

The British Columbia Forest Safety Council
Financial Statements
December 31, 2018

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2018

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Management's Responsibility

To the Members of The British Columbia Forest Safety Council:

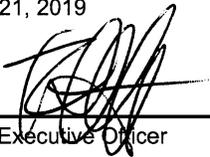
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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 members of the Board of Directors and the Audit and Finance 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 and Finance 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 and Finance Committee and management to discuss their audit findings.

March 21, 2019



Chief Executive Officer



Chief Financial Officer

Independent Auditor's Report

To the Members of The British Columbia Forest Safety Council:

Opinion

We have audited the financial statements of The British Columbia Forest Safety Council (the "Council"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, including the supporting schedule, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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 accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 these 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:

- 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.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nanaimo, British Columbia

March 21, 2019

MNP LLP

Chartered Professional Accountants

The British Columbia Forest Safety Council
Statement of Financial Position

As at December 31, 2018

	2018	2017
Assets		
Current		
Cash (Note 3)	1,936,099	1,448,691
Accounts receivable	171,916	173,311
Goods and services taxes receivable	58,044	23,633
Prepaid expenses	129,860	260,089
Deposits	6,949	6,949
Externally restricted cash (Note 3)	384,751	880,207
	2,687,619	2,792,880
Capital assets (Note 4)	515,039	75,574
Internally restricted cash (Note 3)	603,560	603,560
	3,806,218	3,472,014
Liabilities		
Current		
Accounts payable and accruals	715,460	296,705
Payable to WorkSafe BC - COR	-	120,602
Deferred contributions (Note 5)	713,564	715,734
Deferred contributions - other projects (Note 6)	384,751	880,207
	1,813,775	2,013,248
Commitments (Note 7)		
Net Assets		
Unrestricted	873,844	779,632
Invested in capital assets	515,039	75,574
Internally restricted (Note 8)	603,560	603,560
	1,992,443	1,458,766
	3,806,218	3,472,014

Approved on behalf of the Board of Directors



 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, 2018

	2018	2017
Revenues (Schedule)		
WorkSafe BC	6,048,614	5,476,353
Program fees	825,686	689,983
Other government grants	103,462	393,192
Sponsorship and other	68,663	81,010
Interest	57,241	32,158
Amortization of deferred contributions related to capital assets	-	56,000
	7,103,666	6,728,696
Expenses (Schedule)		
Amortization	32,225	74,987
Bank charges and interest	18,459	20,204
Communication	94,667	95,040
Computer	137,030	98,519
Consultants	32,246	72,417
Contractors	780,826	1,159,422
Conventions and conferences	124,259	116,060
Directors and committee meetings	154,179	140,875
Employee benefits	519,034	533,365
Facilities and catering	66,203	86,480
General administration	200,636	174,026
Instructional materials	50,123	76,170
Professional fees	22,501	23,340
Project development	942,916	278,495
Rent, utilities, telephone and repairs	189,764	173,196
Salaries and wages	2,836,576	2,871,818
Travel	307,328	350,575
Vehicle	69,710	44,274
	6,578,682	6,389,263
Excess of revenues over expenses before other items	524,984	339,433
Gain (loss) on disposal of capital assets	8,693	(134,762)
Excess of revenues over expenses	533,677	204,671

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, 2018

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally Restricted</i>	2018	<i>2017</i>
Net assets, beginning of year	779,632	75,574	603,560	1,458,766	1,254,095
Excess (deficiency) of revenues over expenses	557,209	(23,532)	-	533,677	204,671
	1,336,841	52,042	603,560	1,992,443	1,458,766
Additions to capital assets	(473,474)	473,474	-	-	-
Proceeds on disposal of capital assets	10,477	(10,477)	-	-	-
Net assets, end of year	873,844	515,039	603,560	1,992,443	1,458,766

