
**CONSTRUCTION ASSOCIATION
OF NOVA SCOTIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Construction Association of Nova Scotia

We have audited the accompanying financial statements of Construction Association of Nova Scotia, which comprise the statement of financial position as at June 30, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Construction Association of Nova Scotia as at June 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

Other Matters

The financial statements of Construction Association of Nova Scotia for the year ended June 30, 2016 were audited by WBLI LLP of Dartmouth, Nova Scotia, Canada prior to its merger with MNP LLP. WBLI LLP expressed an unmodified opinion on those statements on August 17, 2016.

Dartmouth, Nova Scotia
September 30, 2017

Chartered Professional Accountants,
Licensed Public Accountants

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2017

	2017	2016
	\$	\$
A S S E T S		
CURRENT ASSETS		
Cash	1,078,729	788,786
Short-term investments (note 5)	451,361	723,766
Accounts receivable (note 4)	79,723	68,782
Prepaid expenses	67,571	41,771
	<u>1,677,384</u>	<u>1,623,105</u>
CAPITAL ASSETS (note 6)	<u>296,505</u>	<u>164,999</u>
	<u>1,973,889</u>	<u>1,788,104</u>
L I A B I L I T I E S		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities <i>(including government remittances of \$34,810; 2016 - \$51,236)</i>	324,063	313,478
Deferred revenue (note 7)	817,017	675,571
Current portion of deferred lease inducement (note 9)	6,038	6,038
	<u>1,147,118</u>	<u>995,087</u>
DEFERRED LEASE INDUCEMENT (note 9)	<u>62,396</u>	<u>8,454</u>
	<u>1,209,514</u>	<u>1,003,541</u>
N E T A S S E T S		
OPERATING FUND	481,551	481,629
BUILDING FUTURES FUND	99,814	99,814
SPECIAL EVENTS & PROJECTS FUND	84,046	84,046
STRATEGIC PLAN FUND	4,329	24,439
INFORMATION & TECHNOLOGY FUND	94,635	94,635
	<u>764,375</u>	<u>784,563</u>
	<u>1,973,889</u>	<u>1,788,104</u>

COMMITMENTS (note 9)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017

	2017 \$	2016 \$
OPERATING FUND		
BALANCE - beginning of year	481,629	481,629
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	(20,188)	4,234
	461,441	485,863
TRANSFER TO SPECIAL EVENTS & PROJECTS FUND	-	(4,234)
TRANSFER FROM STRATEGIC PLAN FUND	20,110	-
BALANCE - end of year	481,551	481,629
BUILDING FUTURES FUND		
BALANCE - beginning of year	99,814	99,814
SPECIAL EVENTS & PROJECTS FUND		
BALANCE - beginning of year	84,046	79,812
TRANSFER FROM OPERATING FUND	-	4,234
BALANCE - end of year	84,046	84,046
STRATEGIC PLAN FUND		
BALANCE - beginning of year	24,439	24,439
TRANSFER TO OPERATING FUND	(20,110)	-
BALANCE - end of year	4,329	24,439
INFORMATION & TECHNOLOGY FUND		
BALANCE - beginning of year	94,635	94,635
BALANCE - end of year	94,635	94,635

