

The British Columbia Forest Safety Council
Financial Statements
December 31, 2012

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2012

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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 Audit Committee is also responsible for recommending the appointment of the Council's external auditors.

MNP LLP, an independent firm of Chartered Accountants, 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 27, 2013



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, 2012, December 31, 2011, and January 1, 2011 and the statements of operations, changes in net assets and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 audits. We conducted our audits 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 audits.

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, 2012, December 31, 2011, and January 1, 2011 and the results of its operations, changes in net assets and its cash flows for the years ended December 31, 2012 and December 31, 2011 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, except as disclosed in Note 2, the accounting principles in the Canadian Accounting Standards for Not-For-Profit organizations have been applied on a consistent basis.

Nanaimo, British Columbia


March 27, 2013

MNP **LLP**
Chartered Accountants

The British Columbia Forest Safety Council
Statement of Financial Position
As at December 31, 2012

	December 31 2012	December 31 2011	January 1 2011
Assets			
Current			
Cash (Note 4)	5,065,418	1,944,524	1,959,522
Accounts receivable	34,867	46,191	29,451
Prepaid expenses	52,364	42,139	32,689
Deposits	8,549	9,541	14,541
HST receivable	-	25,745	-
	5,161,198	2,068,140	2,036,203
Capital Assets (Note 5)	309,514	181,525	202,354
Internally restricted cash (Note 4)	993,548	1,039,684	402,325
	6,464,260	3,289,349	2,640,882
Liabilities			
Current			
Accounts payable and accruals	238,271	220,792	308,261
Deferred revenue (Note 6)	2,956,209	790,142	577,960
HST Payable	249,718	-	38,727
WorkSafe BC - COR (Note 6)	566,620	98,883	-
	4,010,818	1,109,817	924,948
Commitment (Note 7)			
Net Assets			
Unrestricted	1,150,380	958,323	1,111,255
Invested in Capital Assets	309,514	181,525	202,354
Internally restricted (Note 8)	993,548	1,039,684	402,325
	2,453,442	2,179,532	1,715,934
	6,464,260	3,289,349	2,640,882

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, 2012

	2012	2011
Revenues		
WorkSafe BC	3,897,662	4,021,500
Interest and other	53,465	30,973
Program fees	1,377,263	1,170,029
	5,328,390	5,222,502
Expenses		
Advertising	76,877	52,924
Amortization	76,111	67,163
Bank charges and interest	25,133	21,343
Books and supplies	103,240	75,919
Communication	21,483	40,138
Computer support	7,209	26,693
Consultants	183,724	215,200
Contractors	727,061	634,154
Conventions and conferences	69,137	60,627
Directors and committee meetings	114,900	76,721
Donations	1,500	1,000
Dues and memberships	10,195	11,514
Facilities and catering	93,751	83,526
Insurance	14,214	14,882
Legal	10,955	18,575
Office	125,908	144,127
Professional fees	10,049	11,015
Project development	392,259	330,539
Rent	126,608	133,377
Repairs and maintenance	22,447	16,506
Salaries and benefits	2,478,335	2,304,348
Telephone	56,578	60,692
Training	6,405	17,196
Travel	300,401	340,725
	5,054,480	4,758,904
Excess of revenues over expenses	273,910	463,598

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, 2012

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally restricted</i>	2012	2011
Net assets - beginning of period	958,323	181,525	1,039,684	2,179,532	1,715,934
Excess of revenues over expenses	273,910	-	-	273,910	463,598
Additions to capital assets	(204,100)	204,100	-	-	-
Amortization of capital assets	76,111	(76,111)	-	-	-
Transfers from internally restricted (Note 8)	46,136	-	(46,136)	-	-
Net assets, end of period	1,150,380	309,514	993,548	2,453,442	2,179,532

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, 2012

	2012	2011
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	273,910	463,598
Amortization	76,111	67,163
Disposal of capital assets	-	17,500
	350,021	548,261
Changes in working capital accounts		
Accounts receivable	28,420	(16,739)
Prepaid expenses	(10,225)	(9,450)
HST receivable	25,745	-
Deposits	993	5,000
Accounts payable and accruals	17,477	(87,469)
Deferred revenue	2,166,067	212,182
HST payable	232,623	(64,472)
WorkSafe BC - COR	467,737	98,883
	3,278,858	686,196
Investing activities		
Purchase of capital assets	(204,100)	(63,835)
Decrease (increase) in internally restricted cash	46,136	(637,359)
	(157,964)	(701,194)
Increase (decrease) in cash resources	3,120,894	(14,998)
Cash resources, beginning of year	1,944,524	1,959,522
Cash resources, end of year	5,065,418	1,944,524
Supplementary cash flow information		
Interest received	53,465	29,199

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, 2012

1. Incorporation and commencement of operations

The British Columbia Forest Safety Council (the " Council") was incorporated under the *Society Act of British Columbia* on August 9, 2004 as a Not-For-Profit organization. The Council is exempt from income taxes as long as certain conditions have been met. In the opinion of management, these conditions have been met.

