
Belgium, CGSLB			20,000.00
Belgium, FGTB	20,125.00	5,000.00	20,000.00
Burma, FTUB			500.00
BWI	2,000.00	2,000.00	6,283.41
Canada, CLC	1,969.83	16,211.03	12,226.41
Canada, CSN		3,334.54	
Canada, CUPE			6,698.43
Canada, PSA			2,984.61
Cyprus, SEK		500.00	2,000.00
Czech Republic, CMK-OS		1,500.00	
Denmark, LO	5,087.02	27,000.00	5,299.28
Denmark, LO FTF		10,117.00	
Denmark, Nordisk			
Samarbejdskomite			13,410.40
EI			22,306.88
Finland, AKAVA	1,000.00		
Finland, AUTO-JA	1,000.00		
Finland, JULKISTEN, JA	2,000.00		
Finland, SAK		7,000.00	3,000.00
Finland, STTK	3,000.00	1,000.00	
France, CFDT	10,000.00	7,000.00	12,000.00
France, CGT	1,000.00	2,500.00	500.00
Germany, FES	3,331.51		
Great Britain, TUC	7,320.64	13,735.98	22,092.00
Hungary, LIGA			500.00
ILO, Hungary			735.41
ILO, Lebanon	7,329.77	10,000.00	
ILO, Turkey			381.36
Ireland, ICTU	173,450.48		149,900.00
Italy, CISL	3,954.83	2,510.76	
ITCILO			1,000.00
ITF, London	2,734.11	2,809.50	
ITUC, SF contribution		10,000.00	
ITUC-AP			3,546.60
Japan, JTUC-RENGO	11,177.34	10,453.70	18,442.78
Jukisten ja Hyvinvointialojen liitto			2,000.00
Korea, FKTU			782.35
Latvia, HEALTH		1,000.00	
Latvia, LIZDA		7,030.00	
Liechtenstein, LANV			100.00
Lithuania, JURININK		320.74	
Luxemburg, CGTL			1,000.00
Luxemburg, LCGB			1,000.00
Netherlands, CNV		8,000.00	

Netherlands, FNV	9,027.00	40,000.00	
New Zealand, NZCT		245.90	
Norway, LO	3,688.96	12,550.00	
Norway, UNIO			5,569.54
Pakistan, PWF			762.72
PSI			15,000.00
Russia, FNPR		5,000.00	
Spain, CC.OO	4,000.00	8,000.00	19,000.00
Spain, UGT		5,000.00	
Spain, USO	2,000.00		
Sweden, Graphic & Media Union			1,725.55
Sweden, LO	10,000.00	10,000.00	15,000.00
Sweden, TCO	5,328.79		2,797.65
Turkey HAK-IS		1,000.00	
Ukraine, KVPU		473.90	
UNI		1,000.00	7,233.59
USA, AFL-CIO		7,501.88	
WHO		5,747.87	
Dominick Devlin			100.00
Gretchen Alvis			100.00
Michel Habib			250.00
Monika Meisterernst			200.00
	<hr/>	<hr/>	<hr/>
	286,525.28	281,932.68	400,566.56

Purposes of the Solidarity Fund

(adopted by the 2nd meeting of the General Council, Brussels, 20-22 June 2007)

The purpose of the Solidarity Fund is to mobilise resources and to channel them promptly and effectively to trade union organisations and trade unionists in need of the protective support and solidarity of the international movement.

As a priority, SF resources should be used:

- To assist organisations and individuals facing situations of hardship or repression. Such assistance should be short term and targeted to overcome specific circumstances;
- To assist organisations in well-defined and time-limited campaigns; organising drives, and other activities aimed at increasing membership and strengthening capacities and structures.

The SF may also be used to meet the costs of certain international activities, where these can be shown to have a direct impact upon the strength and development of national level trade union work and structures.

The SF is not intended to meet recurrent costs associated with the maintenance of permanent offices, or payment of salaries. Where the SF is used for such institutional support purposes, it should be for limited and defined periods of time.

The SF is not intended for large scale human relief in cases of natural disaster.

CHAPTER 4

DEVELOPMENT AID FUNDS

This chapter provides information on Development Aid Funds received during the period 2007 – 2009 from Solidarity Support Organisations (SSO) and from institutions and foundations. The ITUC Balance Sheets include Development Aid Funds under current liabilities, i.e. funds held on behalf of SSO's (see Chapter 5 of this financial report).

These funds are disbursed in line with approved projects and activities, and have been administered on the basis of procedures and rules set by SSO's.

Table 10 provides an overview of all transactions for the period under review:

Table 10
Development Aid Funds

	2007 EUR	2008 EUR	2009 EUR
Income	1,169,106.37	3,044,526.35	6,200,588.56
Expenditure	<u>(1,219,225.46)</u>	<u>(2,036,053.14)</u>	<u>(6,952,088.14)</u>
Net income/(expenditure)	(50,119.09)	1,008,473.21	(751,499.58)
Balance at beginning of year	231,776.76	181,657.67	1,190,130.88
Balance at end of year	<u>181,657.67</u>	<u>1,190,130.88</u>	<u>438,631.30</u>

Throughout the period under review, several SSO's continued to support bilateral and multilateral ITUC programs based on priorities defined by Congress and the General Council. Agreements were also reached with a number of SSO's for coming years, allowing positive prospects for increasing SSO's commitment to ITUC programs in the future.

The ILO Bureau for Workers' Activities (ILO/ACTRAV) continued its support to the ITUC in several major programmes.

Table 11 below shows balances carried over from previous years, as well as income and expenditure during 2009 for major donors.

Table 11
Development Aid Funds Summary

Country and organisation	Income EUR	Expenditure EUR	Balance EUR
Belgium, ACV-CSC	17,000.00	7,893.29	9,106.71
European Commission	443,036.32	450,165.54	(7,129.22)
France, AIF	32,827.50	30,052.24	2,775.26
ILO	1,104,287.05	1,315,036.51	(210,749.46)
Japan, JTUC-RENGO	84,239.02	0.00	84,239.02
Netherlands, FNV	886,627.12	638,928.12	247,699.00
Netherlands, Min of Foreign Affairs	2,663,620.11	2,259,209.09	404,411.02
Norway, LO	222,349.33	425,085.40	(202,736.07)
Sweden, LO-TCO	1,471,455.32	1,350,687.12	120,768.20
United States of America, AFL-CIO	355,809.20	451,152.59	(95,343.39)
World Bank, Intl Monetary Fund	32,071.47	23,878.24	8,193.23
Others *	<u>77,397.00</u>	<u>0.00</u>	<u>77,397.00</u>
	7,390,719.44	6,952,088.14	438,631.30

* FGTB Belgium, CLC Canada, CFDT France, CGT France, SASK Finland, FES Germany, TUC Great Britain, ICTU Ireland, CNV Netherlands, USO Spain, and others.

