

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

FINANCIAL STATEMENTS

DECEMBER 31, 2025

NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
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INDEPENDENT AUDITORS' REPORT

To the Members of
Nova Scotia Construction Safety Association
("the 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, 2025, and the statements of operations, 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, 2025, 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 ("ASNPO").

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 ASNPO, 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 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 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 14, 2026

Baker Tilly Nova Scotia Inc

Chartered Professional Accountants

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025 Budget \$	2025 Actual \$	2024 Actual \$
REVENUES			
Membership (Note 11)	4,267,630	3,639,203	3,408,204
Safety services	1,039,367	1,130,927	1,054,342
Other (Note 12)	126,905	143,261	142,663
	<u>5,433,902</u>	<u>4,913,391</u>	<u>4,605,209</u>
EXPENSES			
Program			
Salaries and benefits	1,757,011	1,629,553	1,613,671
Contract operations	24,000	50,106	29,475
Online learning	2,950	5,713	2,551
Materials	98,740	94,866	90,166
Travel	94,000	91,680	100,142
Other	192,470	176,720	165,813
	<u>2,169,171</u>	<u>2,048,638</u>	<u>2,001,818</u>
Administrative			
Salaries and benefits	1,641,698	1,492,148	1,564,475
Marketing and promotion	314,502	232,577	284,724
Staff education	75,810	35,018	61,879
Board of directors	46,226	33,997	35,371
Interest and bank charges	21,900	29,853	21,295
Travel	30,924	25,437	28,202
Research and innovation	7,696	80	7,575
Professional fees	330,436	338,079	228,534
IT services and subscriptions	224,927	158,381	135,903
Facilities	324,014	340,979	365,359
Office	49,400	35,227	46,239
Insurance	20,880	19,279	19,992
Bad debts	-	32,061	-
Other	-	1,275	-
	<u>3,088,413</u>	<u>2,774,391</u>	<u>2,799,548</u>
	<u>5,257,584</u>	<u>4,823,029</u>	<u>4,801,366</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	176,318	90,362	(196,157)
AMORTIZATION OF CAPITAL ASSETS	(100,000)	(103,185)	(90,697)
AMORTIZATION OF INTANGIBLE ASSETS	(56,500)	(46,544)	(50,894)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>19,818</u>	<u>(59,367)</u>	<u>(337,748)</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	Investment in Capital and Intangible Assets \$	Unrestricted \$	Internally Restricted (Note 9) \$	Total 2025 \$	Total 2024 \$
BALANCE - <i>beginning of year</i>	1,254,777	2,248,318	269,920	3,773,015	4,110,763
Excess (deficiency) of revenues over expenses	(149,729)	75,497	14,865	(59,367)	(337,748)
Acquisition of capital assets	43,977	(43,977)	-	-	-
Acquisition of intangible assets	1,641	(1,641)	-	-	-
Payments on obligation under capital lease	<u>16,593</u>	<u>(16,593)</u>	<u>-</u>	<u>-</u>	<u>-</u>
BALANCE - <i>end of year</i>	<u><u>1,167,259</u></u>	<u><u>2,261,604</u></u>	<u><u>284,785</u></u>	<u><u>3,713,648</u></u>	<u><u>3,773,015</u></u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	2025	2024
	\$	\$
ASSETS		
CURRENT		
Cash		
Cash - unrestricted	1,779,852	898,139
Cash - internally restricted (Note 9)	284,785	20,503
Term deposits	-	725,000
Term deposits - internally restricted	-	250,000
Accounts receivable (Note 3)	743,882	781,583
Prepays	87,190	103,315
	<u>2,895,709</u>	<u>2,778,540</u>
CAPITAL ASSETS (Note 4)	1,209,765	1,268,973
INTANGIBLE ASSETS (Note 5)	46,318	91,221
	<u>4,151,792</u>	<u>4,138,734</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 6)	151,743	209,019
Deferred revenue (Note 7)	197,576	51,282
Current portion of obligation under capital lease (Note 8)	17,654	16,593
	<u>366,973</u>	<u>276,894</u>
OBLIGATION UNDER CAPITAL LEASE (Note 8)	71,171	88,825
	<u>438,144</u>	<u>365,719</u>
NET ASSETS		
INVESTMENT IN CAPITAL AND INTANGIBLE ASSETS	1,167,259	1,254,777
UNRESTRICTED	2,261,604	2,248,318
INTERNALLY RESTRICTED (Note 9)	284,785	269,920
	<u>3,713,648</u>	<u>3,773,015</u>
	<u>4,151,792</u>	<u>4,138,734</u>

