

**Association of British Columbia  
Forest Professionals**  
FINANCIAL STATEMENTS  
November 30, 2010

## AUDITORS' REPORT

To the Members of the  
Association of British Columbia Forest Professionals

We have audited the statement of financial position of the Association of British Columbia Forest Professionals as at November 30, 2010 and the statements of revenue and expenditures and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at November 30, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Vancouver, B.C.  
January 7, 2011



**Chartered Accountants**

**Association of British Columbia  
Forest Professionals**  
**STATEMENT OF FINANCIAL POSITION**  
**November 30, 2010**

	2010		2009	
	Operating Fund	Reserve Fund	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash	\$ 692,557	\$ 9,803	\$ 702,360	\$ 622,995
Short-term investments	–	212,135	212,135	214,975
Accounts receivable	195,165	–	195,165	80,542
Due from Reserve Fund	8,772	–	8,772	6,107
Prepaid expenses	<u>52,844</u>	<u>–</u>	<u>52,844</u>	<u>64,623</u>
	949,338	221,938	1,171,276	989,242
<b>INVESTMENTS</b>	–	636,978	636,978	617,406
<b>PROPERTY AND EQUIPMENT</b> (Note 3)	<u>104,922</u>	<u>–</u>	<u>104,922</u>	<u>158,748</u>
	\$ <u>1,054,260</u>	\$ <u>858,916</u>	\$ <u>1,913,176</u>	\$ <u>1,765,396</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 299,328	\$ –	\$ 299,328	\$ 162,562
Due to Operating Fund	–	8,772	8,772	6,107
Deferred revenue (Note 4)	<u>558,497</u>	<u>–</u>	<u>558,497</u>	<u>536,236</u>
	<u>857,825</u>	<u>8,772</u>	<u>866,597</u>	<u>704,905</u>
<b>COMMITMENT UNDER OPERATING LEASE (Note 5)</b>				
<b>NET ASSETS</b>				
<b>UNRESTRICTED</b>	91,513	850,144	941,657	901,743
<b>INVESTMENT IN PROPERTY AND EQUIPMENT</b>	<u>104,922</u>	<u>–</u>	<u>104,922</u>	<u>158,748</u>
	<u>196,435</u>	<u>850,144</u>	<u>1,046,579</u>	<u>1,060,491</u>
	\$ <u>1,054,260</u>	\$ <u>858,916</u>	\$ <u>1,913,176</u>	\$ <u>1,765,396</u>

*See accompanying summary of accounting policies and notes to the financial statements.*

Approved by Council \_\_\_\_\_ President  
 \_\_\_\_\_ Chief Executive Officer

**Association of British Columbia  
Forest Professionals**  
**STATEMENT OF REVENUE AND EXPENDITURES**  
**Year ended November 30, 2010**

	2010				2009
	Operating Fund		Reserve Fund	Total	Actual
	Budget	Actual	Actual	Actual	
<b>REVENUE</b>					
Annual registered membership fees	\$ 1,522,962	\$ 1,498,112	\$ -	\$ 1,498,112	\$ 1,544,235
Other membership fees	192,105	203,346	-	203,346	261,986
Annual meeting income (Note 6)	(15,000)	(17,072)	-	(17,072)	(26,943)
Interest and dividends	2,000	2,936	29,926	32,862	37,002
Advertising and mailings (Note 7)	46,200	40,534	-	40,534	48,994
Seminars and workshops (Note 8)	40,000	(736)	-	(736)	34,759
Gain (loss) on sale of marketable securities	-	-	(1,255)	(1,255)	(53,425)
Unrealized gain on short-term investments	-	-	2,761	2,761	27,114
Other (Note 9)	<u>128,000</u>	<u>116,900</u>	<u>3,668</u>	<u>120,568</u>	<u>58,586</u>
	<u>1,916,267</u>	<u>1,844,020</u>	<u>35,100</u>	<u>1,879,120</u>	<u>1,932,308</u>
<b>EXPENDITURES</b>					
Committee work – Schedule A	507,000	435,004	-	435,004	449,837
Office – Schedule B	393,550	357,796	-	357,796	405,741
Staff – Schedule C	1,083,200	1,083,213	-	1,083,213	1,150,726
Other	-	-	17,019	17,019	10,013
	<u>1,983,750</u>	<u>1,876,013</u>	<u>17,019</u>	<u>1,893,032</u>	<u>2,016,317</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>					
	\$ <u>(67,483)</u>	\$ <u>(31,993)</u>	\$ <u>18,081</u>	\$ <u>(13,912)</u>	\$ <u>(84,009)</u>

