

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

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2015

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Management's Responsibility

To the Members of The British Columbia Forest Safety Council:


Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.


The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Council. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters and financial reporting issues. The Board is also responsible for recommending the appointment of the Council's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically with, both the Audit Committee and management to discuss their audit findings.

March 31, 2016



Chief Executive Officer



Chief Financial Officer

Independent Auditors' Report

To the Members of The British Columbia Forest Safety Council:

Report on the Financial Statements

We have audited the accompanying financial statements of The British Columbia Forest Safety Council, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The British Columbia Forest Safety Council as at December 31, 2015 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

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

Nanaimo, British Columbia

March 31, 2016

MNP LLP



Chartered Professional Accountants

The British Columbia Forest Safety Council
Statement of Financial Position

As at December 31, 2015

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

Approved on behalf of the Board of Directors

24 March 2016
31 March 2016

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council

Statement of Operations

For the year ended December 31, 2015

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

The accompanying notes are an integral part of these financial statements

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

For the year ended December 31, 2015

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

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council

Statement of Cash Flows

For the year ended December 31, 2015

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

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council

Notes to the Financial Statements

For the year ended December 31, 2015

1. Incorporation and nature of the organization

The British Columbia Forest Safety Council (the "Council") was incorporated under the Society Act of British Columbia.

The mandate of the Council is to:

- (a) foster, encourage and promote the health and safety of workers and workplaces in the British Columbia forest sector for the benefit of the entire forest industry.
- (b) promote a culture where the health and safety of all forest workers in British Columbia becomes and remains an overriding priority of tenure holders, licensees, prime contractors, subcontractors and individual workers.
- (c) advocate and promote to applicable government ministries and agencies for changes in the legislative and regulatory framework in the British Columbia forest sector designed to enhance the health and safety of forest workers.
- (d) give effect to the recommendations of the British Columbia Forest Safety Task Force in its final report to the Minister of Skills Development and Labour dated 19 January 2004 and entitled "A Report and Action Plan to Eliminate Deaths and Serious Injuries in British Columbia's Forests".
- (e) do all other things that are incidental or conducive to the attainment of these purposes.

The Council is a not-for-profit organization and is exempt from income taxes as long as certain conditions are met. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada and include the following significant accounting policies:

Revenue recognition

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Funding received specifically for the purchase of capital assets is deferred and recognized as revenue at the same rate that the related capital asset is amortized.

The Workers' Compensation Board of British Columbia ("WorkSafe BC") revenue is recognized as follows:

Health & Safety Association Funding (HSA): recognized each year at the lower of the annual funding per the contract and the actual expenses incurred during the year. Any excess of funding over expenses is recorded either as deferred contributions or as a repayment liability.

Certificate of Recognition Funding (COR): recognized each year at the lower of the annual funding per the contract and the actual expenses incurred during the year. Any excess of funding over expenses is recorded as deferred contributions, up to a maximum of three months (or 25%) of total COR program administration expenses from the year. Any remaining amount is recorded as a liability.

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

Program fees consist of course fees, faller certification fees, faller renewal fees and Safety Accord Forest Enterprises (SAFE) Companies registration fees. Course fees are recognized as revenue when the course has occurred, the amount can be determined and collection is reasonably assured. Faller certification fees are recognized as revenue when the service is provided, the amount can be determined and collection is reasonably assured. Faller renewal fees are recognized when received. SAFE Companies registration fees are recognized over three years from the date received.

Investment income is recognized as revenue when earned.

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

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

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined. Capital assets acquired but not yet placed into use are not amortized until they are placed into use.

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

	Rate
Database	5 years
Vehicles	3 years
Computer equipment	3 years
Computer software	3 years
Office equipment	3 years
Leasehold improvements	5 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

Financial instruments

The Council recognizes its financial instruments when the Council becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 Related Party Transactions (refer to Note 9).

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year or in the previous years.

The Council subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

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

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

Financial asset impairment:

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

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

3. Cash

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

4. Capital assets

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

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

5. Deferred contributions

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

6. Deferred contributions - other WorkSafe BC projects

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

7. Deferred contributions related to capital assets

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

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

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

8. Commitments

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

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

	2016	158,152
	2017	5,387
		163,539

9. Internally restricted net assets

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

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

10. Related party transactions

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

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

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

11. Financial instruments

The Council, as part of its operations, carries a number of financial instruments. It is management's opinion that the Council is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit concentration

As at December 31, 2015, one customer accounted for 86% (2014 - three customers for 71%) of the total accounts receivable. There is no risk associated with these accounts receivable as they were collected subsequent to year end.

