

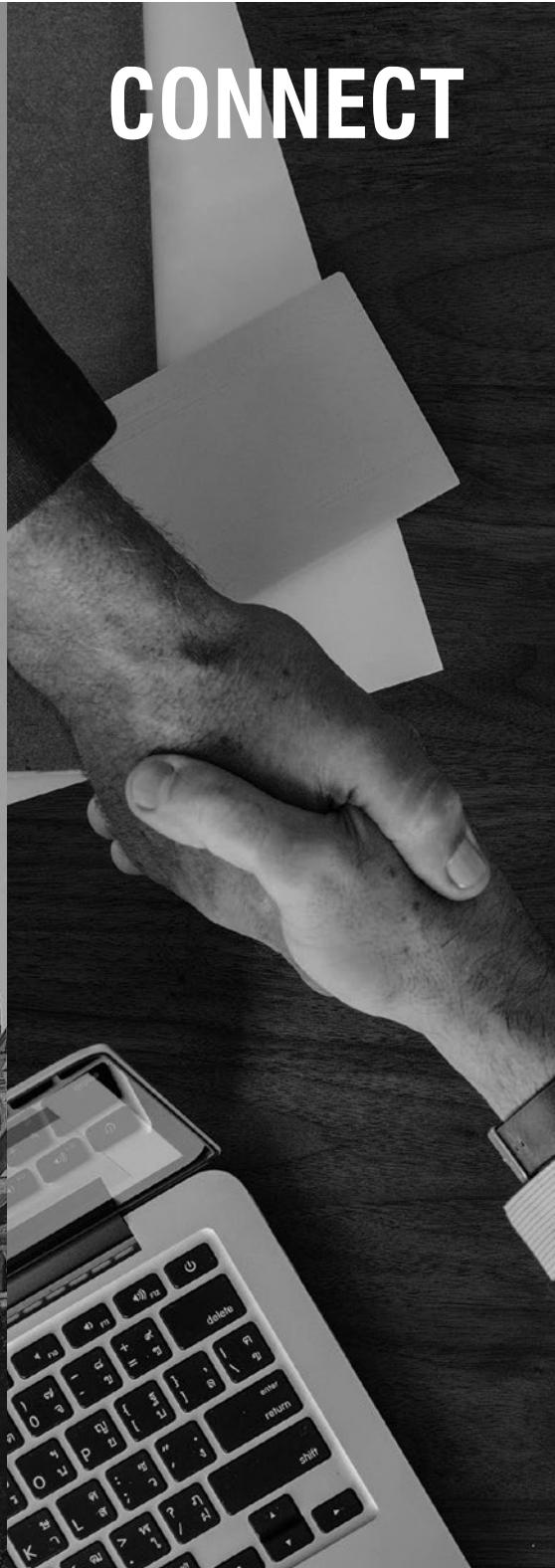


ANNUAL REPORT 2018

ADVOCATE



CONNECT



EDUCATE





# OUR VISION

TO BE THE LEADER AND VOICE FOR THE BUILDING  
SUPPLY INDUSTRY IN WESTERN CANADA.

# OUR MISSION

SERVE THE NEEDS AND PROMOTE THE COMMON INTERESTS  
OF THE CANADIAN LUMBER, BUILDING MATERIALS, AND  
HARD GOODS INDUSTRY IN WESTERN CANADA.

# OUR ROLE

ADVOCATE • CONNECT • EDUCATE

## THE WRLA STRIVES TO:

PROVIDE TIMELY, RELEVANT, AND QUALITY PROGRAMS,  
SERVICES AND PRODUCTS TO SUPPORT AND ENHANCE  
THE ROLE OF THE MEMBERSHIP WITHIN THE INDUSTRY.

REPRESENT, SUPPORT AND PROTECT THE INTERESTS OF  
THE MEMBERSHIP AND THE INDUSTRY TO GOVERNMENT,  
AGENCIES AND THE GENERAL PUBLIC.