CHAPTER 5

REPORTS OF THE EXTERNAL AND INTERNAL AUDITORS

YEAR 2007



Réviseurs d'Entreprises - Bedrijfsrevisoren

AUDITOR'S REPORT TO THE OFFICERS OF THE INTERNATIONAL TRADE UNION CONFEDERATION (ITUC) ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2007

In accordance with your request, we report to you on the audit assignment that you have entrusted to us

Qualified audit opinion on the financial statements

We have audited the attached financial statements for the year ended 31 December 2007, set out on page 2 to 5, which show a total of Funds of 6.806.120,03 € and a surplus for the year, after allocation of the surplus to the Funds, of 2.996,60 €.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Although ITUC is not held by a legal framework of accounting and audit of accounts, we performed, by analogy, our audit on the accounts in reference to the Belgian laws and regulations applicable on accountancy of the non-profit associations (association sans but lucratif)

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and the association's officials, the explanations and information necessary for executing our audit procedures. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

Q

Sceri Dupont, Koevoets & C°, Réviseurs d'entreprises
Bcvba Dupont, Koevoets & C°, Bedrijfsrevisoren
Siège social • Maatschappelijke zetel : Bovenberg 124 - 1180 Brussels
Associés • vennooten : Kurt Coninx*, Alain De Clercq*, Thierry Dupont*, Pascal Gérard, Willy Gillisjans, Gilbert Janssens
Jean-Paul Koevoets*, Jaak Lapeire, Vinciane Maricq, Jean-François Nobels*, Laurent Van der Linden
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* sous forme de Scpri - onder de vorm van Bcvba





Dupont, Koevoets & C°

The accounts of the ITUC have been prepared supposing that the regional organisations are independent entities. The contributions towards the expenses of the regional organisations are included in the general fund-income and expenditure account. The financial transactions of the regional organisations are included into the ITUC accounts as far as it regards "Fund" transactions of the Brussels office. The supporting receipts on these transactions, not always available in the Brussels office, are copies of the original documents invoiced to and filed in the regional organisations.

Accordingly the decision of the General Secretary of the ICFTU, the balance of several accounts (assets, liabilities and income and expenditure accounts) of the ICFTU has been totally or partially transferred into the accounts of the financial year 2007 of ITUC. In this transfer of accounts is included the transfer of the account "Reserve Fund" for an amount of 3.705.000 EUR. The acceptance of the transferred accounts and transferred rights and duties has not been approved by the authorised body of ITUC.

We have not obtained supporting documents regarding the provision for social security. However, the profit and loss statement of 2007 has been charged with a provision of 143.609,99 EUR.

The cost of a seminar held in January 2008 has been charged to the accounts of the financial year 2007 for an amount of 25.406 EUR

Except for the matters mentioned in the foregoing paragraph, no other matters resulted from our audit which affect the financial statements ended 31 December 2007 in a material way.

Additional information

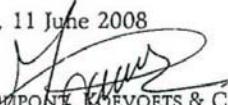
The income and expenditure account only shows the income and expenditure transactions of the general fund. Income and expenditure transactions relating to the other fund accounts are not shown in the income and expenditure account but allocated to the fund accounts on the balance sheet.

The general fund-income and expenditure account shows a surplus for the year of 2.996,60 EUR. Before allocation of the surplus to the funds, the accounts show a surplus for the year of 1.201.272,39 EUR.

The nature, contents and classification of the accounts as well as the presentation of the financial statements are different from the Belgian law and regulations applicable on the accounts of the non-profit associations (associations sans but lucratif). According to this law, compensation of receivables and payables, income and charges, rights and duties are not allowed.

Accounting policies are not available.

Brussels, 11 June 2008


SCCR DUPONT, KOEVOETS & C°,
RÉVISSEURS D'ENTREPRISES
REPRÉSENTÉE PAR
GILBERI JANSSENS, PARINER

INTERNATIONAL TRADE UNION CONFEDERATION

BALANCE SHEET AS AT 31 DECEMBER 2007

EUR

FUNDS

General Fund (Note 1)	2,996.60
Reserve Fund (Note 1)	3,705,000.00
Solidarity Fund (Note 2)	2,943,687.66
Other Funds: Staff Superannuation Fund (Note 3)	105,575.89
Other Funds: ITUC-PERC (Note 3)	<u>48,859.88</u>
	<u>6,806,120.03</u>

EMPLOYMENT OF FUNDS

Fixed assets: cars	0.00
Fixed assets (depreciation): cars	0.00
Fixed assets: hardware	10,332.46
Fixed assets (depreciation): hardware	<u>(3,444.15)</u> 6,888.31

Current assets

Cash at bank and on short term deposit	8,974,909.71
Guarantee deposits	3,497.40
Debtors	<u>866,225.21</u>
	<u>9,844,632.32</u>

Current liabilities

Development aid funds (Note 4)	181,657.67
Creditors	1,836,155.92
Provisions (Note 5)	<u>1,027,587.01</u>
	<u>3,045,400.60</u>

Net current assets

6,799,231.72

6,806,120.03

The notes on pages 4 to 5 form part of these accounts.

INTERNATIONAL TRADE UNION CONFEDERATION
31 DECEMBER 2007
GENERAL FUND - INCOME AND EXPENDITURE ACCOUNT

	<u>2007</u> <u>EUR</u>
<u>INCOME</u>	
Affiliation fees received:	
Current year	10,457,958.33
Prior years	0.00
	<u>10,457,958.33</u>
Income for Offices	193,701.22
Other income	<u>162,301.46</u>
	<u>10,813,961.01</u>
<u>EXPENDITURE</u>	
<u>Head office</u>	
ITUC 2nd World Congress (provision)	250,000.00
Conferences, meetings and travel	548,440.96
Office rent and upkeep	1,102,947.68
Other office expenses	281,876.99
Salaries, social charges, etc.	5,049,367.61
Incidental staff expenditure	89,762.93
Press and publications	317,106.14
Library, furniture and equipment	25,266.92
Depreciation of fixed assets	23,627.81
Miscellaneous: unforeseen expenses	0.00
	<u>7,688,397.04</u>
<u>Other offices</u>	
Geneva office	578,070.39
United Nations office, New York	150,356.27
ITUC/GUFs Washington office	127,577.51
ITUC NIS office	86,343.47
ITUC Amman office	63,976.15
ITUC/GUF Hong Kong Liaison Office (IHLO)	<u>72,020.76</u>
	<u>1,078,344.55</u>
<u>Regional organisations</u>	
ICFTU/AFRO, ITUC-Africa	591,848.08
ICFTU/APRO, ITUC-Asia Pacific	684,057.59
ICFTU/ORIT	399,040.41
ITUC-PERC	30,000.00
	<u>1,704,946.08</u>
	<u>10,471,687.67</u>
Currency exchange and financial losses	<u>339,276.74</u>
	<u>10,810,964.41</u>
<u>TRANSFERRED TO GENERAL FUND</u>	
Income from prior years	0.00
(Deficit) Surplus of the year	<u>2,996.60</u>
	<u>2,996.60</u>

INTERNATIONAL TRADE UNION CONFEDERATION

Explanatory notes forming part of the accounts for the year ended 31 December 2007

Note 1. FUNDS

	<u>GENERAL</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>
	<u>EUR</u>	<u>EUR</u>
Balance at beginning of year (transfer from ICFTU)	0.00	3,705,000.00
Income from prior years	0.00	
Excess of income over expenditure	2,996.60	
Internal transfer	0.00	0.00
	<hr/>	<hr/>
Balance at end of year	<u>2,996.60</u>	<u>3,705,000.00</u>