12. Economic dependence

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

13. Comparative figures

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

The British Columbia Forest Safety Council
Financial Statements
December 31, 2014

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Management's Responsibility

To the Members of The British Columbia Forest Safety Council:

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In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors and Audit Committee are composed primarily of Directors who are neither management nor employees of the Council. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Audit Committee has the responsibility of meeting with management and external auditors to discuss the internal controls over the financial reporting process, auditing matters, and financial reporting issues. The Board is also responsible for recommending the appointment of the Council's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Audit Committee and management to discuss their audit findings.

March 31, 2015



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, 2014, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The British Columbia Forest Safety Council as at December 31, 2014 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

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

Nanaimo, British Columbia


March 31, 2015

MNP LLP
Chartered Accountants

The British Columbia Forest Safety Council
Statement of Financial Position
As at December 31, 2014

	2014	2013
Assets		
Current		
Cash (Note 3)	1,981,493	2,614,355
Accounts receivable	16,653	66,280
Goods and Services Taxes receivable	21,056	29,309
Prepaid expenses	68,492	119,244
Deposits	6,730	6,049
Externally restricted cash (Note 3)	498,900	-
	2,593,324	2,835,237
Capital assets (Note 4)	319,827	295,070
Internally restricted cash (Note 3) (Note 8)	376,116	820,470
	3,289,267	3,950,777
Liabilities		
Current		
Accounts payable and accruals	219,248	300,619
Deferred contributions (Note 5)	631,267	692,675
Worksafe BC - COR (Note 5)	434,223	430,030
	1,284,738	1,423,324
Deferred contributions - other WSBC projects	498,900	-
Deferred contributions related to capital assets (Note 6)	80,000	80,000
	1,863,638	1,503,324
Commitments (Note 7)		
Net Assets		
Unrestricted	729,686	1,331,913
Invested in capital assets	319,827	295,070
Internally restricted (Note 8)	376,116	820,470
	1,425,629	2,447,453
	3,289,267	3,950,777

Approved on behalf of the Board


 Director


 Director

The British Columbia Forest Safety Council
Statement of Operations
For the year ended December 31, 2014

	2014	2013
Revenues		
Worksafe BC	4,192,989	4,002,414
Interest and other	50,626	60,095
Program fees	1,123,716	1,438,096
	5,367,331	5,500,605
Expenses		
Advertising	45,486	87,481
Amortization	64,666	71,991
Bank charges and interest	17,925	20,222
Books and supplies	83,550	77,331
Communication	83,417	16,959
Computer support	977	1,592
Consultants	191,632	210,850
Contractors	953,125	825,569
Conventions and conferences	70,640	81,822
Directors and committee meetings	118,081	130,505
Dues and memberships	21,663	10,834
Facilities and catering	94,464	112,688
Insurance	17,691	14,934
Legal	9,874	27,980
Office	165,567	150,859
Professional fees	14,580	11,398
Project development	875,288	473,028
Rent	114,433	110,270
Repairs and maintenance	21,460	19,427
Salaries and benefits	2,815,478	2,591,950
Telephone	54,901	56,018
Training	6,016	2,894
Travel	548,241	399,993
	6,389,155	5,506,595
Deficiency of revenues over expenses	(1,021,824)	(5,990)

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, 2014

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally restricted</i>	2014	2013
Net assets, beginning of year	1,331,913	295,070	820,470	2,447,453	2,453,443
Deficiency of revenues over expenses	(1,021,824)	-	-	(1,021,824)	(5,990)
	310,089	295,070	820,470	1,425,629	2,447,453
Additions to capital assets	(89,423)	89,423	-	-	-
Amortization of capital assets	64,666	(64,666)	-	-	-
Transfers from internally restricted	444,354	-	(444,354)	-	-
Net assets, end of year	729,686	319,827	376,116	1,425,629	2,447,453

