

Financial Statements of

**SASKATCHEWAN
CONSTRUCTION SAFETY
ASSOCIATION INC.**

Year ended December 31, 2018



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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, 2018
- 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, 2018, 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 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.

KPMG LLP

Chartered Professional Accountants

February 14, 2019

Regina, Canada

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash	\$ 2,750,730	\$ 2,677,094
Accounts receivable	29,864	41,849
Short-term investments (note 2)	1,500,000	1,200,000
Prepaid expenses	72,288	65,156
	<u>4,352,882</u>	<u>3,984,099</u>
Property, plant and equipment (note 3)	381,765	434,573
	<u>\$ 4,734,647</u>	<u>\$ 4,418,672</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 229,392	\$ 211,685
Deferred revenue	1,062,953	1,135,550
	<u>1,292,345</u>	<u>1,347,235</u>
Deferred contributions related to property, plant and equipment (note 5)	40,000	60,000
Net assets:		
Invested in property, plant and equipment	341,765	374,573
Unrestricted	3,060,537	2,636,864
	<u>3,402,302</u>	<u>3,011,437</u>
Commitments (note 6)		
	<u>\$ 4,734,647</u>	<u>\$ 4,418,672</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, 2018, with comparative information for 2017

	2018	2017
Revenue:		
Funding from Saskatchewan Workers' Compensation		
Board	\$ 4,500,000	\$ 4,500,000
Other	209,277	159,025
Sale of training materials	35,519	43,376
Supporter fees	123,750	125,250
Conference revenue	5,564	-
Seminar and course revenue (Schedule 1)	830,076	791,257
Amortization of deferred contributions (note 5)	20,000	20,000
	<u>5,724,186</u>	<u>5,638,908</u>
Expenses:		
Advertising	258,596	255,695
Amortization of property, plant and equipment	154,290	175,818
Bank charges	37,062	37,540
Building maintenance and utilities	193,257	197,090
Computer expenses	174,691	234,740
Human resources	157,103	145,788
Insurance	19,997	18,393
Legal and audit	23,944	28,888
Meetings and seminars	81,056	93,648
Memberships and subscriptions	5,643	5,860
Office equipment rental	24,834	25,778
Office supplies	62,246	59,438
Postage and courier	24,886	24,932
Rent	181,090	181,090
Salaries and benefits	3,581,264	3,624,104
Telephone and fax	47,945	58,294
Travel	305,417	310,007
	<u>5,333,321</u>	<u>5,477,103</u>
Excess of revenue over expenses	\$ 390,865	\$ 161,805

See accompanying notes to financial statements.

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

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

December 31, 2017	Invested in property, plant and equipment	Unrestricted	Total
Balance, beginning of year	\$ 489,848	\$ 2,359,784	\$ 2,849,632
Excess (deficiency) of revenue over expenses	(137,588)	299,393	161,805
Net change in investment in property, plant and equipment	22,313	(22,313)	-
Balance, end of year	\$ 374,573	\$ 2,636,864	\$ 3,011,437

See accompanying notes to financial statements.

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 390,865	\$ 161,805
Items not involving cash:		
Amortization of deferred contributions	(20,000)	(20,000)
Amortization of property, plant and equipment	154,290	175,818
Gain on sale of property, plant and equipment	(49,398)	(18,230)
Change in non-cash operating working capital:		
Accounts receivable	11,985	(15,268)
Prepaid expenses	(7,132)	(2,767)
Accounts payable and accrued liabilities	17,707	(13,917)
Deferred revenue	(72,597)	1,128,130
	425,720	1,395,571
Investments:		
Purchase of property, plant and equipment	(110,084)	(57,581)
Proceeds on disposal of property, plant and equipment	58,000	35,268
Purchase of short-term investments	(300,000)	(598,496)
	(352,084)	(620,809)
Increase in cash	73,636	774,762
Cash, beginning of year	2,677,094	1,902,332
Cash, end of year	\$ 2,750,730	\$ 2,677,094

See accompanying notes to financial statements.

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements

Year ended December 31, 2018

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, 2018

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
Vehicles	5 years
Leasehold improvements	Amortized over the life of the lease

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2018

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 1.5% to 2.4% (2017 - 1.3%). These guaranteed investment certificates have maturity dates in June - December 2019.

3. Property, plant and equipment:

			2018	2017
	Cost	Accumulated amortization	Net book value	Net book value
Office and training equipment	\$ 707,704	\$ 503,059	\$ 204,645	\$ 208,147
Vehicles	-	-	-	20,572
Computer equipment	461,805	403,471	58,334	16,268
Leasehold improvements	1,134,473	1,015,687	118,786	189,586
	\$ 2,303,982	\$ 1,922,217	\$ 381,765	\$ 434,573

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2017 - \$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, 2018

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.

	2018	2017
Balance, beginning of the year	\$ 60,000	\$ 80,000
Less amounts recognized as revenue	(20,000)	(20,000)
Balance, end of year	\$ 40,000	\$ 60,000

6. Commitments:

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

2019	\$ 275,888
2020	180,283
2021	99,145
2022	1,694
2023	1,174

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Notes to Financial Statements (continued)

Year ended December 31, 2018

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 prior year.

8. Comparative information:

The financial statements have been reclassified, where applicable, to conform to the presentation used in the current year.

SASKATCHEWAN CONSTRUCTION SAFETY ASSOCIATION INC.

Schedule 1 - Seminar and Course Revenue

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Training programs:		
Computer based training	\$ 383,962	\$ 360,474
Instructor based training	646,811	645,455
	1,030,773	1,005,929
Training expenses	200,697	214,672
	\$ 830,076	\$ 791,257