Safety Codes Council 2024 Annual Report

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Message to Albertans

The Safety Codes Council is pleased to present our 2024 Annual Report. The past year has seen big challenges for our province, but as always, Albertans have come together to tackle these challenges head on. The Council's unique role as a regulator, educator, and advisor has allowed us to advance critical areas of interest – not only for the safety codes system but for the province as a whole, enabling innovation and giving Alberta a competitive edge.

In 2024, some key work has included:

- Joining the Government of Alberta's newly established Construction Codes Working Group to collaboratively develop and propose solutions to housing affordability challenges;
- Introducing a new Accountability in Accreditation Framework to improve efficiency of the safety codes system, strengthen accountability within the program, and enable flexibility for accredited organizations to adopt risk-based approaches;
- Welcoming new board members from Alberta's construction industries to round out the Council's system leadership;
- Laying the groundwork to modernize our safety codes officer education in alignment with adult learning best practices; and
- Introducing a data strategy to inform safety codes system decision making and foster innovation.

We invite you to explore our Annual Report and our progress toward achieving our 2021-2025 Strategic Plan. We also look forward to our continued work together in 2025, as we complete this five-year Strategic Plan and finalize our new Strategy.

Sincerely,



ROB BENNETT President and Chief Executive Officer



JILL MATTHEW Board Chair

Our Guiding Principles

VISION

To be an outcomes and data driven, riskbased regulatory organization that helps keep Albertans safe in the built environment.

VALUES

Foster public confidence

Public confidence is established through transparency, accountability, and enhancement of public service.

Fuel innovation in the safety codes system

The Council responds to industry needs and system innovations by finding efficient and effective ways to drive meaningful change and invests in technologies to help meet the evolving needs of the safety codes system.

MISSION

Provide leadership by guiding, educating, supporting, and collaborating with all stakeholders in Alberta's safety codes system.

Utilize expertise

The Council's members and staff have deep and diverse expertise. Their talent and dedication to excellence strengthen the safety codes system.

Act with integrity

The Council demonstrates responsibility by upholding the highest ethical standards, acting with integrity, and generating trust.

What the Council is Working to Achieve

The Council is an independent regulatory organization mandated to provide oversight of Alberta's safety codes system. The *Safety Codes Act* delegates authority and defines the core roles and responsibilities of the Council. The Council is focused on advancing three outcomes:

- Delivery, oversight, and regulatory decision making of the *Safety Codes Act* is accessible, transparent, and efficient.
- Ensure safety codes officers have the knowledge and skills to fulfill their roles and responsibilities.
- Codes, standards, guidelines, and policies are clear, consistent, and informed by expert advice and industry.

In addition, the Council is sharing the performance measures that demonstrate its accountability to Albertans and performance towards these outcomes.

Outcome 1. Delivery, oversight, and regulatory decision making of the *Safety Codes Act* is accessible, transparent, and efficient.

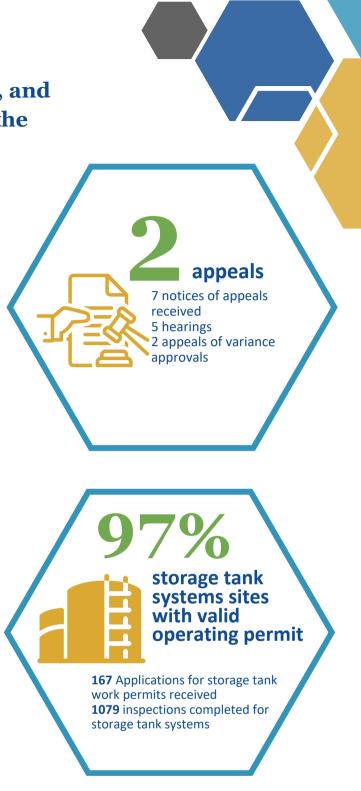
Core work supporting this outcome:

Performing regulatory functions through issuing decisions and holding quasi-judicial hearings on appealable decisions. The Administrator of Certification certifies safety codes officers and master electricians. The Administrator of Accreditation accredits organizations.

Oversight of accredited municipalities, regional commissions, corporations, agencies, and Métis settlements to deliver safety codes services under the *Safety Codes Act* (permitting, inspections, and compliance).

Delivering safety codes services in the province's unaccredited municipalities through ASCA's contracted inspection agencies; providing a permitting platform and technology support to all unaccredited municipalities; conducting permitting, inspection, and compliance activities for storage tank systems.

Conducting audits of accredited organizations to ensure the administration and delivery of permitting and inspection services are compliant with the *Safety Codes Act*.



Performance Measure 1a: Regulatory compliance in accredited areas of the province

The Council is responsible to accredit and provide oversight of all organizations that provide safety codes services.

This measure demonstrates the Council's oversight of the organizations that it accredits to provide safety codes services to Albertans, in terms of the organization's Quality Management Plan (QMP) adhering to Council policy, and annually self-reporting on their compliance. The QMP contains the terms and conditions of accreditation for an organization, and describes the scope, operational requirements, and service delivery standards that are to be met. Accredited organizations must submit an Annual Internal Review of the previous year's activities to demonstrate compliance with their QMP.



	2022	2023	2024
Per cent of accredited organizations compliant with both requirements.	80%	87%	88%

In 2024, the Council did not meet its target of 90% for regulatory compliance in accredited areas. However, it did increase the regulatory compliance of accredited organizations by 1% over 2023 results. 87% of the 301 accredited municipalities, 88% of the 92 accredited Corporations, and 89% of the 38 accredited agencies met these requirements.

92% of accredited organizations had updated QMPs at the end of 2024. Having a current QMP is important so that all accredited organizations are using the current accepted standards to ensure consistency and standards harmonization. In anticipation of updates to the accreditation standard, the Council delayed compliance campaigns related to updating QMPs to ensure organizations were provided with updated templates that align with the new standard.

During 2024, 93% of all accredited organizations submitted their Annual Internal Review.

Council set a target of 90% for this measure in 2025 and will continue to work with organizations in meeting their regulatory requirements.



Performance Measure 1b: Permit compliance in unaccredited areas of the province

Through the Alberta Safety Codes Authority (ASCA), the Council provides oversight of permitting and inspections services in unaccredited regions of Alberta.

This measure demonstrates compliance with permitting controls in terms three key safety and consumer protection factors:

- Ensuring the correct number of inspections have been done: At the time of permit issuance, the minimum required site inspections at specific project stages are planned and communicated to the permit applicant to ensure compliance and safety in the built environment.
- The permit expiry date: An appropriate expiry date is assigned to the permit based on the project type. This provides the permit applicant adequate time to complete the project and allows the safety codes officer to complete compliance monitoring and follow-ups.