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, 2014

	2014	2013
Cash provided by (used for) the following activities		
Operating		
Deficiency of revenues over expenses	(1,021,824)	(5,990)
Amortization	64,666	71,991
	(957,158)	66,001
Changes in working capital accounts		
Accounts receivable	49,604	(31,412)
Goods and Services Taxes receivable	8,253	(279,027)
Deposits	(681)	2,500
Prepaid expenses	50,775	(66,880)
Accounts payable and accruals	(81,371)	62,349
Deferred contributions	437,492	(2,263,534)
Worksafe BC - COR	4,193	(136,590)
	(488,893)	(2,646,593)
Financing		
Cash contributions received for capital assets	-	80,000
Investing		
Purchase of capital assets	(89,423)	(57,548)
Increases in externally restricted cash	(498,900)	-
Decrease in internally restricted cash	444,354	173,078
	(143,969)	115,530
Decrease in cash resources	(632,862)	(2,451,063)
Cash resources, beginning of year	2,614,355	5,065,418
Cash resources, end of year	1,981,493	2,614,355

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, 2014

1. Incorporation and nature of the organization

The British Columbia Forest Safety Council (the " Council") was incorporated under the Society Act of British Columbia.

The mandate of the Council is to:

- (a) foster, encourage and promote the health and safety of workers and workplaces in the British Columbia forest sector for the benefit of the entire forest industry.
- (b) promote a culture where the health and safety of all forest workers in British Columbia becomes and remains an overriding priority of tenure holders, licensees, prime contractors, subcontractors and individual workers.
- (c) advocate and promote to applicable government ministries and agencies for changes in the legislative and regulatory framework in the British Columbia forest sector designed to enhance the health and safety of forest workers.
- (d) give effect to the recommendations of the British Columbia Forest Safety Task Force in its final report to the Minister of Skills Development and Labour dated 19 January 2004 and entitled "A Report and Action Plan to Eliminate Deaths and Serious Injuries in British Columbia's Forests".
- (e) do all other things that are incidental or conducive to the attainment of these purposes.

The Council is a not-for-profit organization and is exempt from income taxes as long as certain conditions are met. In the opinion of management, these requirements have been met.

2. Significant accounting policies

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

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

Program fees consist of course fees, faller certification fees, faller renewal fees and Safety Accord Forest Enterprises (SAFE) Companies registration fees. Course fees are recognized as revenue when the course has occurred, the amount can be determined and collection is reasonably assured. Faller certification fees are recognized as revenue when the service is provided, the amount can be determined and collection is reasonably assured. Faller renewal fees are recognized when received. SAFE Companies registration fees are recognized over three years from the date received.

Investment income is recognized as revenue when earned.

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2014

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.

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

In the year of acquisition, amortization is taken at one-half of the annual rates. Capital assets acquired but not yet placed into use are not amortized until they are placed into use.

Amortization rates are as follows:

	Rate
Computer equipment	3 years
Computer software	3 years
Office equipment	3 years
Leasehold improvements	5 years
Website	5 years
Database	5 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful life of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues and expenses in the periods in which they become known.

Financial instruments

The Council recognizes its financial instruments when the Council becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 9).

At initial recognition, the Council may irrevocably elect to subsequently measure any financial instrument at fair value. The Council has not made such an election during the year or in the previous years.

The Council subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quoted in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2014

3. Cash

	2014	2013
Cash	2,856,509	3,434,825
less: Internally restricted	(376,116)	(820,470)
less: Externally restricted	(498,900)	-
	1,981,493	2,614,355

4. Capital assets

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Computer equipment	75,428	53,095	22,333	15,603
Computer software	25,351	10,889	14,462	4,998
Office equipment	218,663	217,751	912	3,257
Leasehold improvements	110,738	106,627	4,111	27,329
Website	90,826	90,826	-	-
Database	227,297	225,565	1,732	23,808
Assets under development	276,277	-	276,277	220,075
	1,024,580	704,753	319,827	295,070

5. Deferred contributions

	2014	2013
SAFE Companies registration fees		
Opening balance	92,513	94,576
Registration from fees received during the year, related to future years	47,469	62,417
Amount recognized as revenue during the year	(61,305)	(64,480)
	78,677	92,513
Course fees and other		
Opening balance	63,745	125,216
Additions during the year, related to future years	63,909	50,782
Amount recognized as revenue during the year	(83,914)	(112,252)
	43,740	63,746
COR funding deferred		
Opening balance	536,417	536,417
Additions during the year	2,200,000	2,205,933
Amount recognized as revenue during the year	(1,793,344)	(1,775,904)
Current year payable to WorkSafe BC	(434,223)	(430,030)
	508,850	536,416
	631,267	692,675

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2014

6. Deferred contributions related to capital assets

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

In 2013, WSBC approved the retention of 2012 underspending of \$80,000 to fund the COR portion of the database. There is no revenue recognized because the related capital asset is still under development.