*See accompanying summary of accounting policies and notes to the financial statements.*

**Association of British Columbia  
Forest Professionals**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**Year ended November 30, 2010**

	2010			2009	
	Operating Fund	Reserve Fund	Investment in property and equipment	Total	Total
BALANCE, beginning of year	\$ 69,680	\$ 832,063	\$ 158,748	\$ 1,060,491	\$ 1,111,252
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES FOR THE YEAR	(31,993)	18,081	–	(13,912)	(84,009)
UNREALIZED GAIN (LOSS) ON AVAILABLE FOR SALE INVESTMENTS	–	–	–	–	33,248
	<u>37,687</u>	<u>850,144</u>	<u>158,748</u>	<u>1,046,579</u>	<u>1,060,491</u>
TRANSFERS					
Property and equipment expenditures	(30,419)	–	30,419	–	–
Amortization of property and equipment	<u>84,245</u>	–	<u>(84,245)</u>	–	–
	<u>53,826</u>	–	<u>(53,826)</u>	–	–
BALANCE, end of year	\$ <u>91,513</u>	\$ <u>850,144</u>	\$ <u>104,922</u>	\$ <u>1,046,579</u>	\$ <u>1,060,491</u>

*See accompanying summary of accounting policies and notes to financial statements.*

**Association of British Columbia  
Forest Professionals**  
**STATEMENT OF CASH FLOWS**  
**Year ended November 30, 2010**

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ (13,912)	\$ (84,009)
Adjustments to reconcile net cash provided by operating activities		
Amortization of property and equipment	84,245	109,960
Amortization of discount on investments	(10,928)	16,298
Unrealized gain on short-term investments	(2,761)	(27,114)
Loss on sale of marketable securities	1,255	53,425
Decrease (increase) in		
Accounts receivable	(117,288)	(16,139)
Prepaid expenses	11,779	(2,404)
Increase (decrease) in		
Accounts payable and accrued liabilities	139,625	(65,956)
Deferred revenue	<u>22,261</u>	<u>53,547</u>
	<u>114,276</u>	<u>37,608</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(30,419)	(58,168)
Purchase of marketable securities	(213,484)	(535,701)
Proceeds from sale of marketable securities	209,797	494,875
Dividend reinvestment	<u>(805)</u>	<u>—</u>
	<u>(34,911)</u>	<u>(98,994)</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	79,365	(61,386)
CASH, beginning of year	<u>622,995</u>	<u>684,381</u>
CASH, end of year	\$ <u><u>702,360</u></u>	\$ <u><u>622,995</u></u>
 The Association has received interest as follows:		
Interest received	\$ <u><u>32,057</u></u>	\$ <u><u>37,002</u></u>

*See accompanying summary of accounting policies and notes to the financial statements.*

**Association of British Columbia  
Forest Professionals**  
**SCHEDULE OF COMMITTEE WORK EXPENDITURES**  
**Year ended November 30, 2010**

