

The British Columbia Forest Safety Council
Financial Statements
December 31, 2015

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2015

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Management's Responsibility

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 Board 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 31, 2016



Chief Executive Officer



Chief Financial Officer

Independent Auditors' Report

To the Members of The British Columbia Forest Safety Council:

Report on the Financial Statements

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, 2015, 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, 2015 and the results of its operations, changes in its 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 31, 2016

MNP LLP



Chartered Professional Accountants

The British Columbia Forest Safety Council
Statement of Financial Position

As at December 31, 2015

	2015	2014
Assets		
Current		
Cash (Note 3)	1,467,228	1,981,493
Accounts receivable	84,261	16,653
Goods and services taxes receivable	8,895	21,056
Prepaid expenses	97,636	68,492
Deposits	6,949	6,730
Externally restricted cash (Note 3)	368,658	498,900
	2,033,627	2,593,324
Capital assets (Note 4)	290,631	319,827
Internally restricted cash (Note 3)	407,290	376,116
	2,731,548	3,289,267
Liabilities		
Current		
Accounts payable and accruals	303,180	219,249
Payable to WorkSafe BC - COR	271,885	434,223
Deferred contributions (Note 5)	627,184	631,267
Deferred contributions - other WorkSafe BC projects (Note 6)	368,658	498,900
	1,570,907	1,783,639
Deferred contributions related to capital assets (Note 7)	72,000	80,000
	1,642,907	1,863,639
Commitments (Note 8)		
Net Assets		
Unrestricted	462,718	809,685
Invested in Capital Assets	218,633	239,827
Internally restricted (Note 9)	407,290	376,116
	1,088,641	1,425,628
	2,731,548	3,289,267

Approved on behalf of the Board of Directors

24 March 2016
31 March 2016

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, 2015

	2015	2014
Revenues		
WorkSafe BC	4,739,701	4,119,443
Program fees	1,083,799	1,197,262
Interest	34,338	50,626
Amortization of deferred contributions related to capital assets <i>(Note 7)</i>	8,000	-
	5,865,838	5,367,331
Expenses		
Advertising	36,843	45,486
Amortization	58,309	64,666
Bank charges and interest	18,703	17,925
Books and supplies	98,959	83,550
Communication	95,869	83,417
Consultants	202,656	191,632
Contractors	971,105	953,125
Conventions and conferences	89,003	70,640
Directors and committee meetings	135,308	118,081
Dues and memberships	18,914	21,663
Employee benefits	505,853	467,940
Facilities and catering	73,830	94,464
Insurance	23,986	17,691
Legal	45,675	9,874
Office	152,265	166,544
Project development	375,492	875,288
Professional fees	12,974	14,580
Rent	113,507	114,433
Repairs and maintenance	22,218	21,460
Salaries and wages	2,554,907	2,347,538
Telephone	58,513	54,901
Training	8,220	6,016
Travel	529,716	548,241
	6,202,825	6,389,155
Deficiency of revenues over expenses	(336,987)	(1,021,824)

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council
Statement of Changes in Net Assets

For the year ended December 31, 2015

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally restricted</i>	2015	2014
Net assets, beginning of year	809,685	239,827	376,116	1,425,628	2,447,452
Deficiency of revenues over expenses	(286,678)	(50,309)	-	(336,987)	(1,021,824)
	523,007	189,518	376,116	1,088,641	1,425,628
Additions to capital assets	(29,115)	29,115	-	-	-
Transfers to internally restricted	(31,174)	-	31,174	-	-
Net assets, end of year	462,718	218,633	407,290	1,088,641	1,425,628

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, 2015

	2015	2014
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenues over expenses	(336,987)	(1,021,824)
Amortization of capital assets	58,309	64,666
Amortization of deferred contributions related to capital assets	(8,000)	-
	(286,678)	(957,158)
Changes in working capital accounts		
Accounts receivable	(67,606)	49,627
Goods and services taxes receivable	12,161	8,253
Deposits	(219)	(681)
Prepaid expenses	(29,144)	50,752
Accounts payable and accruals	83,931	(81,371)
Payable to WorkSafe BC - COR	(162,338)	4,193
Deferred contributions	(134,325)	437,492
	(584,218)	(488,893)
Investing		
Purchase of capital assets	(29,115)	(89,423)
(Increase) decrease to internally restricted cash	(31,174)	444,354
(Increase) decrease to externally restricted cash	130,242	(498,900)
	69,953	(143,969)
Decrease in cash resources	(514,265)	(632,862)
Cash resources, beginning of year	1,981,493	2,614,355
Cash resources, end of year	1,467,228	1,981,493

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, 2015

1. Incorporation and nature 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, set out in Part III of the CPA Canada Handbook - Accounting, 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:

Health & Safety Association Funding (HSA): 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 either as deferred contributions or as a repayment liability.