7. Commitments

The Council has a commitment for leased office space in Nanaimo. The lease is for a term of 1 year expiring September 30, 2015.

The Council has a commitment for leased office space in Prince George. The lease is for a term of 3 years expiring July 31, 2015.

The Council has commitments for two leased vehicles. Both leases are for a term of 2 years, expiring March and May 2015.

The Council has a commitment for a copier lease in Nanaimo. The lease is for a term of 36 months expiring Oct 2016.

Total lease commitments for the next two years are as follows

	2015	95,522
	2016	17,338
		112,860

8. Internally restricted net assets

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

	2014	2013
Contingency fund		
Opening balance	323,000	323,000
Additions during the year	53,116	-
	376,116	323,000
Program development fund		
Opening balance	15,632	54,530
Used during the year	(15,632)	(38,898)
	-	15,632
Program activity fund		
Opening balance	481,838	616,018
Used during the year	(481,838)	(134,180)
	-	481,838
	376,116	820,470

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2014

9. Related party transactions

During the year, payments were made to 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:

	2014	2013
WSCA projects, included in contractors and project development	120,000	120,000
Switchback project, included in project development	-	11,230
Rent, included in rent	9,107	8,712
Stipends, included in directors and committee meetings and project development	7,550	12,500
Sponsorships, included in conventions and conferences	5,000	12,500
Conferences, included in conventions and conferences	3,690	22,050
Advocacy and development	13,670	-
Radio ad sponsorship	(1,960)	-
Other	153	-
	157,210	186,992

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, 2014, three creditors accounted for 71% (2013 - one creditors for 81%) of the total accounts receivable. There is no risk associated with these accounts receivable as all receivables 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.

The British Columbia Forest Safety Council
Financial Statements
December 31, 2013

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2013

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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 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 28, 2014



Chief Executive Officer



Interim 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, 2013, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The British Columbia Forest Safety Council as at December 31, 2013 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

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

Nanaimo, British Columbia

March 28, 2014

MNP LLP
Chartered Accountants

The British Columbia Forest Safety Council
Statement of Financial Position

As at December 31, 2013

	2013	2012
Assets		
Current		
Cash (Note 3)	2,614,355	5,065,418
Accounts receivable	66,280	34,869
GST receivable	29,309	-
Prepaid expenses	119,244	52,364
Deposits	6,049	8,549
	2,835,237	5,161,200
Internally restricted cash (Note 3)	820,470	993,548
Capital assets (Note 4)	295,070	309,514
	3,950,777	6,464,262
Liabilities		
Current		
Accounts payable and accruals	300,619	238,272
GST payable	-	249,718
Worksafe BC - COR	430,030	566,620
Deferred contributions (Note 5)	692,675	2,956,209
	1,423,324	4,010,819
Deferred contributions related to capital assets (Note 6)	80,000	-
	1,503,324	4,010,819
Commitments (Note 7)		
Net Assets		
Unrestricted	1,331,913	1,150,381
Invested in capital assets	295,070	309,514
Internally restricted (Note 8)	820,470	993,548
	2,447,453	2,453,443
	3,950,777	6,464,262

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, 2013

	2013	2012
Revenues		
Worksafe BC	4,002,414	3,897,662
Interest and other	60,095	53,465
Program fees	1,438,096	1,377,263
	5,500,605	5,328,390
Expenses		
Advertising	87,481	76,877
Amortization	71,991	76,111
Bank charges and interest	20,222	25,133
Books and supplies	77,331	103,240
Communication	16,959	21,483
Computer support	1,592	7,209
Consultants	210,850	183,724
Contractors	825,569	727,061
Conventions and conferences	81,822	69,137
Directors and committee meetings	130,505	114,900
Donations	-	1,500
Dues and memberships	10,834	10,195
Facilities and catering	112,688	93,751
Insurance	14,934	14,214
Legal	27,980	10,955
Office	150,859	125,908
Professional fees	11,398	10,049
Project development	473,028	392,259
Rent	110,270	126,608
Repairs and maintenance	19,427	22,447
Salaries and benefits	2,591,950	2,478,335
Telephone	56,018	56,578
Training	2,894	6,405
Travel	399,993	300,401
	5,506,595	5,054,480
Excess (deficiency) of revenues over expenses	(5,990)	273,910