Note 2. SOLIDARITY FUND

	<u>General</u>	<u>Earmarked</u>	<u>Total</u>
	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>
Income			
Contributions	1,019,838.26	286,525.28	1,306,363.54
Other income	0.00	0.00	0.00
Transfer from ICFTU	1,794,272.75	735,189.72	2,529,462.47
	<hr/>	<hr/>	<hr/>
	2,814,111.01	1,021,715.00	3,835,826.01
Expenditure			
	<hr/>	<hr/>	<hr/>
(587,809.97)	(304,328.38)	(892,138.35)	
Net income/(expenditure)	2,226,301.04	717,386.62	2,943,687.66
Balance at beginning of year	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<hr/>	<hr/>	<hr/>
Balance at end of year	<u>2,226,301.04</u>	<u>717,386.62</u>	<u>2,943,687.66</u>

INTERNATIONAL TRADE UNION CONFEDERATION

Explanatory notes forming part of the accounts for the year ended 31 December 2007

Note 3. OTHER FUNDS

	<u>Staff</u> <u>Superannuation</u>	<u>ITUC-</u> <u>PERC</u>	<u>Total</u>
	<u>Fund</u> <u>EUR</u>	<u>EUR</u>	<u>EUR</u>
Income from ITUC	29,125.52	30,000.00	59,125.52
Income from affiliation fees (PERC)	0.00	30,160.23	30,160.23
Expenditure	<u>(58,357.30)</u>	<u>(11,300.35)</u>	<u>(69,657.65)</u>
Net income/(expenditure)	(29,231.78)	48,859.88	19,628.10
Balance at beginning of year:			
transfer from ICFTU	<u>134,807.67</u>	<u>0.00</u>	<u>134,807.67</u>
Balance at end of year	<u>105,575.89</u>	<u>48,859.88</u>	<u>154,435.77</u>

Note 4. CURRENT LIABILITIES

	<u>2007</u> <u>EUR</u>
Development Aid Funds	
Transfer from ICFTU	231,776.76
Balance at beginning of year	0.00
Income	<u>1,169,106.37</u>
Expenditure	<u>1,400,883.13</u> <u>(1,219,225.46)</u>
Balance at end of year	<u>181,657.67</u>

Note 5. PROVISIONS

	<u>2007</u> <u>EUR</u>
2nd ITUC World Congress (2010)	500,000.00
1st World Women's Conference	122,000.00
Home Leave staff and contracts	19,320.02
Travel & Removal expenses staff recruited abroad	242,657.00
ONSS "déduction structurelle"	<u>143,609.99</u>
Balance at end of year	<u>1,027,587.01</u>

INTERNATIONAL TRADE UNION CONFEDERATION

AUDITORS' REPORT FOR 2007

INTRODUCTION

1. The three auditors elected by the ITUC Founding Congress (Vienna, November 2006) according to article XXXV of the Constitution :

Luis Eduardo Gallo	-	UGT Brazil
Arto Kuusiola	-	SAK Finland
Barbara Easterling	-	AFL-CIO United States

submit the following report. This report is based upon the examination of the draft ITUC balance sheet and income and expenditure accounts for 2007, the oral comments by the external auditor of the Brussels Chartered Accountants, HLB, and of various other ITUC documents and reports.

AUDITORS' TERMS OF REFERENCE

2. We based our work and proceedings on the Terms of reference as they existed in the ICFTU. We consider it our duty

- i. to examine the financial management of the ITUC and in relation to its constitutional obligations, and to report on such matters as they deem appropriate;
- ii. to recommend action to the ITUC Congress or the Governing bodies on any matters with financial implications for which in their view rules have not been, or not adequately been, laid down.

Further to these duties, we shall

- iii. have free access at all convenient times to all books, records and other documentation which are, in our opinion, necessary for the performance of the audit;
- iv. receive a copy of the chartered accounts' report, notes and comments before commencing our own task.

AUDITORS OBSERVATIONS AND RECOMMENDATIONS

3. We had a meeting with Mr. Gilbert Janssens, a partner with HLB, Dupont, Koevoets, & Co, and he explained orally his opinion on the financial statements of ITUC.

4. Mr. Janssens raised the question of who was responsible for preparing the annual accounts. According to the constitution of ITUC, article XXV (d), it is the role of the Executive Bureau to prepare the General Council's decisions concerning finances. According to article XXVIII (c) the General Secretary shall be responsible for implementing the decisions of Congress and the General Council. In our opinion the Executive Bureau together with the General Secretary are responsible for preparing the annual accounts.

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT

5. The 2007 budget forecasted was in balance in the General Fund, and the actual income and expenditures were also almost in balance, resulting in a small surplus. The figures for the year are as follows :

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Income	11,115,000	10,813,961	301,039
Expenditure	<u>11,115,000</u>	<u>10,810,964</u>	<u>304,036</u>
Surplus 2007	0	2,997	2,997

6. Affiliation fees received for 2007 amounted to EUR 10,457,958 against a forecast of EUR 10,900,000.

7. Other income amounted to EUR 162,301 which is EUR 157,301 more than the budget, mainly due to the under-budgeting of interest yield from investment.

8. Overall, income was EUR 301,039 below budget.

9. Income totalling EUR 10,813,961 was received against the Confederation's expenditure of EUR 10,810,964, leaving an excess of income over expenditure of EUR 2,997. The total expenditure for the year was EUR 304,036 below the approved budget, mainly due to an under spending on salaries and social charges.

10. The excess of income over expenditure of EUR 2,997 for the year has been transferred to the General Fund.

11. We noticed that allocations to offices outside Brussels are often paid in local currencies and not in Euro. This practice was positive in 2007 for the finances of ITUC, due to the evolution in the exchange rate with the US Dollar. In other circumstances the effect on the finances of ITUC could be negative.

12. We noted the demand of the external auditor to use the accountancy rules legally established for non profit organisations in Belgium. We agree that this proposal will improve the quality of the accounting information and suggest that the implementation of it should be seriously considered.

BALANCE SHEET

13. We note that the Reserve Fund has been set to a level of four months' expenditure of the Confederation's budget for the following year. At 31 December 2007, the Reserve Fund stood at EUR 3,705,000. We believe it would be prudent to increase the Reserve Fund to six months if funds become available.

14. We studied in detail the situation of the 'Cash at bank and on short term deposit' on 31 December 2007. We noticed that this item also contained long term financial investments including shares. We recommend the Executive Bureau to establish guidelines and procedures concerning decisions on the targets and the type of financial investments.

AFFILIATION FEES

15. ITUC started in 2007 with no affiliated organisations having arrears in payment of dues. Nevertheless, at the end of the year 2007, there was an amount of 198,619.05 Euros of outstanding fees to be collected. This amount represents 1.9 % of the total amount of affiliation fees for 2007. There are 78 organisations that have paid no affiliation fees at all in 2007. This is a quarter of all the affiliates of ITUC. We noticed that the average amount of fees to be paid by these organisations is not high. We suppose therefore that it is not really for financial reasons that these organisations did not pay.

16. We discussed the sanctions for delinquent organisations. They are based on article XXXII (b) of the constitution. Delegates from organisations that are more than four quarters in arrear with the payment of fees are not invited for statutory meetings or seminars organised by ITUC, and are also not entitled to any sort of financial assistance for participating in meetings.

17. We noticed also that organisations owing eight or more quarters' affiliation fees shall be regarded as having withdrawn. We suppose that the General Council in December 2008 will receive a list of these organisations and will ask to send final notice to these organisations.

18. Many affiliates pay small amounts of affiliation fees, less than a few hundred Euros. We believe that a minimum membership fee should be established for all affiliates. Very small affiliation fees are of no value. Maybe ITUC could take inspiration from TUCA, where a minimum fee of USD 1,000 has been established at the founding Congress in Panama (March 2008).

