

**CANADIAN CONSTRUCTION
ASSOCIATION**

FINANCIAL STATEMENTS

DECEMBER 31, 2023

DRAFT

Independent Auditor's Report

Statement of Financial Position

Statement of Operations and Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements



CHARTERED
PROFESSIONAL
ACCOUNTANTS

KELLY HUIBERS McNEELY

PROFESSIONAL CORPORATION

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Construction Association

Opinion

We have audited the accompanying financial statements of Canadian Construction Association ("the Association"), which comprise the statement of financial position as at December 31, 2023, 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, 2023, and its financial performance 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 *Auditor's 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 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 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.

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Auditor's 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 auditor's 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 Auditor's 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.
- 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.

Stittsville, Ontario
January 26, 2024

Authorized to practise public accounting by
The Chartered Professional Accountants of Ontario

CANADIAN CONSTRUCTION ASSOCIATION

STATEMENT OF FINANCIAL POSITION

as at December 31, 2023

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash	\$ 980,837	\$ 1,674,915
Short-term investments (note 4)	2,632,406	2,022,654
Accounts receivable (note 3)	558,336	521,944
Prepaid expenses	<u>205,958</u>	<u>139,337</u>
	4,377,537	4,358,850
LONG-TERM INVESTMENTS (note 4)	1,146,463	1,668,183
PREPAID CONFERENCE EXPENSES	453,150	441,929
CAPITAL ASSETS (note 5)	385,934	441,933
	\$ 6,363,084	\$ 6,910,895
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (note 6)	\$ 427,199	\$ 403,429
Deferred revenue	730,964	1,230,918
Current portion of capital lease obligations	<u>2,492</u>	<u>2,293</u>
	1,160,655	1,636,640
LEASEHOLD INDUCEMENT (note 7)	178,486	203,984
CAPITAL LEASE OBLIGATIONS	<u>4,968</u>	<u>7,460</u>
	<u>1,344,109</u>	<u>1,848,084</u>
NET ASSETS		
Unrestricted	3,518,975	3,562,811
Internally restricted:		
Strategic initiatives fund	400,000	400,000
Revenue risk fund	400,000	400,000
Advocacy fund	250,000	250,000
Legal fund	250,000	250,000
Conference and meetings fund	<u>200,000</u>	<u>200,000</u>
	5,018,975	5,062,811
	\$ 6,363,084	\$ 6,910,895

APPROVED ON BEHALF OF THE BOARD

Director

Director

The accompanying notes are an integral part of these financial statements.

CANADIAN CONSTRUCTION ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended December 31, 2023

	2023	2022
REVENUE		
Membership	\$ 3,080,978	\$ 3,117,605
Member services		
CCDC (Canadian Construction Documents Committee)	608,967	636,189
CDBI (Canadian Design Build Institute)	-	78,285
Gold Seal	294,674	218,042
Lean Construction Institute of Canada	-	65,960
Best Practices services	5,641	938
Sale of publications	88,115	113,589
Annual conference	1,680,105	1,063,285
Seminars	113,718	69,208
Investment income	158,360	109,681
Innovations	108,615	10,950
Sponsorship/C101	144,383	45,429
Other	25,615	861
	<u>6,309,171</u>	<u>5,530,022</u>
EXPENSES		
Salaries and benefits	2,618,148	2,509,085
General and administrative	596,108	600,997
Representation	613,851	432,104
Government relations	207,691	164,561
Marketing, promotion and publicity	127,325	119,811
Annual conference	1,148,503	781,550
Seminars	8,151	28,763
Amortization	69,128	57,556
CCDC	691,139	467,573
CDBI	-	36,448
Gold Seal	103,899	50,704
Lean Construction Institute of Canada	-	42,194
Best Practices services	-	-
Innovations	23,644	-
Sponsorship/C101	826	911
Member value	193,232	143,227
	<u>6,401,645</u>	<u>5,435,484</u>
NET REVENUE (EXPENSES) BEFORE THE UNDERNOTED	(92,474)	94,538
Change in unrealized gain (loss) on investments	66,500	(212,522)
Loss on foreign exchange	(17,862)	(12,156)
NET EXPENSES	(43,836)	(130,140)
NET ASSETS - BEGINNING OF YEAR	5,062,811	5,192,951
NET ASSETS - END OF YEAR	<u>\$ 5,018,975</u>	<u>\$ 5,062,811</u>

The accompanying notes are an integral part of these financial statements.

CANADIAN CONSTRUCTION ASSOCIATION

STATEMENT OF CASH FLOWS

For the year ended December 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES		
Net expenses	\$ (43,836)	\$ (130,140)
Items not affecting cash:		
Amortization of leasehold improvements	25,984	25,984
Amortization of other capital assets	69,128	57,556
Amortization of leasehold inducement	(25,498)	(25,498)
Change in unrealized loss (gain) on investments	(66,500)	212,522
Changes in non-cash working capital items:		
Accounts receivable	(36,392)	127,144
Prepaid expenses	(77,842)	(1,498)
Accounts payable and accrued liabilities	23,770	(51,507)
Deferred revenue	<u>(499,954)</u>	<u>699,963</u>
	<u>(631,140)</u>	<u>914,526</u>
INVESTING ACTIVITIES		
Purchase of investments	(320,283)	(1,455,305)
Proceeds on sale of investments	298,751	1,335,233
Purchase of capital assets	<u>(39,113)</u>	<u>(24,138)</u>
	<u>(60,645)</u>	<u>(144,210)</u>
FINANCING ACTIVITIES		
Repayment of capital lease obligations	<u>(2,293)</u>	<u>(2,033)</u>
NET CHANGE IN CASH	(694,078)	768,283
CASH - BEGINNING OF YEAR	1,674,915	906,632
CASH - END OF YEAR	\$ 980,837	\$ 1,674,915

The accompanying notes are an integral part of these financial statements.

