

BRITISH COLUMBIA ELECTRICAL ASSOCIATION

REVIEW ENGAGEMENT

DECEMBER 31, 2020

(UNAUDITED)

REVIEW ENGAGEMENT REPORT

To the Directors of British Columbia Electrical Association

We have reviewed the accompanying financial statements of British Columbia Electrical Association that comprises the statement of financial position as at December 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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.

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of British Columbia Electrical Association as at December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Vancouver, B.C.
February 18, 2021

"CCW"

Chartered Professional Accountants

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>2020</u>	<u>2019</u>
REVENUES:		
C.S.A. (net) (Schedule I)	\$ 105,985	\$ 117,590
Advertisement (net) (Schedule I)	4,423	5,371
Education (net) (Schedule I)	574	12,898
Link Conference(net) (Schedule I)	-	29,930
Gain on investments	6,457	2,784
Investments	8,491	7,089
Memberships	26,730	62,867
Rental income	43,044	7,618
Social events (net) (Schedule I)	<u>2,142</u>	<u>49,129</u>
	197,846	295,276
 GENERAL AND ADMINISTRATIVE EXPENSES:		
Accounting	5,500	5,100
Amortization	5,134	5,467
Automobile	5,488	10,101
Bank charges and interest	2,792	6,761
Bad debts	3,432	398
Board of Directors meeting	594	12,863
Office	13,346	38,498
Promotion	6,163	21,651
Property tax and rent	26,315	18,668
Repairs and maintenance	10,016	-
Scholarships	6,000	9,000
Telephone	3,109	4,071
Utilities	-	2,016
Wages and benefits	<u>100,690</u>	<u>156,282</u>
	<u>188,579</u>	<u>290,876</u>
 EXCESS OF REVENUES OVER EXPENDITURES	 9,267	 4,400
 NET ASSETS, beginning of the year	 <u>459,246</u>	 <u>454,846</u>
 NET ASSETS, end of the year	 <u>\$ 468,513</u>	 <u>\$ 459,246</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020
(UNAUDITED)

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash	\$ 72,347	\$ -
Investments (Notes 2 and 3)	235,172	220,223
Accounts receivable (Note 4)	67,850	148,110
Prepaid expenses	4,683	7,237
Inventory (Note 2)	-	4,845
Total current assets	380,052	380,415
LAND	167,000	167,000
CAPITAL ASSETS, net book value (Note 5)	65,539	66,793
	\$ 612,591	\$ 614,208
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 51,332	\$ 61,196
Due to government agencies	1,546	741
Line of credit	40,000	-
Unearned revenue and deposits	51,200	16,186
Bank indebtedness (Note 6)	-	76,839
Total current liabilities	144,078	154,962
NET ASSETS:		
Net assets, per the accompanying statement	468,513	459,246
	\$ 612,591	\$ 614,208

See accompanying notes to financial statements.

**BRITISH COLUMBIA ELECTRICAL ASSOCIATION
STATEMENT OF REVENUES OVER EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020**

**SCHEDULE I
(UNAUDITED)**

		<u>2020</u>	<u>2019</u>
1) C.S.A. BOOKS	Revenues	\$ 521,821	\$ 507,287
	Expenditures	<u>415,836</u>	<u>389,697</u>
		<u>105,985</u>	<u>117,590</u>
2) ADVERTISEMENT	Revenues	<u>4,423</u>	<u>5,371</u>
3) EDUCATION	Revenues	\$ 1,050	\$ 28,060
	Expenditures	<u>476</u>	<u>15,162</u>
		<u>574</u>	<u>12,898</u>
4) SOCIAL EVENTS	Revenues	\$ 17,456	\$ 177,389
	Expenditures	<u>15,314</u>	<u>128,260</u>
		<u>2,142</u>	<u>49,129</u>
5) LINK CONFERENCE	Revenue	\$ -	\$ 66,510
	Expenditures	<u>-</u>	<u>36,580</u>
		<u>\$ -</u>	<u>\$ 29,930</u>

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

	<u>2020</u>	<u>2019</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Excess of revenues over expenditures for the year	\$ 9,267	\$ 4,400
Items not affecting cash:		
Amortization	5,134	5,467
Gain on investments	(6,457)	(2,784)
Changes in non-cash operating working capital:		
(Increase)Decrease in receivables	80,260	(31,573)
(Increase) Decrease in prepaid expenses	2,554	(7,087)
Decrease in inventory	4,845	4,715
Increase in line of credit	40,000	-
Increase(Decrease) in unearned revenue	35,014	(702)
Decrease in accounts payable and accrued liabilities	<u>(9,059)</u>	<u>(22,842)</u>
Net cash provided (used) by operating activities	161,558	(50,406)
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of investments	(8,491)	-
(Purchase) Sale of capital assets	<u>(3,880)</u>	<u>3,000</u>
Net cash used by investing activities	<u>(12,371)</u>	<u>3,000</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
	<u>-</u>	<u>-</u>
CHANGES IN BANK INDEBTEDNESS FOR THE YEAR	149,187	(47,406)
BANK INDEBTEDNESS, beginning of the year	<u>(76,839)</u>	<u>(29,433)</u>
CASH (BANK INDEBTEDNESS), end of the year	<u>\$ 72,348</u>	<u>\$ (76,839)</u>

See accompanying notes to financial statements.