	2010		2009
	Budget	Actual	Actual
<b>GOVERNANCE</b>			
General Corporate Legal	\$ 20,000	\$ 6,924	\$ 19,815
Governance	12,000	5,665	11,972
Meetings and travel	<u>51,000</u>	<u>55,966</u>	<u>55,120</u>
	<u>83,000</u>	<u>68,555</u>	<u>86,907</u>
<b>ADMISSIONS</b>			
CFAB/CIF/CFPFA	22,000	19,044	25,441
Examinations	9,500	7,610	14,354
Meetings and travel	7,000	10,009	14,886
National Inclusivity Project	125,000	92,159	18,089
Recruitment Initiative	<u>—</u>	<u>—</u>	<u>1,388</u>
	<u>163,500</u>	<u>128,822</u>	<u>74,158</u>
<b>COMMUNICATIONS AND MEMBER RELATIONS</b>			
External communications	41,000	20,968	44,024
Internal communications	109,000	98,816	107,474
Meetings and travel	500	1,165	2,225
Member relations	<u>1,000</u>	<u>3,073</u>	<u>5,382</u>
	<u>151,500</u>	<u>124,022</u>	<u>159,105</u>
<b>FINANCE</b>			
Audit	10,000	12,700	12,000
Meetings and travel	<u>500</u>	<u>90</u>	<u>1,400</u>
	<u>10,500</u>	<u>12,790</u>	<u>13,400</u>
<b>COMPLAINT RESOLUTION AND ENFORCEMENT</b>			
Act Enforcement	5,000	—	63
Discipline (meetings, travel, legal)	24,500	20,832	40,107
Discipline stabilization charge (Note 10)	—	3,668	(6,107)
Training	<u>—</u>	<u>—</u>	<u>4,241</u>
	<u>29,500</u>	<u>24,500</u>	<u>38,304</u>
<b>PROFESSIONAL PRACTICE</b>			
Continuing Competence	4,000	4,217	2,231
Emerging Issues	10,000	12,141	984
Meetings and travel	<u>3,500</u>	<u>8,351</u>	<u>12,311</u>
	<u>17,500</u>	<u>24,709</u>	<u>15,526</u>
<b>EXTERNAL RELATIONS, POLICY, LEGISLATION</b>			
Bylaw Changes	1,000	106	—
Inter-Professional Relations	2,000	3,180	5,815
Victoria Liaison	<u>2,000</u>	<u>—</u>	<u>1,608</u>
	<u>5,000</u>	<u>3,286</u>	<u>7,423</u>
<b>FOREST STEWARDSHIP</b>			
Meetings and travel	500	520	9,286
Other	<u>30,500</u>	<u>41,714</u>	<u>18,030</u>
	<u>31,000</u>	<u>42,234</u>	<u>27,316</u>
<b>FOREST TECHNOLOGY</b>			
Core Competencies	2,500	3,034	2,639
Forest Measurements	12,500	3,052	24,820
Meetings and travel	<u>500</u>	<u>—</u>	<u>236</u>
	<u>15,500</u>	<u>6,086</u>	<u>27,695</u>
<b>TOTAL COMMITTEE WORK EXPENDITURES</b>	<b>\$ <u>507,000</u></b>	<b>\$ <u>435,004</u></b>	<b>\$ <u>449,834</u></b>

*See accompanying summary of accounting policies and notes to the financial statements.*

**Association of British Columbia  
Forest Professionals**  
**SCHEDULE OF OFFICE EXPENDITURES**  
**Year ended November 30, 2010**

	2010		2009
	Budget	Actual	Actual
OFFICE EXPENDITURES			
Bank/credit card charges	\$ 65,000	\$ 63,816	\$ 63,158
Delivery	10,000	7,652	10,773
Furniture and equipment			
Service and minor purchases	50,800	37,252	51,887
Amortization	109,000	84,245	109,961
Insurance	6,000	5,258	4,938
Office rent/tax/utilities	97,500	108,415	101,538
Other	5,050	4,469	4,997
Postage	10,000	9,913	12,379
Stationery and supplies	18,000	13,503	23,388
Telecommunications	<u>22,200</u>	<u>23,273</u>	<u>22,722</u>
	\$ <u>393,550</u>	\$ <u>357,796</u>	\$ <u>405,741</u>

*See accompanying summary of accounting policies and notes to the financial statements.*

**Association of British Columbia  
Forest Professionals**  
**SCHEDULE OF STAFF EXPENDITURES**  
**Year ended November 30, 2010**

	2010		2009
	Budget	Actual	Actual
STAFF EXPENDITURES			
Benefits (Note 11)	\$ 150,000	\$ 158,716	\$ 155,008
Other	6,500	14,350	6,565
Salaries	879,700	879,354	945,344
Training and education	12,000	6,194	9,719
Travel	<u>35,000</u>	<u>24,599</u>	<u>34,090</u>
	\$ <u>1,083,200</u>	\$ <u>1,083,213</u>	\$ <u>1,150,726</u>

*See accompanying summary of accounting policies and notes to the financial statements.*

# Association of British Columbia Forest Professionals

## NOTES TO THE FINANCIAL STATEMENTS

November 30, 2010

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### 1. OPERATIONS

The Association of British Columbia Forest Professionals (the "Association") is incorporated under the *Foresters Act* of British Columbia.

The duties and objects of the Association are set out in Section 4 of the *Foresters Act* and principally involve protecting the public interest by ensuring the competence, independence, professional conduct and integrity of its members and ensuring that each person engaged in the practice of professional forestry is accountable to the Association.

The Association is exempt from income taxation pursuant to Section 149 of the *Income Tax Act*.

### 2. ACCOUNTING POLICIES

#### **Basis of presentation**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles which necessarily involves the use of estimates. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of significant accounting policies summarized below.

#### **Fund accounting**

The Association maintains two funds, the Operating Fund and the Reserve Fund. Day-to-day operations are recorded in the Operating Fund. The Reserve Fund is maintained for unforeseen or unanticipated financial obligations and is administered according to the Association's reserve fund policy. Transfers between these funds are approved by Council.