SUBSEQUENT EVENT (Note 10)

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, 2025**

	2025	2024
	\$	\$
CASH (USED FOR) PROVIDED BY:		
OPERATING		
Deficiency of revenues over expenses	(59,367)	(337,748)
Items not affecting cash		
Amortization of capital assets	103,185	90,697
Amortization of intangible assets	<u>46,544</u>	<u>50,894</u>
	90,362	(196,157)
Changes in non-cash working capital items		
Accounts receivable	37,701	(39,030)
Prepays	16,125	(27,494)
Accounts payable and accrued liabilities	(57,276)	19,485
Deferred revenue	<u>146,294</u>	<u>(16,748)</u>
	<u>233,206</u>	<u>(259,944)</u>
FINANCING		
Repayment of obligation under capital lease	<u>(16,593)</u>	<u>(11,063)</u>
INVESTING		
Acquisition of term deposits	-	(975,000)
Proceeds on term deposits	975,000	977,028
Acquisition of capital assets	(43,977)	(37,111)
Acquisition of intangible assets	<u>(1,641)</u>	<u>(10,000)</u>
	<u>929,382</u>	<u>(45,083)</u>
CHANGE IN CASH	1,145,995	(316,090)
CASH - beginning of year	<u>918,642</u>	<u>1,234,732</u>
CASH - end of year	<u><u>2,064,637</u></u>	<u><u>918,642</u></u>
CASH CONSISTS OF:		
Cash	1,779,852	898,139
Cash - internally restricted	<u>284,785</u>	<u>20,503</u>
	<u><u>2,064,637</u></u>	<u><u>918,642</u></u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

1. OPERATIONS

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

These financial statements have been 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.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and internally restricted cash

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

Capital assets

Capital assets are recorded at cost and are amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

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

Capital assets under development are not amortized until the asset is available for productive use.

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

Intangible assets

Intangible assets are recognized at cost and amortized over their estimated useful lives. The annual amortization rates and methods are as follows:

Curriculum development	10 years	Straight line
LMS software system	5 years	Straight line
Website	5 years	Straight line

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

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 11. Associate membership revenue is recorded when billed, at the beginning of the membership term, provided collection is reasonably assured.

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 when earned, provided the price is fixed or determinable and collection is reasonably assured.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial instruments

Measurement of financial instruments

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

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

Financial assets measured at amortized cost include cash 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 (deficiency) 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 (deficiency) of revenues over expenses.

Use of estimates

The preparation of financial statements in conformity 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 contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the year. Estimates are used when accounting for items and matters such as allowance for doubtful accounts, WCB levy receivable, useful lives of capital assets and intangible assets and certain accrued liabilities. Actual results could differ from those estimates.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates (Continued)

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 (deficiency) 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 11.

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.

3. ACCOUNTS RECEIVABLE

	2025	2024
	\$	\$
Trade receivables	81,380	127,384
Workers Compensation Levy	660,355	582,515
HST recoverable	52,891	90,367
Allowance for doubtful accounts	<u>(50,744)</u>	<u>(18,683)</u>
	<u>743,882</u>	<u>781,583</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net 2025	Net 2024
	\$	\$	\$	\$
Land	128,565	-	128,565	128,565
Buildings	1,427,273	820,254	607,019	632,312
Paving	412,014	176,066	235,948	256,465
Office equipment	286,973	234,582	52,391	62,345
Training equipment	237,011	193,291	43,720	35,737
Computer equipment - administrative	308,705	271,735	36,970	38,436
Computer equipment - services	382,447	380,912	1,535	2,192
Signs	27,461	20,708	6,753	7,503
Assets under development	12,530	-	12,530	-
Assets under capital lease	105,418	21,084	84,334	105,418
	<u>3,328,397</u>	<u>2,118,632</u>	<u>1,209,765</u>	<u>1,268,973</u>