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council
Statement of Changes in Net Assets
As at December 31, 2013

	<i>Unrestricted</i>	<i>Invested in capital assets</i>	<i>Internally restricted</i>	2013	2012
Net assets, beginning of year	1,150,381	309,514	993,548	2,453,443	2,179,533
Excess (deficiency) of revenues over expenses	(5,990)	-	-	(5,990)	273,910
Additions to capital assets	(57,547)	57,547	-	-	-
Amortization of capital assets	71,991	(71,991)	-	-	-
Transfers from internally restricted (Note 8)	173,078	-	(173,078)	-	-
Net assets, end of year	1,331,913	295,070	820,470	2,447,453	2,453,443

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, 2013

	2013	2012
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	(5,990)	273,910
Amortization	71,991	76,112
	66,001	350,022
Changes in working capital accounts		
Accounts receivable	(31,411)	28,420
GST receivable and payable	(279,027)	258,368
Deposits	2,500	992
Prepaid expenses	(66,880)	(10,225)
Accounts payable and accruals	62,347	17,477
Worksafe BC - COR	(136,590)	467,737
Deferred contributions	(2,263,534)	2,166,067
	(2,646,594)	3,278,858
Financing		
Cash contributions received for capital assets	80,000	-
Investing		
Purchase of capital assets	(57,547)	(204,100)
Decrease in internally restricted cash	173,078	46,136
	115,531	(157,964)
Increase (decrease) in cash resources	(2,451,063)	3,120,894
Cash resources, beginning of year	5,065,418	1,944,524
Cash resources, end of year	2,614,355	5,065,418

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, 2013

1. Incorporation and purpose of the organization

The British Columbia Forest Safety Council (the "Council") was incorporated under the Society Act of British Columbia.

The mandate of the Council is to:

- (a) foster, encourage and promote the health and safety of workers and workplaces in the British Columbia forest sector for the benefit of the entire forest industry.
- (b) promote a culture where the health and safety of all forest workers in British Columbia becomes and remains an overriding priority of tenure holders, licensees, prime contractors, subcontractors and individual workers.
- (c) advocate and promote to applicable government ministries and agencies for changes in the legislative and regulatory framework in the British Columbia forest sector designed to enhance the health and safety of forest workers.
- (d) give effect to the recommendations of the British Columbia Forest Safety Task Force in its final report to the Minister of Skills Development and Labour dated 19 January 2004 and entitled "A Report and Action Plan to Eliminate Deaths and Serious Injuries in British Columbia's Forests".
- (e) do all other things that are incidental or conducive to the attainment of these purposes.

The Council is a not-for-profit organization and is exempt from income taxes as long as certain conditions are met. In the opinion of management, these requirements have been met.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations 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:

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.

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2013

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.

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

In the year of acquisition, amortization is taken at one-half of the above rates. Capital assets acquired but not yet placed into use are not amortized until they are placed into use.

	Method	Rate
Computer equipment		3 years
Computer software		3 years
Office equipment		3 years
Leasehold improvements		5 years
Website		5 years
Database		2 and 5 years

Measurement uncertainty (use of estimates)

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accounts receivable are stated after evaluation as to their 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 (deficiency) of revenues over 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 CICA 3840 Related Party Transactions (See 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.

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

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2013

3. Cash

	<i>2013</i>	<i>2012</i>
Cash	3,434,825	6,058,966
Less: internally restricted	(820,470)	(993,548)
Unrestricted cash	2,614,355	5,065,418

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2013 Net book value</i>	<i>2012 Net book value</i>
Computer equipment	57,563	41,960	15,603	22,553
Computer software	9,996	4,998	4,998	8,330
Office equipment	218,663	215,406	3,257	4,559
Leasehold improvements	110,738	83,409	27,329	57,688
Website	90,826	90,826	-	6,000
Database	227,297	203,489	23,808	45,884
Assets under development	220,075	-	220,075	164,500
	935,158	640,088	295,070	309,514

