

The British Columbia Forest Safety Council
Financial Statements
December 31, 2016

The British Columbia Forest Safety Council

Contents

For the year ended December 31, 2016

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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 30, 2017



Chief Executive Officer



Chief Financial Officer

Independent Auditors' Report

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, 2016, and the statements of operations, including the supporting schedule, 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, 2016 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 Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

March 30, 2017

MNP LLP

Chartered Professional Accountants

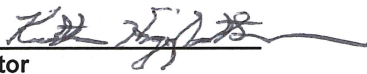
The British Columbia Forest Safety Council

Statement of Financial Position

As at December 31, 2016

	2016	2015
Assets		
Current		
Cash (Note 3)	1,530,877	1,467,228
Accounts receivable	82,817	84,261
Goods and services taxes receivable	15,412	8,895
Prepaid expenses	123,958	97,636
Deposits	6,949	6,949
Externally restricted cash (Note 3)	372,549	368,658
	2,132,562	2,033,627
Capital assets (Note 4)	227,691	290,631
Internally restricted cash (Note 3)	407,290	407,290
	2,767,543	2,731,548
Liabilities		
Current		
Accounts payable and accruals	208,572	303,180
Payable to WorkSafe BC - COR (Note 5)	215,770	271,885
Deferred contributions (Note 5)	660,557	627,184
Deferred contributions - other projects (Note 6)	372,549	368,658
	1,457,448	1,570,907
Deferred contributions related to capital assets (Note 7)	56,000	72,000
	1,513,448	1,642,907
Commitments (Note 8)		
Net Assets		
Unrestricted	675,114	462,720
Invested in Capital Assets	171,691	218,631
Internally restricted (Note 9)	407,290	407,290
	1,254,095	1,088,641
	2,767,543	2,731,548

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, 2016

	2016	2015
Revenues (Schedule)		
WorkSafe BC	5,462,296	4,739,701
Program fees	845,206	1,083,799
Other government grants	71,328	-
Interest	26,441	34,338
Amortization of deferred contributions related to capital assets (Note 7)	16,000	8,000
	6,421,271	5,865,838
Expenses (Schedule)		
Advertising	26,452	36,843
Amortization	74,196	58,309
Bank charges and interest	19,393	18,703
Books and supplies	68,895	98,959
Communication	102,828	95,869
Computer	45,329	24,906
Consultants	166,423	202,656
Contractors	935,988	971,105
Conventions and conferences	93,971	89,003
Directors and committee meetings	168,764	135,308
Dues and memberships	15,205	18,914
Employee benefits	512,692	505,853
Facilities and catering	86,540	73,830
Insurance	21,483	23,986
Legal	9,766	45,675
Office	135,965	127,358
Professional fees	13,609	12,974
Project development	361,305	375,492
Rent	112,104	113,507
Repairs and maintenance	36,726	22,218
Salaries and wages	2,663,084	2,554,907
Telephone	56,105	58,513
Training	431	8,220
Travel	484,007	483,004
Vehicle	44,556	46,712
	6,255,817	6,202,824
Excess (deficiency) of revenues over expenses	165,454	(336,986)

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, 2016

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally restricted</i>	2016	<i>2015</i>
Net assets, beginning of year	462,720	218,631	407,290	1,088,641	1,425,627
Excess (deficiency) of revenues over expenses	223,650	(58,196)	-	165,454	(336,986)
	686,370	160,435	407,290	1,254,095	1,088,641
Additions to capital assets	(11,256)	11,256	-	-	-
Net assets, end of year	675,114	171,691	407,290	1,254,095	1,088,641

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, 2016

	2016	2015
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	165,454	(336,986)
Amortization of capital assets	74,196	58,309
Amortization of deferred contributions related to capital assets	(16,000)	(8,000)
	223,650	(286,677)
Changes in working capital accounts		
Accounts receivable	1,444	(67,606)
Goods and services taxes receivable	(6,517)	12,161
Deposits	-	(219)
Prepaid expenses	(26,322)	(29,144)
Accounts payable and accruals	(94,608)	83,931
Payable to WorkSafe BC - COR	(56,115)	(162,341)
Deferred contributions	37,264	(134,325)
	78,796	(584,220)
Investing		
Purchase of capital assets	(11,256)	(29,113)
Increase to internally restricted cash	-	(31,174)
(Increase) decrease to externally restricted cash	(3,891)	130,242
	(15,147)	69,955
Increase (decrease) in cash resources	63,649	(514,265)
Cash resources, beginning of year	1,467,228	1,981,493
Cash resources, end of year	1,530,877	1,467,228

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, 2016

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:

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, 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.

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, 2016

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	2 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.

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 10).

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, 2016

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

	2016	2015
Cash	2,310,716	2,243,176
Less: externally restricted	(372,549)	(368,658)
Less: internally restricted	(407,290)	(407,290)
	1,530,877	1,467,228

4. Capital assets

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Database	292,572	82,455	210,117	253,437
Vehicles	24,075	12,038	12,037	20,062
Computer equipment	20,998	18,021	2,977	9,454
Computer software	15,356	12,796	2,560	7,678
	353,001	125,310	227,691	290,631

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2016

5. Deferred contributions

	2016	2015
COR funding deferred		
Balance, beginning of year	508,850	508,850
Additions	2,071,648	2,054,200
Amount recognized as revenue	(1,852,388)	(1,782,315)
Current year underspend payable to WorkSafe BC	(215,770)	(271,885)
	512,340	508,850
SAFE Companies registration fees		
Balance, beginning of year	87,260	78,677
Registration fees received in year, related to future years	120,616	63,526
Amount recognized as revenue	(95,703)	(54,943)
	112,173	87,260
Course fees and other		
Balance, beginning of year	31,074	43,740
Additions for the year, related to future years	72,047	36,952
Amount recognized as revenue	(67,077)	(49,618)
	36,044	31,074
	660,557	627,184

