

**The British Columbia Forest Safety Council**  
**Financial Statements**  
*December 31, 2011*

# The British Columbia Forest Safety Council Contents

*For the year ended December 31, 2011*

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## Management's Responsibility

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To the Members of The British Columbia Forest Safety Council:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian generally accepted 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 Organization. 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 Committee is also responsible for recommending the appointment of the Organization'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 and separately with, both the Committee and management to discuss their audit findings.

March 21, 2012

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

  
\_\_\_\_\_  
Chief Financial Officer

## Independent Auditors' Report

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To the Members of The British Columbia Forest Safety Council:

We have audited the accompanying financial statements of The British Columbia Forest Safety Council, which comprise the statement of financial position as at December 31, 2011 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 generally accepted 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*

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, 2011 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting standards for not-for-profit organizations.

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

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

Nanaimo, British Columbia

March 21, 2012

**MNP** LLP  
Chartered Accountants

# The British Columbia Forest Safety Council

## Statement of Financial Position

As at December 31, 2011

	2011	2010
<b>Assets</b>		
<b>Current</b>		
Cash (Note 3)	1,944,524	1,959,522
Accounts receivable	46,190	29,451
Prepaid expenses	42,139	32,689
Deposits	9,541	14,541
HST receivable	25,745	-
	2,068,139	2,036,203
<b>Capital assets (Note 4)</b>	<b>181,525</b>	<b>202,354</b>
<b>Internally restricted cash (Note 3)</b>	<b>1,039,684</b>	<b>402,325</b>
	3,289,348	2,640,882
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accruals	220,791	308,261
Deferred revenue (Note 5)	790,142	577,960
HST payable	-	38,727
WorkSafe BC - COR (Note 5)	98,883	-
	1,109,816	924,948
<b>Commitment (Note 6)</b>		
<b>Net Assets</b>		
Unrestricted	958,323	1,111,255
Invested in Capital Assets	181,525	202,354
Internally restricted (Note 7)	1,039,684	402,325
	2,179,532	1,715,934
	3,289,348	2,640,882

Approved on behalf of the Board

  
 Chair of Board

  
 Director

# The British Columbia Forest Safety Council

## Statement of Operations

*For the year ended December 31, 2011*

	<b>2011</b>	<b>2010</b>
<b>Revenues</b>		
WorkSafe BC	4,021,500	4,067,272
Interest and other	30,973	12,557
Program fees	1,170,029	1,393,272
Reserve funds spent	-	(187,956)
	<b>5,222,502</b>	<b>5,285,145</b>
<b>Expenses</b>		
Salaries and benefits	2,304,348	2,169,202
Contractors	634,154	803,552
Travel	340,725	338,889
Project development	330,539	58,100
Consultants	215,200	373,264
Office	144,127	150,906
Rent	133,377	149,195
Facilities and catering	83,526	63,041
Directors and committee meetings	76,721	103,589
Books and supplies	75,919	66,122
Amortization	67,163	69,520
Telephone	60,692	65,977
Conventions and conferences	60,627	56,449
Advertising	52,924	27,848
Communication	40,138	81,171
Computer support	26,693	48,163
Bank charges and interest	21,343	18,351
Legal	18,575	53,575
Training	17,196	6,247
Repairs and maintenance	16,506	22,146
Insurance	14,882	13,395
Dues and memberships	11,514	5,625
Professional fees	11,015	10,795
Donations	1,000	-
Website	-	669
	<b>4,758,904</b>	<b>4,755,791</b>
<b>Excess of revenues over expenses</b>	<b>463,598</b>	<b>529,354</b>

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

*For the year ended December 31, 2011*

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally restricted</i>	<b>2011</b>	2010
<b>Net assets - beginning of period</b>	<b>1,111,255</b>	<b>202,354</b>	<b>402,325</b>	<b>1,715,934</b>	1,186,580
<b>Excess of revenues over expenses</b>	<b>463,598</b>	-	-	<b>463,598</b>	529,354
<b>Additions to capital assets</b>	<b>(63,834)</b>	<b>63,834</b>	-	-	-
<b>Disposal of capital assets</b>	<b>17,500</b>	<b>(17,500)</b>	-	-	-
<b>Amortization of capital assets</b>	<b>67,163</b>	<b>(67,163)</b>	-	-	-
<b>Transfers from internally restricted (Note 7)</b>	<b>(637,359)</b>	-	<b>637,359</b>	-	-
<b>Net assets, end of period</b>	<b>958,323</b>	<b>181,525</b>	<b>1,039,684</b>	<b>2,179,532</b>	1,715,934