PROVIDE FELLOWSHIP OPPORTUNITIES THAT ENHANCES  
MEMBER RELATIONSHIPS.



Pictured L-R: David Crenna, Canadian Home Builder's Association, Kerriann Coady, Canadian Home Builder's Association - Vancouver Island, Robert-Falcon Ouellette, MP Winnipeg Centre, Rick Weste, Triple M Housing, Liz Kovach, WRLA President

When I first joined the WRLA team just over two years ago members in the industry made it clear that they wanted to see the building supply associations elevate the industry's profile and create a voice for the industry. We have been working to do that both on a regional and national level as the regional associations are the workhorse behind the national association.

To capture some of the progress that has been made this past year, we launch our inaugural annual report to communicate some of the accomplishments we have made to date. It will also help set the stage for the coming year.

Our association is here to support the needs of our membership and if at any point in time you're interested in shaping some of the industry initiatives moving forward, please feel free to reach out and I'd be happy to discuss the opportunities available.

Thank you for your continued support of the WRLA and we look forward to working with you in the upcoming year.

**LIZ KOVACH — PRESIDENT**  
**LKOVACH@WRLA.ORG**

# OUR **ADVOCACY** WORK BEGAN AFTER WE ESTABLISHED THE BUILDING MATERIAL COUNCIL OF CANADA (BMCC)

## INDUSTRY MEMBERS SUPPORT THIS INITIATIVE AND IDENTIFIED THE FOLLOWING KEY AREAS FOR BMCC TO LEAD:

- Advocacy and providing a unified voice
- Career awareness and attracting talent
- Human resources and recruitment

The WRLA, as part of the BMCC Working Board, has implemented initiatives to mobilize these strategies at a regional and grassroots level.

## RECENT ADVOCACY ACTIVITIES INCLUDE:

- On February 26, Liz Kovach was pleased to join colleagues from the Canadian Homebuilders' Association for a 'Day on the Hill' to advocate for the need to adjust the stress test and a return to 30-year insured mortgages for first-time home buyers.
- WRLA initiated a planned regular Advocacy Bulletin to update on our activities for our members, and continued pressure on federal politicians of all parties in the lead-up and through the upcoming federal election.
- A Government Relations committee was established to support and develop the platform.

## CAREER AWARENESS AND RECRUITMENT ACTIVITIES INCLUDE:

- A national job board was launched to provide a hub for members to post jobs and for job seekers to have a unified page to locate career opportunities in one place.
- The job board is free for members to post employment opportunities at **buildingsupplycareers.ca** by using the code **WRLAJOB57273**.
- Social media campaign launched on Instagram and Facebook to promote industry career opportunities.



Pictured L-R:  
Kerriann Coady, Canadian Home Builder's Association - Vancouver Island, Robert Sopuck, MP for Dauphin/Swan River/Neepawa, Liz Kovach, WRLA President, David Crenna, Canadian Home Builder's Association, Rick Weste, Triple M Housing



Pictured L-R:  
David Crenna, Canadian Home Builder's Association, Kerriann Coady, Canadian Home Builder's Association - Vancouver Island, Daniel Blaikie, MP Elmwood/Transcona, Liz Kovach, WRLA President, Rick Weste, Triple M Housing



“

**WE HAD A LOT OF QUESTIONS ALONG THE WAY, AND OF COURSE THE MOST IMPORTANT PART OF BUSINESS — ANY BUSINESS — IS YOUR NETWORK OF PEOPLE YOU SURROUND YOURSELF WITH. THE WRLA HAS BEEN EXACTLY THAT FOR US.**

”

**WADE LAURENT & SHANE CHAPMAN — OWNERS | THE ULTIMATE DECK SHOP**

# CONNECTING MEMBERS

## MEMBER NETWORKING EVENTS

The WRLA creates and supports events that provide opportunities to connect suppliers and customers throughout the year.

The WRLA team was excited to hit the road in 2018 to meet our members face-to-face at several free member networking events. Events were held in Winnipeg, Regina, Saskatoon, Edmonton, and Calgary and gave the team a chance to meet our members and hear their feedback on the direction of the WRLA.

