

The British Columbia Forest Safety Council
Financial Statements
December 31, 2017

The British Columbia Forest Safety Council Contents

For the year ended December 31, 2017

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Management's Responsibility

To the Members of The British Columbia Forest Safety Council:

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

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

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

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

March 14, 2018



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, 2017, and the statements of operations, including the supporting schedule, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The British Columbia Forest Safety Council as at December 31, 2017 and the results of its operations, changes in its net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Nanaimo, British Columbia

March 14, 2018

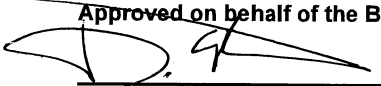
MNP LLP


Chartered Professional Accountants

The British Columbia Forest Safety Council
Statement of Financial Position
As at December 31, 2017

	2017	2016
Assets		
Current		
Cash (Note 3)	1,448,691	1,530,877
Accounts receivable	173,311	82,817
Goods and services taxes receivable	23,633	15,412
Prepaid expenses	260,089	123,958
Deposits	6,949	6,949
Externally restricted cash (Note 3)	880,207	372,549
	2,792,880	2,132,562
Capital assets (Note 4)	75,574	227,691
Internally restricted cash (Note 3)	603,560	407,290
	3,472,014	2,767,543
Liabilities		
Current		
Accounts payable and accruals	296,705	208,572
Payable to WorkSafe BC - COR	120,602	215,770
Deferred contributions (Note 5)	715,734	660,557
Deferred contributions - other projects (Note 6)	880,207	372,549
	2,013,248	1,457,448
Deferred contributions related to capital assets (Note 7)	-	56,000
	2,013,248	1,513,448
Commitments (Note 8)		
Net Assets		
Unrestricted	779,632	675,114
Invested in capital assets	75,574	171,691
Internally restricted (Note 9)	603,560	407,290
	1,458,766	1,254,095
	3,472,014	2,767,543

Approved on behalf of the Board of Directors


 Director


 Director

The accompanying notes are an integral part of these financial statements

The British Columbia Forest Safety Council

Statement of Operations

For the year ended December 31, 2017

	2017	2016
Revenues (Schedule)		
WorkSafe BC	5,476,353	5,462,296
Program fees	689,983	802,247
Other government grants	393,192	71,328
Sponsorship and other	81,010	45,537
Interest	32,158	23,863
Amortization of deferred contributions related to capital assets <i>(Note 7)</i>	56,000	16,000
	6,728,696	6,421,271
Expenses (Schedule)		
Advertising	14,811	26,452
Amortization	74,987	74,196
Bank charges and interest	20,204	19,393
Books and supplies	76,170	68,895
Communication	80,229	102,828
Computer	98,519	45,329
Consultants	72,417	166,423
Contractors	1,012,909	935,988
Conventions and conferences	116,060	93,971
Directors and committee meetings	140,875	168,764
Dues and memberships	23,013	15,205
Employee benefits	533,365	512,692
Facilities and catering	86,480	86,540
Insurance	21,739	21,483
Legal	4,424	9,766
Office	114,119	135,965
Professional fees	18,916	13,609
Project development	278,495	361,305
Rent	110,965	112,104
Repairs and maintenance	36,160	36,726
Salaries and wages	2,871,818	2,663,084
Telephone	41,226	56,105
Training	-	431
Travel	497,088	484,007
Vehicle	44,274	44,556
	6,389,263	6,255,817
Excess of revenue over expenses before other items	339,433	165,454
Loss on disposal of capital assets	(134,762)	-
Excess of revenues over expenses	204,671	165,454

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, 2017

	<i>Unrestricted</i>	<i>Invested in Capital Assets</i>	<i>Internally Restricted</i>	2017	<i>2016</i>
Net assets, beginning of year	675,114	171,691	407,290	1,254,095	1,088,641
Excess (deficiency) of revenues over expenses	358,420	(153,749)	-	204,671	165,454
	1,033,534	17,942	407,290	1,458,766	1,254,095
Additions to capital assets	(71,877)	71,877	-	-	-
Proceeds on disposal of capital assets	14,245	(14,245)	-	-	-
Transfers to internally restricted	(196,270)	-	196,270	-	-
Net assets, end of year	779,632	75,574	603,560	1,458,766	1,254,095

