

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2021**

**Draft**

NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
INDEX  
DECEMBER 31, 2021

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Draft

## INDEPENDENT AUDITORS' REPORT

To the Members of:  
**Nova Scotia Construction Safety Association**

### *Opinion*

We have audited the financial statements of **Nova Scotia Construction Safety Association** ("the Association"), which comprise the statement of financial position as at December 31, 2021 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2021, and results of its 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 report. We are independent of the Association 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 the 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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 these 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Dartmouth, Nova Scotia  
May XX, 2022

**Chartered Professional Accountants**

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**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION**  
**(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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	2021 Budget \$	2021 Actual \$	2020 Actual \$
<b>REVENUES</b>			
Membership (Note 13)	2,216,000	2,495,614	2,163,478
Safety services	596,900	608,591	584,725
Other (Note 14)	55,700	73,513	64,481
Government assistance	-	-	25,000
	<u>2,868,600</u>	<u>3,177,718</u>	<u>2,837,684</u>
<b>EXPENSES</b>			
<i>Safety services</i>			
Salaries and benefits - training	761,300	607,212	673,150
Training	133,200	107,914	102,299
Salaries and benefits - COR services	674,100	537,816	596,218
COR services	33,600	17,796	15,996
Salaries and benefits - OH&S	434,900	346,978	384,657
OH&S services	23,600	13,330	24,805
Research and communications	162,200	85,064	77,438
Quality assurance	12,800	3,203	5,725
Amortization of capital assets	-	9,429	12,275
Amortization of intangible assets	48,000	30,408	30,408
	<u>2,283,700</u>	<u>1,759,150</u>	<u>1,922,971</u>
<i>Administrative</i>			
Salaries and benefits	304,500	267,841	259,443
e-Logic learning system	149,500	140,032	153,922
Settlement	-	-	125,000
Professional fees	154,700	337,391	88,334
Staff education	66,400	32,963	31,893
Board of directors	13,300	15,468	25,298
Staff travel	16,200	15,063	15,031
Interest and bank charges	16,600	12,665	13,979
Other	19,000	14,633	10,850
	<u>740,200</u>	<u>836,056</u>	<u>723,750</u>
<i>Operating</i>			
Property	209,400	181,876	185,904
Amortization of capital assets	53,086	86,567	91,055
Amortization of intangible assets	57,414	27,449	22,449
Office supplies	23,000	24,503	21,023
Telephone	23,400	20,042	19,398
Postage	19,900	16,346	16,155
Office equipment operating leases	2,600	2,507	2,736
Advertising and promotion	1,500	-	338
	<u>390,300</u>	<u>359,290</u>	<u>359,058</u>
	<u>3,414,200</u>	<u>2,954,496</u>	<u>3,005,779</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>( 545,600)</u>	<u>223,222</u>	<u>( 168,095)</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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	Investment in Capital and Intangible Assets	Unrestricted	Internally Restricted (Note 9)	<b>Total 2021</b>	Total 2020
	\$	\$	\$	\$	\$
Net assets - beginning of year	1,598,587	1,285,202	214,003	<b>3,097,792</b>	3,265,887
Excess (deficiency) of revenues over expenses	( 153,853)	374,544	2,531	<b>223,222</b>	( 168,095)
Acquisition of capital assets	12,972	( 12,972)	-	-	-
Acquisition of intangible assets	39,065	( 39,065)	-	-	-
Payments on obligation under capital lease	<u>9,579</u>	<u>( 9,579)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets - end of year	<u>1,506,350</u>	<u>1,598,130</u>	<u>216,534</u>	<u><b>3,321,014</b></u>	<u>3,097,792</u>

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**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2021**

