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Not for distribution.**

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH  
COLUMBIA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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**INDEPENDENT AUDITOR'S REPORT**

**To The Members of  
Mechanical Contractors Association of British Columbia**

**Opinion**

We have audited the financial statements of Mechanical Contractors Association of British Columbia, which comprise the as at December 31, 2020 and the statements of receipts and disbursements and surplus 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 Mechanical Contractors Association of British Columbia as at December 31, 2020 and the results of its operations and 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 Mechanical Contractors Association of British Columbia 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 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 these financial statements, management is responsible for assessing the 2020's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the 2020 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the 2020's financial reporting process.

**Auditor's Responsibility 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 2020'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 2020'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 2020 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.

**Report on Other Legal and Regulatory Requirements**

As required by the Society Act (British Columbia), we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

May 19, 2021  
104 - 3989 Henning Drive, Burnaby, BC



**CHARTERED PROFESSIONAL ACCOUNTANTS**

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**STATEMENT OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	213,216	90,874
Accounts receivable	6,847	4,568
Inventory	1,138	1,369
Prepaid expenses	6,897	3,206
Due from Journeyman Training and General Industry Promotional Fund (Note 9)	-	48,032
Due from Mechanical Industrial Relations Association of British Columbia (Note 8)	74	5,623
	228,172	153,672
<b>INVESTMENTS</b> (Note 4)	1,600,095	191,709
<b>PROPERTY AND EQUIPMENT</b> (Note 5)	94,446	314,081
	1,922,713	659,462
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	55,543	26,301
GST payable	24	2,410
Unearned revenue	39,621	43,465
	95,188	72,176
<b>LONG TERM DEBT</b> (Note 6)	40,000	-
	135,188	72,176
<b>NET ASSETS</b>		
<b>FUND BALANCE</b>		
Capital fund (Note 5)	94,446	314,081
Unrestricted fund	1,693,079	273,205
	1,787,525	587,286
	1,922,713	659,462

**APPROVED ON BEHALF OF THE BOARD:**

**DIRECTOR:** \_\_\_\_\_

**DIRECTOR:** \_\_\_\_\_

(The accompanying notes form an integral part of these financial statements)

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Capital Fund</b>	<b>Un- Restricted Fund</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>FUND BALANCE</b> , beginning of year	314,081	273,205	587,286	605,484
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	(21,059)	1,221,298	1,200,239	(18,198)
<b>INVESTMENT IN PROPERTY AND EQUIPMENT</b>	(198,576)	198,576	-	-
<b>FUND BALANCE</b> , end of year	94,446	1,693,079	1,787,525	587,286

(The accompanying notes form an integral part of these financial statements)

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>RECEIPTS</b>		
Administration fees (Note 8)	80,400	6,000
Convention	-	9,289
Courses	20,125	93,474
Golf tournaments	90,530	184,109
Member and associate meeting	2,200	11,434
Membership fees	293,025	272,740
Other revenue	18,998	35,421
Rental income (Note 9)	1,200	19,200
	<b>506,478</b>	<b>631,667</b>
<b>DISBURSEMENTS</b>		
Accounting and legal	41,068	30,035
Advertising and promotion	7,411	611
Amortization	21,059	10,543
Bad debts	48,032	-
Building	28,444	30,144
Conferences - MCABC	9,170	13,739
Convention - National	1,436	22,227
Courses	12,573	72,368
General maintenance	7,064	10,737
Golf tournaments	40,474	159,522
Insurance	6,210	5,535
Interest and bank charges	6,338	8,159
Member and associate meetings	5,513	10,248
National dues assessment (Note 8)	41,000	40,908
Office and printing	17,929	13,768
Postage and courier	1,176	3,311
Professional fees	-	13,650
Salaries and benefits (Note 7)	358,022	409,849
Special programs and projects	15,232	20,030
Sub-contracts	5,324	23,149
Telephone	1,757	7,635
Travel and meetings	14,614	22,587
Website development	7,746	7,352
	<b>697,592</b>	<b>936,107</b>
<b>LESS: EXPENSE RECOVERIES</b> (Note 8, 9)	-	279,726
	<b>697,592</b>	<b>656,381</b>
<b>LOSS BEFORE OTHER INCOME</b>	<b>(191,114)</b>	<b>(24,714)</b>

(The accompanying notes form an integral part of these financial statements)

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>OTHER INCOME</b>		
Dividend income	1,753	1,986
Interest income	10,033	3,557
Gain on sale of investments	32,240	4,150
Foreign exchange loss	(218)	(1,168)
Investment management fees	(2,355)	(2,009)
Gain on disposal of property	1,349,900	-
	<b>1,391,353</b>	<b>6,516</b>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER DISBURSEMENTS</b>	<b>1,200,239</b>	<b>(18,198)</b>