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA

STATEMENTS OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2017

	2017 Budget \$	2017 Actual \$	2016 Actual \$
REVENUE			
Membership dues	1,006,797	959,402	945,319
Industry education and training (note 10)	297,255	292,802	278,593
Building Futures for Youth (note 10)	210,417	190,417	124,583
CANS Connect (note 10)	32,389	32,839	32,839
Special projects (note 10)	10,000	10,000	60,000
Special events (see schedule)	459,000	401,686	385,184
Document sales	34,000	33,049	33,582
Promotions and advertising	67,000	58,931	59,833
Interest	17,000	27,447	11,469
Sundry	52,000	55,554	44,134
	2,185,858	2,062,127	1,975,536
EXPENDITURES			
Salaries	885,496	854,884	800,673
Training and benefits	168,076	140,075	134,181
Travel	45,000	41,897	26,250
Professional fees	29,200	23,601	24,096
IT services	46,506	42,818	53,984
Office equipment and supplies	21,000	22,153	20,155
Postage and telephone	10,180	10,593	12,959
Occupancy	205,158	187,253	142,594
Canadian Construction Association fees	90,000	81,065	86,126
Document expense	20,000	20,199	19,896
Sundry	39,643	38,908	35,750
Project information	5,000	6,123	6,158
Special events (see schedule)	300,000	280,457	271,370
Board and committees	10,000	7,724	10,436
Industry education and training	170,260	159,458	179,999
Building Futures For Youth	30,000	36,602	23,692
Regional operations	13,000	14,018	15,074
Promotions and advertising	23,000	25,023	26,849
Insurance	-	15,378	7,752
Amortization	74,339	74,086	73,308
	2,185,858	2,082,315	1,971,302
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	-	(20,188)	4,234

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash provided from operations		
Excess (deficiency) of revenue over expenditures for the year	(23,105)	4,236
Items in income not involving cash		
Amortization	74,086	73,308
Deferred lease inducement (note 9)	53,942	14,492
	<u>104,923</u>	<u>92,036</u>
Change in non-cash working capital balances		
Short-term investments	272,405	49,636
Accounts receivable	(10,941)	(3,924)
Prepaid expenses	(25,800)	(1,359)
Accounts payable and accrued liabilities	13,503	41,836
Deferred revenue	141,445	(45,869)
	<u>495,535</u>	<u>132,356</u>
CASH FLOWS USED IN INVESTING ACTIVITIES:		
Acquisition of capital assets	(205,592)	(43,918)
CHANGE IN CASH DURING THE YEAR		
CASH- beginning of year	<u>788,786</u>	<u>700,348</u>
CASH - end of year	<u>1,078,729</u>	<u>788,786</u>

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
SCHEDULE OF INCOME FROM SPECIAL EVENTS
FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	\$	\$
REVENUE		
Golf tournament	85,628	90,987
De-icer	179,722	163,172
Ball tournament	7,205	4,792
Annual general meeting	94,511	103,204
Developing executives	13,725	12,960
Spring fling	20,895	10,069
	401,686	385,184
EXPENDITURES		
Golf tournament	58,150	61,970
De-icer	88,130	88,673
Ball tournament	5,276	3,703
Annual general meeting	94,242	83,443
Developing executives	13,240	12,194
Spring fling	8,858	6,820
Events planning	12,561	14,567
	280,457	271,370
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	121,229	113,814

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

1. PURPOSE OF THE ASSOCIATION

The Construction Association of Nova Scotia is a not-for-profit organization whose purpose is to represent and promote the interests of its members and to provide them with needed services.

2. SIGNIFICANT ACCOUNTING POLICIES

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

Cash and Cash Equivalents

The association's policy is to disclose bank balances under cash and cash equivalents.

Short-term Investments

Short-term investments represent guaranteed investment certificates and portfolio funds which are valued at amortized cost, being cost plus accrued interest.

Capital Assets

Capital assets are stated at cost. Amortization is provided using the following annual methods and rates:

	Method	Rate
Furniture and equipment	Diminishing balance	20%
Software	Straight-line	3 years
Computer equipment scanners and plotters	Straight-line	3-5 years
CANSNet software	Straight-line	5 years
Video system	Straight-line	5 years
Leaseholds	Straight-line	12 years

Deferred Lease Inducements

Deferred lease inducements are inducements received or receivable from a lessor for a free rent period. The rent-free amounts are being amortized against rent expense over the term of the lease. See note 9 for further details.

Impairment of Long-lived Assets

A long-lived asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount 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

Revenue is recognized using the deferral method. Annual membership dues, which cover the period from July 1 to June 30, are recognized as revenue in the fiscal year to which they relate and only if the funds are received. Revenue from special events and other services is recognized on the date the goods are sold or the services are rendered. Interest income is recognized using the accrual basis of accounting.