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	2021	2020
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	444,741	531,560
Cash - internally restricted (Note 9)	22	103
Term deposits	725,552	717,201
Term deposits - internally restricted (Note 9)	216,511	213,900
Accounts receivable (Note 3)	533,698	297,063
Prepays	<u>78,076</u>	<u>39,952</u>
	1,998,600	1,799,779
<b>CAPITAL ASSETS (Note 4)</b>	<b>1,297,551</b>	<b>1,380,574</b>
<b>INTANGIBLE ASSETS (Note 5)</b>	<b><u>237,881</u></b>	<b><u>256,674</u></b>
	<b><u><u>3,534,032</u></u></b>	<b><u><u>3,437,027</u></u></b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 6)	135,159	264,314
Deferred revenue (Note 7)	48,777	36,260
Current portion of obligation under capital lease	<u>9,454</u>	<u>9,454</u>
	193,390	310,028
<b>OBLIGATION UNDER CAPITAL LEASE (Note 8)</b>	<b><u>19,628</u></b>	<b><u>29,207</u></b>
	<b><u>213,018</u></b>	<b><u>339,235</u></b>
<b>NET ASSETS</b>		
<b>INVESTMENT IN CAPITAL AND INTANGIBLE ASSETS</b>		
<b>UNRESTRICTED</b>	<b>1,506,350</b>	<b>1,598,587</b>
<b>INTERNALLY RESTRICTED (Note 9)</b>	<b><u>216,534</u></b>	<b><u>214,003</u></b>
	<b><u>3,321,014</u></b>	<b><u>3,097,792</u></b>
	<b><u><u>3,534,032</u></u></b>	<b><u><u>3,437,027</u></u></b>
<b>COMMITMENTS (Note 10)</b>		
<b>CONTINGENCIES (Note 11)</b>		
<b>SIGNIFICANT EVENT (Note 12)</b>		

Approved by the Board

\_\_\_\_\_ Director

\_\_\_\_\_ Director



**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION**  
**(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2021**

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	2021	2020
	\$	\$
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING</b>		
Excess (deficiency) of revenues over expenses	223,222	( 168,095)
Items not affecting cash		
Amortization of capital assets	95,996	103,330
Amortization of intangible assets	<u>57,857</u>	<u>52,857</u>
	377,075	( 11,908)
Changes in non-cash working capital items		
Accounts receivable	( 236,635)	63,906
Prepays	( 38,124)	( 5,348)
Accounts payable and accrued liabilities	( 129,155)	119,918
Deferred revenue	<u>12,517</u>	<u>2,100</u>
	( 14,322)	<u>168,668</u>
<b>FINANCING</b>		
Payments on obligation under capital lease	( 9,579)	( 11,288)
<b>INVESTING</b>		
Acquisition of term deposits	( 939,660)	( 931,101)
Proceeds on term deposits	928,698	-
Acquisition of capital assets	( 12,973)	( 14,190)
Acquisition of intangibles	<u>( 39,064)</u>	<u>( 18,001)</u>
	( 62,999)	( 963,292)
<b>CHANGE IN CASH</b>	( 86,900)	( 805,912)
<b>CASH - beginning of year</b>	<u>531,663</u>	<u>1,337,575</u>
<b>CASH - end of year</b>	<u><u>444,763</u></u>	<u><u>531,663</u></u>
Cash consists of:		
Cash	444,741	531,560
Cash - internally restricted	<u>22</u>	<u>103</u>
	<u><u>444,763</u></u>	<u><u>531,663</u></u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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## **1. OPERATIONS**

The Nova Scotia Construction Safety Association ("the Association") was incorporated under the Societies Act of Nova Scotia on May 21, 1993. It is committed to providing quality, accessible and affordable safety services. As an Association founded by and responsible to the construction industry, the Association is dedicated to developing a positive occupational health and safety culture within the province's construction sector and its communities of interest. The Association is a non-profit organization and is exempt from income taxes under Section 149.1(1) of the Income Tax Act.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

### Net asset funds

#### *Investment in Capital and Intangible Assets Fund*

The Investment in Capital and Intangible Assets Fund is used to account for capital and intangible assets, including their acquisition, financing, amortization and disposal. Operating costs of capital assets are accounted for by the Investment in Capital and Intangible Assets Fund.

#### *Unrestricted Fund*

The Unrestricted Fund is used for the Association's day-to-day ongoing activities. This fund includes the assets, liabilities, revenues and expenses other than those related to the Investment in Capital and Intangible Assets Fund and Internally Restricted Fund.

#### *Internally Restricted Fund*

The Internally Restricted Fund was created by the Board of Directors for the purpose of financing the cost of specific future capital asset replacements.

### Cash and internally restricted cash

Cash and internally restricted cash consists of cash on hand and bank balances held with a financial institution.

NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

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## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and methods over their estimated useful lives as follows:

Assets under capital lease	Term of lease	Straight line
Building	4%	Diminishing balance
Computer equipment - administrative	30%	Diminishing balance
Computer equipment - services	30%	Diminishing balance
Office equipment	20%	Diminishing balance
Paving	8%	Diminishing balance
Sign	10%	Diminishing balance
Training equipment	20%	Diminishing balance

One half year's amortization is taken in the year of acquisition and year of disposal.