19. Many organisations declare a membership where there is a difference between declared membership and paying membership. We are of the opinion that this difference should be reduced as much as possible although we understand that there are valid reasons possible for this discrepancy.

20. We noticed that organisations can inform ITUC of a change of membership figures at anytime in the year. We are of the opinion that a membership figure should not change during the year. We suggest ITUC to ask once a year formally for the latest figure of paying membership, to be used as the basis for the calculation of the fees for the next year and consequently also as the basis for the ITUC budget of income for the

next year. A change of membership during the year would only be accepted for the year after.

21. We have noticed that several organisations are classified in a band that does not correspond with the latest statistics of the World Bank. Some of them are in band two (below USD 10,000 of GDP per capita) where they have actually a GDP above USD 10,000. The same can be found around the line of USD 5,000 (between band 2 and 3), around USD 3,000 (band 3 and 4), and USD 1,000 (band 4 and 5).

22. We encourage to take the appropriate action to avoid these anomalies and to endeavour a correct application of the system with as little exceptions as possible. We were informed that the exceptions are reported by the General Secretary to the General Council for approval.

FINANCIAL STATEMENTS SOLIDARITY FUND

23. We were informed about the changes that have been scheduled for 2008 concerning the payments made by the Solidarity Fund. Payments of global envelopes will no longer be practiced but will be based on concrete project proposals. We support this new method. We suggest to follow up the narrative reporting on the projects, and to make it a condition for later transfers of money.

24. We also welcome the rule that funds are not intended to meet recurrent costs associated with the maintenance of permanent offices, or payment of salaries or travel costs of staff.

25. We noticed that the accumulated income of the Solidarity Fund has become important, whereas the use of the fund is limited. We trust that these funds will be used more in the future. This remark is also applicable to the earmarked funds in the Solidarity Fund.

26. The Management Board of the Solidarity Fund has expressed the wish to include one of the Internal Auditors into the Management Board. We agreed to appoint Arto Kuusiola to participate in the meetings of the Board as an observer.

REGIONAL ORGANISATIONS

AFRICAN REGIONAL ORGANISATION

27. We noted that no final documents on the financial status of the African regional organisation have been sent to the Secretariat in Brussels. Therefore we are not in the position to express an opinion.

ASIA – PACIFIC REGIONAL ORGANISATION

28. All the documents concerning the financial statements were available. We noted that the creation of the new organisation was completed successfully.

AMERICAN REGIONAL ORGANISATION

29. The necessary documents were not fully present, as the report of the internal auditor was not available. The external auditor gave a qualified opinion on the annual accounts. We expect that with the start of the new organisation the accounts will be established in a way to enable the external auditor to give an unqualified opinion.

CONCLUSION

30. We encourage the Director of the Financial Department and his staff to overcome the difficulties in reaching the required deadlines in the preparation of the documents we need for our proceedings as Internal Auditors. We hope that for next year all the necessary documents for the Financial Statements of the ITUC and of the regional organisations will be available before the start of our work.

31. We also encourage the General Secretary to examine the possibility to contract one international audit firm to do the audit of the ITUC and of the regional organisations. We believe that this could improve the transparency and consistency of the financial statements.

32. We are pleased to confirm how thorough the General Secretary and his colleagues have been. This distraction from normal business has made their patience and assistance during our audit well deserving of our thanks, particularly of course the General Secretary, the Director of Finance and his secretary who bear most the underneath burden of our visit.



Luis Eduardo Gallo



Arto Kuusiola



Barbara Easterling

AUDITORS

Brussels, 6 June 2008

YEAR 2008

AUDITOR'S REPORT TO THE OFFICERS OF THE INTERNATIONAL TRADE UNION CONFEDERATION (ITUC) ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2008

In accordance with your request, we report to you on the audit assignment that you have entrusted to us.

Qualified audit opinion on the financial statements

We have audited the attached financial statements for the year ended 31 December 2008, set out on page 3 to 6, which show a total of Funds of EUR 11.378.452,80 and a deficit for the year, after allocation of the surplus to the Funds, of EUR 294.845,95.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Although ITUC is not held by a legal framework of accounting and audit of accounts, we performed, by analogy, our audit on the accounts in reference to the Belgian laws and regulations applicable on accountancy of the non-profit associations (association sans but lucratif).

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and the association's officials, the explanations and information necessary for executing our audit procedures. Although requested by us, we did not obtain a confirmation of the balances outstanding with the regional organisations and third parties. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

(P)

The accounts (assets, liabilities and income and expenditure accounts) of the ICFTU has been transferred into the accounts of ITUC, partly in 2007 and partly in 2008. The acceptance of the transferred accounts and transferred rights and duties has not been approved by the authorised body of ITUC.

The supporting receipts on the transactions of the regional organisations, not always available in the Brussels office, are copies of the original documents invoiced to and filed in the regional organisations.

We have not obtained supporting documents regarding the provision for social security amounting to EUR 569.791. The provision for new furniture amounting to 210.000 EUR does not meet the requirements of the Belgian law on accounting. We have obtained no justification for an amount of EUR 78.644 deducted from "Debtors".

Except for the effect on the financial statements of the matters mentioned in the foregoing paragraphs, no other matters resulted from our audit which affect the financial statements ended 31 December 2008, after allocation of the surplus to the Funds, in a material way.

Additional information

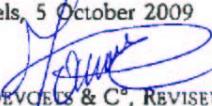
The accounts of the ITUC have been prepared supposing that the regional organisations are independent entities. The contributions towards the expenses of the regional organisations are included in the general fund-income and expenditure account. The financial transactions of the regional organisations are included into the ITUC accounts as far as it regards "Fund" transactions of the Brussels office.

The income and expenditure account only shows the income and expenditure transactions of the general fund. Income and expenditure transactions relating to the other fund accounts are not shown in the income and expenditure account but allocated to the fund accounts on the balance sheet.

The income and expenditure account shows a global surplus for the year of EUR 66.173,79 EUR (PERC Fund excluded) composed of a deficit of EUR 294.845,95 for the General Fund, a surplus of EUR 274.897,10 for the Solidarity Fund, a surplus of EUR 86.122,64 for the Solidarity Fund Earmarked. The surplus for PERC Fund amounts to EUR 189.363,14. These surplus amounts have been transferred to the respective funds on the balance sheet.

The nature, contents and classification of the accounts as well as the presentation of the financial statements are different from the Belgian law and regulations applicable on the accounts of the non-profit associations (associations sans but lucratif). According to this law, compensation of receivables and payables, income and charges, rights and duties are not allowed. Accounting policies are not available.