• Fees collected as required in the ASCA's Service Reference Manual: Consistent application of fees and standards are an important consumer protection measure, as it ensures permit applicants are charged appropriate fees in accordance with the ASCA fee schedule.

	2022	2023	2024
Per cent of permits compliant with all three of these requirements	95%	97%	98%

ASCA permit compliance exceeded the 96% target in 2024, achieving compliance rates between 97% and 99% across all disciplines, including building, private sewage disposal systems, electrical, plumbing, and gas. Compliance reviews were conducted on 60% of the 9,532 permits issued during the year.

The non-compliances identified were primarily administrative errors related to fees, expiry dates, and the number and type of planned inspections, stemming from manual data entry into eSITE.

To maintain this high level of permit compliance, ASCA holds quarterly meetings with its contractors to provide regular feedback and process training on non-compliances according to ASCA service delivery standards. Annually, ASCA updates its Service Reference Manual and permit application guidelines to address key issues and gaps identified. Additionally, ASCA is developing an online permit application platform that will utilize technology to calculate permit fees and help eliminate errors associated with fee calculations.

The Council has established a performance target of 96% for this measure in 2026.

ASCA Inspections

12,733

2351 Building4995 Electrical3022 Gas1713 Plumbing652 Private Sewage

Outcome 2. Safety codes officers have the knowledge and skills to fulfill their roles and responsibilities.

Core work supporting this outcome:

Administering and delivering training and education for safety codes officers.

Performance Measure 2a: Safety codes officer satisfaction with Council training

This measure demonstrates satisfaction with training provided by the Council. Safety codes officers require access to high-quality and accurate training to prepare them for their important roles and responsibilities. The Council is responsible for developing, delivering, and maintaining training courses for safety codes officers. These include base competency and technical courses, continuing education, and code update training.

	2022	2023	2024
Per cent of course attendees satisfied with training offered by the Council, as indicated by course evaluations (agree and strongly agree).	86%	88%	85%

While it decreased slightly from 2023, training satisfaction remained relatively stable and met its target of 85%. In 2025, the Council's target remains at 85% for this performance measure.





certifications

13 Amusement Rides 488 Building

6 Passenger Ropeways 152 Plumbing

526 Electrical 37 Elevators

141 Pressure Equipment

1192 Fire 149 Gas

Outcome 3. Codes, standards, guidelines, and policies are clear, consistent, and informed by expert advice and industry.

Core work supporting this outcome:

Providing expert advice and recommendations to the Minister of Municipal Affairs to help formulate safety codes and standards, and address emerging issues in the safety codes system.

Performance Measure 3a: Engagement on Codes and Standards

This measure monitors the Council's commitment to ensuring that its codes, standards, associated policies, and advice/recommendations to the Minister of Municipal Affairs have been appropriately informed by experts and industry. Engagement is beneficial for ensuring decisions are informed by current knowledge, incorporating diverse perspectives from those who will be impacted, and supporting the establishment of common goals to work towards together.

	2022	2023	2024
Per cent of recommendations on codes and standards made to Minister that the Council engaged on.	100%	100%	100%

The Council achieved its 100% target for this measure in 2024. Engagement for 2024 codes, standards, and recommendations to the Minister of Municipal Affairs was conducted through subcouncils, informal ongoing industry engagement, focus groups, surveys, and interviews. The Council's 2025 target for this measure is also 100%.

Client Satisfaction with the Council's Programs and Services

The Council conducts an annual client survey to understand client satisfaction, quality, and potential improvements for its programs and services in a way that aligns with the Council's Stakeholder Engagement Framework. Of the 1,477 respondents who used the Council's programs and services, 85% were satisfied or very satisfied overall when taking an average of each type of client group's responses, which is an increase of 5% from 2023.

	2022	2023	2024
Average per cent of users of programs and services who are satisfied or very satisfied – overall satisfaction with Council's programs and services.	N/A	80%	85%

The target population for the 2024 survey included: safety codes officer certificate applicants/ holders; accredited organizations; permit issuers; master electrician certificate applicants/holders; members; member nominating organizations; Alberta Safety Codes Authority permit applicants/holders; approved petroleum tank contractors; complainants; appeal appellants, proponents and decision makers; and the public.

> trainings completed by the Council in 2024

544 Base Competency 40 Permit issuers

543 Fire 549 Building 41 Plumbing 32 Gas 63 Electrical 66 Workshops 48 Other

Further information on this metric and other key findings of the Council's annual programs and services survey can be found on the <u>Council's website</u>.

Strategic Pillars

RESULTS OF THE COUNCIL'S 2024 STRATEGIC INITIATIVES SECTION

Guided by the 2021-2025 Strategic Plan, the Council delivered a series of change initiatives in 2024 intended to improve overall performance of the safety codes system.

Pillar: Improve Regulatory Effectiveness and Efficiency

ACCREDITATION PROGRAM ENHANCEMENTS

The Council has been engaged in a multi-year initiative to enhance the accreditation program. The intent was to improve efficiency of the safety codes system, strengthen accountability within the program, and enable flexibility for accredited organizations to adopt risk-based approaches.

During 2024, the Council released a "What We Heard" report that outlined the findings from stakeholder engagements to enhance the program. The key improvements identified were to clarify the intended outcomes of the program; establish an evaluation framework and performance metrics; clarify accreditation requirements in policy; enhance compliance programming; and amend the accreditation standards to enable risk-based approaches to accreditation.

In addition, the Council published a revised Accreditation Standard and the Accountability in Accreditation Framework during 2024.

The revised Accreditation Standard updates requirements for the regulation of accredited organizations and accomplishes two major objectives:

- It clarifies requirements that must be contained within the order of accreditation, addressing gaps that were identified during consultations, including the requirement to specify geographical boundaries, locations, and facilities, as well as a two-year restriction on reapplying after cancellation.
- It provides municipalities, corporations, regional services commissions, and delegated administrative organizations with an optional risk-based path for administering their safety code oversight and compliance based on leading practices in quality management systems. To be approved, any alternative risk-based quality management system must meet the same or higher standards of safety as the current approach. Alternately, accredited organizations can choose to continue with the current Council-prescribed quality management system.

The Accountability in Accreditation evaluation framework defines intended outcomes and performance metrics for the program. During 2025, the Council will complete planning to support data collection for the framework to be fully implemented in 2027.