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2013

5. Deferred contributions

	2013	2012
SAFE Companies registration fees:		
Opening balance	94,576	119,265
Registration fees received during the year, related to future years	62,417	60,193
Amount recognized as revenue during the year	(64,480)	(84,882)
	92,513	94,576
Course fees and other:		
Opening balance	125,216	134,460
Additions during the year, related to future years	50,781	185,318
Amount recognized as revenue during the year	(112,252)	(194,562)
	63,745	125,216
COR funding deferred:		
Opening balance	536,417	536,417
Additions during the year	2,205,933	2,145,667
Amount recognized as revenue during the year	(1,775,903)	(1,579,047)
Current year payable to WorkSafe BC	(430,030)	(566,620)
	536,417	536,417
WorkSafe BC 2013 funding deferred:		
Opening balance	2,200,000	-
Additions during the year	-	2,200,000
Amount recognized as revenue during the year	(2,200,000)	-
	-	2,200,000
	692,675	2,956,209

6. Deferred contributions related to capital assets

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

\$80,000 contributions were received during the year. There is no revenue recognized because the related capital asset is still under development.

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2013

7. Commitments

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.

The Council has commitments for two leased vehicles. Both leases are for a term of 2 years, expiring March and May 2015.

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

	2014	74,937
	2015	12,649
		87,586

8. Internally restricted net assets

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

	2013	2012
Contingency fund		
Opening and closing balance	323,000	323,000
Program development fund		
Opening balance	54,530	55,825
Used during the year	(38,898)	(1,295)
	15,632	54,530
Program activity fund		
Opening balance	616,018	660,859
Transfers to fund during the year	-	144,800
Used during the year	(134,180)	(189,641)
	481,838	616,018
	820,470	993,548

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2013

9. Related party transactions

During the year, payments were made to 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:

	2013	2012
WSCA projects (included in contractors and project development)	120,000	142,959
Switchback project (included in project development)	11,230	-
Rent (included in rent)	8,712	28,503
Chair of the Board of Directors (included in consultants)	-	20,833
Stipends (included in directors and committee meetings and project development)	12,500	8,000
Sponsorships (included in conventions and conferences)	12,500	17,500
Conferences (included in conventions and conference)	22,050	3,328
Woodlot - FBCWA and SMS Program Recipient Agreement	-	7,188
	186,992	228,311

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, 2013, one creditor accounted for 81% (2012 - two creditors for 66%) of the total accounts receivable. The Council believes that there is no unusual exposure associated with the collection of these receivables.

11. 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 was to expire December 31, 2014. 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
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.

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

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

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
Assets		
Current		
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
Capital assets (Note 4)	181,525	202,354
Internally restricted cash (Note 3)	1,039,684	402,325
	3,289,348	2,640,882
Liabilities		
Current		
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
Commitment (Note 6)		
Net Assets		
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

	2011	2010
Revenues		
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)
	5,222,502	5,285,145
Expenses		
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
	4,758,904	4,755,791
Excess of revenues over expenses	463,598	529,354

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

	2011	2010
Cash provided by (used for) the following activities		
Operating activities		
Excess of revenues over expenses	463,598	529,354
Amortization	67,163	69,520
Disposal of capital assets	17,500	-
	548,261	598,874
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	-
	686,196	899,042
Investing activities		
Purchase of capital assets	(63,835)	(45,827)
Decrease (increase) in internally restricted cash	(637,359)	220,675
	(701,194)	174,848
Increase (decrease) in cash resources	(14,998)	1,073,890
Cash resources, beginning of year	1,959,522	885,632
Cash resources, end of year	1,944,524	1,959,522
Supplementary cash flow information		
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

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.

	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

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.

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Notes to the Financial Statements
For the year ended December 31, 2011

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

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

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

4. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2011 Net book value</i>	<i>2010 Net book value</i>
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
	829,031	647,506	181,525	202,354

5. Deferred revenue

	<i>2011</i>	<i>2010</i>
SAFE Companies registration fees:		
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)
	119,265	169,553
Course fees and other:		
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)
	134,460	115,806
COR funding deferred:		
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)	-
	536,417	292,601
	790,142	577,960

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
	167,302

The British Columbia Forest Safety Council
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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
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	79,325	300,000
Used during the year	(23,500)	(220,675)
Balance end of year	55,825	79,325
Program activity fund		
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

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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.