

**Infrastructure Health & Safety Association**  
**Financial Statements**  
For the year ended December 31, 2022

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## Independent Auditor's Report

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To the Board of Directors of Infrastructure Health & Safety Association

### Opinion

We have audited the financial statements of Infrastructure Health & Safety Association (the Association), which comprise the statement of financial position as at December 31, 2022, and the statements of changes in net assets, operations, 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, 2022, 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.

### Basis of 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.

### 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.



#### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Oakville, Ontario  
May 25, 2023

## Infrastructure Health & Safety Association Statement of Financial Position

December 31 2022 2021

### Assets

#### Current

Cash and cash equivalents	\$ 8,596,431	\$ 14,872,881
Short-term investments (Note 2)	7,483,988	8,000,000
Accounts receivable	761,203	363,718
Inventory	514,444	514,670
Prepaid rent and deposits (Note 3)	248,023	246,400
	17,604,089	23,997,669

Prepaid rent and deposits (Note 3)	170,031	165,891
Long-term investments (Note 2)	8,964,383	-
Capital assets (Note 4)	676,870	937,230
	\$ 27,415,373	\$ 25,100,790

### Liabilities and Net Assets

#### Current

Accounts payable and accrued liabilities	\$ 2,886,767	\$ 2,991,858
Deferred revenue (Note 6)	1,896,628	100,528
Customer deposits	624,607	645,576
	5,408,002	3,737,962

Deferred revenue (Note 6)	54,572	54,572
Deferred capital contributions (Note 5)	633,275	816,515
Employee future benefits (Note 7)	19,560,424	26,720,480
	25,656,273	31,329,529

#### Commitments and contingencies (Note 9 and 12)

#### Net Assets

Invested in capital assets	43,595	120,715
Unrestricted	1,715,505	(6,349,454)
	1,759,100	(6,228,739)
	\$ 27,415,373	\$ 25,100,790

On behalf of the Executive Board:



Ivano Labricciosa

Director



Glen Drewes

Director

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

## Infrastructure Health & Safety Association Statement of Changes in Net Assets

For the year ended December 31	2022			2021
	Invested in capital assets	Unrestricted	Total	Total
<b>Net assets</b> , beginning of year	\$ 120,715	\$(6,349,454)	\$(6,228,739)	\$(4,348,601)
Excess of revenue over expenditures for the year	-	1,200,539	1,200,539	2,113,762
Net activity in capital assets	(77,120)	77,120	-	-
Employees' Supplementary Pension Plan adjustment (Note 7)	-	-	-	(6,039,000)
Employee future benefits remeasurement (Note 7)	-	6,787,300	6,787,300	2,045,100
<b>Net assets</b> , end of year	\$ 43,595	\$ 1,715,505	\$ 1,759,100	\$(6,228,739)

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

## Infrastructure Health & Safety Association Statement of Operations

For the year ended December 31	2022	2021
<b>Revenue</b>		
Ministry of Labour, Immigration, Training and Skills Development (Note 10)	\$ 23,684,883	\$ 24,207,092
Training and publication recoveries	10,106,216	9,125,878
Interest income	490,403	157,846
Amortization of deferred capital contributions	201,324	208,255
Sundry revenue	157,094	180,735
Funding for rent	-	21,905
	<b>34,639,920</b>	<b>33,901,711</b>
<b>Expenditures</b>		
Salaries	17,734,525	17,234,722
Employee benefits	6,785,799	6,414,713
Occupancy	2,698,362	2,586,669
Travel and vehicle	1,512,767	1,190,371
Equipment and maintenance	1,492,770	1,229,939
Program delivery expenditures	1,408,613	1,349,656
Advertising and promotion	393,044	223,211
Professional fees	364,514	493,015
Amortization of capital assets	278,444	356,367
Personnel costs	272,967	197,938
Office and general	241,638	214,573
Postage and courier	122,601	127,371
Telecommunications	97,718	95,119
Supplies and services	31,682	42,069
Research and library costs	3,937	9,403
Share of loss from CHSI	-	22,813
	<b>33,439,381</b>	<b>31,787,949</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 1,200,539</b>	<b>\$ 2,113,762</b>