Brussels, 5 October 2009


SCCRL DUPONT, KOVACEV & C°, REVISEURS D'ENTREPRISES
REPRESENTED BY
GILBERT JANSSENS, PARTNER

INTERNATIONAL TRADE UNION CONFEDERATION

BALANCE SHEET AS AT 31 DECEMBER 2008

EUR

FUNDS

General Fund (Note 1)	801,396.84
Reserve Fund (Note 1)	3,705,000.00
Solidarity Fund (Note 2)	3,304,707.40
Building fund	3,215,104.83
Other Funds: Staff Superannuation Fund (Note 3)	114,020.71
Other Funds: ITUC-PERC (Note 3)	238,223.02
	<u>11,378,452.80</u>

EMPLOYMENT OF FUNDS

ITUBI	3,215,104.83
Movable property	14,818.63
Movable property (depreciation)	<u>(2,963.73)</u>
Fixed assets: hardware	26,464.29
Fixed assets (depreciation): hardware	<u>(12,265.58)</u> 3,241,158.44

Current assets

Short term investments	14,028,898.51
Cash at bank	801,453.56
Guarantee deposits	3,497.40
Debtors	<u>1,423,311.27</u>
	<u>16,257,160.74</u>

Current liabilities

Development aid funds (Note 4)	1,190,130.88
Creditors	3,554,127.49
Provisions (Note 5)	<u>3,375,608.01</u>
	<u>8,119,866.38</u>

Net current assets

8,137,294.36

11,378,452.80

The notes on pages 5 to 6 form part of these accounts.

INTERNATIONAL TRADE UNION CONFEDERATION
31 DECEMBER 2008
GENERAL FUND - INCOME AND EXPENDITURE ACCOUNT

	<u>ACTUAL</u>
	<u>2008</u>
	<u>EUR</u>
<u>INCOME</u>	
Affiliation fees received:	
Current year	10,555,560.21
Prior years	<u>123,395.04</u>
	10,678,955.25
<u>Council of Global Unions</u>	
Council of Global Unions (CGU)	<u>1,591.73</u>
Income for Offices	142,757.40
Income from financial investments	583,818.17
Other income	<u>127,838.65</u>
	<u>11,534,961.20</u>
<u>EXPENDITURE</u>	
<u>Head office</u>	
ITUC 2nd World Congress (provision)	250,000.00
Conferences, meetings, travel and activities	522,747.51
Reversed provisions	-303,329.04
Office rent and upkeep	1,104,611.98
Other office expenses	291,155.75
Salaries, social charges, etc.	5,147,943.33
Incidental staff expenditure	134,245.87
Press and publications	374,846.22
Library, furniture and equipment	14,686.91
Depreciation of fixed assets	32,376.71
Miscellaneous: unforeseen expenses	<u>0.00</u>
	<u>7,569,285.24</u>
<u>ITUC offices</u>	
Geneva office	515,242.49
United Nations office, New York	158,210.98
ITUC/GUFs Washington office	129,070.41
Moscow Office for the NIS	74,361.73
Amman office	34,776.15
Hong Kong Office	<u>20,000.00</u>
	<u>931,661.76</u>
<u>Regional organisations and structures</u>	
African Regional Organisation	568,979.88
Asian and Pacific Regional Organisations	795,325.82
American Regional Organisations	511,817.92
Pan-European Regional Council (PERC)	<u>31,500.00</u>
	<u>1,907,623.62</u>
	<u>10,408,570.62</u>
Decrease in value of financial investments	<u>1,421,236.53</u>
	<u>11,829,807.15</u>
<u>TRANSFERRED TO GENERAL FUND</u>	
Income from prior years	123,395.04
(Deficit) Surplus of the year	<u>(418,240.99)</u>
	<u>(294,845.95)</u>

INTERNATIONAL TRADE UNION CONFEDERATION

Explanatory notes forming part of the accounts for the year ended 31 December 2008

Note 1. FUNDS

	<u>GENERAL</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>
	<u>EUR</u>	<u>EUR</u>
Balance at beginning of year	1,054,818.50	3,705,000.00
Income from prior years	123,395.04	
Excess of expenditure over income	(418,240.99)	
Internal transfer	41,424.29	
	<hr/>	<hr/>
Balance at end of year	<u>801,396.84</u>	<u>3,705,000.00</u>

Note 2. SOLIDARITY FUND

	<u>General</u>	<u>Earmarked</u>	<u>Total</u>
	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>
Income			
Contributions	992,345.93	281,932.68	1,274,278.61
	<hr/>	<hr/>	<hr/>
	992,345.93	281,932.68	1,274,278.61
Expenditure			
	<u>(717,448.83)</u>	<u>(195,810.04)</u>	<u>(913,258.87)</u>
Net income/(expenditure)	274,897.10	86,122.64	361,019.74
Balance at beginning of year	<u>2,226,301.04</u>	<u>717,386.62</u>	<u>2,943,687.66</u>
Balance at end of year	<u>2,501,198.14</u>	<u>803,509.26</u>	<u>3,304,707.40</u>

INTERNATIONAL TRADE UNION CONFEDERATION

Explanatory notes forming part of the accounts for the year ended 31 December 2008

Note 3. OTHER FUNDS

	<u>Staff</u> <u>Superannuation</u>	<u>ITUC- PERC</u>	<u>Total</u>
	<u>Fund</u> <u>EUR</u>	<u>EUR</u>	<u>EUR</u>
Income from ITUC	57,448.67	183,164.52	240,613.19
Income from affiliation fees (PERC)	0.00	41,874.44	41,874.44
Expenditure	<u>(49,003.85)</u>	<u>(35,675.82)</u>	<u>(84,679.67)</u>
Net income/(expenditure)	8,444.82	189,363.14	197,807.96
Balance at beginning of year	<u>105,575.89</u>	<u>48,859.88</u>	<u>154,435.77</u>
Balance at end of year	<u><u>114,020.71</u></u>	<u><u>238,223.02</u></u>	<u><u>352,243.73</u></u>

Note 4. CURRENT LIABILITIES

	<u>2008</u> <u>EUR</u>
<u><u>Development Aid Funds</u></u>	
Balance at beginning of year	181,657.67
Income	<u>3,044,526.35</u>
Expenditure	3,226,184.02
Balance at end of year	<u>(2,036,053.14)</u> <u>1,190,130.88</u>

Note 5. PROVISIONS

	<u>2008</u> <u>EUR</u>
2nd ITUC World Congress (2010)	750,000.00
1st World Women's Conference	122,000.00
Home Leave staff and contracts	23,340.10
Travel & Removal expenses staff recruited abroad	188,986.91
ONSS "déduction structurelle" 2005- 2008	569,791.06
Early retirement	990,687.39
Provision for office expenditure Hong Kong	20,000.00
Office	<u>710,802.55</u>
Remaining provision from ICFTU closing balance 2006	<u>3,375,608.01</u>
Balance at end of year	<u><u>3,375,608.01</u></u>

INTERNATIONAL TRADE UNION CONFEDERATION

AUDITORS' REPORT FOR 2008

INTRODUCTION

1. The three auditors elected by the ITUC Founding Congress (Vienna, November 2006) according to article XXXV of the Constitution :

Luis Eduardo Gallo	-	UGT Brazil
Arto Kuusiola	-	SAK Finland
Barbara Easterling	-	AFL-CIO United States

submit the following report. This report is based upon the examination of the draft ITUC balance sheet and income and expenditure accounts for 2008, the oral comments by the external auditor of the Brussels Chartered Accountants, HLB, and of various other ITUC documents and reports.

AUDITORS' TERMS OF REFERENCE

2. We based our work and proceedings on the Terms of reference as they existed in the ICFTU. We consider it our duty

- i. to examine the financial management of the ITUC and in relation to its constitutional obligations, and to report on such matters as they deem appropriate;
- ii. to recommend action to the ITUC Congress or the Governing bodies on any matters with financial implications for which in their view rules have not been, or not adequately been, laid down.