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

1. NATURE OF OPERATION:

The Association is a non-for-profit organization that was incorporated under the Society Act of B.C. in 1924 under the name of “ The Electrical Service League of British Columbia”. A name change was made in 1999 to the “British Columbia Electrical Association”. The purpose of the Association is to provide quality information services and to promote activities beneficial to the electrical industry in British Columbia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles.

Amortization:

Amortization of capital assets is calculated using the declining balance method at the following rates:

Buildings	4%
Computers	30%
Computer software	100%

50% of the amortization rate is claimed in the year the asset is purchased.

Revenue recognition:

Educational revenue is recognized when the course is completed. All other revenues are recognized when goods are shipped or services provided and the consumer takes ownership and assumes risk of loss, collection of relevant receivable is probable and sales price is fixed or determinable. Investment income is recognized when earned on an accrual basis.

Contribution recognition:

Contributions are recognized with the deferral method.

Investments:

Investments are recorded at market value. Gains or losses are recorded in the year they occur and are charged against investment income.

Inventory:

Inventory is carried at the lower of estimated cost and net realizable value. Cost is determined on an average cost basis and include all costs of purchases and other costs incurred in bringing the inventories to their present location and condition.

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Management estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and their reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for amortization, bad debts and legal contingencies. Actual results could differ from these estimates.

3. INVESTMENTS:

Value at December 31:

	<u>2020</u>	<u>2019</u>
Bond and mortgage funds	\$ <u>235,171</u>	\$ <u>220,223</u>

4. ACCOUNTS RECEIVABLE:

	<u>2020</u>	<u>2019</u>
Trade receivable	\$ 75,676	\$ 152,331
Allowance for doubtful accounts	<u>(7,826)</u>	<u>(4,221)</u>
	\$ <u>67,850</u>	\$ <u>148,110</u>

During the year, the Association recorded impairments of \$3,433 (2019 - \$398) and is included in the bad debts expense.

5. CAPITAL ASSETS:

Capital assets are building, furniture and fixtures, office equipment and computers. Capital assets are stated at net book value based on cost less accumulated amortization.

	<u>Cost</u>	<u>2020</u> <u>Accumulated</u> <u>Amortization</u>	<u>2020</u> <u>Net Book</u> <u>Value</u>	<u>2019</u> <u>Net Book</u> <u>Value</u>
Building	\$ 129,107	\$ 66,912	\$ 62,195	\$ 64,787
Computer software	3,880	1,940	1,940	-
Computers	<u>70,842</u>	<u>69,438</u>	<u>1,404</u>	<u>2,006</u>
	\$ <u>203,829</u>	\$ <u>138,290</u>	\$ <u>65,539</u>	\$ <u>66,793</u>

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

6. BANK INDEBTEDNESS:

Under the terms of the Association's credit agreement, the Association has an unsecured operating line of credit available to a maximum of \$100,000 bearing interest at 2.85% above the Royal Bank's prime lending rate.

7. OBLIGATIONS UNDER OPERATING LEASE:

The operating lease payments are \$ 278 per month including GST. The operating lease is for a period of 60 months.

The lease obligations are:	\$
2021	3,187
2022	1,593
2023	Nil
2024	Nil

8. FINANCIAL INSTRUMENTS:

Fair value of financial instruments

The fair value of a financial instrument is the estimated amount that BCEA would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of amounts receivable and accounts payable and accrued liabilities approximate their carrying values due to their nature or capacity for prompt liquidation.

The fair values of investments are determined by reference to published bid price quotation in an active market at year end.

Risk management

BCEA does not use derivative financial instruments to manage its risks.

Cash flow risk

BCEA is exposed to cash flow risk resulting from the possibility that future cash flows associated with a monetary financial instrument will fluctuate in amount. The exposure of BCEA to cash flow risk arises from certain of its interest bearing assets. Fluctuations in market rates of interest on cash do not have a significant impact on BCEA's results of operation.

BRITISH COLUMBIA ELECTRICAL ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
(UNAUDITED)

Credit risk

BCEA is exposed to credit risk resulting from the possibility that parties may default on their financial

	<u>2020</u>	<u>2019</u>
Accounts receivable	\$ 67,850	\$ 148,110
Investments	<u>235,172</u>	<u>220,223</u>
	<u>\$ 303,022</u>	<u>\$ 368,333</u>

Cash and investments: Credit risk associated with cash and investments is minimized substantially by ensuring that these assets are invested in wide variety of mutual funds.

Accounts receivable: Credit risk associated with accounts receivable is minimized by BCEA's large customer base. BCEA maintains allowances of potential credit losses, and such losses to date have been within management's expectations.

Liquidity Risk

Liquidity risk is the risk that BCEA will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of BCEA not being able to liquidate assets in a timely manner at a reasonable price.

BCEA meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flow from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

Price Risk

BCEA is exposed to price risk in the form of interest rate risk and market risk.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments will fluctuate due to changes in market interest rate. The exposure of BCEA to interest rate risk arises from certain interest bearing assets.

BCEA manages the interest rate risk exposure of its fixed income investment by investing in a wide variety of mutual funds .

Market Risk

Market risk refers to the risk that the fair value of the financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market .

The investment policy for funds requires a certain asset mix and is monitored by the directors.

9. ECONOMIC DEPENDENCE:

The Association's operations consist of selling code books. The revenues derived from books account for 81% of the Association's revenues in current year (2019 - 58%)