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 contributions, 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.

Special projects funding is recognized as the related expenses are incurred, and the excess of funding over expenses is recorded as deferred contributions.

Program fees consist of course fees, faller certification 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 certification fees are recognized as revenue when the service is provided, the amount can be determined and collection is reasonably assured. Faller renewal fees are recognized when received. 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, 2015

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. Capital assets acquired but not yet placed into use are not amortized until they are placed into use.

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

	Rate
Database	5 years
Vehicles	3 years
Computer equipment	3 years
Computer software	3 years
Office equipment	3 years
Leasehold improvements	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 collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and 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 Section 3840 Related Party Transactions (refer to 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 or in the previous years.

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 the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2015

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

Financial asset impairment:

The Council assesses impairment of all its financial assets measured at cost or amortized cost. The Council groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group. Management considers other criteria such as, whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Council determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Council reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year earnings/loss.

The Council reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in current year earnings/loss in the year the reversal occurs.

3. **Cash**

	2015	2014
Cash	2,243,176	2,856,509
Less: externally restricted	(368,658)	(498,900)
Less: internally restricted	(407,290)	(376,116)
	1,467,228	1,981,493

4. **Capital assets**

	2015		2014	
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Database	281,317	27,880	253,437	1,732
Vehicles	24,075	4,013	20,062	-
Computer equipment	20,998	11,544	9,454	22,333
Computer software	15,356	7,678	7,678	14,462
Office equipment	218,663	218,663	-	912
Leasehold improvements	110,738	110,738	-	4,111
Assets under development	-	-	-	276,277
	671,147	380,516	290,631	319,827

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2015

5. Deferred contributions

	2015	2014
COR funding deferred		
Balance, beginning of year	508,850	536,417
Additions	2,054,200	2,200,000
Amount recognized as revenue	(1,782,315)	(1,793,344)
Current year underspend payable to WorkSafe BC	(271,885)	(434,223)
	508,850	508,850
SAFE Companies registration fees		
Balance, beginning of year	78,677	92,513
Registration fees received in year, related to future years	63,526	47,469
Amount recognized as revenue	(54,943)	(61,305)
	87,260	78,677
Course fees and other		
Balance, beginning of year	43,740	63,745
Additions for the year, related to future years	36,952	63,909
Amount recognized as revenue	(49,618)	(83,914)
	31,074	43,740
	627,184	631,267

6. Deferred contributions - other WorkSafe BC projects

	2015	2014
Balance, beginning of year	498,900	-
Additions	478,334	625,000
Amount recognized as revenue	(427,386)	(126,100)
Amount refunded to WorkSafe BC	(181,190)	-
	368,658	498,900

7. Deferred contributions related to capital assets

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

	2015	2014
Balance, beginning of year	80,000	80,000
Recognized as amortization revenue during the year	(8,000)	-
	72,000	80,000

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2015

8. Commitments

The Council has a commitment for leased office space in Nanaimo, for a one year term expiring September 30, 2016.
The Council has a commitment for leased office space in Prince George, for a one year term expiring August 31, 2016.
The Council has a commitment for a leased vehicle, for a two year term expiring July 2017.
The Council has a commitment for office equipment leases in Nanaimo, for a 36 month term expiring October 2016.

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

	2016	158,152
	2017	5,387
		163,539

9. Internally restricted net assets

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

	2015	2014
Contingency fund		
Balance, beginning of year	376,116	323,000
Additions during the year	31,174	53,116
	407,290	376,116
Program development fund		
Balance, beginning of year	-	15,632
Used during the year	-	(15,632)
	-	-
Program activity fund		
Balance, beginning of year	-	481,838
Used during the year	-	(481,838)
	-	-
	407,290	376,116

10. Related party transactions

During the year, payments were made to Companies and 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:

	2015	2014
WSCA projects, included in contractors expense	120,000	120,000
Conferences, included in conventions and conferences expense	12,295	3,690
Advocacy and development, included in contractors expense	7,775	13,670
Stipends, included in directors and committee meetings expense	3,000	7,550
Rent, included in rent expense	-	9,107
Other	-	3,193
	143,070	157,210

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2015

11. 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, 2015, one customer accounted for 86% (2014 - three customers for 71%) of the total accounts receivable. There is no risk associated with these accounts receivable as they were collected subsequent to year end.

12. Economic dependence

The Council's primary source of revenue is through WorkSafe BC. The Council has a year to year contract that will continue as long as industry wants the Council for their Health and Safety Association and/or WorkSafe BC continues to fund the Certificate of Recognition program. The funding is subject to the Council submitting a Board of Director approved workplan and budget to WorkSafe BC annually.

13. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.