These changes enhance public safety, greater accountability from accredited organizations, improve regulatory efficiency, and foster innovation while enhancing the Alberta advantage, growing economic activity, and strengthening safe and thriving communities. The implementation of an evaluation framework will help ensure continuous improvement and support for both large and small organizations, enhancing overall safety and enabling better services for users of the Safety Codes System. The more flexible, risk-based model reduces red tape by allowing accredited organizations to propose alternative compliance approaches, reducing the need for prescriptive, one-size-fits-all requirements. The streamlined processes and clarified policies also minimize unnecessary administrative burdens. The ability to adopt innovative practices and tailor compliance approaches make Alberta more attractive to businesses, fostering economic growth and job opportunities.

ADOPTING RISK-INFORMED COMPLIANCE APPROACHES

The Council is implementing risk-informed approaches to its key regulatory oversight and compliance monitoring activities.

During 2024, the Council worked to develop a risk-informed approach to compliance monitoring and oversight of its permit service delivery for construction disciplines within the Alberta Safety Codes Authority's (ASCA's) jurisdiction. The Council completed a preliminary version of a riskinformed model driven by specialized experience and code knowledge of discipline-specific safety codes officers. Finalization of the model and any information technology changes required to implement it are expected to be complete within 2025.

This innovative, risk-informed approach enhances the effectiveness of safety codes oversight and compliance monitoring for ASCA permits by focusing on the highest-risk areas, thereby improving safety and overall efficiency.

STRENGTHEN DELIVERY OF PUBLIC POLICY OBJECTIVES MANDATE

The Council is accountable to support the Minister's public policy objectives for the safety codes system – including reviewing and formulating codes and standards, and providing advice on matters of importance to the Minister.

The safety codes world is rapidly changing due to technology, economic, and other factors. In 2024, the Council committed to reviewing how it currently delivers on this part of its mandate and to begin adopting changes to strengthen its delivery.

In 2024, an independent consultant completed a review and recommended seven improvements for the delivery of the Council's public policy objectives mandate:

- Ensure the mandated public policy objectives and priorities are clarified and understood
- Adopt a hybrid model structure of ad hoc engagements and standing working groups to support delivery
- Establish standardized processes and set of principles for delivery
- Define clear accountabilities for delivery
- Strengthen the skills and capabilities needed for delivery
- Establish performance indicators to measure progress and impact
- Develop a phased data strategy and governance approach

In 2024, the Council began a multi-year approach to adopt these recommendations. The Council worked with Municipal Affairs to develop and implement a process to regularly clarify the Minister's annual public policy objectives and specify Council accountabilities. In addition, the Council clarified sub-council's accountabilities and actions to support the Minister's public policy objectives and amended its bylaws to enable a hybrid model structure for engagement. A first ad hoc engagement with members was held on the Certificate and Permit Regulation during 2024, rather than using a standing working group, or sub-council.

These changes have and will continue to result in the Council being able to deliver more efficiently and effectively on the Minister's public policy objectives. In 2025, the Council will continue implementing new, innovative, and flexible approaches to how it supports and collaborates with safety codes system partners and the public to deliver impactful advice and influence public policies.

Pillar: Evolve Educational Programming

CONTINUE TO MODERNIZE THE SAFETY CODES OFFICER CURRICULUM

Safety codes officers (SCOs) are an important part of the safety system. The Council is committed to modernizing the Council's curriculum to align with adult learning best practices – including integrating practical and scenario-based learning components into the curriculum. This initiative will shift the focus of curriculum resources towards creating impactful educational resources for safety codes officers.

Historically, Council's online courses that relate to codes were mostly text-based and supported by occasional technical diagrams. During 2024, the Council published a module featuring non-potable water systems using this new approach to designing Council education. The new approach utilizes a higher level of student engagement; animated videos to present content; short video interviews with subject matter experts; interactive, exploratory images; workflow process roadmaps representing the point of view of different safety codes system stakeholders; and real world, job relevant case studies and scenarios that provide opportunity to practice applying theoretical principles. Please visit the <u>Council's website</u> to experience the new approach.

Modernizing all the Council's courses in alignment with this new approach will be an ongoing effort. During 2024, substantial portions of the design and development of the base competency course (Essentials of SCO Communications) and a proof-of-concept course for modernizing code training (Reading the Code for the building discipline) were completed and will be launched in 2025.

The modernization effort will continue until the Council's training approach and curriculum is fully aligned with the competency model for SCOs. Next year, the Council will launch additional courses including Professional Involvement for Building SCOs and Applied SCO Communications.

The Council's efforts to evolve its educational programming will better equip safety codes officers to fulfill their responsibilities and effectively interpret and apply the code in a complex and evolving regulatory and technological context.

Pillar: Enhance Technology to Drive Innovation

TECHNOLOGY STRATEGY AND ROADMAP

The Council is committed to ensuring that its investments in technology will create value in the safety codes system and align to the organization's strategic priorities over the long term, enabling the efficient and transparent allocation of resources.

During 2024, the Council developed a strategy to drive its approach to prioritize and invest in technology. The strategy is a high-level set of goals and principles to assist in aligning technology investments to the organization's overall business goals. Success of future technology investment is defined by enhancing user-centric design, increasing digitization and automation, unlocking the potential of data, and enhancing reliability for staff and customers.

In addition, the Council identified near-term technology improvement projects to deliver immediate value to the system. In 2025, the Council will begin to implement these near-term initiatives and will identify further investments in technology to create value in the safety codes system and enable the efficient and transparent allocation of resources.

Technology is a key driver to the Council's ability to deliver its core services to Albertans. With the ever-changing technological landscape, this work will ensure that the Council's technology investment decisions meet the expected delivery standards from customer usability and security standpoints; and optimize the effectiveness of our technology and data assets.

The Council incurred expenses of approximately \$140,000 for this initiative during 2024.

Pillar: Harness Data and Analytics

CREATING A DATA STRATEGY

The Council recognizes the critical role that data plays in informing decision making, identifying emerging trends and fostering innovation.

During 2024, the Council developed a strategy to maximize value of its data assets to the safety codes system. The strategy is foundational to further develop data capabilities and ensure that data initiatives support the Council's mandate to protect public safety and foster innovation. The data strategy outlines the Council's approach to data governance, quality management and the use of advanced technology to achieve its data vision. Success is defined by delivery of high-quality safety codes system data for Alberta on a unified platform that can be used to drive innovative solutions, and enhanced collaboration, agility and data culture in the system.

The Council will build on its data governance model to strengthen the management and use of its data assets in 2025.

Built on a foundation of transparency, accountability and ethical data management, the strategy reflects the Council's commitment to maintaining public trust and confidence. Through implementation of the strategy, the Council aims to create an effective data ecosystem that supports informed decision making, drives innovation and enhances public safety across Alberta.