**Stay tuned for member events in your local communities in 2019.**

## GOLF TOURNAMENTS

Three golf tournaments were held in 2018 in support of the WRLA Education Grants program. With the support of sponsors, and over 380 golfers, we raised a grand total of \$21,868.24. The events provided another opportunity to connect suppliers and customers. Thank you to Mike Doyle, Don Horvath, and their team of volunteers for supporting the education grants fund!

Education Grants replace the Scholarship and Bursary Program. At this time the program is being developed and the new program will be ready to launch in 2019.

## TOTAL VIEWS FOR 2018:

6 YARDSTICK MAGAZINES | 12,000 VIEWS  
24 WRLA NEWS | 48,000 VIEWS  
WEBSITE | 85,200 VIEWS

# PROVIDING WRLA MEMBERS OPPORTUNITIES TO MARKET THEIR BUSINESSES

The WRLA has a variety of mediums to help you promote to your customers and provide valuable information to support the business operations of our members. We have structured our publications to:

- Highlight solutions that the vendor community provides to their customers, which in turn provides testimonials to other readers.
- Provide information on relevant topics such as health and safety, finance, human resources and the like.
- Allow the vendor community to promote new products to the dealer community.
- Celebrate member milestones through dedicated features.





## CONNECTING TALENT TO A CAREER IN THE INDUSTRY

**CREATING CAREER AWARENESS WITH THE BUILDING SUPPLY INDUSTRY IS EXTREMELY IMPORTANT FOR SUCCESSION PURPOSES.**

The WRLA has taken an active role in connecting students to career opportunities by:

- Establishing student tours with WRLA members that connected over 60 students directly to member locations and the building supply industry
- Creating opportunities for members to present their career opportunities at their booths during the WRLA Buying Show.
- Participating in career fairs at SAIT, NAIT, Mount Royal University, and Red River College

Tours will continue in 2019 and a new partnership with NorQuest College and Manitoba Institute for Technology and Trades has been established. Members are encouraged to contact Erin Lubinski if interested to participate and host student tours.





## WRLA BUYING SHOW

The WRLA Show is the premier LBM show in Canada and is continually working on behalf of its members to facilitate new connections and, of course, business development. There is no other show in Canada that brings vendors and customers from the lumber and building materials together at this scale.

### TO ENSURE THAT WE CONTINUE TO EVOLVE AND SUPPORT OUR MEMBER NEEDS WE WERE PLEASED TO INTRODUCE THE FOLLOWING ENHANCEMENTS IN 2019:

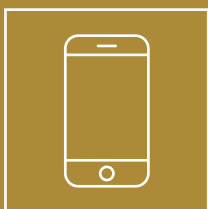
- Show App provided up to the minute Show information.
- Lead Capture App to help vendors track customer leads and also integrated with some CRM systems that vendors use.
- Education sessions to help support our member business with current information on building codes, e-commerce, builders liens and more.



**LAUNCH PAD LIVE STAGE**  
**12 COMPANIES PRESENTED**  
**188 ATTENDEES**



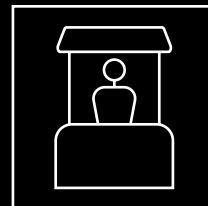
**EDUCATION SESSIONS**  
**10 SPEAKERS**  
**146 ATTENDEES**



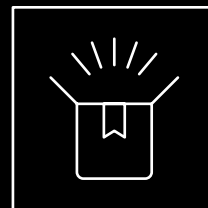
**SOCIAL MEDIA NUMBERS**  
**43,759 IMPRESSIONS**  
**ON FACEBOOK, TWITTER,**  
**AND INSTAGRAM**



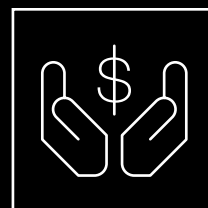
**WRLA APP**  
**500 DOWNLOADS**



**18 NEW**  
**EXHIBITORS**



**35 NEW**  
**PRODUCTS**



**23 SHOW**  
**SPONSORS**

# WHY IS THE WRLA BUYING SHOW YOUR BEST INVESTMENT?

WE ESTIMATED THE COST OF TRAVEL FOR ONE SALES REPRESENTATIVE TO VISIT THE NUMBER OF RETAIL LOCATIONS THAT ATTENDED THE SHOW.