Further to these duties, we shall

- iii. have free access at all convenient times to all books, records and other documentation which are, in our opinion, necessary for the performance of the audit;
- iv. receive a copy of the chartered accounts' report, notes and comments before commencing our own task.

AUDITORS OBSERVATIONS AND RECOMMENDATIONS

3. We had a meeting with Mr. Gilbert Janssens and Mr. Willy Gillisjans, partners with HLB, Dupont, Koevoets, & Co, and they explained orally their opinion on the financial statements of ITUC as the final report of the external auditors was not yet available.

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT

4. The 2008 budget forecasted was in balance in the General Fund. The actual expenditures exceeded income, resulting in a deficit of EUR 278,525. The figures for the year are as follows :

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Income	11,097,000	11,532,873	435,873
Expenditure	<u>11,097,000</u>	<u>11,811,398</u>	<u>-714,398</u>
Deficit 2008	0	- 278,525	- 278,525

5. Affiliation fees received for 2008 amounted to EUR 10,678,955 against a forecast of EUR 10,900,000.

6. Other income amounted to EUR 711,160 as the budget included no other income. The majority of this income consisted of the interest yield from accumulated reserves. It also includes profit on exchange rates. In the final statement the income from the financial investments will be reported separately.

7. Overall, income was EUR 435,873 over budget.

8. Income totalling EUR 11,532,873 was received against the Confederation's expenditure of EUR 11,811,398 leaving a deficit of EUR 278,525. The total expenditure for the year 2008 was EUR 714,398 below the approved budget, mainly due to the decrease in the value of the financial investments based on the difference between the market value and the acquisition value of the financial investments on December 31 2008.

9. The deficit of income over expenditure of EUR 278,355 for the year 2008 has been covered from the General Fund.

10. The external auditor reiterated his demand to use the accountancy rules legally established for non profit organisations in Belgium. It is our opinion that this rule change will improve the quality of the accounting information.

BALANCE SHEET

11. While the Reserve Fund balance remained untouched throughout the year, we continue to believe that it would be prudent to increase the Reserve Fund to six months' expenditure if the funds are available.

12. The financial investments of the ITUC amounted to EUR 14,028,898 on 31 December 2008. Due to the absence of the former financial director our recommendation to establish guidelines and procedures concerning decisions on the targets and the type of financial investments was not followed. We have attached an additional draft of the guidelines which we would propose they should be discussed.

AFFILIATION FEES

13. ITUC started in 2007 with no affiliated organisations having arrears in payment of dues. Nevertheless, at the end of the year 2008, there was an amount of 344,440.00 Euros of outstanding fees to be collected. This amount represents 3.07 % of the total amount of affiliation fees for 2008. There are 37 organisations that have paid no affiliation fees at all in 2007 and 2008. This represents 11% of all the affiliates of ITUC. We noticed that the average amount of fees to be paid by these organisations is not high. We suppose therefore that it is not really for financial reasons that these organisations did not pay.

14. We noticed also that organisations owing eight or more quarters' affiliation fees shall be regarded as having withdrawn. We know that the General Council in October 2009 will receive a list of these organisations and will decide on the appropriate measures to take.

15. Many affiliates pay small amounts of affiliation fees, less than a few hundred Euros. We believe that a minimum membership fee should be established for all affiliates. Very small affiliation fees are of no value. Maybe ITUC could establish a minimum fee according to the band the organisation belongs to. The General Council could also decide to reduce the number of bands to 3 or 4 in order to simplify the follow-up and the control.

FINANCIAL STATEMENTS SOLIDARITY FUND

16. We noticed that the accumulated income of the Solidarity Fund has continued to increase as the voluntary contributions exceed the yearly expenditure. We trust that these funds will be used more in the future. This remark is also applicable to the earmarked funds in the Solidarity Fund.

REGIONAL ORGANISATIONS

17. All the documents concerning the financial statements of the regional organisations (ITUC-Africa, ITUC-Asia Pacific and TUCA) were available. The financial statements of ITUC-Asia Pacific did not require any comments from us.

AFRICAN REGIONAL ORGANISATION

18. We noted that according to the external auditors' report, some assets of the ICFTU-AFRO were not yet transferred to the ITUC-Africa. We also noted that the internal auditors had also remarks concerning open issues in the merging process of

the old organisations. We support the recommendations of the internal auditors to further work and finalise the creation of the new organisation.

19. We welcome the work the internal auditors have done to develop the financial procedures and management of the new ITUC-Africa.

AMERICAN REGIONAL ORGANISATION

20. TUCA has applied for the new legal status of a Public-Interest Civil Organisation. As this application is still ongoing, the legal name of the organisation is still ORIT. We support the recommendation of the internal auditors of the TUCA to give a maximum priority to get this application approved.

CONCLUSION

21. We are encouraged by the new Director of the Financial Department's commitment to insuring that all the necessary documents not available to us on time this year will be prepared and delivered at the start of our work.

22. We remind the General Secretary of our previous proposal that the ITUC contracts one international audit firm to audit both their records and those of the regional organisations in order to obtain the transparency and consistency of the financial statements.

23. We wish to thank the General Secretary, the Director of Finance and his staff for their assistance during our audit.



Luis Eduardo Gallo



Arto Kuusiola



Barbara Easterling

AUDITORS

Brussels, 2 October 2009

YEAR 2009



AUDITOR'S REPORT TO THE OFFICERS OF THE INTERNATIONAL TRADE UNION CONFEDERATION (ITUC) ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

In accordance with your request, we report to you on the audit assignment that you have entrusted to us.

Qualified audit opinion on the financial statements

We have audited the attached financial statements for the year ended 31 December 2009, set out on page 3 to 6, which show a total of Funds of EUR 13.130.025,87 and a profit for the year, after allocation of the surplus to the Funds, of EUR 1.022.446,43.

Management is responsible for the preparation and the fair presentation of these financial statements. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Although ITUC is not held by a legal framework of accounting and audit of accounts, we performed, by analogy, our audit on the accounts in reference to the Belgian laws and regulations applicable on accountancy of the non-profit associations (association sans but lucratif).

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the legal requirements and the Auditing Standards applicable in Belgium, as issued by the Institute of Registered Auditors (Institut des Reviseurs d'Entreprises / Instituut der Bedrijfsrevisoren). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

In accordance with the above-mentioned auditing standards, we considered the association's accounting system, as well as its internal control procedures. We have obtained from management and the association's officials, the explanations and information necessary for executing our audit procedures; although requested by us, we did not obtain a confirmation of the balances outstanding with the regional organisations. We have examined, on a test basis, the evidence supporting the amounts included in the financial statements. We have assessed the appropriateness of accounting policies and the reasonableness of the significant accounting estimates made by the association as well as the overall financial statement presentation. We believe that these procedures provide a reasonable basis for our opinion.

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firm of RSM International
an affiliation of independent accounting
and consulting firms



We have not obtained the justification of the provision for social security for which the income and expenditure account of 2009 has been charged with a provision of EUR.152.852 and for which the total provision amounts to EUR.722.643.

The supporting receipts on the transactions of the regional organisations, not always available in the Brussels office, are copies of the original documents invoiced to and filed in the regional organisations.

Except for the effect on the financial statements of the matters mentioned in the foregoing paragraphs, no other matters resulted from our audit which affect the financial statements ended 31 December 2009, after allocation of the surplus to the Funds, in a material way.