#### **Property and equipment**

Property and equipment are carried at cost less accumulated amortization. Amortization is provided over the estimated useful life of each property and equipment using the straight-line method at the following annual rates:

Computer equipment	- 3 years
Office furniture and equipment	- 10 years
Telephone equipment and fax	- 5 years
Other equipment	- 5 years
Leasehold improvements	- 5 years

The carrying amount of a property and equipment is written down to its residual value when the property and equipment no longer has any long-term service potential to the Association.

#### **Budget figures**

The budget figures on the statement of revenue and expenditures and surplus are taken from the Association's budget prepared in September 2009. Certain budgeted and prior year figures have been reclassified to conform to the current year's financial statement presentation.

#### **Revenue recognition**

The Association follows the deferral method for recognizing contribution revenue. Accordingly, government contributions received are recognized as revenue in the year the related expenditures are incurred.

Membership dues and other revenues are recognized when they become due, and collection is reasonably assured. Amounts received in advance are deferred and recognized as revenue in the year to which they relate.

# Association of British Columbia Forest Professionals

## NOTES TO THE FINANCIAL STATEMENTS

### November 30, 2010

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#### 2. ACCOUNTING POLICIES - continued

##### **Discipline expenses**

Discipline expenses are charged to the Operating Fund using a pre-determined, budgeted amount. When actual discipline expenses exceed the budgeted amount, the difference is financed by the Reserve Fund. When actual expenses fall below the budgeted amount, the difference is transferred to the Reserve Fund.

##### **Employee future benefits**

Contributions to the staff retirement savings plan are expensed in the year to which they relate.

##### **Capital disclosures**

In management's view the Association is not subject to any externally imposed capital requirements.

##### **Financial instruments**

CICA Handbook Sections 3855 and 3861 set out criteria for the recognition, measurement, disclosure and presentation of financial instruments and requires all financial instruments within its scope, including derivatives, to be accounted for at either fair value, or in circumstances where fair value may not be considered the most relevant information, at cost or amortized cost. All financial instruments are classified into one of five categories, with each category possessing specific requirements for initial and subsequent recognition and measurement.

Last year the Association transferred its short-term investments into a discretionary-managed brokerage account and re-designated these assets from "available for sale" to "held for trading". These instruments are initially recorded at fair value and are re-measured at each period end at their fair value. The unrealized net gains and losses arising from changes in fair value are now recognized in reserve fund operations. The unrealized net gains and losses were previously reflected as a change in net assets when the short-term investments were designated as available for sale. As at November 30, 2010 the Association no longer holds any available for sale investments.

The Association has designated investments as held-to-maturity. These instruments are initially recorded at fair value. Any discount or premium at the time of purchase is amortized to interest income over the term to maturity of the investment.

As at November 30, 2010, short-term investments are comprised of publicly traded securities having a cost of \$ 182,063 (2009 – \$ 187,664) and investments are comprised of fixed income securities having a fair value of \$ 636,978 (2009 – \$ 615,500).

Accounts receivable and accounts payable are measured at amortized cost using the effective interest method.

#### 3. PROPERTY AND EQUIPMENT

	2010		
	Cost	Accumulated amortization	Net
Computer equipment	\$ 326,241	\$ 256,179	\$ 70,062
Office furniture and equipment	39,707	31,380	8,327
Telephone equipment and fax	6,490	3,336	3,154
Other equipment	28,635	26,420	2,215
Leasehold improvements	<u>35,019</u>	<u>13,855</u>	<u>21,164</u>
	<u>\$ 436,092</u>	<u>\$ 331,170</u>	<u>\$ 104,922</u>

**Association of British Columbia  
Forest Professionals**  
NOTES TO THE FINANCIAL STATEMENTS  
November 30, 2010

3. PROPERTY AND EQUIPMENT - continued	2009		
	Cost	Accumulated amortization	Net
Computer equipment	\$ 298,429	\$ 185,435	\$ 112,994
Office furniture and equipment	39,707	27,447	12,260
Telephone equipment and fax	6,490	1,825	4,665
Other equipment	26,029	25,621	408
Leasehold improvements	<u>35,019</u>	<u>6,598</u>	<u>28,421</u>
	\$ <u>405,674</u>	\$ <u>246,926</u>	\$ <u>158,748</u>

4. DEFERRED REVENUE	2010	2009
Membership fees	\$ 537,203	\$ 480,357
Expo for sponsorship and trade show registration	17,877	-
Government contributions	-	53,274
Advertising	<u>3,417</u>	<u>2,605</u>
	\$ <u>558,497</u>	\$ <u>536,236</u>

**5. COMMITMENT UNDER OPERATING LEASE**

The Association leases its office premises under an operating lease which expires October 31, 2013.

