

**CANADIAN SOCIETY OF
SAFETY ENGINEERING INC.**

FINANCIAL STATEMENTS

JUNE 30, 2019

Draft

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Society of Safety Engineering

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Canadian Society of Safety Engineering, which comprise the statement of financial position as at June 30, 2019, the statements of operations and changes in net assets, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues from a variety of sources described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Canadian Society of Safety Engineering as at June 30, 2019, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not for profit organizations, the Society derives revenue from a variety of sources, the completeness of which is not susceptible to satisfactory audit procedures. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Society. Therefore we were not able to determine whether any adjustments might be necessary to operating revenue, deficiency of revenues over expenses and cash flows for the years ended June 30, 2019 and June 30, 2018, current assets as at June 30, 2019 and June 30, 2018, and net assets balances as at the beginning and end of the years ended June 30, 2019 and June 30, 2018. Our audit opinion on the financial statements for the year ended June 30, 2019 was modified accordingly.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Canadian Society of Safety Engineering in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITORS' REPORT (Continued)

- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KRIENS~LAROSE, LLP

**Chartered Professional Accountants
Licensed Public Accountants**

Toronto, Ontario
September XX, 2019

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

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	2019	2018
	\$	\$
ASSETS		
CURRENT		
Cash	418,290	395,927
Investments (Note 2)	605,642	808,648
Accounts receivable	28,092	25,325
Deposits	32,171	168,057
Inventory	33,507	33,681
Government remittances receivable	494	-
	1,118,196	1,431,638
EQUIPMENT (Note 3)	48,750	61,750
	1,166,946	1,493,388
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	80,151	109,839
Deferred revenue (Note 4)	674,468	750,288
Government remittances payable	-	25,432
Due to chapters	119,479	94,427
	874,098	979,986
NET ASSETS		
Unrestricted net assets	292,848	513,402
	1,166,946	1,493,388

APPROVED ON BEHALF OF THE BOARD:

_____, Director,

_____, Director

See accompanying notes to the financial statements

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2019

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	2019	2018
	\$	\$
REVENUES		
National Professional Development		
Conference (Schedule IV)	773,951	643,697
Membership (Schedule I)	698,733	703,093
Education (Schedule II)	355,033	407,153
Products and Services (Schedule V)	65,484	51,294
N.A.O.S.H (Schedule III)	12,225	20,262
	1,905,426	1,825,499
EXPENSES		
National Professional Development		
Conference (Schedule X)	803,629	573,631
Education (Schedule VII)	436,769	497,147
Operations (Schedule XI)	376,518	442,921
Board and Committees expenses (Schedule XIII)	235,178	287,795
Membership (Schedule VI)	156,527	149,136
N.A.O.S.H (Schedule IX)	65,500	81,870
Products and services (Schedule XII)	51,859	42,998
	2,125,980	2,075,498
(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	(220,554)	(249,999)
NET ASSETS, BEGINNING OF YEAR	513,402	763,401
NET ASSETS, END OF YEAR	292,848	513,402

See accompanying notes to the financial statements

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE I		
Membership Revenues		
Membership dues	690,920	695,708
International	7,813	7,385
	698,733	703,093

SCHEDULE II

Education Revenues		
Risk management	69,785	30,011
Communication	48,715	58,125
Obligations	47,613	50,383
Measurement and evaluation	38,450	24,992
Project management	33,169	58,199
Essential value of OHS management systems	24,717	38,724
Consulting skills	24,168	76,681
Developing effective OHSE training	20,423	29,413
CHSC application	16,250	9,525
Assessing OHSE training needs and options	14,980	19,849
Webinars	11,097	-
Cadre meeting	3,616	51
EMBA (Exec. Masters of Bus. Admin)	1,616	9,005
CHSEP courses	434	2,195
	355,033	407,153

SCHEDULE III

N.A.O.S.H Revenues		
Product sales	9,880	7,630
Shipping	1,312	1,223
Sponsorship	1,033	11,409
	12,225	20,262