## PROVINCES TO VISIT



BRITISH COLUMBIA



ALBERTA



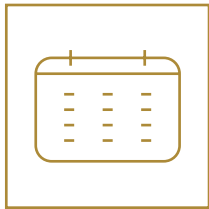
SASKATCHEWAN



MANITOBA



ONTARIO



**2 MONTHS**  
TO COVER THE REGION



**12,340 KM**  
TOTAL TRAVELED



**\$13,123**  
MILEAGE EXPENSE  
(AT \$.48 PER KM)



**136 HOURS**  
DRIVING TIME



**65**  
HOTEL NIGHTS



**\$12,740**  
HOTEL COSTS



**\$4,800**  
MEALS (NOT INCLUDING  
CLIENT MEALS)



**\$12,100**  
SALES REPRESENTATIVE  
SALARY FOR 2 MONTHS

TOTAL ESTIMATED COST FOR  
ONE SALES REPRESENTATIVE  
TO VISIT EVERY RETAILER  
PRESENT AT THE WRLA  
BUYING SHOW

\*estimates based on travel out of Calgary. Average hotel rates for each province were used. Meal allowance of \$75 per day.

# \$42,763

SAVE TIME, MONEY, AND STRESS —  
ATTEND THE WRLA BUYING SHOW.



# EDUCATES

“

**MY MEMBERSHIP HAS BROUGHT ME THE BENEFITS OF  
SHARING KNOWLEDGE, EXCHANGING IDEAS, AND ULTIMATELY  
IMPROVING THE INDUSTRY. EVERYONE HELPS EACH OTHER OUT  
AND IN THE PROCESS ALL PARTIES BENEFIT. EVERYONE WINS.”**

”

**MARC PALSSON — RONA GIMLI MANAGER**

# ATTRACTING TALENT TO THE LBM INDUSTRY

**ATTRACTING TALENT TO THE LBM INDUSTRY MEANS THE WRLA NEEDS TO ESTABLISH PARTNERSHIPS WITH EDUCATIONAL INSTITUTIONS.**

In 2018 the WRLA partnered with Mount Royal University to establish a new certification program specifically for the LBM industry. The WRLA Fundamentals of the Lumber and Building Supply Industry Certificate is a great option for new hires and will continue to be promoted to newcomers and seasoned professionals looking for industry careers.

This course is also recommended for new hires of WRLA members to provide a foundation of knowledge their staff can leverage into their day-to-day work and long-term careers within the industry.

**Courses will resume in October of 2019.**

## OTHER WRLA COURSE PARTICIPATION HIGHLIGHTS INCLUDE:

- Manual Estimating Levels 1 and 2:  
**71 participants**
- Online Estimating:  
**15 participants**
- Principles of Yard and Warehouse Operations:  
**37 participants**

Courses were hosted in Winnipeg and Red Deer in the spring and fall of 2018. If you are interested in having any of these courses come to a city near you please contact Erin Lubinski.

WRLA Members saved \$16,824 on equipment training through the CERVUS program. Visit [www.wrla.org](http://www.wrla.org) for the 2019 rates and savings.

The WRLA is currently restructuring its education grants program funding model. Stay tuned for more information to be delivered in 2019.





# CONNECT ENGAGE GROW



*Financial Statements of*

**WESTERN RETAIL LUMBER ASSOCIATION  
INCORPORATED**

*March 31, 2018*

## Independent Auditor's Report

To the Members of Western Retail Lumber Association Incorporated

We have audited the accompanying financial statements of Western Retail Lumber Association Incorporated, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in fund balances, and cash flows for the year then ended and notes to the financial statements.