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, 2018

	2018	2017
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	533,677	204,671
Amortization of capital assets	32,225	74,987
Amortization of deferred contributions related to capital assets	-	(56,000)
Loss (gain) on disposal of capital assets	(8,693)	134,762
	557,209	358,420
Changes in working capital accounts		
Accounts receivable	1,395	(90,494)
Goods and services taxes receivable	(34,411)	(8,221)
Prepaid expenses	130,229	(136,131)
Accounts payable and accruals	418,755	88,133
Payable to WorkSafe BC - COR	(120,602)	(95,168)
Deferred contributions	(497,626)	562,835
	454,949	679,374
Investing		
Purchase of capital assets	(473,474)	(71,877)
Proceeds on disposal of capital assets	10,477	14,245
Increase to internally restricted cash	-	(196,270)
Decrease (increase) to externally restricted cash	495,456	(507,658)
	32,459	(761,560)
Increase (decrease) in cash resources	487,408	(82,186)
Cash resources, beginning of year	1,448,691	1,530,877
Cash resources, end of year	1,936,099	1,448,691

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, 2018

1. Incorporation and nature of the organization

The British Columbia Forest Safety Council (the "Council") was incorporated in 2004 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:

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

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. Overhead expenses are allocated between programs based on the proportion of payroll costs in each program.

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.

The British Columbia Forest Safety Council

Notes to the Financial Statements

For the year ended December 31, 2018

2. Significant accounting policies (Continued from previous page)

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 as deferred contributions, up to a maximum of three months (or 25%) of total HSA program administration expenses from the year. Any remaining amount is recorded as a 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 and Province of British Columbia Ministry 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 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. SAFE Companies registration fees are recognized over three years from the date received.

Sponsorship and other fees are recognized as revenue when earned, the amount can be determined and collection is reasonably assured.

Investment income is recognized as revenue when earned.

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 CPA Canada 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, 2018

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

	2018	2017
Cash	2,924,410	2,932,458
Less: externally restricted	(384,751)	(880,207)
Less: internally restricted	(603,560)	(603,560)
	1,936,099	1,448,691

4. Capital assets

	2018		2017	
	Cost	Accumulated amortization	Net book value	Net book value
Database	22,510	6,753	15,757	20,259
Vehicles	-	-	-	1,783
Computer equipment	53,815	29,083	24,732	10,700
Computer software	69,644	45,492	24,152	39,132
Office equipment	4,440	2,220	2,220	3,700
Database project under construction	448,178	-	448,178	-
	598,587	83,548	515,039	75,574

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2018

5. Deferred contributions

	2018	2017
COR funding deferred		
Balance, beginning of year	512,340	512,340
Additions	2,068,158	2,068,158
Amount recognized as revenue	(2,068,158)	(1,947,556)
Current year underspend payable to WorkSafe BC	-	(120,602)
	512,340	512,340
Harvesting HSA funding deferred		
Balance, beginning of year	48,770	-
Additions	3,245,000	3,245,000
Amount recognized as revenue	(3,245,000)	(3,196,230)
	48,770	48,770
SAFE Companies registration fees		
Balance, beginning of year	126,987	112,173
Registration fees received in year, related to future years	135,875	130,173
Amount recognized as revenue	(128,888)	(115,359)
	133,974	126,987
Course fees and other		
Balance, beginning of year	27,637	36,044
Additions for the year, related to future years	687,641	566,217
Amount recognized as revenue	(696,798)	(574,624)
	18,480	27,637
	713,564	715,734

6. Deferred contributions - other projects

	WorkSafe BC <i>other projects</i>	WorkSafe BC <i>HSA Manufacturing</i>	WorkSafe BC <i>HSA Pellets</i>	2018	2017
Balance, beginning of year	401,188	409,624	69,395	880,207	372,549
Additions	160,000	-	80,000	240,000	840,225
Amount recognized as revenue	(546,587)	(155,782)	(33,087)	(735,456)	(332,567)
	14,601	253,842	116,308	384,751	880,207
	14,601	253,842	116,308	384,751	880,207

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2018

7. Commitments

The Council has a commitment for leased office space in Nanaimo, for a three year term expiring in September 2019.
The Council has a commitment for leased office space in Prince George, for a two year term expiring in August 2019.
The Council has a commitment for three leased vehicles, for terms expiring in January 2019, June 2020 and January 2021.
The Council has a commitment for leased office equipment in Nanaimo, for a 5 year term expiring October 2021.