(The accompanying notes form an integral part of these financial statements)

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>
	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess (deficiency) of receipts over disbursements for the year	1,200,239	(18,198)
<b>NON CASH ITEM</b>		
Amortization	21,059	10,544
Bad debts	48,032	-
Gain on disposal of property	(1,349,900)	-
Gain on sale of investments	(32,240)	(4,150)
	(112,810)	(11,804)
<b>CHANGES IN NON-CASH WORKING CAPITAL</b>		
Accounts receivable	(2,279)	(1,594)
Inventory	231	(1,217)
Prepaid expenses	(3,691)	15,103
Accounts payable and accrued liabilities	29,244	(6,343)
GST payable	(2,385)	(2,345)
Wages payable	-	(8,060)
Unearned revenue	(3,844)	28,620
	(95,534)	12,360
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Advances to Journeyman Training and General Industry Promotion Fund	-	(63,146)
Repayments from (advances to) Mechanical Industrial Relations Association of BC	5,549	(4,596)
	5,549	(67,742)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(105,335)	(3,120)
Proceeds from disposition of property	303,911	-
Increase (decrease) in investments	13,751	(5,189)
	212,327	(8,309)
<b>INCREASE (DECREASE) IN CASH</b>	122,342	(63,691)
<b>CASH, beginning of year</b>	90,874	154,565
<b>CASH, end of year</b>	213,216	90,874

(The accompanying notes form an integral part of these financial statements)



# MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 1. PURPOSE OF THE ASSOCIATION

The Mechanical Contractors Association of British Columbia (MCABC) is a non-profit organization incorporated under the Society Act of British Columbia without share capital. MCABC is a tax-exempt body under Section 149 of the Income Tax Act.

The objectives of MCABC are:

- (a) To encourage, support, and promote the advancement of the Mechanical Contracting Industry, primarily in the Province of British Columbia;
- (b) To provide leadership, assistance, and training to the members of MCABC and their employees;
- (c) To develop, promote, and improve the recognition and image of the industry with the general public, other industry and government;
- (d) To co-operate and communicate with other associations, groups and regulatory bodies with a view to achieving these aims;
- (e) To develop, encourage, and initiate surveys, studies and research at a Provincial level.

### 2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### 3. SIGNIFICANT ACCOUNTING POLICIES

MCABC follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### FINANCIAL INSTRUMENTS

##### MEASUREMENT OF FINANCIAL INSTRUMENTS

Cash, accounts receivable, and amounts due from related associations and funds are financial assets classified as loans and receivables, measured at amortized cost.

Investments are financial assets classified as held-to-maturity, measured at amortized cost.

Accounts payable and accrued liabilities and long term debt are financial liabilities classified as other financial liabilities, measured at amortized cost.

# MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### IMPAIRMENT

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

#### RISK

The Association is exposed to various risks through its financial instruments. The following provides analysis on the Association's risk exposure 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 accounts receivable are from long-lasting members. In management's opinion, the Association is not exposed to credit risk.

##### Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association received the CEBA loan from the Canadian government. In management's opinion, the Association is not exposed to liquidity 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. In management's opinion, the Association is not exposed to interest risk.

##### Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Approximately 0% (2019 - 6%) of the Association's assets are in foreign currency. Consequently, some assets are exposed to foreign exchange fluctuations.

# MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### VALUATION OF INVENTORY

Forms and publications are valued at the lower of cost and net realizable value. Cost is determined using the average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable variable selling costs.

#### PORTFOLIO INVESTMENTS

Portfolio investments are valued at cost, unless circumstances have indicated an impairment in value which necessitates a write-down to net realizable value.

#### PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost with depreciation and amortization provided as follows:

	<u>Rate</u>	<u>Method</u>
Building	40 years	Straight-line
Computer hardware	4 years	Straight-line
Computer software	4 years	Straight-line
Furniture, fixtures and equipment	10 years	Straight-line
Leasehold improvements	10 years	Straight-line
Website development	3 years	Straight-line

In the year of acquisition only one-half the normal rate is applied.

#### REVENUE RECOGNITION

MCABC follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### MEASUREMENT UNCERTAINTY

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and as adjustments become necessary, they are reported in earnings in the period in which they became known.

The most significant areas requiring management estimates and assumptions include the estimate of useful lives of equipment for calculating amortization, and the allocation of expenses to the appropriate functional category.

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**4. INVESTMENTS**

	<b>2020</b>	<b>2019</b>
	\$	\$
BMO Nesbitt Burns CDN Portfolio Investments	-	153,184
BMO Nesbitt Burns USD Portfolio Investments	-	38,525
TD Wealth CDN Portfolio Investments	1,600,095	-
	<u>1,600,095</u>	<u>191,709</u>

The quoted market value at year end was \$1,608,391 (2019 - \$213,443).

