

**The British Columbia Forest Safety Council**  
**Financial Statements**  
*December 31, 2013*

# The British Columbia Forest Safety Council Contents

*For the year ended December 31, 2013*

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## **Management's Responsibility**

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To the Members of The British Columbia Forest Safety Council:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Council. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Audit Committee is also responsible for recommending the appointment of the Council's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Audit Committee and management to discuss their audit findings.

March 28, 2014

  
\_\_\_\_\_  
Chief Executive Officer

  
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Interim Financial Officer

## Independent Auditors' Report

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To the Members of The British Columbia Forest Safety Council:

We have audited the accompanying financial statements of The British Columbia Forest Safety Council, which comprise the statement of financial position as at December 31, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *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.

### *Auditors' 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 misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 The British Columbia Forest Safety Council as at December 31, 2013 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Report on Other Legal and Regulatory Requirements*

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

Nanaimo, British Columbia

March 28, 2014

**MNP** LLP  
Chartered Accountants

**The British Columbia Forest Safety Council**  
**Statement of Financial Position**

*As at December 31, 2013*

	<b>2013</b>	<b>2012</b>
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	2,614,355	5,065,418
Accounts receivable	66,280	34,869
GST receivable	29,309	-
Prepaid expenses	119,244	52,364
Deposits	6,049	8,549
	<b>2,835,237</b>	<b>5,161,200</b>
<b>Internally restricted cash (Note 3)</b>	<b>820,470</b>	<b>993,548</b>
<b>Capital assets (Note 4)</b>	<b>295,070</b>	<b>309,514</b>
	<b>3,950,777</b>	<b>6,464,262</b>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	300,619	238,272
GST payable	-	249,718
Worksafe BC - COR	430,030	566,620
Deferred contributions (Note 5)	692,675	2,956,209
	<b>1,423,324</b>	<b>4,010,819</b>
<b>Deferred contributions related to capital assets (Note 6)</b>	<b>80,000</b>	<b>-</b>
	<b>1,503,324</b>	<b>4,010,819</b>
<b>Commitments (Note 7)</b>		
<b>Net Assets</b>		
Unrestricted	1,331,913	1,150,381
Invested in capital assets	295,070	309,514
Internally restricted (Note 8)	820,470	993,548
	<b>2,447,453</b>	<b>2,453,443</b>
	<b>3,950,777</b>	<b>6,464,262</b>

Approved on behalf of the Board



Director



Director

The accompanying notes are an integral part of these financial statements

# The British Columbia Forest Safety Council

## Statement of Operations

*For the year ended December 31, 2013*

	2013	2012
<b>Revenues</b>		
Worksafe BC	4,002,414	3,897,662
Interest and other	60,095	53,465
Program fees	1,438,096	1,377,263
	<b>5,500,605</b>	<b>5,328,390</b>
<b>Expenses</b>		
Advertising	87,481	76,877
Amortization	71,991	76,111
Bank charges and interest	20,222	25,133
Books and supplies	77,331	103,240
Communication	16,959	21,483
Computer support	1,592	7,209
Consultants	210,850	183,724
Contractors	825,569	727,061
Conventions and conferences	81,822	69,137
Directors and committee meetings	130,505	114,900
Donations	-	1,500
Dues and memberships	10,834	10,195
Facilities and catering	112,688	93,751
Insurance	14,934	14,214
Legal	27,980	10,955
Office	150,859	125,908
Professional fees	11,398	10,049
Project development	473,028	392,259
Rent	110,270	126,608
Repairs and maintenance	19,427	22,447
Salaries and benefits	2,591,950	2,478,335
Telephone	56,018	56,578
Training	2,894	6,405
Travel	399,993	300,401
	<b>5,506,595</b>	<b>5,054,480</b>
<b>Excess (deficiency) of revenues over expenses</b>	<b>(5,990)</b>	<b>273,910</b>

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

**The British Columbia Forest Safety Council**  
**Statement of Changes in Net Assets**  
*As at December 31, 2013*

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Internally restricted</i>	<b>2013</b>	2012
<b>Net assets, beginning of year</b>	1,150,381	309,514	993,548	<b>2,453,443</b>	2,179,533
<b>Excess (deficiency) of revenues over expenses</b>	(5,990)	-	-	<b>(5,990)</b>	273,910
<b>Additions to capital assets</b>	(57,547)	57,547	-	-	-
<b>Amortization of capital assets</b>	71,991	(71,991)	-	-	-
<b>Transfers from internally restricted (Note 8)</b>	173,078	-	(173,078)	-	-
<b>Net assets, end of year</b>	<b>1,331,913</b>	<b>295,070</b>	<b>820,470</b>	<b>2,447,453</b>	<b>2,453,443</b>