Pillar: Strengthen Partnerships with Stakeholders

WEBSITE REDESIGN

In 2024, the Council paused its website redesign to align with technology strategy and roadmap work. The Council's clients and the public rely on our website as the primary tool for accessing information about the Council and our functions within the safety codes system. In particular, the website is most heavily used by SCOs and potential SCOs to gain specific information about certification, education, and training. Pausing website design to align with the Council's technology strategy and roadmap will both minimize the volume of changes for clients and ensure the Council's future website is optimized for customers.

Report from the Council's Members and Sub-councils

Members

The Council consists of persons appointed by the Minister of Municipal Affairs and the Board of Directors. Persons appointed as members by the Board of Directors must include persons who are experts in fire protection, buildings, barrier-free building design, electrical systems, elevating devices, gas systems, plumbing systems, private sewage disposal systems or pressure equipment and that these experts are representatives of municipalities, business, labour and persons with disabilities. Persons appointed by the Minister of Municipal Affairs are to represent the public.

In 2024, there were 157 members and these members collectively volunteered over 5,500 hours. Volunteer hours were dedicated to activities such as voting at the Annual General Meeting, being administrative tribunal members that hear appeals under the *Safety Codes Act*, participating on subcouncils, and giving feedback during engagements.

Sub-Councils

The *Safety Codes Act* indicates that the Board of Directors may establish sub-councils relating to anything, process, or activity which the *Safety Codes Act* applies, which include members appointed by the Board of Directors and the Minister of Municipal Affairs. In 2024, there were twelve sub-councils:

- Accessibility (formerly Barrier-Free)
- Amusement Rides
- Building
- Electrical
- Electrical Utilities
- Elevators
- Fire
- Gas
- Passenger Ropeways
- Plumbing
- Pressure Equipment
- Private Sewage Disposal Systems

The sub-councils were directed by the Board of Directors to carry out the following activities in 2024:

- Reviewed and made 12 recommendations to the President and CEO on whether Albertan, national, and international codes and standards in their discipline should be altered or adopted for Alberta about 12 different codes or standards.
- Reviewed Administrator direction on Alberta Boiler Safety Association AB-500 and AB-600 series and made seven recommendations to the President and CEO on the AB-500 series documents.
- Provided advice on the Accessibility Design Guide to the Administrator regarding a new edition of the Accessibility Design Guide that was published in 2024.
- Made six recommendations to the Board of Directors on the types of industry representation the Council needs to have in its membership to ensure it inclusively represents the expertise and diversity of the safety codes system.
- Make 57 recommendations to the Board of Directors on the suitability of nominees for Council membership.

Board of Directors Summary

In 2024, the Council welcomed four new board members: **Brent Janke, Kara Westerlund, Chris Pullen,** and **Russel Dauk.**

Brent Janke assumed his position on the Board in June 2024 and served as the Vice Chair of the Audit and Risk Committee. Brent is an adjunct instructor with SAIT and the President & CEO of Noble Leadership Solutions which offers leadership and executive Coaching. Brent is the creator and founder of the Leadership Lab(TM) and is a published author.

Kara Westerlund joined the Board in September 2024 and is an active member of the Human Resources and Governance Committee. Kara is President of the Rural Municipalities Association and serves as a council member of Division 4 Brazeau County.

Chris Pullen was appointed to the Board in December 2024. Chris is the Vice President & General Manager with PCL Industrial Management Inc. Chris began his career as a Journeyman Electrician, and has worked on numerous large-scale industrial projects across Alberta and in British Columbia.

Russell Dauk was appointed to the Board in December 2024. Russ is the Executive Vice President of Income Producing Properties with the Rohit Group. Before joining the Rohit Group, Russ worked in municipal planning and development roles across Alberta.

This past year also saw the retirement and resignation of board members: **Paul McLauchlin** (appointed in 2023) and **Rob McAdam** (appointed in 2023). We thank these board members for their dedication and contributions to the Council as it delivered on its mandate and strategic plan.

On December 31, 2024, the Council's Board of Directors included:

- Jill Matthew, Chair, Board of Directors
- Eóin Cooke, Vice-Chair, Board of Directors
- Leigh Mulholland, Chair, Audit and Risk Committee
- Brent Janke, Vice-Chair, Audit and Risk Committee
- Sharilee Fossum, Chair, Human Resources and Governance Committee
- Janet Jabush, Vice-Chair, Human Resources and Governance Committee
- Kara Westerlund, Member, Audit and Risk Committee
- Brenda Desjardins, Member, Human Resources and Governance Committee
- Bo Jiang Member, Human Resources and Governance Committee
- Russell Dauk, Member
- Chris Pullen, Member

Attendance for Board and Committee meetings was 95% during 2024.

Voluntary Disclosure

The Council has elected to voluntarily report disclosures, investigations, and wrongdoings, in alignment with *Public Interest Disclosure (Whistleblower Protection) Act* section 32.

There were no disclosures of wrongdoing filed with the Council's confidential Ethics Reporting hotline between January 1 and December 31, 2024.

Financials



2024 Management Discussion and Analysis (MD&A)

In light of a dynamic economic landscape, the Council is dedicated to implementing strategies that uphold fiscal responsibility and enhance community well-being. Reflecting on the achievements of 2024, our focus was on preparing for a technologically advanced future which included developing technology and data strategies, cultivating a knowledge-based workforce, and ensuring financial sustainability. This report provides an in-depth analysis of our financial performance, identifies risks and uncertainties along with corresponding management practices, and outlines forward-looking initiatives aimed at improving efficiency and maintaining financial stability within the Council.

The Management Discussion and Analysis should be read in conjunction with the audited financial statements and accompanying notes.

FINANCIAL OVERVIEW

The Council's financial performance for the year ended December 31, 2024, reflects strong total revenues and increased expenditures, resulting in a net excess of revenue over expenses.