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, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess of revenues over expenses	204,671	165,454
Amortization of capital assets	74,987	74,196
Amortization of deferred contributions related to capital assets	(56,000)	(16,000)
Loss on disposal of capital assets	134,762	-
	358,420	223,650
Changes in working capital accounts		
Accounts receivable	(90,494)	1,443
Goods and services taxes receivable	(8,221)	(6,517)
Prepaid expenses	(136,131)	(26,322)
Accounts payable and accruals	88,133	(94,608)
Payable to WorkSafe BC - COR	(95,168)	(56,115)
Deferred contributions	562,835	37,264
	679,374	78,795
Investing		
Purchase of capital assets	(71,877)	(11,255)
Proceeds on disposal of capital assets	14,245	-
Increase to internally restricted cash	(196,270)	-
Increase to externally restricted cash	(507,658)	(3,891)
	(761,560)	(15,146)
Increase (decrease) in cash resources	(82,186)	63,649
Cash resources, beginning of year	1,530,877	1,467,228
Cash resources, end of year	1,448,691	1,530,877

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, 2017

1. Incorporation and nature of the organization

The British Columbia Forest Safety Council (the "Council") was incorporated in 2004 under the Society Act of British Columbia.

The mandate of the Council is to:

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

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

2. Significant accounting policies

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

Capital assets

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

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

	Rate
Database	5 years
Vehicles	3 years
Computer equipment	3 years
Computer software	2 years
Office equipment	3 years

Measurement uncertainty (use of estimates)

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

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

The British Columbia Forest Safety Council

Notes to the Financial Statements

For the year ended December 31, 2017

2. Significant accounting policies (Continued from previous page)

Revenue recognition

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

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

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

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

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

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

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

Investment income is recognized as revenue when earned.

Financial instruments

The Council recognizes its financial instruments when the Council becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada Section 3840 Related Party Transactions (refer to Note 10).

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

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

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

The British Columbia Forest Safety Council

Notes to the Financial Statements

For the year ended December 31, 2017

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

	2017	2016
Cash	2,932,458	2,310,716
Less: externally restricted	(880,207)	(372,549)
Less: internally restricted	(603,560)	(407,290)
	1,448,691	1,530,877

4. Capital assets

	2017		2016	
	Cost	Accumulated amortization	Net book value	Net book value
Database	22,510	2,251	20,259	210,117
Vehicles	10,700	8,917	1,783	12,037
Computer equipment	33,838	23,138	10,700	2,977
Computer software	64,326	25,194	39,132	2,560
Office equipment	4,440	740	3,700	-
	135,814	60,240	75,574	227,691

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2017

5. Deferred contributions

	2017	2016
COR funding deferred		
Balance, beginning of year	512,340	508,850
Additions	2,068,158	2,071,648
Amount recognized as revenue	(1,947,556)	(1,852,388)
Current year underspend payable to WorkSafe BC	(120,602)	(215,770)
	512,340	512,340
Harvesting HSA funding deferred		
Additions	3,245,000	3,245,000
Amount recognized as revenue	(3,196,230)	(3,245,000)
	48,770	-
SAFE Companies registration fees		
Balance, beginning of year	112,173	87,260
Registration fees received in year, related to future years	130,173	120,616
Amount recognized as revenue	(115,359)	(95,703)
	126,987	112,173
Course fees and other		
Balance, beginning of year	36,044	31,074
Additions for the year, related to future years	566,217	711,514
Amount recognized as revenue	(574,624)	(706,544)
	27,637	36,044
	715,734	660,557

6. Deferred contributions - other projects

	WorkSafe BC <i>other projects</i>	WorkSafe BC <i>HSA Manufacturing</i>	WorkSafe BC <i>HSA Pellets</i>	2017	2016
Balance, beginning of year	61,119	250,000	61,430	372,549	368,658
Additions	510,225	250,000	80,000	840,225	440,127
Amount recognized as revenue	(170,156)	(90,376)	(72,035)	(332,567)	(436,236)
	401,188	409,624	69,395	880,207	372,549

The British Columbia Forest Safety Council

Notes to the Financial Statements

For the year ended December 31, 2017

7. Deferred contributions related to capital assets

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

	2017	2016
Balance, beginning of year	56,000	72,000
Recognized as amortization revenue during the year	(56,000)	(16,000)
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Balance, end of year	-	56,000

8. Commitments

The Council has a commitment for leased office space in Nanaimo, for a three year term expiring in September 2019. The Council has a commitment for leased office space in Prince George, for a two year term expiring in August 2018. The Council has a commitment for two leased vehicles, for terms expiring in January 2019 and June 2020. The Council has a commitment for leased office equipment in Nanaimo, for a 5 year term expiring October 2021.