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

## Infrastructure Health & Safety Association Statement of Cash Flows

For the year ended December 31	2022	2021
<b>Cash and cash equivalents provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures for the year	\$ 1,200,539	\$ 2,113,762
Adjustments required to reconcile excess of revenue over expenditures with net cash provided by operating activities		
Amortization of deferred capital contributions	(201,324)	(208,255)
Amortization of capital assets	278,444	356,367
Share of loss from CHSI	-	22,813
Payment received upon termination of joint venture investment in CHSI	-	8,539
Investment income reinvested	-	(157,485)
Employee future benefits expense (Note 7)	1,083,000	1,008,600
Employee future benefits paid (Note 7)	(1,455,756)	(1,513,020)
Changes in non-cash working capital balances:		
Accounts receivable	(397,485)	964,998
Inventory	226	(87,189)
Prepaid rent and deposits	(5,763)	24,065
Accounts payable and accrued liabilities	(105,091)	756,013
Deferred revenue	1,796,100	78,623
Customer deposits	(20,969)	66,934
	<b>2,171,921</b>	<b>3,434,765</b>
<b>Investing activities</b>		
Proceeds from disposal (purchase) of investments	(8,448,371)	403,235
Purchase of capital assets	(18,084)	-
	<b>(8,466,455)</b>	<b>403,235</b>
<b>Financing activity</b>		
Funding received for capital purchases	18,084	-
	<b>18,084</b>	<b>-</b>
<b>Increase (decrease) in cash and cash equivalents during the year</b>	<b>(6,276,450)</b>	<b>3,838,000</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>14,872,881</b>	<b>11,034,881</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 8,596,431</b>	<b>\$ 14,872,881</b>
<b>Cash and cash equivalents consist of:</b>		
Cash	\$ 8,001,868	\$ 5,966,487
Guaranteed investment certificate	-	8,000,000
Money market funds	594,563	906,394
	<b>\$ 8,596,431</b>	<b>\$ 14,872,881</b>

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

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# Infrastructure Health & Safety Association

## Notes to Financial Statements

December 31, 2022

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### 1. Significant Accounting Policies

#### Nature and Purpose of Association

Infrastructure Health & Safety Association ("IHSA" or the "Association") is a not-for-profit occupational health and safety organization incorporated without share capital in the province of Ontario. The Association provides health and safety training material and services to Ontario's construction, electrical and utilities and transportation industries. IHSA assists organizations to achieve safer and healthier work environments by identifying and reducing workplace risks and hazards to prevent and reduce workplace injuries, illness and disease. The Association's mission is to develop sector specific partnerships and support their implementation of prevention solutions that provide continuous improvements in health and safety performance. The Association is exempt from tax under Section 149(1)(l) of the Income Tax Act (Canada).

#### Basis of Accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations ("ASNPO").

#### Revenue Recognition

The Association follows the deferral method of accounting for contributions. Restricted funding from the Ministry of Labour, Immigration, Training and Skills Development ("MLITSD" or the "Ministry") and other government ministries is deferred and recognized as revenue when collection can be reasonably measured and assured, and the year in which the related expenses are incurred.

Training recoveries are recognized as revenue when services are rendered, and collection can be reasonably measured and assured. Safety product recoveries relating to inventory are recognized as revenue when goods are shipped and there is reasonable assurance of collection. Unrestricted funding is recognized as revenue when received or receivable. Funding received for capital expenditures is deferred and recognized as revenue on the same basis as amortization of the related assets.

Interest income is recognized into revenue when earned, on a time proportion basis.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, balances with the Association's bank and highly liquid investments with original maturity dates of three months or less at the date of acquisition.



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# Infrastructure Health & Safety Association

## Notes to Financial Statements

**December 31, 2022**

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### 1. Significant Accounting Policies (continued)

#### Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All investments in money market funds, bonds and guaranteed investment certificates are recorded at amortized cost. All other financial instruments are recorded at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instruments for those measured at amortized cost.

#### Inventory

Course and seminar inventory is valued at the lower of cost and net realizable value and is expensed in program delivery expenses. Cost is determined on an average cost basis.

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Emergency response equipment	- 5 years
Furniture and fixtures	- 5 years
Leasehold improvements	- over term of lease

#### Impairment of Capital Assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expenditure in the statement of operations. Any unamortized deferred capital contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

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# Infrastructure Health & Safety Association

## Notes to Financial Statements

**December 31, 2022**

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### 1. Significant Accounting Policies (continued)

#### Use of Estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Accounts requiring significant estimates include collectibility of accounts receivable, accrued and contingent liabilities, deferred revenue and employee future benefits.

Employee future benefits liabilities are subject to measurement uncertainty because actual results may differ significantly from the Association's best long-term estimate of expected results.

#### Employee Future Benefits

i) Defined benefit post-retirement plan

The Association provides certain non-pension post-retirement benefits consisting of extended health and other benefits. The defined benefit obligation is calculated based on the most recent actuarial valuation report prepared for accounting purposes.

The Association determines its obligation as the difference between its total liabilities and related costs less the fair value of the plan assets. Remeasurements and other items are charged to net assets as they occur.

The Association applies the following policies:

- The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of expected plan investment performance for funded plans, salary escalations, retirement ages of employees and expected health-care costs.
- Actuarial gains and losses arise when the actual return on plan assets differs from the expected return on the plan assets for a period, or when the accrued benefit obligations change during the year. The actuarial gains and losses are recorded in the statement of changes in net assets.