Monetary Indicators (\$000s)	2024	Budget	2023
Total revenues	17,688	15,396	16,457
Total expenses	17,643	16,710	15,697
Salaries and benefits (included in total expenses)	9,364	8,058	7,454
Excess (Deficiency) of revenue over expenses	45	(1,314)	760

FINANCIAL OVERVIEW (CONTINUED)

Other Financial Indicators	2024	2023	2022
Overhead Ratio	42.6%	54.8%	38.6%
Operating Reserve Ratio	68.5%	76.6%	83.0%
Working Capital Ratio	1.3	1.4	1.4

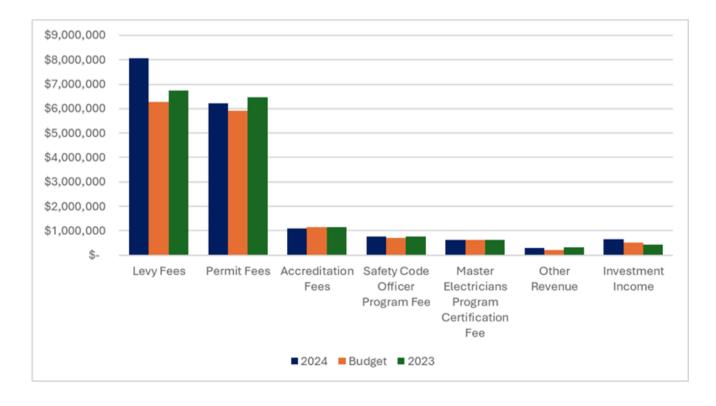
REVENUES

Total revenue was \$17.7 million, marking a notable increase of \$1.2 million (7.5%) from the same period in 2023, and surpassing the budget by \$2.3 million (14.9%).

Levy fees and permit fees constitute 80.6% of total revenue. These two primary revenue sources demonstrated a significant increase from the previous year, exceeding the budget by in total \$1.1 million (8%) and \$2.1 million (17%) respectively. This growth reflects the sustained strong momentum in construction activities in Alberta, driven by solid economic expansion and the province's popularity as a destination for immigration within Canada.

Investment income exceeded the budget by \$144 thousand (27.8%) and surpassed the 2023 figures by \$240 thousand (56.6%) owing to a robust financial market in 2024.

Other revenue streams, including accreditation fees, certification fees, are aligned with the budget and consistent with the levels observed at the same time in the previous year.



EXPENSES

Total expenses amounted to \$17.6 million, representing an increase of \$1.9 million (12.4%) compared to the corresponding period in 2023, and \$933 thousand (5.6%) above the budgeted expenses of \$16.7 million. The escalation in the Council's expenses is primarily due to an increase in staffing levels for strategic projects and initiatives aimed at cultivating a knowledge-based workforce.

Salaries and Benefits increased by 25.6% compared to the previous year, totaling \$9.4 million, which is \$1.3 million (16.2%) over the budget. This increase is attributed to a rise in staffing levels, offset by reducing consulting and other operating expenses, reflecting the Council's dedication to attracting and retaining talent. This expansion is closely aligned with the Council's workforce strategy, which aims to establish a highly skilled workforce to support ongoing strategic initiatives, particularly those related to technology transformation. Over the next three years, the Council will prioritize the development and retention of top talent to drive innovation and enhance operational efficiency.

General and Administrative Expenses fell by \$126 thousand (5.5%) from last year to \$2.3 million, also coming in \$244 thousand (10.2%) below budget. The decreases in placement fees and meeting costs show the Council's efforts to streamline administrative expenses.

Contract Salaries and Remuneration were \$223 thousand (27.3%) below budget, despite an increase of \$91 thousand (17.9%) from the previous year. This demonstrates a strategic shift and intention to use internal resources, a trend that is expected to be persistent and be reflected in the budget for the coming years.

CAPITAL EXPENDITURE

In 2024, the Council's capital investment was modest, with only \$187 thousand allocated towards information technology equipment that had reached the end of its life cycle. Nonetheless, in alignment with the multi-year technology transformation strategy, the Council anticipates capitalizing a substantial portion of staff costs for internally generated capital assets, in compliance with generally accepted accounting standards.

CASH AND INVESTMENTS



Throughout the current financial year, the value of investments increased by \$1.3 million, resulting in an accumulated unrealized gain of \$506 thousand, as opposed to the previous year's unrealized loss of \$153 thousand. This significant increase was mainly driven by the strength of the equity market, which performed exceptionally well throughout the year. The financial market's robust performance in 2024 can be attributed to the gradual easing of monetary policies by central banks globally, which fostered a favorable environment for investments.

NET ASSETS AND RESERVES

The Council's financial position is stable, with slight increases in net assets and a consistent reserve position that supports the Council's financial sustainability. The Council's net assets balance was \$16.8 million as of December 31, 2024, providing an operating reserve ratio of 68.5%, or 8 months of spending reserve. This indicates a capacity to maintain operations despite potential unexpected increased expenses and additional contributions to strategic projects.

Net Assets and Reserves (000s)	2024	2023
Sustainment and Growth Fund	11,877	11,762
ASCA Restricted	1,080	1,032
The Council Restricted	3,000	3,000
Investment in Capital Assets	876	994
	16,833	16,788

RISK AND UNCERTAINTY

The Council's financial position and performance are subject to various risks and uncertainties that could impact its operations.

Tariffs and Trade Wars. Tariffs and trade wars have the potential to disrupt supply chains and elevate the costs of imported goods and materials. Such disruptions may impact procurement processes, resulting in increased expenses within the construction industry, which may significantly influence the Council's revenue streams.

Inflation. Rising inflation rates can increase the cost of goods and services, leading to higher operational expenses. This could impact the Council's ability to maintain its current level of service delivery and financial stability. Furthermore, rising inflation often results in lower consumer spending and business investment, which can reduce the overall construction activities in Alberta, further straining the Council's revenue streams.

Economic Downturns. Economic downturns can have a multi-faceted impact on the Council's revenue. During such periods, there is typically a reduction in construction and development activities, which leads to a decline in revenue from levies and permit fees. This reduction in revenue can have a cascading effect on the Council's financial health, as it may struggle to fund ongoing and future projects.

The Council recognizes the importance of proactively addressing financial risks and uncertainties to ensure the sustainable delivery of strategic projects. The following approaches were implemented in 2024 and will continue to be employed to mitigate identified risks.

The Council adopted a robust budgeting framework that includes the use of a modified accrual approach and zero-based budgeting for expenses. This ensures that all expenditures are justified and aligned with the Council's strategic priorities, leading to more efficient and effective resource allocation.

The Council continued to adopt stringent financial management and planning measures to ensure financial stability, including:

- Variance Reporting. Regular variance reporting to monitor actual performance against budgeted figures, allowing for timely identification and correction of discrepancies.
- Cash Flow Rolling Forecast. Continuous updating of cash flow forecasts to ensure sufficient liquidity for ongoing operations and future initiatives.

Furthermore, in response to increased operating expenses, the Council instituted various cost reduction measures. These measures aim to preserve financial health without compromising service delivery.

Financial risk is also mitigated through regular financial sustainability scenario analysis and stress testing. These assessments help identify potential vulnerabilities and ensure resilience against economic fluctuations. By understanding the impact of different scenarios, the Council can make informed decisions to safeguard its financial stability.

