

Financial Statements of

**SASKATCHEWAN  
CONSTRUCTION SAFETY  
ASSOCIATION INC.**

Year ended December 31, 2019

## **INDEPENDENT AUDITORS' REPORT**

To the Members of Saskatchewan Construction Safety Association Inc.

### ***Opinion***

We have audited the financial statements of Saskatchewan Construction Safety Association Inc. (the Entity), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### ***Basis for Opinion***

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Chartered Professional Accountants

Regina, Canada

February 13, 2020

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash	\$ 1,752,484	\$ 2,750,730
Accounts receivable	35,588	29,864
Short-term investments (note 2)	1,500,000	1,500,000
Prepaid expenses	100,989	72,288
	<u>3,389,061</u>	<u>4,352,882</u>
Property, plant and equipment (note 3)	290,822	381,765
	<u>\$ 3,679,883</u>	<u>\$ 4,734,647</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 238,304	\$ 229,392
Deferred revenue	11,650	1,062,953
	<u>249,954</u>	<u>1,292,345</u>
Deferred contributions related to property, plant and equipment (note 5)	20,000	40,000
Net assets:		
Invested in property, plant and equipment	270,822	341,765
Unrestricted	3,139,107	3,060,537
	<u>3,409,929</u>	<u>3,402,302</u>
Commitments (note 6)		
	<u>\$ 3,679,883</u>	<u>\$ 4,734,647</u>

See accompanying notes to financial statements.

On behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
<b>Revenue:</b>		
Funding from Saskatchewan Workers' Compensation		
Board	\$ 4,200,000	\$ 4,500,000
Other	162,951	209,277
Sale of training materials	21,618	35,519
Supporter fees	121,500	123,750
Conference revenue	9,264	5,564
Seminar and course revenue (Schedule 1)	704,150	830,076
Amortization of deferred contributions (note 5)	20,000	20,000
	<u>5,239,483</u>	<u>5,724,186</u>
<b>Expenses:</b>		
Advertising	216,758	258,596
Amortization of property, plant and equipment	178,690	154,290
Bank charges	27,761	37,062
Building maintenance and utilities	188,292	193,257
Computer expenses	188,318	174,691
Human resources	218,765	157,103
Insurance	22,184	19,997
Legal and audit	22,973	23,944
Meetings and seminars	73,810	81,056
Memberships and subscriptions	3,939	5,643
Office equipment rental	24,944	24,834
Office supplies	53,879	62,246
Postage and courier	17,817	24,886
Rent	181,090	181,090
Salaries and benefits	3,468,648	3,581,264
Telephone and fax	48,643	47,945
Travel	295,345	305,417
	<u>5,231,856</u>	<u>5,333,321</u>
<b>Excess of revenue over expenses</b>	<b>\$ 7,627</b>	<b>\$ 390,865</b>

See accompanying notes to financial statements.

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

## Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

December 31, 2019	Invested in property, plant and equipment	Unrestricted	Total
Balance, beginning of year	\$ 341,765	\$ 3,060,537	\$ 3,402,302
Excess (deficiency) of revenue over expenses	(158,690)	166,317	7,627
Net change in investment in property, plant and equipment	87,747	(87,747)	-
Balance, end of year	\$ 270,822	\$ 3,139,107	\$ 3,409,929

December 31, 2018	Invested in property, plant and equipment	Unrestricted	Total
Balance, beginning of year	\$ 374,573	\$ 2,636,864	\$ 3,011,437
Excess (deficiency) of revenue over expenses	(84,892)	475,757	390,865
Net change in investment in property, plant and equipment	52,084	(52,084)	-
Balance, end of year	\$ 341,765	\$ 3,060,537	\$ 3,402,302

See accompanying notes to financial statements.

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

## Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 7,627	\$ 390,865
Items not involving cash:		
Amortization of deferred contributions	(20,000)	(20,000)
Amortization of property, plant and equipment	178,690	154,290
Gain on sale of property, plant and equipment	-	(49,398)
Change in non-cash operating working capital:		
Accounts receivable	(5,724)	11,985
Prepaid expenses	(28,701)	(7,132)
Accounts payable and accrued liabilities	8,912	17,707
Deferred revenue	(1,051,303)	(72,597)
	(910,499)	425,720
Investments:		
Purchase of property, plant and equipment	(87,747)	(110,084)
Proceeds on disposal of property, plant and equipment	-	58,000
Purchase of short-term investments	-	(300,000)
	(87,747)	(352,084)
(Decrease) increase in cash	(998,246)	73,636
Cash, beginning of year	2,750,730	2,677,094
Cash, end of year	\$ 1,752,484	\$ 2,750,730

See accompanying notes to financial statements.



# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements

Year ended December 31, 2019

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## **Nature of operations:**

The Saskatchewan Construction Safety Association Inc. (the "Association") is incorporated under *The Non-Profit Corporations Act of Saskatchewan*. The Association accordingly is exempt from income taxes. The primary purpose of the Association is to develop and co-ordinate safety training programs for construction sector employers and workers in the province of Saskatchewan.

Pursuant to a funding agreement, the Association receives significant funding revenue from the Saskatchewan Workers' Compensation Board (the "WCB") to finance the development and co-ordination of the safety training programs referred to above. As a result, the Association is dependent upon the continuance of this funding to maintain operations at their current level.

The agreement provides further that all property, plant and equipment or assets acquired for safety program development and training are deemed to be supplied by the WCB and shall remain the property of the WCB. Additionally, the bylaws of the Association provide that on dissolution of the Association, assets will be transferred to the WCB.

## **1. Significant accounting policies:**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

### **(a) Revenue recognition:**

The Association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions related to the purchase of property, plant and equipment are recognized as revenue on the same basis as the related assets are amortized. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (b) Financial assets and liabilities:

Financial instruments are recorded at fair value on initial recognition. Subsequently they are recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realized by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

### (c) Property, plant and equipment:

Property, plant and equipment is recorded at cost. Amortization is calculated using the straight-line method over their estimated useful lives as follows:

Asset	Rate
Office and training equipment	5 years
Computer equipment	3 years
Leasehold improvements	Amortized over the life of the lease

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# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 1. Significant accounting policies (continued):

### (d) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the estimated useful lives of property, plant and equipment. Actual results could differ from these estimates.

## 2. Short-term investments:

Short-term investments consist of guaranteed investment certificates bearing interest rates ranging from 2.0% to 2.2% (2018 - 1.5% to 2.4%). These guaranteed investment certificates have maturity dates in June - December 2020 (2018 - June - December 2019).

## 3. Property, plant and equipment:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Office and training equipment \$	735,927	\$ 578,008	\$ 157,919	\$ 204,645
Computer equipment	502,815	432,239	70,576	58,334
Leasehold improvements	1,152,986	1,090,659	62,327	118,786
	\$ 2,391,728	\$ 2,100,906	\$ 290,822	\$ 381,765

## 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2018 - \$nil), which includes amounts payable for provincial sales taxes and payroll taxes.

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 5. Deferred contributions related to property, plant and equipment:

Deferred contributions relate to funding provided for property, plant and equipment and represent the unamortized portion of the contributions received. The deferred contributions are recognized as revenue as the related assets are amortized.

	2019	2017
Balance, beginning of the year	\$ 40,000	\$ 60,000
Less amounts recognized as revenue	(20,000)	(20,000)
Balance, end of year	\$ 20,000	\$ 40,000

## 6. Commitments:

The Association is committed under leases for office space, office equipment and vehicles over the next five years as follows:

2020	\$ 261,852
2021	204,969
2022	106,832
2023	102,094
2024	102,094

# **SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.**

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## **7. Financial risks:**

The Association, through its financial assets and liabilities, has exposures to the following risks from its use of financial instruments:

### **a) Credit risk:**

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Association is exposed to credit risk with respect to cash, accounts receivable and short-term investments. The carrying amounts of financial assets on the balance sheet represent the Association's maximum credit exposure at the balance sheet date.

The Association's trade receivable amounts disclosed in the balance sheet are net of allowance for doubtful accounts, estimated by management of the Association based on previous experience and its assessment of the current economic environment. The Association does not have significant exposure to any individual customer and has not incurred any significant bad debts during the year. The credit risk on cash and short-term investments is limited because the counterparties are chartered banks with high credit ratings assigned by national credit-rating agencies. There has been no change to the risk exposure since the prior year.

# SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Schedule 1 - Seminar and Course Revenue

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Training programs:		
Computer based training	\$ 335,195	\$ 383,962
Instructor based training	543,217	646,811
	878,412	1,030,773
Training expenses	174,262	200,697
	\$ 704,150	\$ 830,076