### Intangible assets

Intangible assets are accounted for at cost. Amortization is based on the estimated useful life using the straight line method over a 5-10 year period. One half year's amortization is taken in the year of acquisition and year of disposal.

### Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. Any impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

### Revenue recognition

#### *Membership revenue*

Membership revenue relating to the Workers' Compensation Board of Nova Scotia ("WCB") levy is recorded based on amounts provided by WCB as per Note 13. Associate membership revenue is recorded when billed, at the beginning of the membership term, provided collection is reasonably assured.

## 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Revenue recognition (continued)

#### *Safety services*

Safety services revenue is recognized when the service has been provided to the member, provided the price is fixed or determinable and collection is reasonably assured.

#### *Other revenue*

Other revenue, consisting of investment, rental and other, is recognized on a monthly basis, when earned, provided the price is fixed or determinable and collection is reasonably assured.

### Financial instruments

#### *Measurement of financial instruments*

The Association initially measures its financial assets and financial liabilities at fair value.

The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, guaranteed investment certificates and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and obligation under capital lease.

#### *Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in the excess of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal is recognized in the excess of revenues over expenses.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as allowance for uncollectible accounts receivable, WCB levy receivable, useful lives of capital assets and intangible assets, certain accrued liabilities and contingencies. Actual results could differ from those estimates.

The main item for which a significant estimate was made is accounts receivable for a levy received from WCB. To estimate this amount, management is required to make various assumptions that it considers reasonable. Any changes to the assumptions could have a significant impact on the Association's excess of revenues over expenses and financial position. As a result, the membership revenue of the Association could increase or decrease in upcoming years as described in Note 13.

Government assistance

The Association recognizes government assistance when the conditions under which the assistance was approved have been met and collection is reasonably assured. Government assistance related to non-capital expenditures are recognized as revenue in the period in which the related expenses were incurred. Capital asset grants are accounted for as a reduction of the cost of the related asset.

<b>3. ACCOUNTS RECEIVABLE</b>	<b>2021</b>	<b>2020</b>
	\$	\$
Trade receivables	71,562	89,053
WCB levy receivable	454,855	227,180
HST recoverable	25,964	-
Allowance for doubtful accounts	( 18,683)	( 19,170)
	<u>533,698</u>	<u>297,063</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
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<b>4. CAPITAL ASSETS</b>	Cost \$	Accumulated Amortization \$	Net 2021 \$	Net 2020 \$
Land	128,565	-	<b>128,565</b>	128,565
Assets under capital lease	49,949	24,975	<b>24,974</b>	34,964
Building	1,427,273	712,584	<b>714,689</b>	744,467
Computer equipment - administrative	252,941	222,411	<b>30,530</b>	30,763
Computer equipment - services	382,447	376,056	<b>6,391</b>	9,130
Office equipment	214,297	188,299	<b>25,998</b>	29,807
Paving	412,014	82,659	<b>329,355</b>	357,995
Sign	27,461	17,169	<b>10,292</b>	11,436
Training equipment	194,213	167,456	<b>26,757</b>	33,447
	<u>3,089,160</u>	<u>1,791,609</u>	<u><b>1,297,551</b></u>	<u>1,380,574</u>
 <b>5. INTANGIBLE ASSETS</b>				
	Cost \$	Accumulated Amortization \$	Net 2021 \$	Net 2020 \$
Curriculum development	304,078	172,619	<b>131,459</b>	161,868
LMS software system	163,113	58,774	<b>104,339</b>	91,334
Website	6,945	4,862	<b>2,083</b>	3,472
	<u>474,136</u>	<u>236,255</u>	<u><b>237,881</b></u>	<u>256,674</u>
 <b>6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES</b>				
			2021 \$	2020 \$
Trade payables			<b>3,309</b>	40,267
Accrued liabilities			<b>131,850</b>	221,064
Government remittances			<u>-</u>	<u>2,983</u>
			<u><b>135,159</b></u>	<u>264,314</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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<b>7. DEFERRED REVENUE</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Safety services	<u>48,777</u>	<u>36,260</u>

<b>8. OBLIGATION UNDER CAPITAL LEASE</b>	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Xerox Canada Ltd, repayable in quarterly instalments of \$2,858 until December 2024, including interest at 5.27% per annum, secured by office equipment with a net book value of \$24,975.	<b>29,082</b>	38,661
Less current portion	<u>9,454</u>	<u>9,454</u>
	<u><b>19,628</b></u>	<u>29,207</u>