OUTLOOK

In light of the uncertain economic environment anticipated in the coming years, the Council will remain vigilant and closely monitor the factors that might affect our financial stability and operational efficiency. This will be achieved through the regular economic scans and the renewal and maintenance of the enterprise risk management framework.

In the forthcoming years, the Council's focus will be to optimize the use of reserve funds and refine financial monitoring mechanisms to support delivery of the following three multi-year strategic priorities:

Technology Strategy and Data Excellence

The Council is committed to enhancing its technology platforms and ensuring high-quality system data. This involves:

- Investing in technology infrastructure to support modern technologies and improve system reliability.
- Implementing advanced software solutions for better data management and analytics capabilities.
- Strengthening cybersecurity measures to protect sensitive information and comply with industry standards.
- Launching information technology initiatives to automate processes and enhance customer engagement.

Innovation in Safety Codes System

The Council will explore innovative solutions and best practices within the safety codes system. This includes:

- Developing new approaches to safety code enforcement and compliance.
- Collaborating with safety codes system partners to share knowledge and leverage expertise.

Workforce Optimization

To attract and retain key talent, the Council will focus on enhancing the core and strategic skills of its employees through professional development and continuous learning. This involves:

- Offering targeted training programs to build strategic skills and competencies.
- Providing opportunities for career growth and advancement within the organization.
- Promoting a culture of continuous improvement and learning.

UTILIZATION OF OPERATING RESERVE FUND

To accomplish these strategic priorities, the Council will efficiently utilize its operating reserve fund, which reached \$12 million at December 31, 2024. The strategic allocation of resources will ensure the Council has financial flexibility to invest in critical areas while maintaining a stable financial position. To achieve this, the Council will carefully examine the annual budget and provide forecasts for subsequent years. This approach will ensure adherence to the overall reserve fund limits and efficient utilization of the funds.

FINANCIAL MONITORING MECHANISMS

To ensure its financial resilience, the Council will continue to enhance financial monitoring mechanisms by conducting regular stress testing to assess financial resilience against potential adverse impact and taking proactive actions to mitigate risks and address challenges that may arise.

Financial Statements of

SAFETY CODES COUNCIL

Year ended December 31, 2024



KPMG LLP

2200,10175-101 Street Edmonton AB T5J 0H3 Canada Tel 780 429 7300 Fax 780 429 7379

INDEPENDENT AUDITOR'S REPORT

To the Members of Safety Codes Council

Opinion

We have audited the financial statements of Safety Codes Council (the "Council"), which comprise:

- the statement of financial position as at December 31, 2024
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of remeasurement gains and losses for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2024, its results of operations, its changes in net assets, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 auditor's report.

We are independent of the Council 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 the financial statements in accordance with Canadian public sector accounting standards, 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 Council'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 Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council'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 the 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:

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 Council'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 Council'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 Council 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada May 15, 2025

SAFETY CODES COUNCIL

Financial Statements

Year ended December 31, 2024

Financial Statements

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SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,243,650	\$ 4,617,810
Accounts receivable Prepaid expenses and deposits	683,315 325,755	821,037 249,415
	5,252,720	5,688,262
	5,252,720	3,000,202
Investments (note 2)	15,247,177	13,996,261
Capital assets (note 3)	1,396,714	1,670,052
	\$ 21,896,611	\$ 21,354,575
	+,	+ , • • . , • . •
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 946,187	\$ 828,340
Deferred revenue (note 4)	2,921,922	2,995,381
Current portion of deferred lease inducements (note 5)	206,723	206,723
	4,074,832	4,030,444
Deferred lease inducements (note 5)	482,354	689,077
Net assets:		
Sustainment and growth fund	11,877,058	11,762,154
Internally restricted (note 6)	4,079,857	4,032,262
Invested in capital assets	876,537	993,819
	16,833,452	16,788,235
Accumulated remeasurement gains (losses)	505,973	(153,181)
	17,339,425	16,635,054
Commitments (note 7)		
Subsequent events (note 10)		
	\$ 21,896,611	\$ 21,354,575

See accompanying notes to financial statements.

On behalf of the Council:

Jill Matthew Director Brent Janke Director

Statement of Operations

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Revenues:		
Levy fees	\$ 8,051,349	\$ 6,744,137
Permit and registration fees (note 4)	6,203,913	6,451,506
Accreditation fees (note 4)	1,089,583	1,152,585
Master Electricians Program certification fees	628,125	613,775
Safety Codes Officer program fees (note 4)	757,503	754,584
Investment income	663,757	423,870
Other revenue	293,736	316,074
	17,687,966	16,456,531
Expenses:		
Salaries and benefits	9,363,950	7,453,758
Permit service fees	4,641,929	4,440,491
General and administrative (note 8)	2,153,559	2,279,138
Contract salaries and remuneration	595,208	504,702
Amortization and loss on disposal of capital assets	300,009	341,255
Course and seminar costs	256,061	281,820
Travel (note 8)	223,541	239,497
Investment management fees	71,993	94,329
Advertising and publications	36,499	61,716
	17,642,749	15,696,706
Excess of revenues over expenses	\$ 45,217	\$ 759,825

See accompanying notes to financial statements.

Statement of Changes in Net Assets

Year ended December 31, 2024 with comparative information for 2023

	Sustainment and growth fund	Internally restricted (note 6)	Invested in capital assets	2024 Total	2023 Total
Balance, beginning of year	\$11,762,154 \$	4,032,262 \$	993,819	\$ 16,788,235	\$ 16,028,410
Excess (deficiency) of revenues over expenses	345,226	-	(300,009)	45,217	759,825
Purchase of capital assets, net	(182,727)	-	182,727	-	-
Transfers	(47,595)	47,595	-	-	-
Balance, end of year	\$ 11,877,058 \$	4,079,857 \$	876,537	\$ 16,833,452	\$16,788,235

Statement of Remeasurement Gains and Losses

Year ended December 31, 2024 with comparative information for 2023

	2024	2023
Accumulated remeasurement losses, beginning of year	\$ (153,181)	\$ (1,118,328)
Unrealized gains on investments	671,987	840,796
Realized amounts reclassified to the statement of operations on investments	(12,833)	124,351
Accumulated remeasurement gains (losses), end of year	\$ 505,973	\$ (153,181)

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended December 31, 2024 with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses Item not involving cash:	\$ 45,217	\$ 759,825
Amortization of straight-line rent Amortization and loss on disposal of capital assets,	(50,669)	(50,669)
net of amortization of tenant inducements Changes in non-cash operating working capital:	300,009	341,255
Accounts receivable	137,722	(32,537)
Prepaid expenses and deposits	(76,340)	25,002
Accounts payable and accrued liabilities	117,846	207,635
Deferred revenue	(73,459)	(35,428)
	400,326	1,215,083
Investing activities:		
Purchase of investments, including reinvested investment income	(591,760)	(329,541)
	(001,700)	(020,041)
Capital and financing activities:		
Purchase of capital assets	(187,026)	(346,387)
Proceeds from disposal of capital assets	4,300	50
	(182,726)	(346,337)
(Decrease) increase in cash and cash equivalents	(374,160)	539,205
Cash and cash equivalents, beginning of year	4,617,810	4,078,605
Cash and cash equivalents, end of year	\$ 4,243,650	\$ 4,617,810

See accompanying notes to financial statements.