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Assistance

The association periodically applies for financial assistance under available government incentive programs. Government assistance relating to capital expenditures is deferred and amortized into income at the same rates as the underlying capital expenditure is amortized. Government assistance relating to expenditures is recognized according to the deferral method of accounting for restricted contributions which results in revenue being recognized when the related expenditures are incurred.

Government assistance relating to Workplace Innovation and Productivity Skills Incentive program (WIPSI), included in industry education and training revenue, is recognized in income as certain eligible industry education and training revenues are earned. The association recognizes 60% of the WIPSI funding in the period in which the eligible industry education and training revenues are earned and the remaining 40% is deferred under the Training Incentive Fund (TIF) until June 30 of the following fiscal year, at which time any unused balances are fully recognized into income.

Funds

Effective 2001, the association began appropriating surplus for future commitments by way of a charge to its current year operations. Surpluses which have been appropriated are as follows:

- * Operating Fund - funds which are available for the future use of the association.
- * Building Futures Fund - funds which have been internally and externally restricted for the purpose of covering expenditures for the promoting of careers in the construction industry and supporting expenditures for the Building Futures For Youth initiative.
- * Special Events & Projects Fund - funds that have been internally restricted for the association's milestones and projects as approved in the association's annual budget or by a motion of the board of directors.
- * Strategic Plan Fund - funds which have been internally restricted for the purpose of covering expenditures relating to the preparation of the strategic plan every three years.
- * Information & Technology Fund - funds which have been internally restricted for the purpose of upgrading the association's current software capability.

Employee Future Benefits

The association maintains a defined contribution pension plan. The association's policy is to fund pension costs as incurred. The current service costs are expensed in the year they are paid.

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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the current period. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known.

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Measurement of financial instruments

The association initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions, which are measured at the exchange amount.

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

Financial assets measured at amortized cost include cash, short-term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down is recognized in net income. 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 net income.

Transaction costs

The association recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. CAPITAL DISCLOSURES

The association's capital is comprised of restricted and unrestricted fund balances. The restricted funds consist of the Building Futures Fund, the Special Events & Projects Fund, the Strategic Plan Fund and the Information & Technology Fund. These funds are described in note 2. The association's objectives when managing capital are to ensure that funds received are appropriately allocated based on their intended purpose. Furthermore, cash and investments are managed to ensure the financial obligations and objectives of the association are met.

4. ACCOUNTS RECEIVABLE

Included in the association's account receivable at year end is \$51,316 (2016 - \$37,142) due from the government. The remaining balance is due from the association's membership.

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

5. SHORT-TERM INVESTMENTS

The association has adopted a conservative investment policy, the objectives of which are:

- 1) preservation of the principal amount on at least 50% of invested principal. There will be a cap of 50% of total invested dollars on investments that do not have 100% protection on the principal amount;
- 2) maximization of the rate of return on all investments; and
- 3) maintenance of the liquidity of all investments.

	2017	2016
	\$	\$
Russel Income Essentials Portfolio - (market value - \$244,382; 2016 - \$234,312)	230,516	227,342
Scotia Innova Income Portfolio - (market value - \$69,801; 2016 - \$68,309)	69,797	68,872
Canadian Western Bank GIC, bearing interest at 1.77%, maturing February 2018.	100,000	100,000
Concentra Financial GIC, bearing interest at 1.7%, maturing February 2018.	50,000	50,000
Bank of Montreal GIC, bearing interest at 1.4%, matured June 2017.	-	75,000
Bank of Nova Scotia GIC, bearing interest at 2%, matured February 2017.	-	100,000
Bank of Nova Scotia GIC, bearing interest at 2%, matured February 2017.	-	100,000
Accrued interest	1,048	2,552
	451,361	723,766

6. CAPITAL ASSETS

	2017	2016
	Net Book Value	Net Book Value
	\$	\$
	Cost	Accumulated Amortization
	\$	\$
Furniture and equipment	262,225	181,151
Software	9,636	6,105
Computer equipment, scanners and plotters	73,027	40,676
CANSNet software	61,800	58,544
Video system	164,197	114,937
Leaseholds	133,298	6,265
	704,183	407,678
	296,505	164,999

In the prior year, included in furniture and equipment, as noted above, is \$10,000 of furniture which was not available for use and as such not subject to amortization.