Additional information

The accounts of the ITUC have been prepared supposing that the regional organisations are independent entities. The contributions towards the expenses of the regional organisations are included in the general fund-income and expenditure account. The financial transactions of the regional organisations are included into the ITUC accounts as far as it regards "Fund" transactions of the Brussels office.

The income and expenditure account only shows the income and expenditure transactions of the general fund. Income and expenditure transactions relating to the other fund accounts are not shown in the income and expenditure account but allocated to the fund accounts on the balance sheet.

The nature, contents and classification of the accounts as well as the presentation of the financial statements are different from the Belgian law and regulations applicable on the accounts of the non-profit associations (associations sans but lucratif). According to this law, compensation of receivables and payables, income and charges, rights and duties are not allowed. Accounting policies are not available.

Zaventem, 21 May 2010

RSM INTERAUDIT SC SRL
REGISTERED AUDITORS
REPRESENTED BY

A handwritten signature in blue ink, appearing to read "Hans".

GILBERT JANSSENS,
PARTNER

A handwritten signature in blue ink, appearing to read "Gillisjans".

WILLY GILLISJANS
PARTNER

INTERNATIONAL TRADE UNION CONFEDERATION

BALANCE SHEET AS AT 31 DECEMBER 2009

EUR

FUNDS

General Fund (Note 1)	1,823,843.27
Reserve Fund (Note 1)	3,705,000.00
Solidarity Fund (Note 2)	4,109,909.11
Building fund	3,172,023.57
Other Funds: Staff Superannuation Fund (Note 3)	96,264.46
Other Funds: ITUC-PERC (Note 3)	<u>222,985.46</u>
	<u>13,130,025.87</u>

EMPLOYMENT OF FUNDS

ITUBI	3,172,023.57
Movable property	42,083.76
Movable property (depreciation)	<u>(12,544.60)</u>
Fixed assets: hardware	43,268.07
Fixed assets (depreciation): hardware	<u>(26,688.27)</u> 3,218,142.53

Current assets

Short term investments	9,215,148.87
Cash at bank	6,638,153.80
Guarantee deposits	3,497.40
Debtors	<u>1,243,832.34</u>
	<u>17,100,632.41</u>

Current liabilities

Development aid funds (Note 4)	438,631.30
Creditors	3,453,805.56
Provisions (Note 5)	<u>3,296,312.21</u>
	<u>7,188,749.07</u>

<u>Net current assets</u>	<u>9,911,883.34</u>
	<u>13,130,025.87</u>

The notes on pages 5 to 6 form part of these accounts.

INTERNATIONAL TRADE UNION CONFEDERATION
31 DECEMBER 2009
GENERAL FUND - INCOME AND EXPENDITURE ACCOUNT

	<u>ACTUAL</u>
	2009
	EUR
<u>INCOME</u>	
Affiliation fees received:	
Current year	10,848,377.22
Prior years	<u>190,444.54</u>
	<u>11,038,821.76</u>
<u>Council of Global Unions</u>	
Council of Global Unions (CGU)	<u>11,951.18</u>
Income for Offices	143,451.64
Income from financial investments	332,634.65
Other income	<u>32,454.21</u>
	<u><u>11,559,313.44</u></u>
<u>EXPENDITURE</u>	
<u>Head office</u>	
ITUC 2nd World Congress (provision)	250,000.00
Conferences, meetings, travel and activities	744,005.89
Reversed provisions for meetings and conferences	-122,000.00
Office rent and upkeep	1,184,748.58
Other office expenses	380,370.49
Salaries, social charges, etc.	5,385,117.05
Incidental staff expenditure	109,799.03
Press and publications	351,902.29
Library, furniture and equipment	44,595.10
Reversed provisions for furniture and equipment purchase	-210,000.00
Miscellaneous: unforeseen expenses	<u>-302,042.79</u>
	<u>7,816,495.64</u>
<u>ITUC offices</u>	
Geneva office	421,462.91
United Nations office, New York	206,822.57
ITUC/GUFs Washington office	159,132.07
Moscow Office for the NIS	86,679.36
Amman office	34,650.00
Hong Kong Office	12,500.00
Reversed provisions for Hong Kong Office	<u>-20,000.00</u>
	<u>901,246.91</u>
<u>Regional organisations and structures</u>	
African Regional Organisation	671,561.92
Asian and Pacific Regional Organisations	691,254.08
American Regional Organisations	414,668.46
Pan-European Regional Council (PERC)	0.00
Council of Global Unions (CGU)	<u>41,640.00</u>
	<u><u>1,819,124.46</u></u>
	<u><u>10,536,867.01</u></u>
	<u><u>10,536,867.01</u></u>
<u>TRANSFERRED TO GENERAL FUND</u>	
Income from prior years	190,444.54
(Deficit) Surplus of the year	<u>832,001.89</u>
	<u><u>1,022,446.43</u></u>

INTERNATIONAL TRADE UNION CONFEDERATION

Explanatory notes forming part of the accounts for the year ended 31 December 2009

Note 1. FUNDS

	<u>GENERAL</u> <u>FUND</u>	<u>RESERVE</u> <u>FUND</u>
	<u>EUR</u>	<u>EUR</u>
Balance at beginning of year	801,396.84	3,705,000.00
Income from prior years	190,444.54	
Excess of expenditure over income	832,001.89	
Internal transfer		
Balance at end of year	<u>1,823,843.27</u>	<u>3,705,000.00</u>

Note 2. SOLIDARITY FUND

	<u>General</u>	<u>Earmarked</u>	<u>Total</u>
	<u>EUR</u>	<u>EUR</u>	<u>EUR</u>
<u>Income</u>			
Contributions	1,041,790.51	400,566.56	1,442,357.07
	<u>1,041,790.51</u>	<u>400,566.56</u>	<u>1,442,357.07</u>
<u>Expenditure</u>			
	<u>(418,182.77)</u>	<u>(218,972.59)</u>	<u>(637,155.36)</u>
Net income/(expenditure)	623,607.74	181,593.97	805,201.71
Balance at beginning of year	<u>2,501,198.14</u>	<u>803,509.26</u>	<u>3,304,707.40</u>
Balance at end of year	<u>3,124,805.88</u>	<u>985,103.23</u>	<u>4,109,909.11</u>

Note 3. OTHER FUNDS

	<u>Staff</u> <u>Superannuation</u> <u>Fund</u>	<u>ITUC-</u> <u>PERC</u>	<u>Total</u>
	EUR	EUR	EUR
Income from ITUC	28,880.60		28,880.60
Income from affiliation fees (PERC)		41,892.45	41,892.45
Expenditure	(46,636.85)	(57,130.01)	(103,766.86)
Net income/(expenditure)	(17,756.25)	(15,237.56)	-32,993.81
Balance at beginning of year	114,020.71	238,223.02	352,243.73
Balance at end of year	<u>96,264.46</u>	<u>222,985.46</u>	<u>319,249.92</u>

Note 4. CURRENT LIABILITIES

	<u>2009</u> EUR
<u>Development Aid Funds</u>	
Balance at beginning of year	1,190,130.88
Income	<u>6,200,588.56</u>
Expenditure	<u>7,390,719.44</u> <u>(6,952,088.14)</u>
Balance at end of year	<u>438,631.30</u>

Note 5. PROVISIONS

	<u>2009</u> EUR
2nd ITUC World Congress (2010)	1,000,000.00
2nd World Women's Conference	30,000.00
Home Leave staff and contracts	16,907.92
Travel & Removal expenses staff recruited abroad	191,197.00
ONSS "déduction structurelle" 2005- 2009	722,643.59
Early retirement	769,761.15
Provision for expected costs concerning	
2009	35,000.00
Provision for legal assistance/lawers	30,000.00
Remaining provision from ICFTU closing balance 2006	<u>500,802.55</u>
Balance at end of year	<u>3,296,312.21</u>

INTERNATIONAL TRADE UNION CONFEDERATION

AUDITORS' REPORT FOR 2009

INTRODUCTION

1. The three auditors elected by the ITUC Founding Congress (Vienna, November 2006) according to article XXXV of the Constitution :

Luis Eduardo Gallo	-	UGT Brazil
Arto Kuusiola	-	SAK Finland
Barbara Easterling	-	AFL-CIO United States

submit the following report. This report is based upon the examination of the ITUC balance sheet and income and expenditure accounts for 2009 by RSM InterAudit Belgium and of various other ITUC documents and reports.