**5. PROPERTY AND EQUIPMENT**

	COST	ACCUMULATED AMORTIZATION	NET BOOK VALUE 2020	NET BOOK VALUE 2019
	\$	\$	\$	\$
Land	-	-	-	187,373
Buildings	-	-	-	116,538
Computer hardware	54,642	44,740	9,902	9,524
Computer software	11,330	11,330	-	-
Furniture, fixtures and equipment	60,473	59,913	560	315
Leasehold improvements	3,306	3,306	-	331
Website development	100,781	16,797	83,984	-
	<u>230,532</u>	<u>136,086</u>	<u>94,446</u>	<u>314,081</u>

**6. LONG TERM DEBT**

	<b>2020</b>	<b>2019</b>
	\$	\$
310,690	-	-

Canada Emergency Business Account loan bears 0% interest until December 31, 2022 and then 5% interest per annum thereafter. There are no principal repayments required until December 31, 2022. If the loan remains outstanding after December 31, 2022, only interest payments are required until full principal is due on December 31, 2025. Repayment of the loan before December 31, 2022 could result in loan forgiveness of 25% (up to \$10,000)

	40,000	-
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# MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 7. BENEFIT PLAN

MCABC maintains a group Registered Retirement Savings Plan for its employees.

Contributions for the year were \$31,780 (2019 - \$38,514).

### 8. RELATED PARTY TRANSACTIONS

During the year, MCABC had the following transactions with Mechanical Industrial Relations Association of BC (MIRA) and Supervisory Employees Training Trust Fund (SETTF), related by common management.

- a) Membership fees received by MCABC from related party:  
MIRA           \$ 142,450 (2019 - \$ 109,308 )
  
- b) Administration fees received by MCABC from related party:  
MIRA           \$ 80,400 (2019 - \$ Nil )  
SETTF          \$ - (2019 - \$ 6,000 )
  
- c) MCABC allocated 0.00% (2019 - 17.49%) of common administrative expenses to related party:  
MIRA           \$ Nil (2019 - \$ 132,123 )
  
- d) National dues, to MCA Canada, were recovered by MCABC from related party:  
MIRA           \$ Nil (2019 - \$ 40,908 )

Starting in 2020, MCABC charged an annual administration fee to MIRA, and no longer shared common administrative expenses.

### 9. JOURNEYMAN TRAINING AND GENERAL INDUSTRY PROMOTIONAL FUND

During the year, MCABC had the following transactions with Journeyman Training and General Industry Promotional Fund (JTIP).

- a) Rental income received by MCABC:  
JTIP           \$ Nil (2019 - \$ 6,000 )
  
- b) MCABC allocated 0% (2019 - 14.31 %) of common administrative expenses as follows:  
JTIP           \$ Nil (2019 - \$ 106,695 )

During 2019, JTIP decided to terminate the joint service agreement. However, they are obligated to pay for the direct and joint shared costs incurred during 2019 under the existing joint service agreement at the time.

**MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**10. SUPERVISORY EMPLOYEES TRAINING TRUST FUND**

The Supervisory Employees Training Trust Fund (SETTF) was established for the purpose of promoting and financing the development and delivery of educational and training programs for employees of members of MCABC who have (or aspire to have) either or both of management and supervisory roles, as well as for members of MCABC who are sole proprietors having ten or fewer employees. The Fund Trustees are appointed by MCABC.

The financials of SETTF, a 100% controlled entity, has not been consolidated with MCABC. Financial statements for SETTF are available. A financial summary of SETTF as at December 31, 2020 and 2019 and for the years then ended is as follows:

	<b>2020</b>	<b>2019</b>
	\$	\$
Current assets	6,146	8,909
Other assets	304,544	289,514
<b>Total assets</b>	<b>310,690</b>	<b>298,423</b>
Current liabilities	1,200	1,199
Fund balance	309,490	297,224
	<b>310,690</b>	<b>298,423</b>
Disbursements	1,409	7,634
Other income	13,675	4,350
<b>Excess (deficiency) of receipts over disbursements</b>	<b>12,266</b>	<b>(3,284)</b>
Cash flows from operating activities	5,446	(2,922)
Cash flows from investing activities	(8,209)	(3,807)
<b>Net change in cash</b>	<b>(2,763)</b>	<b>(6,729)</b>

# MECHANICAL CONTRACTORS ASSOCIATION OF BRITISH COLUMBIA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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### 11. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The operations of the Association have not yet been significantly affected by the COVID-19 response or current government regulations. The impact on the Association in the future is uncertain at this time. The Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2020, have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Association for future periods.