The Association is obligated to make the following minimum lease payments under its operating leases for the fiscal years ending:

2011	\$ 63,333
2012	66,076
2013	<u>62,876</u>
	\$ <u>192,285</u>

**6. ANNUAL MEETING INCOME**

The annual meeting loss of \$ 17,072 (2009 – loss \$ 26,943) is the net loss generated from the Association's 62nd annual general meeting. The event had received \$ 81,997 (2009 – \$ 4,200) from registrations and sponsorships and incurred general expenses of \$ 99,069 (2009 – \$ 31,143).

**7. ADVERTISING AND MAILINGS**

Advertising and mailings include gross revenue of \$ 47,491 (2009 – \$ 55,336) from advertising sold in and with the Association's magazine "BC Forest Professional" and website, and commission of \$ 6,957 (2009 – \$ 6,342) paid to its advertising solicitor.

**8. SEMINARS AND WORKSHOPS**

The Association held a series of Forest Policy seminars and Professional Development workshops during the year.

	Forest policy	Professional development	2010	2009
Revenue	\$ 11,225	\$ 13,820	\$ 25,045	\$ 102,403
Expenses	<u>16,434</u>	<u>9,347</u>	<u>25,781</u>	<u>67,645</u>
	\$ <u>(5,209)</u>	\$ <u>4,473</u>	\$ <u>(736)</u>	\$ <u>34,758</u>

# Association of British Columbia Forest Professionals

## NOTES TO THE FINANCIAL STATEMENTS

November 30, 2010

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### 8. SEMINARS AND WORKSHOPS - continued

In addition to the above expenses, the Association contributed considerable "in-kind" support in the form of staff time, stationery, telephone, fax, mailing and copying costs, which are classified under staff and office expenditures. Additional "in-kind" support for the seminars was provided by numerous volunteers.

### 9. OTHER REVENUE

During the 2009 fiscal year government funding (Human Resources and Skills Development Canada) of \$ 147,450 was secured by the Association on behalf of a multi-party task force whose objective is to develop national standards for assessing foreign-trained individuals as well as individuals graduating from Canadian university programs that are not accredited by the Canadian Forestry Accreditation Board. Of the amount received, \$ 115,015 (2009 – \$ 10,534) was expended in the current year and recognized as revenue. The balance is intended to be expended in the subsequent year.

### 10. DISCIPLINE STABILIZATION CHARGE

Actual discipline expenses for the year were \$ 20,832 (2009 – \$ 40,107). The amount by which this is below the budgeted amount has been transferred to the Reserve Fund.

### 11. EMPLOYEE FUTURE BENEFITS

The Association has a Staff Retirement Savings Plan that is made available to all employees. Employees who participate are required to contribute to the plan at the following rates:

- a) 5% of their salary up to the "yearly maximum pensionable earnings" ("YMPE") as set by Canada Revenue Agency; and
- b) 8% of their salary above the YMPE.

Under the plan the Association will match each employee's compulsory contribution.

Included in Benefits expense for the year is \$ 52,560 (2009 – \$ 54,341) of contributions made by the Association to the Staff Retirement Savings Plan.

### 12. FINANCIAL INSTRUMENTS

Financial instruments consist of cash, short-term investments, accounts receivable, investments and accounts payable and accrued liabilities.

#### **Fair value**

The fair value of the Association's cash, investments, accounts receivable and accounts payable and accrued liabilities are believed to be equal to their carrying amounts due to their short terms to maturity. Short-term investments are carried at fair value. Held to maturity investments are carried at amortized cost, which approximates fair value based on market rates of interest being earned on the investments.

#### **Credit and interest rate risk**

Credit risk on financial instruments arises from the potential for counterparties to default on their contractual obligations to the Association. The Association is exposed to credit risk in the event of non-performance by any of the counterparties. The Association limits its credit risk by dealing with counterparties that the Association considers to be of high quality. The Association is also exposed to interest rate risk on its fixed-income investments, which have maturity dates ranging from February 2011 to August 2015 with effective interest rates ranging from 0.50% to 5.07%. As interest rates rise, the market value of a fixed-rate investment will decrease.