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

# The British Columbia Forest Safety Council

## Statement of Cash Flows

*For the year ended December 31, 2013*

	2013	2012
<b>Cash provided by (used for) the following activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses	(5,990)	273,910
Amortization	71,991	76,112
	<b>66,001</b>	350,022
Changes in working capital accounts		
Accounts receivable	(31,411)	28,420
GST receivable and payable	(279,027)	258,368
Deposits	2,500	992
Prepaid expenses	(66,880)	(10,225)
Accounts payable and accruals	62,347	17,477
Worksafe BC - COR	(136,590)	467,737
Deferred contributions	(2,263,534)	2,166,067
	<b>(2,646,594)</b>	3,278,858
<b>Financing</b>		
Cash contributions received for capital assets	80,000	-
<b>Investing</b>		
Purchase of capital assets	(57,547)	(204,100)
Decrease in internally restricted cash	173,078	46,136
	<b>115,531</b>	(157,964)
<b>Increase (decrease) in cash resources</b>	<b>(2,451,063)</b>	3,120,894
<b>Cash resources, beginning of year</b>	<b>5,065,418</b>	1,944,524
<b>Cash resources, end of year</b>	<b>2,614,355</b>	5,065,418

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



# The British Columbia Forest Safety Council

## Notes to the Financial Statements

For the year ended December 31, 2013

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### 1. Incorporation and purpose of the organization

The British Columbia Forest Safety Council (the " Council") was incorporated under the Society Act of British Columbia.

The mandate of the Council is to:

- (a) foster, encourage and promote the health and safety of workers and workplaces in the British Columbia forest sector for the benefit of the entire forest industry.
- (b) promote a culture where the health and safety of all forest workers in British Columbia becomes and remains an overriding priority of tenure holders, licensees, prime contractors, subcontractors and individual workers.
- (c) advocate and promote to applicable government ministries and agencies for changes in the legislative and regulatory framework in the British Columbia forest sector designed to enhance the health and safety of forest workers.
- (d) give effect to the recommendations of the British Columbia Forest Safety Task Force in its final report to the Minister of Skills Development and Labour dated 19 January 2004 and entitled "A Report and Action Plan to Eliminate Deaths and Serious Injuries in British Columbia's Forests".
- (e) do all other things that are incidental or conducive to the attainment of these purposes.

The Council is a not-for-profit organization and is exempt from income taxes as long as certain conditions are met. In the opinion of management, these requirements have been met.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

#### **Revenue recognition**

The Council follows the deferral method of accounting for contributions. 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. Funding received specifically for the purchase of capital assets is deferred and recognized as revenue at the same rate that the related capital asset is amortized.

The Workers' Compensation Board of British Columbia ("WorkSafe BC") revenue is recognized as follows:

Work Health & Safety Association Funding (HSA): recognized each year based on the annual funding per the contract.

Certificate of Recognition Funding (COR): recognized each year at the lower of the annual funding per the contract and the actual expenses incurred during the year. Any excess of funding over expenses is recorded as deferred revenue, up to a maximum of three months (or 25%) of total COR program administration expenses from the year. Any remaining amount is recorded as a liability.

Program fees consist of course fees, faller renewal fees and Safety Accord Forest Enterprises (SAFE) Companies registration fees. Course fees are recognized as revenue when the course has occurred, the amount can be determined and collection is reasonably assured. Faller renewal fees are recognized as revenue when received and SAFE Companies registration fees are recognized over three years from the date received.

Investment income is recognized as revenue when earned.

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

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2. **Significant accounting policies** *(Continued from previous page)*

**Capital assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

In the year of acquisition, amortization is taken at one-half of the above rates. Capital assets acquired but not yet placed into use are not amortized until they are placed into use.

	<b>Method</b>	<b>Rate</b>
Computer equipment		3 years
Computer software		3 years
Office equipment		3 years
Leasehold improvements		5 years
Website		5 years
Database		2 and 5 years

**Measurement uncertainty (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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues over expenses in the periods in which they become known.

**Financial instruments**

The Council recognizes its financial instruments when the Council becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CICA 3840 Related Party Transactions (See Note 9).

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year.