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## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

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**1. Significant Accounting Policies** (continued)

**Employee Future Benefits** (continued)

ii) WSIB Employees' Pension Plan

Employees belong to the WSIB Employees Pension Plan, which is a defined benefit plan that meets the definition of a multi-employer plan under ASPE 3462 and therefore is accounted for as a defined contribution plan. The plan provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension are administered by WSIB.

iii) WSIB Employees' Supplementary Pension Plan

Employees belong to the WSIB Employees' Supplementary Pension Plan, which is a defined benefit plan. The plan provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension are administered by WSIB.

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**2. Investments**

Investments consist of guaranteed investment certificates earning interest at 2.56% - 4.20% (2021 - 0.40%) and maturing May 19, 2023 - May 27, 2025 (2021 - February 11, 2022).

	<b>2022</b>	2021
Investments - total	<b>\$ 16,448,371</b>	\$ 8,000,000
Less: Amounts maturing within one year	<b>7,483,988</b>	8,000,000
	<b>\$ 8,964,383</b>	\$ -

## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

### 3. Prepaid Rent and Deposits

	2022	2021
Deposit on Voyageur Court premises	\$ 135,213	\$ 135,213
Deposit on Skills Development Centre premises	25,000	25,000
Short-term prepaid rent	172,647	171,533
Deposits	9,818	5,678
Other	75,376	74,867
	418,054	412,291
Less: current portion	248,023	246,400
Non-current	\$ 170,031	\$ 165,891

The long-term prepaid rent resulted from contributions to the Association for the Skills Development Centre location to help meet the rent payment obligations. These contributions were paid to the landlord as a prepayment of rent in order to reduce the monthly rent payments and are recognized into expenses over the term of the lease agreement.

### 4. Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Emergency response equipment	\$ 1,707,711	\$ 1,696,884	\$ 1,707,711	\$ 1,619,183
Furniture and fixtures	767,072	724,058	748,988	673,556
Leasehold improvements	2,657,402	2,034,373	2,657,402	1,884,132
	\$ 5,132,185	\$ 4,455,315	\$ 5,114,101	\$ 4,176,871
Net book value		\$ 676,870		\$ 937,230

## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

### 5. Deferred Capital Contributions

Deferred capital contributions represent the unamortized amount and unspent amount of contributions received for the purchase of capital assets.

	2022	2021
<b>Balance</b> , beginning of year	\$ 816,515	\$ 1,024,770
Funding received	18,084	-
Amortization of deferred capital contributions	(201,324)	(208,255)
<b>Balance</b> , end of year	\$ 633,275	\$ 816,515

### 6. Deferred Revenue

Deferred revenue represents unspent funds from the MLITSD, as well as other funded programs reflected under the Skills Development Centre. The deferred revenue relating to the MLITSD has been approved to be spent over the next three fiscal years (see Note 8). The changes in the deferred operating funding balances are as follows:

	Skills Development Centre	MLITSD	2022	2021
<b>Balance</b> , beginning of year	\$ 100,528	\$ 54,572	\$ 155,100	\$ 76,477
Funding received	-	1,796,100	1,796,100	100,528
Amortization of deferred rent funding	-	-	-	(21,905)
<b>Balance</b> , end of year	100,528	1,850,672	1,951,200	155,100
Less: current portion	100,528	1,796,100	1,896,628	100,528
Long-term portion	\$ -	\$ 54,572	\$ 54,572	\$ 54,572

## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

### 7. Employee Future Benefits

(a) Post-retirement Benefits and Exit Benefits

The Association provides extended health-care, dental and life insurance benefits to all full-time employees hired by the legacy associations prior to amalgamation on retirement to the age of 65, with the following exceptions:

- For former Electrical & Utilities Safety Association employees, these benefits extend to age 65 for employees hired subsequent to January 1, 2007. Benefits may be extended beyond age 65 at the discretion of the employee and the assumption of 50% of the cost by the employee. For employees hired prior to 2003, benefits extend for the employee's lifetime.
- For former Construction Safety Association of Ontario employees, no future benefits are provided for employees hired subsequent to August 1, 2001. For employees hired prior to August 1, 2001, benefits extend for the employee's lifetime.

In addition to the extended health-care, dental and life insurance benefits, the Association also provides exit benefits to employees in accordance with the Association's policy. These plans are unfunded and there are no plan assets.

(b) Employees' Supplementary Pension Plan

In 2021, the Association assumed full responsibility for the WSIB Employees' Supplementary Pension Plan based on the legal agreement between the Association and WSIB. The adjustments to reflect this legal obligation are reflected in the schedules below. The Plan is unfunded and there are no Plan assets.