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE IV		
National Professional Development Conference Revenues		
Registration	430,781	424,765
Exhibit space rental	174,184	142,501
Sponsorship	81,401	75,931
Rebates	69,741	-
Other	17,844	500
	773,951	643,697

SCHEDULE V

Products and Services Revenues		
Other	20,627	24,373
Live learning centre	18,449	16,674
Career centre	13,350	6,900
CSSE & beyond advertising	7,611	3,347
Internet advertising	5,172	-
Newsletter ads	275	-
	65,484	51,294

SCHEDULE VI

Membership Expenses		
Chapter and Province rebates	76,624	68,601
Management services (Note 5)	53,928	53,928
Translation	9,167	936
Membership retention	8,588	11,199
Awards	6,871	10,975
Printing and postage	1,175	2,372
Access CSSE	174	1,125
	156,527	149,136

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE VII		
Education Expenses		
Management services (Note 5)	144,954	144,954
Risk management	59,424	18,004
Communication	37,812	46,446
Obligations	37,016	39,004
Measurement and evaluation	27,721	23,057
Consulting skills	26,943	67,263
Project management	24,341	48,854
Essential value of OHS management systems	19,579	39,900
Developing effective OHSE training	18,870	18,152
Assessing OHSE training needs and options	13,926	22,447
Education development	13,358	8,288
Other	4,135	-
CHSC	4,105	12,628
Webinar	2,996	-
Education committees	1,115	3,137
Printing and postage	474	904
On-line courses	-	3,910
Instructor training	-	199
	436,769	497,147

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE IX		
N.A.O.S.H Expenses		
Management services (Note 5)	25,378	25,378
Launch/travel	9,750	4,168
Community funding	9,743	7,831
Product cost	8,193	32,346
Marketing	4,319	3,897
Insurance	4,102	3,057
Student bursaries	2,500	3,500
Shipping	960	1,693
Committee costs	555	-
	65,500	81,870
SCHEDULE X		
National Professional Development Conference Expenses		
Food and beverage	309,105	191,826
Management services (Note 5)	139,577	139,577
Speaker	133,747	106,068
Special events	125,162	34,008
Printing and postage	33,544	32,969
Travel and lodging	27,043	27,133
Administration	19,774	18,015
Supplies	15,677	24,035
	803,629	573,631

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE XI		
Operations Expenses		
Management services (Note 5)	249,942	249,942
Credit card fees	41,683	50,056
Website maintenance	22,958	71,331
Professional fees	14,976	34,784
Amortization	13,000	3,250
Chapters' insurance	9,715	7,239
Telephone	4,702	4,642
Database programming and design	4,456	3,815
Insurance	4,125	3,074
Exhibiting	3,779	7,283
Office supplies	2,586	1,796
Storage	1,370	1,240
Bank charges	1,070	1,549
Courier	898	1,150
Printing	607	950
Postage	391	468
Annual report	260	280
Other	-	72
	376,518	442,921

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	2018
	\$	\$
SCHEDULE XII		
Products and Services Expenses		
Live-learning centre	17,578	15,867
Management services (Note 5)	15,861	15,861
Newsletter	11,308	11,270
Product costs (Other)	7,112	-
	51,859	42,998
SCHEDULE XIII		
Board and Committee Expenses		
Board of Directors	154,522	228,166
Continuity and Sustainability Plan	28,346	-
Outreach initiatives	24,290	29,287
Governance review	15,000	-
Director non-board meetings	6,645	-
National leadership team meeting	5,848	7,894
Outreach Committee	214	263
Other	172	-
Special projects/initiatives	72	21,804
Members Relations Committee	59	60
Communications Committee	10	224
Ethics Committee	-	97
	235,178	287,795

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2019

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	2019	2018
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members	1,049,283	1,123,304
Cash receipts from conference	699,847	625,699
Cash receipts from products and services	65,484	51,294
Cash receipts from N.A.O.S.H sales	12,225	20,262
Cash paid to chapters	25,052	(39,055)
Cash paid to suppliers	(2,032,534)	(2,189,351)
	(180,643)	(407,847)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	203,006	571,404
(Purchase) of equipment	-	(65,000)
	203,006	506,404
Change in cash	22,363	98,557
Cash, beginning of year	395,927	297,370
Cash, end of year	418,290	395,927

See accompanying notes to the financial statements

PURPOSE OF THE SOCIETY

The Canadian Society of Safety Engineering Inc. ("the Society") was incorporated on March 8, 1973 under the laws of Canada as a not-for-profit organization without share capital. The mission of the Society is to promote the interests of occupational health and safety professionals in Canada. The Society is a not-for-profit entity under the Income Tax Act (Canada) and as such, is exempt from the payment of income taxes under section 149(1)(l) of the Income Tax Act (Canada).