Notes to Financial Statements

Year ended December 31, 2024 with comparative information for 2023

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Revised Statutes of Alberta 2000, Chapter S-1) (the "Province"). The industrybased Council is comprised of a Council Chair, a Board of Directors, and Sub-councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing, barrier free and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- administer the Master Electricians' program;
- establish and operate safety information and training programs;
- develop and administer a province wide electronic permitting system for use by accredited entities administering the Safety Codes Act;
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act; and
- oversee the delivery of permits and inspections for Albertans who live in unaccredited areas of the province through the Alberta Safety Codes Authority (ASCA), including performing all compliance monitoring services for storage tank systems.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

1. Significant accounting policies:

These financial statements are prepared by management in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations (the "standards").

- (a) Revenue recognition:
 - (i) Contributions

The Council follows the deferral method of accounting for contributions which include government grants. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(ii) Levy fees

Levy fees are charged on issued permits and permit related service fees under the Safety Codes Act. The fees are recognized at a point in time when the levy is charged on the issued permits.

(iii) Permit fees

Permit fees are earned from providing safety code services such as issuance of permits for building, electrical, plumbing and gas ("ASCA") and storage tanks ("STS"). Permit fees are earned over time as performance obligations are satisfied based on pre-determined stages required to complete permitting activities. Annual fees charged on existing permits are recognised into revenue on a straight-line basis over the related annual period.

(iv) Accreditation fees

Accreditation fees are charged to agencies who provide the safety codes services and are recognized on a straight-line basis over the related annual period.

(v) Other fees and revenues

Other fees and revenues are recognized when earned or when the related services are provided, there is persuasive evidence of an arrangement, amounts are determinable, and ultimate collection is reasonably assured.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

1. Significant accounting policies (continued):

(b) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand and short-term deposits which are highly liquid with original maturities of less than three months which are held for the purpose of meeting short-term cash commitments.

(c) Capital assets:

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

Asset	Basis	Useful Life
Furniture and fixtures	Straight line	5 years
Equipment	Straight line	5 years
Computer hardware	Straight line	3-5 years
Computer software	Straight line	3-10 years
Leasehold improvements	Straight line	Over lease term

Copyrights are not amortized.

Capital assets that are not in use at year-end are not amortized.

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. A write-down is not reversed in a future period.

(d) Leases:

Leases are classified as capital or operating leases. A lease that transfer substantially the entire benefits and risks incidental to ownership is classified as a capital lease. All other leases are accounted for as operating leases, wherein rental payments and related lease inducements, including "free-rent" periods or significant "step-up" provisions, are amortized on a straight-line basis and recognized as reductions of rent expense over the term of the lease. Lease inducements received for the purchase of capital assets are recognized as reductions in amortization expense on a straight-line basis over the term of the related lease.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

1. Significant accounting policies (continued):

(d) Leases (continued):

Deferred lease inducements represents the unamortized value of tenant inducements and straight-line rent.

(e) Contributed services:

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market and derivative financial instruments are recorded at their fair values. All other financial instruments are subsequently recorded at cost or amortized cost unless the Council has elected to record the instruments at fair value. The Council has elected to record its investments in pooled funds at fair value as they are managed and evaluated on a fair value basis.

Unrealized changes in fair value of financial instruments are recognized in the statement of remeasurement gains and losses until they are realized, when they are reclassified to the statement of operations.

The carrying values of cash and cash equivalents, accounts receivable, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial instruments.

Transaction costs are incremental costs directly attributable to the acquisition or issuance of a financial asset or a financial liability. Transactions costs are added to the carrying value of financial instruments recorded at cost or amortized cost when they are initially recognized. Transaction costs associated with financial instruments recorded at fair value are expensed upon initial recognition.

All financial instruments recorded at cost or amortized cost are assessed for impairment on an annual basis. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

1. Significant accounting policies (continued):

(f) Financial instruments (continued):

The standards require the Council to classify fair value measurements using a fair value hierarchy, which includes three levels (the "Level") of information that may be used to measure fair value:

Level 1 - Unadjusted quoted market prices in active markets for identical assets or liabilities;

Level 2 - Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

The Council's investments in pooled funds are classified as Level 2 investments and are valued at the unit values supplied by the pooled fund administrators, which represents the Council's proportionate share of the fair value of the underlying net assets of the funds.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Significant amounts subject to such estimates and assumptions include the valuation of investments and the carrying amount of capital assets. Actual results could differ from those estimates.

(h) Related party transactions:

The Council enters into transactions with related parties in the normal course of operations. These transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

1. Significant accounting policies (continued):

(i) Adoption of new accounting standards:

Under Canadian public sector accounting standards, the following new accounting standards became effective for fiscal periods beginning on or after April 1, 2023: PS 3400, Revenue, PSG-8, Purchased Intangibles, and PS 3160, Public Private Partnerships. These standards were adopted as of January 1, 2024. PSG-8 and PS 3160 resulted in no changes to the Council's accounting policies. PS 3400 establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. The Council adopted this standard on a prospective basis and as a result, comparative information was not restated. The result of adopting the standard was not material to the financial statements.