The Council subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess (deficiency) of revenue over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**3. Cash**

	<i>2013</i>	<i>2012</i>
Cash	3,434,825	6,058,966
Less: internally restricted	(820,470)	(993,548)
Unrestricted cash	<b>2,614,355</b>	<b>5,065,418</b>

**4. Capital assets**

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>	<i>2012 Net book value</i>
Computer equipment	57,563	41,960	15,603	22,553
Computer software	9,996	4,998	4,998	8,330
Office equipment	218,663	215,406	3,257	4,559
Leasehold improvements	110,738	83,409	27,329	57,688
Website	90,826	90,826	-	6,000
Database	227,297	203,489	23,808	45,884
Assets under development	220,075	-	220,075	164,500
	<b>935,158</b>	<b>640,088</b>	<b>295,070</b>	<b>309,514</b>

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**5. Deferred contributions**

	2013	2012
<b>SAFE Companies registration fees:</b>		
Opening balance	94,576	119,265
Registration fees received during the year, related to future years	62,417	60,193
Amount recognized as revenue during the year	(64,480)	(84,882)
	92,513	94,576
<b>Course fees and other:</b>		
Opening balance	125,216	134,460
Additions during the year, related to future years	50,781	185,318
Amount recognized as revenue during the year	(112,252)	(194,562)
	63,745	125,216
<b>COR funding deferred:</b>		
Opening balance	536,417	536,417
Additions during the year	2,205,933	2,145,667
Amount recognized as revenue during the year	(1,775,903)	(1,579,047)
Current year payable to WorkSafe BC	(430,030)	(566,620)
	536,417	536,417
<b>WorkSafe BC 2013 funding deferred:</b>		
Opening balance	2,200,000	-
Additions during the year	-	2,200,000
Amount recognized as revenue during the year	(2,200,000)	-
	-	2,200,000
	692,675	2,956,209

**6. Deferred contributions related to capital assets**

Deferred contributions related to capital assets represent the unamortized portion of restricted contributions that were used to purchase capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

\$80,000 contributions were received during the year. There is no revenue recognized because the related capital asset is still under development.

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

**7. Commitments**

The Council has a commitment for leased office space in Nanaimo. The lease is for a term of 5 years expiring September 30, 2014.

The Council has a commitment for leased office space in Prince George. The lease is for a term of 3 years expiring August 31, 2015.

The Council has commitments for two leased vehicles. Both leases are for a term of 2 years, expiring March and May 2015.

Total lease commitments for the next three years are as follows:

	2014	74,937
	2015	12,649
		87,586

**8. Internally restricted net assets**

The Board has internally restricted funds for contingency purposes and for expanding program development and program implementation for future years.

	2013	2012
<b>Contingency fund</b>		
Opening and closing balance	<b>323,000</b>	323,000
<b>Program development fund</b>		
Opening balance	<b>54,530</b>	55,825
Used during the year	<b>(38,898)</b>	(1,295)
	<b>15,632</b>	54,530
<b>Program activity fund</b>		
Opening balance	<b>616,018</b>	660,859
Transfers to fund during the year	-	144,800
Used during the year	<b>(134,180)</b>	(189,641)
	<b>481,838</b>	616,018
	<b>820,470</b>	993,548

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2013*

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**9. Related party transactions**

During the year, payments were made to Associations who have representation on the Board of Directors, and they were recorded at the exchange amount which is the amount agreed to by the parties, as follows:

	2013	2012
WSCA projects (included in contractors and project development)	<b>120,000</b>	142,959
Switchback project (included in project development)	<b>11,230</b>	-
Rent (included in rent)	<b>8,712</b>	28,503
Chair of the Board of Directors (included in consultants)	-	20,833
Stipends (included in directors and committee meetings and project development)	<b>12,500</b>	8,000
Sponsorships (included in conventions and conferences)	<b>12,500</b>	17,500
Conferences (included in conventions and conference)	<b>22,050</b>	3,328
Woodlot - FBCWA and SMS Program Recipient Agreement	-	7,188
	<b>186,992</b>	228,311

**10. Financial instruments**

The Council, as part of its operations, carries a number of financial instruments. It is management's opinion that the Council is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

***Credit concentration***

As at December 31, 2013, one creditor accounted for 81% (2012 - two creditors for 66%) of the total accounts receivable. The Council believes that there is no unusual exposure associated with the collection of these receivables.

**11. Economic dependence**

The Council's primary source of revenue is industry funding through WorkSafe BC. The Council has a five year workplan with WorkSafe BC that was to expire December 31, 2014. The funding is subject to the Council submitting a Board of Director approved workplan and budget to WorkSafe BC annually.