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.

2. Impact of adopting accounting standards for not-for-profit organizations

These are the Council's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The accounting policies in Note 3. have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information for the year ended December 31, 2011, and the opening ASNPO balance sheet as at January 1, 2011 (the Council's date of transition to ASNPO).

The transition to ASNPO has not affected the statement of financial position, statement of operations, statement of changes in net assets, or statement of cash flows previously reported under Canadian generally accepted accounting principles (GAAP).

In preparing these financial statements, the Society has not elected to apply any transitional provisions permitted by CICA 1501 First-time adoption by not-for-profit organizations at the date of transition to ASNPO.

3. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the following significant accounting policies:

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2012

3. 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.

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.

Capital assets

Capital assets are recorded at cost.

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

	Rate
Computer equipment	3 years
Computer software	3 years
Office equipment	3 years
Leasehold improvements	5 years
Web site	5 years
Database	2 and 5 years

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2012

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

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 (refer to Note 9).

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

The Council subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those designated in a qualifying hedging relationship or that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, 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 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 amortized cost or cost.

Measurement uncertainty

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 of revenues and expenses in the periods in which they become known.

4. Cash

	2012	2011
Cash	6,058,966	2,984,208
Internally restricted	(993,548)	(1,039,684)
	5,065,418	1,944,524

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2012

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2012 Net book value</i>	<i>2011 Net book value</i>
Computer equipment	56,751	34,198	22,553	15,439
Computer software	9,996	1,666	8,330	-
Database	391,797	181,413	210,384	104,960
Office equipment	220,228	215,669	4,559	-
Leasehold improvements	111,899	54,211	57,688	43,126
Web site	90,826	84,826	6,000	18,000
	881,497	571,983	309,514	181,525

6. Deferred revenue

	<i>2012</i>	<i>2011</i>
SAFE Companies registration fees:		
Opening balance	119,265	169,553
Registration fees received during the year	60,193	68,763
Amount recognized as revenue during the year	(84,882)	(119,051)
	94,576	119,265
Course fees and other:		
Opening balance	134,460	115,806
Additions during the year	750,758	683,699
Amount recognized as revenue during the year	(760,002)	(665,045)
	125,216	134,460
COR funding deferred:		
Opening balance	536,417	292,601
Additions during the year	2,145,667	2,145,667
Amount recognized as revenue during the year	(1,579,047)	(1,802,968)
Current year payable to WorkSafe BC	(566,620)	(98,883)
	536,417	536,417
Worksafe BC 2013 Funding deferred:		
Additions during the year	2,200,000	-
	2,956,209	790,142

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2012

7. Commitment

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.

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

	2013	69,549
	2014	54,340
	2015	5,808
		129,697

8. Internally restricted net assets

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

	2012	2011
Contingency fund		
Balance beginning of year	323,000	323,000
Balance end of year	323,000	323,000
Program development fund		
Balance beginning of year	55,825	79,325
Used during the year	(1,295)	(23,500)
	54,530	55,825
Program activity fund		
Balance beginning of year	660,859	-
Transfers to fund during the year	144,800	750,000
Used during the year	(189,641)	(89,141)
	616,018	660,859
	-	-
	993,548	1,039,684

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2012

9. Related party transactions

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

	2012	2011
WSCA projects (included in contractors and project development)	142,959	60,541
Rent (included in rent)	28,503	32,818
Chair of the Board of Directors (included in consultants)	20,833	12,500
Sponsorships (included in conventions and conferences)	17,500	11,700
Stipends (included in directors and committee meetings)	8,000	6,750
Conferences	3,328	10,937
Woodlot - FBCWA and SMS Program Recipient Agreement	7,188	5,000
	228,311	140,246

10. 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 expires December 31, 2014. The funding is subject to the Council submitting a Board of Director approved workplan and budget to WorkSafe BC annually.

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 or credit risks arising from these financial instruments except as otherwise disclosed.

12. Comparative figures

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