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

2018	96,716
2019	63,917
2020	57,871
2021	1,419
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	219,923

9. Internally restricted net assets

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

	2017	2016
Contingency fund		
Balance, beginning of year	407,290	407,290
Additions during the year	196,270	-
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	603,560	407,290

10. Related party transactions

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

	2017	2016
Projects, included in contractors expense	135,500	120,000
Conferences, included in conventions and conferences expense	2,000	3,036
Advocacy and development, included in contractors expense	-	4,828
Stipends, included in directors and committee meetings expense	1,750	1,250
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	139,250	129,114

The British Columbia Forest Safety Council
Notes to the Financial Statements
For the year ended December 31, 2017

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, 2017, two customers accounted for 64% (2016 - two customers for 61%) of the total accounts receivable. There is no risk associated with these accounts receivable as they were collected subsequent to year end.

12. Economic dependence

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

13. Comparative figures

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

The British Columbia Forest Safety Council
Schedule of Operations by Program

For the year ended December 31, 2017

	COR	Faller Recert- ification	Faller Curriculum Development	Manufac- uring (Seed Funding)	Professional Log Truck Driver Training	Ministry of Jobs, Tourism and Skills Training	Manufac- uring (HSA)	Pellets (HSA)	Harvesting (HSA)	2017
Revenues										
WorkSafe BC	1,947,556	4,929	123,637	41,590	-	-	90,376	72,035	3,196,230	5,476,353
Program fees	-	-	-	-	-	-	-	-	689,983	689,983
Other government grants	-	-	-	-	94,402	298,790	-	-	-	393,192
Sponsorship and other	-	-	-	-	-	-	-	-	81,010	81,010
Interest	-	-	-	-	-	-	-	-	32,158	32,158
Amortization of deferred contributions related to capital assets	-	-	-	-	-	-	-	-	56,000	56,000
	1,947,556	4,929	123,637	41,590	94,402	298,790	90,376	72,035	4,055,381	6,728,696
Expenses										
Advertising	-	-	-	-	-	-	-	-	14,811	14,811
Amortization	-	-	-	-	-	-	-	-	74,987	74,987
Bank charges and interest	344	-	-	-	-	-	-	-	19,860	20,204
Books and supplies	-	-	-	-	-	128	-	1,250	74,792	76,170
Communication	-	-	-	66	501	-	144	-	79,518	80,229
Computer	6,644	-	1,958	13,514	-	-	29,366	-	47,037	98,519
Consultants	-	-	-	-	-	-	-	-	72,417	72,417
Contractors	154,062	2,700	112,279	5,459	82,500	272,848	11,864	41,198	329,999	1,012,909
Conventions and conferences	4,577	-	-	-	-	-	-	8,677	102,806	116,060
Directors and committee meetings	1,345	-	1,118	7,448	-	319	16,184	-	114,461	140,875
Dues and memberships	2,150	-	-	99	-	-	214	-	20,550	23,013
Employee benefits	188,354	-	-	-	-	-	-	-	345,011	533,365
Facilities and catering	5,765	-	138	-	-	3,235	-	-	77,342	86,480
Insurance	-	-	-	-	-	-	-	-	21,739	21,739
Legal	-	-	-	-	-	-	-	-	4,424	4,424
Office	17,467	108	75	38	10,392	1,070	83	-	84,886	114,119
Professional fees	-	-	-	-	-	-	-	-	18,916	18,916
Project development	62,766	-	-	783	-	6,500	1,700	-	206,746	278,495
Rent	-	-	-	-	-	-	-	-	110,965	110,965
Repairs and maintenance	-	-	-	-	-	-	-	-	36,160	36,160
Salaries and wages	899,093	-	-	8,513	-	-	18,498	11,735	1,933,979	2,871,818
Telephone	7,076	-	156	184	-	41	400	2	33,367	41,226
Travel	127,785	1,963	7,913	1,360	1,009	14,649	2,956	3,484	335,969	497,088
Vehicle	-	158	-	-	-	-	-	-	44,116	44,274
	1,477,428	4,929	123,637	37,464	94,402	298,790	81,409	66,346	4,204,858	6,389,263
Excess (deficiency) of revenues over expenses before other items										
	470,128	-	-	4,126	-	-	8,967	5,689	(149,477)	339,433
Overhead allocated										
	(470,128)	-	-	(4,126)	-	-	(8,967)	(5,689)	488,910	-
Loss on disposal of capital assets										
	-	-	-	-	-	-	-	-	(134,762)	(134,762)
Excess of revenues over expenses										
	-	-	-	-	-	-	-	-	204,671	204,671