2. Investments:

	Level	2024	2023
Cash and cash equivalents	1	\$ 1,183,497	\$ 1,199,021
Pooled funds: Bond Fund	2	9,194,673	8,643,392
Canadian Equity Fund	2	2,094,422	1,817,996
Global Equity Fund Emerging Market Equity Fund	2	2,609,489 165,096	2,195,727 140,125
		\$ 15,247,177	\$ 13,996,261

3. Capital assets:

				2024	2023
		Α	ccumulated	Net book	Net book
	Cost	â	amortization	value	value
Furniture and fixtures	\$ 727,107	\$	676,799	\$ 50,308	\$ 93,435
Equipment	111,525	·	80,706	30,819	29,262
Computer hardware	1,216,544		898,134	318,410	281,268
Computer software	1,779,717		1,393,057	386,660	484,951
Leasehold improvements	1,563,258		994,508	568,750	739,369
Copyrights	41,767		-	41,767	41,767
	\$ 5,439,918	\$	4,043,204	\$ 1,396,714	\$ 1,670,052

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

4. Deferred revenue:

	De	Balance, cember 31, 2023	Amounts received	Revenue recognized	De	Balance, ecember 31, 2024
Permit fees Safety Codes Officer program fees Accreditation fees	\$	2,844,179 136,991 14,211	\$ 6,208,431 718,141 1,085,583	\$ (6,242,528) (757,503) (1,085,583)	\$	2,810,082 97,629 14,211
	\$	2,995,381	\$ 8,012,155	\$ (8,085,614)	\$	2,921,922

5. Deferred lease inducements:

	2024	2023
Straight-line rent Tenant inducements	\$ 168,894 520,183	\$ 219,568 676,232
	689,077	895,800
Current portion of deferred lease inducements	206,723	206,723
	\$ 482,354	\$ 689,077

The Council recognized \$50,669 (2023 - \$50,669) of amortization of deferred straight-line rent as a reduction in rent expense and \$156,054 (2023 - \$156,054) of amortization of deferred tenant inducements as a reduction in amortization expense.

6. Internally restricted net assets:

The Council maintains internally restricted net assets in the amount of \$3,000,000 to manage sustainability risk over the medium term and \$900,000 as a contingency to manage risk associated with ASCA. Access to these and any other internally restricted net assets is granted by resolution of the Board of Directors. The transfer in the current year relates to the realized investment income earned on the underlying investment portfolio.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

7. Commitments:

	(Office lease	
2025 2026 2027 2028	\$	389,356 396,702 411,395 139,580	
	\$	1,337,033	

8. Related party transactions:

The Province provides certain services to the Council, including monitoring services of accredited entities as part of the Municipal Support Program, at no cost. The costs for these services are not recognized in the financial statements.

Related parties include key management personnel and members of the Board of Directors of the Council. Transactions with key management personnel primarily consist of compensation related payments. Members of the Board of Directors are remunerated by the schedules as set out by Order in Council 466/2007. Board of Directors remuneration aggregates to \$44,528 (2023 - \$38,985) and is included in general and administrative expense in the statement of operations. Other costs consist of travel related to meeting attendance of \$20,205 (2023 - \$9,759) which is included in travel expense in the statement of operations.

9. Financial instrument risks:

(a) Risk management:

The Council is exposed to a number of different financial risks arising from its use of financial instruments, including market price risk, credit risk, interest rate risk and liquidity risk. The Council's overall risk management processes are designed to identify, manage, and mitigate risks associated with its financial instruments. The Council has a formal investment policy, which is reviewed and approved by the Board of Directors annually, which establishes the nature of acceptable investments for its investment portfolio. As a result of this investment policy, the Council's investments are currently all in pooled funds.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

9. Financial instrument risks (continued):

(b) Market price risk:

Market price risk is the risk that the value of an instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market, including fluctuations in foreign exchange rates. As the Council's investments are in pooled funds and recorded at fair value with fair value changes recognized in the statement of operations and statement of remeasurement gains and losses as appropriate, changes in market conditions will directly result in an increase (decrease) in net assets. Although the pooled funds may ultimately hold publicly traded investments, the pooled fund units themselves, which are denominated in Canadian dollars, are not listed in an active market and their values are impacted by the fair values and the indirect market impacts on the underlying investments in those funds. Market price risk is managed by the Council through its investment guidelines and policies, as monitored by the management of the Council and its investment manager and by maintaining diversity in its investment portfolio (see note 2).

(c) Credit risk:

Credit risk is the risk that an issuer or counterparty will be unable or unwilling to meet a commitment that it has entered with the Council. In relation to the Council's activities, credit risk arises from the issuance of permits by accredited third parties and subsequent remittance of levies to the Council. This risk is mitigated through the Council's ongoing due diligence of accredited organizations, and the number of accredited organizations issuing permits. In relation to the Council's investment portfolio, the Council is indirectly exposed to credit risk of the underlying investments of those funds. The Council manages credit risk by investing in diversified pooled funds. The Council believes that its cash and cash equivalents are held with reputable financial institutions and accounts receivable are owing from credit worthy and reputable entities. The maximum amount of credit risk is represented by the carrying amounts of financial assets recorded in the statement of financial position. The Council does not have a history of experiencing significant losses as a result of credit risk.

(d) Interest rate risk:

The Council is indirectly exposed to interest rate risk associated with the underlying interestbearing instruments in its pooled funds. To manage the Council's interest rate risk, guidelines and investment policies are set and monitored by management of the Council and its investment manager.

Notes to Financial Statements (continued)

Year ended December 31, 2024 with comparative information for 2023

9. Financial instrument risks (continued):

(e) Liquidity risk:

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities under both normal and stressed conditions. Market events could lead to certain investments within the pooled funds becoming illiquid, however the diversity and quality of the Council's investments are designed to help ensure that liquidity is available to pay liabilities as they come due. The Council also maintains cash on hand for liquidity purposes and to settle its financial liabilities, which are generally short-term in nature.

10. Subsequent events:

In 2022, the Centralized Liquidity Solution ("CLS") was established as the Province's centralized cash pooling structure. Its primary objective is to centralize and manage surplus cash more effectively. According to Ministerial Order No. 19/2022, any provincial corporations, or other entities, including the Council, whose financial results are included in the consolidated financial statements of the Province are required to deposit their surplus cash with a financial institution designated by the Minister of Treasury Board and Finance ("TBF"). Towards the end of 2024, the Council was contacted by the TBF to initiate participation in the CLS. The primary impact on the Council involves the liquidation of investments held in pooled funds, with the resulting surplus cash being deposited into the designated financial institution by the TBF. Subsequent to year end, the Council has been actively engaged in the CLS agreement with TBF and liquidation strategy with the investment manager. The transition and participation in the CLS are currently underway and will continue until the process is fully completed.

Subsequent to year end, the U.S. administration has imposed and threatened new tariffs on imports from Canada and other countries. Although the Council does not export services into the U.S., this situation could have impacts on the construction industries served by the Council. The actual impact of these tariffs and/or potential tariffs is subject to several factors, and uncertainties, including the effective date and duration of such tariffs, changes in the amount, scope and nature of the tariffs in the future, any countermeasures that Canadian and other governments may take, and any mitigating actions that may become available. The Council is monitoring these developments and assessing the impacts to its business, which could be material.



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