### 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 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.

### Auditor's 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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Western Retail Lumber Association Incorporated as at March 31, 2018, 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.

### Emphasis of Matter

We draw attention to Note 2 of the financial statements which describes the restatement of the prior period figures as a result of misstatements of accounts receivable, accrued interest, and various revenues and expenses relating to the year ended March 31, 2017. Our opinion is not qualified in respect to this matter.



Chartered Professional Accountants  
October 4, 2018  
Winnipeg, Manitoba

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**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED****Statement of Operations****Year Ended March 31, 2018**

	2018			2017
	GENERAL FUND	CAPITAL ASSET FUND	TOTAL	TOTAL (Note 2)
REVENUE				
Property and group insurance	\$ 117,049	\$ -	\$ 117,049	\$ 108,368
Events	1,033,989	-	1,033,989	1,149,975
Advertising	62,461	-	62,461	94,668
Investment income	11,101	-	11,101	19,541
Membership dues	291,183	-	291,183	253,267
Programs and education	291,897	-	291,897	199,487
Unrealized (loss) gain on investments	(5,868)	-	(5,868)	11,316
	<b>1,801,812</b>	<b>-</b>	<b>1,801,812</b>	<b>1,836,622</b>
EXPENDITURES				
Advertising	11,593	-	11,593	4,827
Amortization	-	2,711	2,711	9,630
Bad debts	10,340	-	10,340	55,748
Bank charges	18,895	-	18,895	30,412
Events	815,751	-	815,751	832,151
Meetings and travel	122,386	-	122,386	129,219
Salaries and benefits	295,247	-	295,247	369,102
Memberships, dues, and subscriptions	30,979	-	30,979	6,366
Office	239,120	-	239,120	321,338
Programs and education	67,948	-	67,948	162,826
Summer meeting	-	-	-	3,802
	<b>1,612,259</b>	<b>2,711</b>	<b>1,614,970</b>	<b>1,925,421</b>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<b>\$ 189,553</b>	<b>\$ (2,711)</b>	<b>\$ 186,842</b>	<b>\$ (88,799)</b>

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED**  
**Statement of Changes in Fund Balances**  
Year Ended March 31, 2018

	2018		
	GENERAL FUND	CAPITAL ASSET FUND	TOTAL
FUND BALANCE, BEGINNING OF YEAR (as originally stated)	\$ 342,230	\$ 393,298	\$ 735,528
RESTATEMENT (Note 2)	146,339	-	146,339
FUND BALANCE, BEGINNING OF YEAR (as restated)	488,569	393,298	881,867
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	189,553	(2,711)	186,842
FUND BALANCE, END OF YEAR	\$ 678,122	\$ 390,587	\$ 1,068,709

	2017		
	GENERAL FUND	CAPITAL ASSET FUND	TOTAL
FUND BALANCE, BEGINNING OF YEAR	\$ 567,738	\$ 402,928	\$ 970,666
DEFICIENCY OF REVENUE OVER EXPENDITURES	(79,169)	(9,630)	(88,799)
FUND BALANCE, END OF YEAR	\$ 488,569	\$ 393,298	\$ 881,867

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED****Statement of Financial Position**

March 31, 2018

	2018	2017 (Note 2)
<b>ASSETS</b>		
GENERAL FUND		
CURRENT		
Cash	\$ 535,362	\$ 10,492
Accounts receivable	301,987	637,922
Accrued interest receivable	3,802	2,692
	841,151	651,106
INVESTMENTS (Note 4)	434,460	440,330
	1,275,611	1,091,436
CAPITAL ASSET FUND		
CURRENT		
Advances to General Fund	390,587	393,298
LONG-TERM		
Capital assets (Note 5)	-	2,711
	390,587	396,009
	\$ 1,666,198	\$ 1,487,445
<b>LIABILITIES</b>		
GENERAL FUND		
CURRENT		
Accounts payable and accrued liabilities	\$ 101,076	\$ 142,876
GST payable	91,376	36,456
Advances from Capital Asset Fund	390,587	393,298
Unearned revenue	14,450	32,948
	597,489	605,578
COMMITMENTS (Note 7)		
<b>FUND BALANCES</b>		
GENERAL FUND (Note 3a)	678,122	488,569
CAPITAL ASSET FUND (Note 3a)	390,587	393,298
	1,068,709	881,867
	\$ 1,666,198	\$ 1,487,445