*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, 2011*

	<b>2011</b>	<b>2010</b>
<b>Cash provided by (used for) the following activities</b>		
<b>Operating activities</b>		
Excess of revenues over expenses	463,598	529,354
Amortization	67,163	69,520
Disposal of capital assets	17,500	-
	<b>548,261</b>	<b>598,874</b>
Changes in working capital accounts		
Accounts payable and accruals	(87,469)	24,875
Accounts receivable	(16,739)	(1,002)
Deferred revenue	212,182	235,706
Deposits	5,000	(200)
HST (receivable) payable	(64,472)	56,457
Prepaid expenses	(9,450)	(15,668)
Repayable to WorkSafe BC	98,883	-
	<b>686,196</b>	<b>899,042</b>
<b>Investing activities</b>		
Purchase of capital assets	(63,835)	(45,827)
Decrease (increase) in internally restricted cash	(637,359)	220,675
	<b>(701,194)</b>	<b>174,848</b>
<b>Increase (decrease) in cash resources</b>	<b>(14,998)</b>	<b>1,073,890</b>
<b>Cash resources, beginning of year</b>	<b>1,959,522</b>	<b>885,632</b>
<b>Cash resources, end of year</b>	<b>1,944,524</b>	<b>1,959,522</b>
<b>Supplementary cash flow information</b>		
Interest received	29,199	13,293

*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, 2011

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### 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. Significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations using 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.

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 the amount can be determined and collection is reasonably assured and SAFE Companies registration fees are recognized over three years from the date received.

Investment income is recognized as revenue when earned.

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

**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.

	<b>Rate</b>
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

**Fair value measurements**

The Council classifies fair value measurements recognized in the statement of financial position using a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) are available in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the Council to develop its own assumptions.

Fair value measurements are classified in the fair value hierarchy based on the lowest level input that is significant to that fair value measurement. This assessment requires judgment, considering factors specific to an asset or a liability and may affect placement within the fair value hierarchy.

**Financial instruments**

**Held for trading:**

The Council has classified the following financial assets as held for trading: cash and accounts receivable.

Any financial instrument whose fair value can be reliably measured may be designated as held for trading on initial recognition or adoption of CICA 3855 *Financial Instruments – Recognition and Measurement*, even if that instrument would not otherwise satisfy the definition of held for trading.

These instruments are initially recognized at their fair value. Transactions to purchase or sell these items are recorded on the trade date, and transaction costs are immediately recognized as an expense.

Held for trading financial instruments are subsequently measured at their fair value, without any deduction for transactions costs incurred on sale or other disposal. Gains and losses arising from changes in fair value are recognized immediately in excess of revenues over expenses.

**Other financial liabilities:**

The Council has classified accounts payable and accruals and WorkSafe BC - COR other financial liabilities. These liabilities are initially recognized at their fair value. Fair value is approximated by the instrument's initial cost in a transaction between unrelated parties. Transactions to purchase or sell these items are recorded on the trade date and transaction costs are immediately recognized as an expense.

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2011*

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Under this method, estimated future cash payments are exactly discounted over the liability's expected life, or other appropriate period, to its net carrying value. Amortized cost is the amount at which the financial liability is measured at initial recognition less principal repayments, and plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount. Gains and losses arising from changes in fair value are recognized in revenues or expenses.

**Measurement uncertainty**

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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.

**Recent Accounting Pronouncements**

**Canadian accounting standards for not-for-profit organizations**

In October 2010, the Accounting Standards Board (AcSB) approved the accounting standards for private sector not-for-profit organizations (NFPOs) to be included in Part III of the CICA Handbook-Accounting ("Handbook"). Part III will comprise:

- The existing "4400 series" of standards dealing with the unique circumstances of NFPOs, currently in Part V of the Handbook; and
- The new accounting standards for private enterprises in Part II of the Handbook, to the extent that they would apply to NFPOs.