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations, and subsequently at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable.

Financial liabilities measured at amortized cost include accounts payable and deferred revenue.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Inventory

Inventory is recognized at acquisition cost and subsequently measured at the lower of cost and net realizable value, with cost being determined on an average basis. Inventory is measured at the lower of cost and current replacement cost when the inventory is held for distribution at no charge or for a nominal charge. Write down of inventory to net realizable value or current replacement cost is recognized as an expense in the period the write-down occurs. Reversal of write down is recognized as a reduction in expense in the period in which the reversal occurs.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Equipment and Amortization

Equipment is stated at acquisition cost. Amortization is provided on the following basis:

Computer software	5 years straight line
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Where equipment no longer has any long-term service potential to the Society, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

Revenue Recognition

The Society follows the deferral method of accounting for contributions. 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.

Contributions

Contributions, with the exception of interest and membership fees, are recognized as revenue when invoiced. Contributions received pertaining to the following fiscal year, or in advance of the date the service to be provided, are recorded as deferred revenue.

Membership Fees

Annual membership fees are recognized as revenue on a monthly basis when invoiced. Membership fees received pertaining to the following fiscal year are recorded as deferred revenue. Membership revenue is recorded net of cancellations and lapses.

Interest Income

Interest is recorded as revenue when received, and when accrued based on the investment terms.

Donated Property and Services

During the year, voluntary services were provided. Because these services are not normally purchased by the Society, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Allocation of Expenses

The Society engages in various events and programs. The cost of each program include the expenses that are directly related to providing the program. The Society also incurs general management expenses that are common to the Society and each of its programs. The Society allocates certain of its general management expenses on the basis as disclosed in note 5.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in accordance 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 reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. Significant financial statement item that requires the use of estimates is accrued liabilities. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

2. INVESTMENTS

The investments are summarized as follows:

	2019	2018
	\$	\$
GICs, 2.2%, maturing January 25, 2020	605,642	-
GICs, 1.37% , maturing September 17, 2018	-	808,648
	605,642	808,648

The Society's investment policy states that investments can only be made in fixed income securities and cannot be made with a speculative intent. Investment yield is secondary to capital preservation and liquidity. Within this overall mandate, the objectives of the Society are to provide a reasonable investment income and minimize the cost of idle cash.

Continued...

3. EQUIPMENT

	2019		2018	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer software	65,000	(16,250)	65,000	(3,250)
Net book value	48,750		61,750	

4. DEFERRED REVENUE

Deferred revenue consists of the following:		
	2019 \$	2018 \$
Membership fees	327,778	329,251
Conference registrations	308,861	380,198
Course registrations	37,829	40,839
	674,468	750,288

5. EXPENSE ALLOCATIONS

General management expenses are allocated among various events and programs based on the percentage of usage of the management expenses. The dollar amount of general management expenses allocated to various events and programs have been disclosed in the schedules to the statement of operations and changes in net assets for each individual program.

Continued...

6. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following presents the Society's risk exposures and concentrations at June 30, 2019.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risk relates to their accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is \$0 (2018: \$0).

Liquidity Risk

Liquidity risk is the risk the Society will encounter difficulties in meeting obligations associated with financial liabilities. The Society is exposed to this risk primarily in respect of account payable and accrued liabilities. The Society has a plan to meet its obligations as they come due, primarily from cash flow from operations. There has been no change in the risk assessment from the prior period.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Society is not exposed to foreign currency risk.

Interest Rate Risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society has a low interest rate risk.

Other Price Risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is not exposed to other price risk.