6. Deferred contributions - other projects

	<i>WorkSafe BC other projects</i>	<i>Ministry of Jobs, Tourism and Skills Training</i>	<i>WorkSafe BC HSA Manufacturing</i>	<i>WorkSafe BC HSA Pellets</i>	2016	2015
Balance, beginning of year	368,658	-	-	-	368,658	498,900
Additions	38,799	71,328	250,000	80,000	440,127	478,334
Amount recognized as revenue	(346,338)	(71,328)	-	(18,570)	(436,236)	(427,386)
Amount refunded to WorkSafe BC	-	-	-	-	-	(181,190)
	61,119	-	250,000	61,430	372,549	368,658

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 some of the Council's capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized.

	2016	2015
Balance, beginning of year	72,000	80,000
Recognized as amortization revenue during the year	(16,000)	(8,000)
Balance, end of year	56,000	72,000

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2016

8. 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 2018.
The Council has a commitment for two leased vehicles, for terms expiring in July 2017 and January 2019.
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 five years are as follows:

2017	94,019
2018	85,804
2019	53,006
2020	1,703
2021	1,419
	235,951

9. Internally restricted net assets

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

	2016	2015
Contingency fund		
Balance, beginning of year	407,290	376,116
Additions during the year	-	31,174
	407,290	407,290

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:

	2016	2015
WSCA projects, included in contractors expense	120,000	120,000
Conferences, included in conventions and conferences expense	3,036	12,295
Advocacy and development, included in contractors expense	4,828	7,775
Stipends, included in directors and committee meetings expense	1,250	3,000
	129,114	143,070

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2016

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, 2016, two customers accounted for 61% (2015 - one customer for 86%) 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.

The British Columbia Forest Safety Council
Schedule of Operations by Program

For the year ended December 31, 2016

	COR	Faller pre - screening	Faller Standard	Shake and Shingle	Faller Recert- ification	Faller Curric- ulum	Manufac- turing (seed funding)	Pellets (seed funding)	Ministry of Jobs, Tourism and Skills Training	Pellets (HSA)	Harvesting (HSA)	2016
Revenues												
WorkSafe BC	1,852,388	9,302	55,672	15,335	34,888	29,775	159,451	41,915	-	18,570	3,245,000	5,462,296
Program fees	-	-	-	-	-	-	-	-	-	-	845,206	845,206
Other government grants	-	-	-	1,328	-	-	-	-	70,000	-	-	71,328
Interest	-	-	-	-	-	-	-	-	-	-	26,441	26,441
Amortization of deferred contributions related to capital assets	-	-	-	-	-	-	-	-	-	-	16,000	16,000
	1,852,388	9,302	55,672	16,663	34,888	29,775	159,451	41,915	70,000	18,570	4,132,647	6,421,271
Expenses												
Advertising	-	-	-	-	-	-	-	-	-	-	26,452	26,452
Amortization	-	-	-	-	-	-	-	-	-	-	74,196	74,196
Bank charges and interest	13	-	-	-	-	-	-	-	-	-	19,380	19,393
Books and supplies	6	-	-	-	51	-	-	-	158	-	68,680	68,895
Communications	-	-	-	-	-	-	-	-	-	-	102,828	102,828
Computer	12,942	-	-	-	-	-	-	-	-	-	32,387	45,329
Consultants	-	-	-	-	-	-	-	-	-	-	166,423	166,423
Contractors	162,671	-	38,210	7,436	16,800	29,281	52,502	17,740	68,286	7,860	535,202	935,988
Conventions and conferences	2,745	-	-	-	-	-	-	-	-	-	91,226	93,971
Directors and committee meetings	-	-	-	-	-	-	27,144	-	-	-	141,620	168,764
Dues and memberships	496	-	-	-	-	-	-	-	-	-	14,709	15,205
Employee benefits	178,642	-	-	-	-	-	-	-	-	-	334,050	512,692
Facilities and catering	733	-	5,046	-	-	380	400	-	-	-	79,981	86,540
Insurance	-	-	-	-	-	-	-	-	-	-	21,483	21,483
Legal	-	-	-	-	-	-	-	-	-	-	9,766	9,766
Office	24,925	-	244	-	46	-	-	64	128	29	110,529	135,965
Professional fees	-	-	-	-	-	-	-	-	-	-	13,609	13,609
Project development	40,328	9,302	-	6,138	-	-	27,606	-	-	-	277,931	361,305
Rent	-	-	-	-	-	-	-	-	-	-	112,104	112,104
Repairs and maintenance	-	-	-	-	-	-	-	-	-	-	36,726	36,726
Salaries and wages	859,773	-	-	-	1,512	-	32,453	8,476	-	3,755	1,757,115	2,663,084
Telephone	9,126	-	-	-	-	114	314	8	42	3	46,498	56,105
Training	-	-	-	-	-	-	-	-	-	-	431	431
Travel	116,070	-	12,172	3,089	15,387	-	3,927	11,682	1,386	5,176	315,118	484,007
Vehicle	-	-	-	-	350	-	-	-	-	-	44,206	44,556
	1,408,470	9,302	55,672	16,663	34,146	29,775	144,346	37,970	70,000	16,823	4,432,650	6,255,817
Excess (deficiency) of revenues over expenses	443,918	-	-	-	742	-	15,105	3,945	-	1,747	(300,003)	165,454
Overhead allocated	(443,918)	-	-	-	(742)	-	(15,105)	(3,945)	-	(1,747)	465,457	-
Excess of revenues over expenses	-	-	-	-	-	-	-	-	-	-	165,454	165,454