Components of the above employee future benefits liability are as follows:

	<b>2022</b>	2021
(a) Post-retirement benefits and exit benefits	<b>\$ 15,028,900</b>	\$ 21,109,000
(b) Employees' Supplementary Pension Plan	<b>4,531,524</b>	5,611,480
	<b>\$ 19,560,424</b>	\$ 26,720,480

## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

**7. Employee Future Benefits** (continued)

	(a) Post-retirement and Exit Benefits	(b) Employees' Supplementary Pension Plan	2022	2021
Employee future benefits liability, beginning of year	\$ 21,109,000	\$ 5,611,480	\$ 26,720,480	\$ 23,231,000
Employees' Supplementary Pension Plan adjustment	-	-	-	6,039,000
Current service cost	214,700	12,000	226,700	254,800
Interest cost on obligation	691,300	165,000	856,300	753,800
Benefit payments	(1,179,800)	(275,956)	(1,455,756)	(1,513,020)
Actuarial (gain) loss recognized in statement of changes in net assets	(5,806,300)	(981,000)	(6,787,300)	(2,045,100)
Employee future benefits liability, end of year	<b>\$ 15,028,900</b>	<b>\$ 4,531,524</b>	<b>\$ 19,560,424</b>	<b>\$ 26,720,480</b>

The latest actuarial valuations of the post-retirement and exit benefits plan as well as the Employees' Supplementary Pension Plans were prepared as at December 31, 2022. The significant actuarial assumptions adopted in measuring the Association's defined benefit obligations for the post-retirement and exit benefits plan and the Employees' Supplementary Pension Plan are as follows:

	2022 (%)	2021 (%)
Health-care increase per annum	5.60	5.37
Discount rate	5.05 - 5.20	3.00 - 3.30
Dental care increase per annum	5.00	3.00
Salary increase per annum	2.00	1.50 - 2.00
Year's Maximum Pensionable Earnings ("YMPE") increase	3.00	3.00
Inflation (Consumer Price Index)	2.00	2.00

The employer contributions made in the year to the WSIB Employees' Pension Plan amounted to \$2,921,801 (2021 - \$2,758,045) are included in employee benefits expense in the statement of operations.

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## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

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### **8. Ministry of Labour, Immigration, Training and Skills Development**

Surplus funds must be used to support the MLITSD's commitment to enhance health and safety in Ontario workplaces. No surplus funds can be used without written approval from the MLITSD. The MLITSD will notify the Association in writing in a timely manner regarding decisions related to proposed retention of surpluses. The use of surplus funds approved to be retained by the Association will be tracked by the Association and reported to the MLITSD. Any amount not approved to be retained will be recovered by the MLITSD.

Approved MLITSD funding for the year is \$25,480,983 (2021 - \$24,207,092). Subsequent to year-end, the MLITSD directed the Association to spend \$2,403,974 (2021 - \$Nil) of its accumulated surplus in the upcoming fiscal years 2023 through 2026. This anticipated spend is expected to be offset against future transfer payment agreements with the MLITSD.

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### **9. Commitments**

The Association has operating leases for various office premises and equipment with minimum annual payments to non-related parties as follows:

2023	\$ 1,058,053
2024	1,042,769
2025	1,045,292
2026	453,199
2027	60,834
Thereafter	<u>65,904</u>
	<u>\$ 3,726,051</u>

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### **10. Economic Dependence**

The Association is dependent on the MLITSD receiving a significant amount of its revenue from the MLITSD based on annual budget submissions approved by the Ministry.

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### **11. Credit Facility**

The Association has a credit facility with its lender in the amount of \$2,000,000, that will be made available by way of prime rate based loans in Canadian dollars and Letters of Credit in Canadian or US dollars. The loans bear interest at prime rate + 0.75% and the Letters of Credit bear interest at 2.0% (2021 - 0.75% and 2.0%). The facility is secured by a general security agreement representing a first charge on all present and after acquired personal property. As at year end, \$Nil (2021 - \$Nil) of this facility was drawn.



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## Infrastructure Health & Safety Association Notes to Financial Statements

**December 31, 2022**

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### **12. Contingencies**

The Association may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes adequate provisions have been made in the accounts where required and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Association. Any amounts in settlement of claims in excess of recorded provisions will be charged to the statement of operations in the year of claim.

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### **13. Financial Instruments**

The Association is exposed to certain financial instrument risks, such as credit risk, interest rate risk and liquidity risk. These risks have not changed from the prior year.

#### 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 financial instruments that are exposed to concentrations of credit risk relate primarily to cash and cash equivalents, short-term investments, accounts receivable and long-term investments. The Association manages its exposure to this risk by maintaining its cash and cash equivalents and investments with established financial institutions and, where feasible, obtains prepayment for courses held with respect to accounts receivable. Accounts receivable are net of an allowance for doubtful accounts of \$123,911 (2021 – \$123,980).

#### Liquidity Risk

Liquidity risk is the risk the Association will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities and commitments. The Association continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures and has a rigorous annual budgeting process.