

**CANADIAN SOCIETY OF
SAFETY ENGINEERING INC.**

FINANCIAL STATEMENTS

JUNE 30, 2020

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

FINANCIAL STATEMENTS

JUNE 30, 2020

INDEX	PAGE
Independent Auditors' Report	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets	5
Schedules to Statement of Operations and Changes in Net Assets	6 - 11
Statement of Cash Flows	12
Notes to the Financial Statements	13 - 18

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, 2020, 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, 2020, 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, 2020 and June 30, 2019 current assets as at June 30, 2020 and June 30, 2019, and net assets balances as at the beginning and end of the years ended June 30, 2020 and June 30, 2019. Our audit opinion on the financial statements for the year ended June 30, 2020 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**


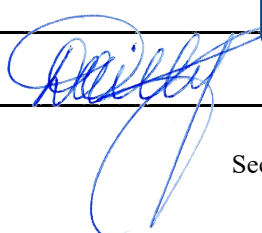
Toronto, Ontario
December 4, 2020

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

Page 4

	2020	2019
	\$	\$
ASSETS		
CURRENT		
Cash	894,329	418,290
Investments (Note 2)	-	605,642
Accounts receivable	24,356	28,092
Deposits	10,516	32,171
Inventory (Note 3)	-	33,507
Government remittances receivable	-	494
	929,201	1,118,196
EQUIPMENT (Note 4)	35,750	48,750
	964,951	1,166,946
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	160,036	80,151
Deferred revenue (Note 5)	423,082	674,468
Government remittances payable	10,860	-
Due to chapters	83,476	119,479
	677,454	874,098
NET ASSETS		
Unrestricted net assets	287,497	292,848
	964,951	1,166,946

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:

_____, Director,
13DBC1A2724A464...

_____, 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, 2020

Page 5

	2020	2019
	\$	\$
REVENUES		
Membership (Schedule I)	663,806	698,733
National Professional Development Conference (Schedule IV)	598,062	773,951
Education (Schedule II)	189,734	355,033
Products and Services (Schedule V)	25,244	65,484
N.A.O.S.H (Schedule III)	4,349	12,225
	1,481,195	1,905,426
EXPENSES		
National Professional Development Conference (Schedule X)	575,376	803,629
Operations (Schedule XI)	362,220	376,518
Education (Schedule VII)	261,931	436,769
Board and Committees expenses (Schedule XIII)	147,319	235,178
N.A.O.S.H (Schedule IX)	62,720	65,500
Membership (Schedule VI)	57,001	156,527
Products and services (Schedule XII)	19,979	51,859
	1,486,546	2,125,980
(DEFICIENCY) OF REVENUES OVER EXPENSES FOR THE YEAR	(5,351)	(220,554)
NET ASSETS, BEGINNING OF YEAR	292,848	513,402
NET ASSETS, END OF YEAR	287,497	292,848

See accompanying notes to the financial statements

Page 6

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$

SCHEDULE I

Membership Revenues		
Membership dues	663,806	698,733

SCHEDULE II

Education Revenues		
Obligations	41,970	47,613
Communication	40,398	48,715
Consulting skills	31,109	24,168
Project management	23,926	33,169
Risk management	13,482	69,785
Assessing OHSE training needs and options	11,235	14,980
Measurement and evaluation	10,686	38,450
Developing effective OHSE training	5,243	20,423
Webinars	4,440	11,097
Essential value of OHS management systems	3,745	24,717
CHSC application	3,500	16,250
Translation grant	-	3,616
EMBA (Exec. Masters of Bus. Admin)	-	1,616
CHSEP courses	-	434
	189,734	355,033

SCHEDULE III

N.A.O.S.H Revenues		
Product sales	4,019	9,880
Shipping	330	1,312
Sponsorship	-	1,033
	4,349	12,225

Page 7

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
SCHEDULE IV		
National Professional Development Conference Revenues		
Registration	336,744	430,781
Exhibit space rental	135,674	174,184
Sponsorship	73,600	81,401
Rebates	52,044	69,741
Other	-	17,844
	598,062	773,951

SCHEDULE V

Products and Services Revenues		
CSSE & beyond advertising	10,988	7,611
Career centre	6,050	13,350
Other	3,619	20,627
Live learning centre	3,338	18,449
Internet advertising	1,249	5,172
Newsletter ads	-	275
	25,244	65,484

SCHEDULE VI

Membership Expenses		
Management services (Note 6)	46,456	53,928
Awards	3,952	6,871
Membership retention	3,312	8,588
Chapter and Province rebates	2,085	76,624
Printing and postage	1,196	1,175
Translation	-	9,167
Access CSSE	-	174
	57,001	156,527

See accompanying notes to the financial statements

Page 8

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
SCHEDULE VII		
Education Expenses		
Management services (Note 6)	102,560	144,954
Obligations	28,628	37,016
Communication	28,557	37,812
Consulting skills	27,755	26,943
Project management	17,158	24,341
Assessing OHSE training needs and options	14,980	13,926
Risk management	14,099	59,424
Measurement and evaluation	8,304	27,721
Essential value of OHS management systems	7,189	19,579
Developing effective OHSE training	6,769	18,870
Education development	1,498	13,358
CHSC	1,253	4,105
Webinar	1,170	2,996
Other	811	4,135
Education committees	716	1,115
Printing and postage	324	474
Instructor training	160	-
	261,931	436,769