APPROVED BY THE BOARD

..... Director ..... Director

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED****Statement of Cash Flows****Year Ended March 31, 2018**

	<u>2018</u>	<u>2017</u>
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 186,842	\$ (88,799)
Items not affecting cash:		
Amortization	2,711	9,630
Loss on disposal of investments	-	9,102
Unrealized loss (gain) on investments	5,868	(11,316)
	<u>195,421</u>	<u>(81,383)</u>
Changes in non-cash working capital items:		
Accounts receivable	335,935	(103,826)
Accounts payable and accrued liabilities	(41,800)	43,137
GST payable	54,920	34,710
Group life and general insurance liabilities	-	(10,432)
Unearned revenue	(18,498)	14,288
	<u>525,978</u>	<u>(103,506)</u>
INVESTING ACTIVITIES		
Accrued interest receivable	(1,110)	1,176
Investments - net	2	74,930
Purchases of capital assets	-	(2,366)
	<u>(1,108)</u>	<u>73,740</u>
NET INCREASE (DECREASE) IN CASH POSITION	524,870	(29,766)
CASH POSITION, BEGINNING OF YEAR	10,492	40,258
CASH POSITION, END OF YEAR	\$ 535,362	\$ 10,492

# **WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED**

## **Notes to the Financial Statements**

**March 31, 2018**

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### **1. PURPOSE OF THE ORGANIZATION**

The Western Retail Lumber Association Incorporated (the "Association") is an organization operating programs to promote the common interest of the Canadian lumber, building materials, and hard goods industry in Western Canada and provide group insurance benefits to its members. The Association is incorporated under the Canada Corporations Act as a non-profit organization and is exempt from tax under section 149(1) of the Income Tax Act.

### **2. RESTATEMENT**

During the year, the Association determined adjustments were required to prior year figures due to misstated accounts receivable, accrued interest, and various revenues and expenses.

As at March 31, 2017, the Association made the following statement of financial position adjustments:

- Increased the General Fund balance by \$146,339
- Increased accounts receivable by \$161,750
- Decreased accrued interest receivable by \$15,411

For the year ended March 31, 2017, the Association made the following statement of operations adjustments:

- Events revenue was increased by \$143,300
- Investment income reduced by \$19,280
- Advertising expenses reduced by \$5,700
- Bad debt expense increased by \$28,853
- Events expense decreased by \$91,300
- Salaries and benefits reduced by \$4,297
- Office expenses increased by \$10,219
- Programs and education expense increased by \$39,906

# WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED

## Notes to the Financial Statements

March 31, 2018

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### 3. SIGNIFICANT ACCOUNTING POLICIES

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

*a) Fund accounting and revenue recognition*

The Association follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

The General Fund accounts for the Association's program delivery and administrative activities. This fund reports unrestricted contributions which are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. The General Fund is available for unrestricted distribution in accordance with the aims and objectives of the Association and at the discretion of the Board.

Convention and trade show fees are recognized as revenue of the General Fund when the conventions and trade shows are held.

The Capital Asset Fund reports the assets, liabilities, revenue, and expenses related to the Association's capital assets.

*b) Non-monetary transactions*

Non-monetary transactions are recorded at the fair value of the service provided.

*c) Investments*

Investments are measured at fair value, determined on the basis of market value. Purchases and sales of investments are recognized and derecognized using settlement date accounting. Transaction costs that are directly attributable to the acquisition of investments are added to the cost of the investments. Changes in fair value are recognized in income.