Effective for fiscal years beginning on or after January 1, 2012, private sector NFPOs will have the option to adopt either Part III of the Handbook or International Financial Reporting Standards (IFRS). Earlier adoption is permitted. The Council expects to adopt Part III of the Handbook as its new financial reporting standards for its financial statements dated December 31, 2012. The Council has not yet determined the impact of the adoption of Part III of the Handbook on its financial statements.

**3. Cash**

	<b>2011</b>	2010
Cash	<b>2,984,208</b>	2,361,847
Internally restricted	<b>(1,039,684)</b>	(402,325)
	<b>1,944,524</b>	1,959,522

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2011*

**4. Capital assets**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2011 Net book value</b>	<b>2010 Net book value</b>
Computer equipment	144,879	129,440	15,439	30,535
Computer software	42,166	42,166	-	651
Database	264,297	159,337	104,960	107,537
Office equipment	214,758	214,758	-	1,578
Leasehold improvements	72,105	28,979	43,126	32,053
Web site	90,826	72,826	18,000	30,000
	<b>829,031</b>	<b>647,506</b>	<b>181,525</b>	<b>202,354</b>

**5. Deferred revenue**

	<b>2011</b>	<b>2010</b>
<b>SAFE Companies registration fees:</b>		
Opening balance	169,553	263,140
Registration fees received during the year	68,763	151,505
Amount recognized as revenue during the year	(119,051)	(245,092)
	<b>119,265</b>	<b>169,553</b>
<b>Course fees and other:</b>		
Opening balance	115,806	79,114
Additions during the year	683,699	583,790
Amount recognized as revenue during the year	(665,045)	(547,098)
	<b>134,460</b>	<b>115,806</b>
<b>COR funding deferred:</b>		
Opening balance	292,601	-
Additions during the year	2,145,667	292,601
Amount recognized as revenue during the year	(1,802,968)	-
Current year payable to WorkSafe BC	(98,883)	-
	<b>536,417</b>	<b>292,601</b>
	<b>790,142</b>	<b>577,960</b>

**6. 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.

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

2012	60,837
2013	60,837
2014	45,628
	<b>167,302</b>

**The British Columbia Forest Safety Council**  
**Notes to the Financial Statements**  
*For the year ended December 31, 2011*

**7. 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.

	2011	2010
<b>Contingency fund</b>		
Balance beginning of year	323,000	323,000
Balance end of year	323,000	323,000
<b>Program development fund</b>		
Balance beginning of year	79,325	300,000
Used during the year	(23,500)	(220,675)
Balance end of year	55,825	79,325
<b>Program activity fund</b>		
Transfers to fund during the year	750,000	-
Used during the year	(89,141)	-
Balance end of year	660,859	-
Total	1,039,684	402,325

**8. 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:

	2011	2010
WSCA projects	60,541	70,000
Rent (included in rent)	32,267	53,670
Chair of the Board of Directors (included in consultants)	12,500	18,750
Sponsorships (included in conventions and conferences)	11,700	7,000
Stipends (included in directors and committee meetings)	6,750	7,000
Course instruction (included in consultants)	-	5,860
Other	-	3,265
Conferences	10,937	-
Woodlot - FBCWA and SMS Program Recipient Agreement	5,000	-
Total	139,695	165,545

**9. 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, 2015. The funding is subject to the Council submitting a Board of Director approved workplan and budget to WorkSafe BC annually.

# The British Columbia Forest Safety Council

## Notes to the Financial Statements

For the year ended December 31, 2011

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### 10. Capital management

The Council receives its principal source of capital through funding received from WorkSafe BC and Council programs. The Council defines capital to be net assets. The Council's objectives when managing capital is to fund its operations and capital additions, so that it can continue to provide services as identified in its mandate. The Council manages its capital primarily through regular review of its investments and adheres to the guidelines of the Council's investment policies.

The Council is not subject to any external capital requirements. Funding received from WorkSafe BC must be used for the purposes outlined in the annual contracts.

### 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.

#### *Risk management policy*

Due to the size of the Council, the Council does not have formal risk management policies.

#### *Fair value of financial instruments*

The carrying amounts of cash, accounts receivable, accounts payable and accruals and WorkSafe BC - COR are approximated by their fair value due to their short-term nature.

### 12. Comparative figures

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