Page 9

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
SCHEDULE IX		
N.A.O.S.H Expenses		
Product cost	38,508	8,193
Management services (Note 6)	17,955	25,378
Insurance	4,113	4,102
Marketing	1,604	4,319
Shipping	540	960
Community funding	-	9,743
Student bursaries	-	2,500
Launch/travel	-	9,750
Committee costs	-	555
	62,720	65,500

SCHEDULE X

National Professional Development Conference Expenses		
Food and beverage	186,435	309,105
Special events	107,109	125,162
Management services (Note 6)	98,755	139,577
Speaker	97,669	133,747
Supplies	24,934	15,677
Printing and postage	24,409	33,544
Travel and lodging	19,367	27,043
Administration	16,698	19,774
	575,376	803,629

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.

Page 10

**SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020**

	2020	2019
	\$	\$
SCHEDULE XI		
Operations Expenses		
Management services (Note 6)	234,342	249,942
Credit card fees	28,873	41,683
Professional fees	27,134	14,976
Website maintenance	25,518	22,958
Office supplies	9,155	2,586
Amortization	13,000	13,000
Chapters' insurance	10,167	9,715
Insurance	4,540	4,125
Telephone	3,865	4,702
Storage	1,355	1,370
Bank charges	1,256	1,070
Courier	1,205	898
Exhibiting	1,148	3,779
Printing	461	607
Postage	201	391
Database programming and design	-	4,456
Annual report	-	260
	362,220	376,518

See accompanying notes to the financial statements

Page 11

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
SCHEDULES TO STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	\$	\$
SCHEDULE XII		
Products and Services Expenses		
Management services (Note 6)	11,222	15,861
Newsletter	5,661	11,308
Product costs (Other)	3,096	7,112
Live-learning centre	-	17,578
	19,979	51,859

SCHEDULE XIII

Board and Committee Expenses		
Board of Directors	89,955	154,522
Outreach initiatives	49,202	39,290
Director non-board meetings	3,971	6,645
National leadership team meeting	3,795	5,848
Special projects/initiatives	300	72
Outreach Committee	96	214
Continuity and Sustainability Plan	-	28,346
Other	-	172
Members Relations Committee	-	59
Communications Committee	-	10
	147,319	235,178

CANADIAN SOCIETY OF SAFETY ENGINEERING INC.
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2020

Page 12

	2020	2019
	\$	\$
CASH WAS PROVIDED BY (USED IN):		
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from members	822,180	1,049,283
Cash receipts from conference	381,772	699,847
Cash receipts from products and services	25,244	65,484
Cash receipts from N.A.O.S.H sales	4,349	12,225
Cash paid to chapters	(36,003)	25,052
Cash paid to suppliers	(1,327,145)	(2,032,534)
	(129,603)	(180,643)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	605,642	203,006
Change in cash	476,039	22,363
Cash, beginning of year	418,290	395,927
Cash, end of year	894,329	418,290

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
-------------------	-----------------------

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.

Revenue

Revenue, with the exception of interest and membership fees, are recognized as revenue when invoiced. Revenue 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 6.

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:

	2020	2019
	\$	\$
GICs, 2.2%, maturing January 25, 2020	-	605,642
	-	605,642

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.

3. INVENTORY

As a result of the name change of North American Occupational Safety and Health (NAOSH) week to Safety and Health week, the inventory was fully written off in the current fiscal year. The inventory was deemed to no longer have a value or be held for sale as they carry the NAOSH name. As a result, the inventory listing has been removed from the website.

Continued...

CANADIAN SOCIETY OF SAFETY ENGINEERING INC
NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2020

Page 16

4. EQUIPMENT

	2020		2019	
	Cost \$	Accumulated amortization \$	Cost \$	Accumulated amortization \$
Computer software	65,000	(29,250)	65,000	(16,250)
Net book value	35,750		48,750	

5. DEFERRED REVENUE

Deferred revenue consists of the following:

	2020 \$	2019 \$
Membership fees	277,425	327,778
Conference registrations	88,835	308,861
Course registrations	56,822	37,829
	423,082	674,468

6. 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...

7. COMMITMENTS

An agreement extension was signed in 2020 fiscal year for management services until the period of December 31, 2020. During the term of the agreement, the Society will pay monthly for the provision of management services and will reimburse the contractor for any pre-approved expenditures incurred on its behalf.

8. 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, 2020.

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 (2019: \$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.

8. FINANCIAL INSTRUMENTS (Continued)

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.

9. IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe. As at December 4, 2020, the Society is aware of the changes in its operations as a result of the COVID-19 pandemic, including suspension of all in-person operations and the introduction of virtual events and meetings. To help its members through difficult times, the Society has also offered free resources such as paid webinars free of charge.

Management is closely monitoring the situation, and as at December 4, 2020, the Society is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses thereon to mitigate the spread. The financial impacts will be accounted for when they are known and may be assessed.