*d) Capital assets*

Capital assets are recorded at cost. Amortization is provided in the accounts at rates designed to expense the assets over their estimated useful lives as follows:

Furniture and fixtures	straight-line basis over 10 years
Computer equipment	straight-line basis over 3 years
Computer software	straight-line basis over 1 year

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED**  
**Notes to the Financial Statements**  
**March 31, 2018**

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**3. SIGNIFICANT ACCOUNTING POLICIES (continued)**

*e) Financial instruments*

Financial assets and financial liabilities are initially recognized at fair value when the Association becomes a party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for the investments in marketable securities that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. Transaction costs related to the other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in the statement of operations as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Association recognizes in the statement of operations an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

*f) Use of estimates*

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. Significant estimates include the allowance for doubtful accounts.

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED**  
**Notes to the Financial Statements**  
**March 31, 2018**

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**4. INVESTMENTS**

	2018		2017	
	Market	Cost	Market	Cost
Bank of Montreal, 3.34%, due December 8, 2025	\$ 108,255	\$ 112,157	\$ 110,742	\$ 112,157
Municipal Finance Authority of British Columbia, 2.35%, due December 3, 2018	70,349	72,071	71,474	72,071
Royal Bank of Canada, 1.92%, due June 17, 2020	54,405	55,506	55,546	55,506
Canadian Western Bank, 2.75%, due June 29, 2020	50,091	50,775	51,013	50,775
Royal Bank of Canada, 3.31%, due January 20, 2026	73,616	75,022	75,410	75,022
Zag Bank, 2.10%, due July 8, 2021	77,744	75,000	76,145	75,000
	<b>\$ 434,460</b>	<b>\$ 440,531</b>	<b>\$ 440,330</b>	<b>\$ 440,531</b>

**5. CAPITAL ASSETS**

	2018			2017
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and fixtures	\$ 121,843	\$ 121,843	\$ -	\$ 2,711
Computer equipment	139,957	139,957	-	-
Computer software	18,302	18,302	-	-
On-line training	11,630	11,630	-	-
	<b>\$ 291,732</b>	<b>\$ 291,732</b>	<b>\$ -</b>	<b>\$ 2,711</b>

**6. LINE OF CREDIT**

The Association has an operating line of credit available to a maximum of \$55,000, bearing interest at prime plus 2.25%. As at March 31, 2018, no balance was outstanding under this line of credit.

**WESTERN RETAIL LUMBER ASSOCIATION INCORPORATED**  
**Notes to the Financial Statements**  
**March 31, 2018**

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**7. COMMITMENTS**

The Association has operating leases for office space expiring May 31, 2021, a photocopier expiring December 2022, and a postage meter expiring December 2020. Minimum annual lease payments for the next five years are as follows:

2019	\$	64,657
2020		64,751
2021		63,230
2022		13,806
2023		1,950
		<hr/>
	\$	208,394

**8. FINANCIAL INSTRUMENTS**

*Interest rate risk*

Interest rate risk is the risk to the Association's earnings that arises from fluctuations in interest rates and the degree of volatility of those rates. This risk arises from differences in the timing and amount of cash flows related to the Association's assets. The fair value of the Association's assets is affected by short-term changes in prevailing market interest rates and equity markets. As at March 31, 2018, the Association's investments in bonds and debentures mature from 2018 to 2026, with interest rates ranging from 1.92% to 3.34% as detailed in Note 4. The Association does not use derivative instruments to reduce its exposure to interest rate risk.

*Credit risk*

Credit risk arises from the potential that a counterparty will fail to perform its obligations. The Association is exposed to credit risk from its members; however, the Association has a large number of members which minimizes the concentration of credit risk from its members.

Credit risk also exists where a significant portion of the portfolio is invested in securities which have similar characteristics or result in similar variations relating to economic or political conditions. The portfolio includes fixed income corporate bonds and debentures.

**9. COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform to the current year's presentation.