Future minimum lease payments due over the next three years on obligation under capital lease are as follows:

	\$
2022	8,573
2023	11,430
2024	<u>11,430</u>
	31,433
Less amount representing interest	<u>2,351</u>
Balance	<u><u>29,082</u></u>

**9. INTERNALLY RESTRICTED NET ASSETS**

The Association has established a capital reserve fund held in an interest bearing account and guaranteed investment certificates for the purpose of financing the cost of specific future capital asset replacement. Annual funding and the specific projects that are to be financed by the capital reserve fund are decided by the Board. The funds are held in the capital reserve fund's interest bearing bank account.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

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## 10. COMMITMENTS

The Association has entered into lease agreements for a vehicle and office equipment. Future minimum lease payments over the next three years are as follows:

	\$
2022	9,357
2023	2,457
2024	614

## 11. CONTINGENCIES

As at December 31, 2021, the Association has been named as defendant in two claims and has had two complaints filed with the Nova Scotia Labour Standards Board. The outcome of one claim is deemed by management to be under \$1,000 and the remaining claims are not determinable at this time.

## 12. SIGNIFICANT EVENT

On March 11, 2020 the World Health Organization categorized COVID-19 a global pandemic. The Association's membership levels have not experienced significant adverse impact, however safety service classroom operations have seen a significant adverse impact in shifting to online offerings. Any further impact this outbreak may have on the Association's operations cannot be reliably estimated at this time.

The Government of Canada initiated various programs to mitigate the impact of the pandemic. During the year, the Association received \$Nil (2020 - \$25,000) from the 10% Temporary Employment Wage Subsidy program.

The Association continues to operate and the full impact of this event on the Association's cash flows is not known at this time.



**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021**

**13. MEMBERSHIP REVENUE**

Included in membership revenue is the industry-wide levy received by the Association from construction contractors. At each year end, the Association records an amount receivable for this levy based on amounts provided by WCB. The levy is calculated based on \$0.17 per \$100 of estimated payroll for employers in the construction and ready-mix concrete industries. The receivable amount is an estimate based on changing factors and as a result is subject to over or understatement. Any amounts received in excess of the prior year's receivable are recorded as revenue in the year in which they are received.

	2021	2020
	\$	\$
Levy assessed relating to the current fiscal year	2,516,180	2,133,949
Levy received relating to the prior years in excess (deficiency) of estimate	( 34,966)	26,729
Associate membership revenue	<u>14,400</u>	<u>2,800</u>
	<u>2,495,614</u>	<u>2,163,478</u>

**14. OTHER REVENUE**

	2021	2020
	\$	\$
Investment	5,399	10,084
Rental	46,050	44,574
Other	<u>22,064</u>	<u>9,823</u>
	<u>73,513</u>	<u>64,481</u>

**15. OPERATING LINE OF CREDIT**

The Association has an operating line of credit authorized in the amount of \$250,000, secured by a general security agreement over all assets of the Association, bearing interest at the Bank's prime rate plus 1% per annum. As of December 31, 2021 the balance on the operating line of credit was \$NIL (2020 - \$NIL).

## 16. FINANCIAL INSTRUMENTS

### *Risks and concentrations*

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure and concentrations at December 31, 2021.

It is management's opinion that the Association is not exposed to significant currency or interest rate risks from its financial instruments. The risks arising on financial instruments are limited to the following:

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash, accounts receivable and investments. The Association deposits its cash and purchases investments from a reputable financial institution and therefore believes the risk of loss to be remote. The Association is exposed to credit risk from accounts receivable. Approximately 89% (2020 - 76%) of the Association's accounts receivable balance is due from WCB. The Association believes this credit risk is minimized as the Association has a close business relationship and no collection issues with WCB in the past. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due.

### *Liquidity risk*

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and obligation under capital lease. The Association has sufficient financing facilities are in place should cash requirements exceed cash generated from operations.

### *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Association is exposed to this risk mainly in respect of its investments.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION  
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**17. BUDGET AMOUNTS**

The budget amounts disclosed on the statement of operations are unaudited and are provided for information purposes only.

**18. ECONOMIC DEPENDENCE**

The Association is economically dependent on monies collected from employers in the construction sector in the form of a levy. The levy is collected on the Association's behalf by WCB. There is an agreement in place between the Association and WCB regarding this levy. The agreement was renewed on September 1, 2020 and ends on August 31, 2024.

**19. COMPARATIVE FIGURES**

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

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