5. INTANGIBLE ASSETS

	Cost	Accumulated amortization	Net 2025	Net 2024
	\$	\$	\$	\$
Curriculum development	314,078	293,602	20,476	51,883
LMS software system	119,815	93,973	25,842	39,338
Website	6,945	6,945	-	-
	<u>440,838</u>	<u>394,520</u>	<u>46,318</u>	<u>91,221</u>

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2025	2024
	\$	\$
Trade payables	57,354	109,183
Accrued liabilities	94,389	99,836
	<u>151,743</u>	<u>209,019</u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

7. DEFERRED REVENUE

	2025	2024
	\$	\$
Safety services	73,576	51,282
Deferred grants	<u>124,000</u>	<u>-</u>
	<u><u>197,576</u></u>	<u><u>51,282</u></u>

During the year, the Association received \$150,000 from the Nova Scotia Department of Labour, Skills and Immigration for a Silica Awareness Initiative.

In accordance with the Association's accounting policy for government assistance, \$26,000 has been recognized as revenue based on eligible expenditures incurred during the year. The remaining \$124,000 has been recorded as deferred grants and will be recognized as revenue in future periods as related expenditures are incurred.

8. OBLIGATION UNDER CAPITAL LEASE

	2025	2024
	\$	\$
Konica Minolta Business Solutions, repayable in quarterly instalments of \$5,699 until June 2030, including interest at 6.50% per annum, secured by office equipment with a net book value of \$84,334	88,825	105,418
Less: current portion	<u>17,654</u>	<u>16,593</u>
	<u><u>71,171</u></u>	<u><u>88,825</u></u>

Future minimum lease payments over the next five years are as follows:

	\$
2026	22,797
2027	22,797
2028	22,797
2029	22,797
2030	<u>11,401</u>
Total future minimum lease payments	102,589
Less amount representing interest	<u>13,764</u>
Present value of minimum net lease payments	<u><u>88,825</u></u>

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

9. INTERNALLY RESTRICTED NET ASSETS

The Association has established a capital reserve fund held in an interest bearing account 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.

10. SUBSEQUENT EVENT

Subsequent to year end, the Association entered into an agreement on January 29, 2026 to sell its building located at 35 MacDonald Avenue, Dartmouth, Nova Scotia. The transaction had not closed as of the date these financial statements were issued. Management anticipates that the sale will close in August.

11. 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. Any amounts received in excess of the prior year's receivable are recorded as revenue in the year in which they are received.

	2025	2024
	\$	\$
Levy assessed relating to the current fiscal year	3,577,401	3,368,829
Levy received relating to the prior years in excess of estimate	54,202	31,375
Associate membership revenue	7,600	8,000
	3,639,203	3,408,204

12. OTHER REVENUES

	2025	2024
	\$	\$
Investment	51,430	83,059
Rental	57,564	54,719
Grants	26,000	-
Other	8,267	4,885
	143,261	142,663

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

13. 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 1.00% per annum. As of December 31, 2025 the balance on the operating line of credit was \$NIL (2024 - \$NIL).

14. 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, 2025.

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

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.

**NOVA SCOTIA CONSTRUCTION SAFETY ASSOCIATION
(OPERATING AS CONSTRUCTION SAFETY NOVA SCOTIA)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025**

14. FINANCIAL INSTRUMENTS (Continued)

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 and accounts receivable. The Association deposits its cash 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% (2024 - 84%) 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.

15. BUDGET AMOUNTS

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

16. 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, 2024 and ends on August 31, 2027 unless either party provides notice of termination. If notice is not provided, the agreement shall renew for an additional 3 year period commencing September 1, 2027 and ending August 31, 2030. The agreement may be terminated by either party providing 60 days written notice.