AUDITORS' TERMS OF REFERENCE

2. We based our work and proceedings on the Terms of reference as they existed in the ICFTU. We consider it our duty

- i. to examine the financial management of the ITUC and in relation to its constitutional obligations, and to report on such matters as they deem appropriate;
- ii. to recommend action to the ITUC Congress or the Governing bodies on any matters with financial implications for which in their view rules have not been, or not adequately been, laid down.

Further to these duties, we shall

- iii. have free access at all convenient times to all books, records and other documentation which are, in our opinion, necessary for the performance of the audit;
- iv. receive a copy of the chartered accounts' report, notes and comments before commencing our own task.

AUDITORS OBSERVATIONS AND RECOMMENDATIONS

3. We had a meeting with Mr. Gilbert Janssens and Mr. Willy Gillisjans, partners with RSM InterAudit, and reviewed with them the external auditors report and the additional management letter sent with the accounts.

4. During the meeting with the external auditors we discussed possible solutions to the issues in their qualified report.

5. It was agreed that the lack of confirmation letters showing outstanding balances between ITUC and ITUC regional organisations, and the fact that the supporting documents on the transactions of the regional organisations are copies, can be solved by normal invoicing procedures.

6. The external auditors have not obtained justification of the provision for social security. The external auditors are not able to give an opinion whether or not the deduction for social security is correct and recommended we secure legal advice to determine how this issue should be handled.

GENERAL FUND

INCOME AND EXPENDITURE ACCOUNT

7. The 2009 budget forecasted a deficit of EUR 285,000 in the General Fund. The actual income exceeded expenditures, resulting in a surplus of EUR 1,022,446. The figures for the year are as follows :

	<u>Budget</u>	<u>Actual</u>	<u>Difference</u>
Income	11,482,000	11,559,313	+ 77,313
Expenditure	<u>11,767,000</u>	<u>10,536,867</u>	+ <u>1,230,133</u>
Surplus 2009	(- 285,000)	+ 1,022,446	+ 1,307,446

8. Affiliation fees received for 2009 amounted to EUR 11,038,821 against a forecast of EUR 11,050,000.

9. Other income amounted to EUR 520,491 against a budget of EUR 432,000. The income from financial investments was EUR 332,634 of which the increase in value was EUR 229,107.

10. Overall, income was EUR 77,313 over budget.

11. The Confederation's expenditure for 2009 amounted to EUR 10,536,867 against a forecast of EUR 11,767,000. The total expenditure for the year 2009 was EUR 1,230,133 below the approved budget. The ITUC Reorganisation approved by the Executive Bureau in June 2009 has reduced expenditure by transferring staff costs to projects which produced savings of EUR 306,205. The reversed provisions amounting to EUR 654,042 explain partially the difference between the realized expenditure and the approved budget.

12. The surplus of income over expenditure of EUR 1,022,446 for the year 2009 has been transferred to the General Fund.

13. The external auditors reiterated the advantages of using the accountancy rules legally established for non profit organisations in Belgium. The reversal of provisions was one step towards the Belgian accounting principles. We support the efforts of the ITUC Office to fully implement the new accounting standards. We underline that this change will improve the quality of the accounting information.

BALANCE SHEET

14. The Reserve Fund balance (EUR 3,705,000) remained untouched throughout the year. We recommend the Executive Bureau transfer an additional amount of EUR 172,000 to the Reserve Fund.

15. The financial investments of the ITUC amounted to EUR 9,215,148 on 31 December 2009. We welcome the decision of the Executive Bureau in February 2010 to approve the Guidelines for ITUC Financial Investments.

AFFILIATION FEES

16. At the end of the year 2009, there was an amount of 282,919 Euros of outstanding fees to be collected. This amount represents 2.6 % of the total amount of affiliation fees for 2009.

17. As to the structure of the fees in 2009 we can notify that:

- Paying membership is about 2/3 of the declared membership.
- There are 69 affiliates in Band 1 (the highest GDP per capita) paying 94.7 % of the total fees. The change in paying membership of the affiliates in the Band 1 has the most essential impact on the development of the fee income.
- There are 61 affiliates paying less than EUR 100 per year and there are 114 affiliates paying less than EUR 500 per year of the total number of 312 affiliates.

18. The position of ITUC affiliation fees has been reported regularly to the Executive Bureau and appropriate measures have been taken.

19. The Executive Bureau approved in February 2010 the recommendations of the Working Group on Affiliation Fees. The necessary changes to the Constitution of the ITUC will be introduced through the General Council to the Congress. Several of our suggestions concerning affiliation fees have been taken into account in the final recommendations.

FINANCIAL STATEMENTS SOLIDARITY FUND

20. We noted that the accumulated income of the Solidarity Fund has continued to increase as the voluntary contributions exceed the yearly expenditure. The Solidarity Fund Management Board will focus more attention on the functioning of the Fund by providing information on criteria needed to apply for support and ensuring that the accumulated money is used. This will encourage continued financial support from the donors in the future. This remark is also applicable to the earmarked funds in the Solidarity Fund.

REGIONAL ORGANISATIONS

21. The documents concerning financial statements of the regional organisations ITUC-Asia Pacific and TUCA were available. We didn't receive the report of the ITUC-Africa internal auditors as their meeting has not yet been held.

ITUC - ASIA PACIFIC

22. The financial statements of ITUC-Asia Pacific did not require any additional comments from us.

ITUC - AFRICA

23. In addition to the unqualified report of the external auditor, he has given a separate report attached to the financial statements. This report included recommendations about the internal control of accounting, administrative and human resource management, procurement and cash management.

24. We had a conversation with the General Secretary of ITUC-Africa and he provided us with a written response explaining the actions that will be taken to resolve those issues the external auditor has raised in his report.

TUCA

25. The application of TUCA for the new legal status of a Public-Interest Civil Organisation is still ongoing and so the legal name of the organisation is still ORIT. We support the recommendation of the internal auditors of the TUCA to give maximum priority to getting this application approved.

CONCLUSION

26. It should be noted that the General Secretary has agreed to our previous proposal that the ITUC contracts one international audit firm to audit both their records and those of the regional organisations in order to obtain transparency and consistency in the financial statements.

27. We wish to thank the General Secretary, the Director of Finance and his staff for their assistance during our audit.



Luis Eduardo Gallo

Arto Kuusiola

Barbara Easterling

AUDITORS

Brussels, 28 May 2010



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