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

7. DEFERRED REVENUE

	2017	2016
	\$	\$
Membership dues paid in advance	609,424	546,972
Deferred government funding for high definition video based system (note 10)	51,813	84,652
Placement Pilot Project (Building Futures For Youth) (note 10)	70,000	10,417
Deferred Training Incentive Fund (TIF) (note 10)	28,517	14,857
Prepaid registrations and sponsorships for annual general meeting	42,400	12,984
Prepaid miscellaneous	14,863	5,689
	817,017	675,571

8. 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 the balance sheet date.

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. The association's main credit risks relate to its accounts receivable. The association does not have a significant exposure to any individual customer or counterpart. Its customers are mainly in the construction industry.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The association is mainly exposed to interest rate risk and other price risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The association is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed-rate instruments subject the association to a fair value risk.

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 other price risk through its investments in portfolio funds.

CONSTRUCTION ASSOCIATION OF NOVA SCOTIA

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

9. COMMITMENTS

During the 2016 fiscal year, the association signed a long-term lease for office premises which expires October 31, 2028. The annual base rent commitments related to this year, for the next five years, is as follows: 2018 - \$119,555; 2019 - \$122,982; 2020 - \$126,409; 2021 - \$129,835 and 2022 - \$133,263.

A one-time inducement allowance was provided in this office premises lease and shall be applied to the annual minimum rent and any additional annual rent for operating costs until fully utilized. The total inducement allowance equals \$74,976 and is equal to 5 months of free rent and operating costs. During the year, \$59,991 (2016 - \$14,995) of deferred lease inducement was recognized for 4 months (2016 - 1 month) of rent of which \$6,038 (2016 - \$503) was amortized.

10. GOVERNMENT ASSISTANCE

The association was approved for funding under the Workplace Innovation and Productivity Skills Incentive (WIPSI) to a maximum of \$100,000. This program funds 50% of the revenues received from eligible training programs that the association provides to its members. Management has deferred 40% of the funding received as a reduction of future training costs for members with the remaining 60% recognized into income. This Training Incentive Fund (TIF) expires on June 30 of the following fiscal year and any unused balances are recognized into income at that time (note 7). Included in Industry education and training revenue is \$42,775 (2016 - \$22,285) of WIPSI funding.

During the year, the association received \$250,000 (2016 - \$125,000) in funding from the Department of Labour and Advanced Education for the Building Futures For Youth program, of which \$70,000 (2016 - \$10,417) will be used in the upcoming fiscal year. Under the deferral method of accounting for government assistance, \$190,417 (2016 - \$124,583) has been recognized as revenue to match the amount of related expenditures that were incurred during the year. The balance of the government assistance received has been deferred (note 7).

During the 2013 fiscal year, the association received \$166,750 in funding for a high definition video based system that enables the association to expand its program offerings of industry education programs to rural parts of the province. This funding was deferred and is being amortized into income at the same rate as the underlying asset (note 7). The video based system equipment has been recorded as a capital asset (see note 6) and is amortized over five years.

During the year, the association was awarded \$10,000 (2016 - \$60,000) in funding from the Nova Scotia Community College to subsidize the costs involved with the CANS Works Program. This funding covered the related program expenses from October 1, 2015 to September 30, 2016. The association invoices for this funding on a monthly basis and incurred \$10,000 (2016 - \$60,000) of expenditures related to this funding.

11. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current year's financial statement presentation.