CANADIAN CONSTRUCTION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

1. STATUS AND PURPOSE OF ORGANIZATION

Canadian Construction Association ("the Association") is a non-profit organization representing the construction industry.

The Association, incorporated without share capital under the provisions of the Canada Not-for-Profit Corporations Act, is exempt from income taxes pursuant to subsection 149(1)(l) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Investments

Investments are recorded at fair value. Realized and unrealized gains and losses are recorded in net revenue for the year.

Capital Assets

Capital assets are initially recorded at cost and are then amortized over their estimated useful lives, on a straight-line basis, over the following terms:

Computers, software and equipment	- 2-4 years
Furniture and fixtures	- 10 years
Telephone system	- 10 years
Photocopier and facsimile	- 5 years
Leasehold improvements	- Over the term of the lease

Leasehold inducements

Inducements received to enter leases for office space are deferred and amortized on a straight-line basis over the term of the lease as a reduction of general and administrative expenses.

CANADIAN CONSTRUCTION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions are deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the year received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees, annual conference and sponsorships that relate to a subsequent year are deferred and recorded as revenue in the year to which they relate.

Seminars and the purchase of documents and seals are recognized as revenue during the period in which they occur.

Foreign Exchange

Transactions are translated into Canadian dollars at the rate of exchange prevailing on the transaction date. Monetary items denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the statement of financial position date. Resulting gains or losses are reflected in net revenue for the year.

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 amount of assets and liabilities, and contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

CANADIAN CONSTRUCTION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

3. ACCOUNTS RECEIVABLE

The following amounts are included in accounts receivable:

	2023	2022
Sales taxes receivable	\$ 119,493	\$ 114,555
Integrated associations	77,641	125,942
Trade and other	36,390	59,059
The Canadian Apprenticeship Forum (CAF)	-	199,998
CICC	324,812	22,390
	\$ 558,336	\$ 521,944

4. INVESTMENTS

	2023	2022
Short-term investments:		
Corporate bonds	\$ 854,839	\$ 551,671
Canadian equities	1,777,567	1,470,983
	2,632,406	2,022,654
Long-term investments:		
Corporate bonds	1,146,463	1,668,183
	\$ 3,778,869	\$ 3,690,837

5. CAPITAL ASSETS

	2023	2022		
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computers, software and equipment	\$ 131,868	\$ 82,077	\$ 49,791	\$ 47,306
Furniture and fixtures	222,236	72,569	149,667	175,185
Telephone system	2,631	2,440	191	455
Photocopier and facsimile	10,998	6,598	4,400	11,118
Leasehold improvements	259,837	77,952	181,885	207,869
	\$ 627,570	\$ 241,636	\$ 385,934	\$ 441,933

CANADIAN CONSTRUCTION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

The following amounts are included in accounts payable and accrued liabilities:

	2023	2022
Sales taxes payable	\$ 113,687	\$ 111,629
Accrued vacation leave	51,719	62,384
Trade and other	162,412	229,416
Canada Green Building Council (CAGBC)	99,381	-
	\$ 427,199	\$ 403,429

7. LEASEHOLD INDUCEMENT

During 2021, the Association received a leasehold inducement of \$288,127 for office space. The inducement is being amortized on a straight-line basis over the term of the lease, expiring 2031, as a reduction of general and administrative expenses.

8. COMMITMENTS

As at December 31, 2023, annual commitments under operating leases for premises are as follows:

2024	-	\$ 90,402
2025	-	91,175
2026	-	95,038
2027	-	95,811
2028	-	99,674
Thereafter	-	291,682

CANADIAN CONSTRUCTION ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

9. FINANCIAL INSTRUMENTS

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. The Association does not use derivative financial instruments to manage its risks.

Investment Risk

Investment in financial instruments renders the Association subject to investment risks. Interest risk is the risk arising from fluctuations in interest rates and their degree of volatility. The Association's exposure to interest rate risk arises from its investment as outlined. The Association's corporate bonds bear interest at rates ranging from 1.35% to 5.37% and mature between 2024 and 2027 (2022 - bearing rates ranging from 1.35% to 5.11% and mature between 2023 and 2027).

There is also the risk arising from the failure of a party to a financial instrument to discharge an obligation when it is due. Market risk is the risk to the value of a financial instrument due to fluctuations in market prices, whether these fluctuations are caused by factors specific to the investment itself or to its issuer, or by factors pertinent to all investments on the market. The Association is exposed to market risk through its equity investments.

Concentration of Risk

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics or subject to similar economic, political and other conditions. The Association's investments are described in note 4.

Currency Risk

The Association is exposed to currency risk as the value of the financial instruments denominated in US dollars will fluctuate due to changes in the exchange rate. At December 31, 2023, cash includes \$244,263 (2022 - \$764,283) and investments include \$77,252 (2022 - \$83,838) denominated in US dollars and reported in Canadian dollars.

Credit Risk

This risk relates to the potential that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's accounts receivable are detailed in note 3.