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

2019	104,993
2020	15,305
2021	1,419
	121,717

8. Internally restricted net assets

The Board has internally restricted funds for contingency purposes for future years.

	2018	2017
Contingency fund		
Balance, beginning of year	603,560	407,290
Additions during the year	-	196,270
	603,560	603,560

9. 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:

	2018	2017
Projects, included in contractors expense	120,000	135,500
Conferences, included in conventions and conferences expense	10,500	2,000
Stipends, included in directors and committee meetings expense	2,750	1,750
	133,250	139,250

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2018

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, 2018, two customers accounted for 78% (2017 - two customers for 64%) of the total accounts receivable. There is no risk associated with these accounts receivable as they were collected subsequent to year end.

11. 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.

12. Comparative figures

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

**The British Columbia Forest Safety Council
Schedule of Operations by Program**

For the year ended December 31, 2018

	COR	Sawmill Planer Safety	Faller Curriculum Development	Steep Slope Harvesting	Feller Buncher Egress and Fire Suppression	Ministry of Jobs, Tourism and Skills Training	Manufact- uring (HSA)	Pellets (HSA)	Harvesting (HSA)	2018
Revenues										
WorkSafe BC	2,068,158	350,000	36,587	60,000	100,000	-	155,782	33,087	3,245,000	6,048,614
Program fees	-	-	-	-	-	-	-	-	825,686	825,686
Other government grants	-	-	-	-	-	103,462	-	-	-	103,462
Sponsorship and other	-	-	-	-	-	-	-	-	68,663	68,663
Interest	-	-	-	-	-	-	-	-	57,241	57,241
	2,068,158	350,000	36,587	60,000	100,000	103,462	155,782	33,087	4,196,590	7,103,666
Expenses										
Amortization	-	-	-	-	-	-	-	-	32,225	32,225
Bank charges and interest	59	-	-	-	-	-	-	-	18,400	18,459
Communication	-	-	-	-	-	-	1,230	-	93,437	94,667
Computer	7,213	-	-	-	-	-	42,950	-	86,867	137,030
Consultants	499	-	-	-	-	-	-	-	31,747	32,246
Contractors	24,949	-	36,587	-	-	97,212	22,343	6,016	593,719	780,826
Conventions and conferences	3,322	-	-	-	-	-	-	9,012	111,925	124,259
Directors and committee meetings	-	-	-	-	-	-	26,439	-	127,740	154,179
Employee benefits	183,826	-	-	-	-	-	-	-	335,208	519,034
Facilities and catering	674	-	-	-	-	1,857	-	-	63,672	66,203
General administration	52,194	-	-	-	-	1,853	638	-	145,951	200,636
Instructional materials	97	-	-	-	-	-	-	-	50,026	50,123
Professional fees	-	-	-	-	-	-	-	-	22,501	22,501
Project development	88,352	350,000	-	60,000	100,000	2,500	6,300	-	335,764	942,916
Rent, utilities, telephone and repairs	3,327	-	-	-	-	40	50	14	186,333	189,764
Salaries and wages	915,779	-	-	-	-	-	29,139	11,997	1,879,661	2,836,576
Travel	83,105	-	-	-	-	-	12,693	284	211,246	307,328
Vehicle	-	-	-	-	-	-	-	-	69,710	69,710
	1,363,396	350,000	36,587	60,000	100,000	103,462	141,782	27,323	4,396,132	6,578,682
Excess (deficiency) of revenues over expenses before other items	704,762	-	-	-	-	-	14,000	5,764	(199,542)	524,984
Overhead allocated	(480,695)	-	-	-	-	-	(14,356)	(5,910)	500,961	-
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	8,693	8,693
Excess (deficiency) of revenues over expenses	224,067	-	-	-	-	-	(356)	(146)	310,112	533,677