

Workplace Safety North
Financial Statements
For the year ended March 31, 2024

Workplace Safety North
Financial Statements
For the year ended March 31, 2024

Contents

Independent Auditor's Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 17



Tel: (705) 495-2000
Fax: (705) 495-2001
Toll-free: 1-888-461-6324
www.bdo.ca

BDO Canada LLP
1164 Devonshire Avenue, Unit 300A
North Bay, Ontario
P1B 6X7

Independent Auditor's Report

To the Members of and Board of Directors of Workplace Safety North

Opinion

We have audited the financial statements of Workplace Safety North (the Organization), which comprise the statement of financial position as at March 31, 2024, the statements of operations, statement of changes in net assets, and 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 the Organization 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.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.
- 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 Organization'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 Organization'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 Organization 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

North Bay, Ontario
July 31, 2024

Workplace Safety North Statement of Financial Position

March 31	2024	2023
Assets		
Current		
Cash and cash equivalents (Note 12)	\$ 1,778,405	\$ 3,147,708
Investments (Note 2)	3,122,372	2,730,762
Accounts receivable	1,436,427	641,949
Program supplies	130,440	132,328
Prepaid expenses	240,170	237,296
	6,707,814	6,890,043
Capital assets (Note 3)	5,395,848	3,980,639
	\$12,103,662	\$ 10,870,682

Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities (Note 4)	\$ 2,138,378	\$ 2,126,839
Due to Ministry of Labour, Immigration, Training and Skills Development of Ontario (Note 9)	133,819	-
Deferred revenue (Note 5)	274,535	209,831
	2,546,732	2,336,670
Accrued post-retirement liability (Note 6)	5,273,449	5,384,349
Deferred capital funding (Note 7)	4,551,583	2,706,408
	12,371,764	10,427,427
Net Assets		
Invested in Capital assets	1,107,347	1,403,218
Unrestricted	(1,375,449)	(959,963)
	(268,102)	443,255
	\$12,103,662	\$ 10,870,682

Commitments (Note 8) Contingencies (Note 15)

On behalf of the Board:

Lydia Renton



Director

Jason Bubba



Director

Workplace Safety North Statement of Changes in Net Assets

<u>For the year ended March 31</u>	<u>2024</u>		<u>2023</u>	
	<u>Invested in - capital assets</u>	<u>Unrestricted</u>	<u>Total</u>	
Balance, beginning of year,	\$ 1,403,218	\$ (959,963)	\$ 443,255	\$ (293,652)
Excess (deficiency) of revenues over expenses	(274,321)	(524,736)	(799,057)	57,807
Interfund transfers	(21,550)	21,550	-	-
Remeasurement of employee future benefits (Note 6)	-	87,700	87,700	679,100
Balance, end of year	\$ 1,107,347	\$ (1,375,449)	\$ (268,102)	\$ 443,255

The accompanying notes are an integral part of these financial statements.

Workplace Safety North Statement of Operations

For the year ended March 31	2024	2023
Revenues		
Ministry of Labour, Immigration, Training and Skills		
Development of Ontario funding (Note 9)	\$15,719,059	\$ 15,378,576
Recoveries (Note 11)	2,697,509	2,654,699
	18,416,568	18,033,275
Expenses		
Wages and salaries	8,317,812	8,161,838
Benefits and other personnel costs	3,428,464	3,122,210
Occupancy costs	1,279,259	1,216,677
Travel and vehicle	1,244,866	1,239,402
Equipment and maintenance	1,059,661	915,190
Information technology	773,171	656,132
Program delivery	642,032	778,721
Awards, competitions and promotion	493,048	436,954
Office and general	230,884	252,918
Professional fees and consulting	189,458	151,130
Conferences and meetings	139,674	18,958
Insurance, bank charges and bad debt	108,529	94,913
Directors' expenses	84,943	53,909
Telecommunications	79,852	95,209
Postage and courier	30,601	44,730
Subscriptions and library	2,548	8,487
Gain on sale of capital assets	-	(136,651)
Amortization	1,110,823	864,741
	19,215,625	17,975,468
(Deficiency) excess of revenues over expenses for the year	\$ (799,057)	\$ 57,807

The accompanying notes are an integral part of these financial statements.

Workplace Safety North Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in)		
Operating activities		
(Deficiency) excess of revenues over expenses for the year	\$ (799,057)	\$ 57,807
Items not involving cash		
Amortization of capital assets	1,110,823	864,741
Amortization of deferred capital funding	(836,502)	(630,419)
Post-retirement benefit expense	317,200	300,500
Gain on disposal of capital assets	-	(136,651)
	(207,536)	455,978
Changes in non-cash working capital balances		
Accounts receivable	(794,478)	(9,971)
Program supplies	1,888	109,830
Prepaid expenses	(2,874)	(73,967)
Accounts payable and accrued liabilities	11,539	(20,759)
Due to Ministry of Labour, Immigration, Training and Skills Development of Ontario	133,819	-
Deferred revenue	64,704	9,609
	(792,938)	470,720
Investing activities		
Purchase of capital assets	(2,526,032)	(1,798,283)
Purchase of investments	(391,610)	(53,189)
Proceeds on sale of capital assets	-	136,651
	(2,917,642)	(1,714,821)
Financing activities		
Capital funding received	2,681,677	490,000
Post-retirement benefits expense paid	(340,400)	(262,400)
	2,341,277	227,600
Increase in cash and cash equivalents during the year	(1,369,303)	(1,016,501)
Cash and cash equivalents, beginning of year	3,147,708	4,164,209
Cash and cash equivalents, end of year	\$ 1,778,405	\$ 3,147,708

The accompanying notes are an integral part of these financial statements.

Workplace Safety North

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies

**Nature and Purpose
of Organization**

Workplace Safety North (the organization) is a not-for-profit corporation that was registered under Letters Patent on June 3, 2009 as a corporation without share capital. The primary purpose of the organization is to contribute to the continuous improvement of health and safety in all sectors in Northern Ontario as well as the mining and aggregates, pulp and paper and forestry industries province wide, by providing products and services to member companies.

Income Taxes

The organization is incorporated without share capital carrying on not-for-profit activities and as such it is not subject to income taxes.

Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

**Cash and Cash
Equivalents**

Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. All bonds and guaranteed investment certificates are recorded at amortized cost. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.

Program Supplies

Mine Rescue Program supplies are stated at the lower of cost and net realizable value. Cost is determined using the first-in/first-out method. Inventories of literature and smaller safety equipment is expensed in the year costs are incurred.

Workplace Safety North

Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital asset purchases are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful life of the assets as follows:

Computer hardware and software	-	2 - 5 years
Office equipment	-	5 - 10 years
Emergency response equipment	-	5 - 20 years
Leaseholds	-	remaining term of lease
Vehicles	-	6 - 7 years

Employee Future Benefits

The organization offers non-pension post-retirement benefits to employees through non-pension defined benefit plans including the WSIB Employees' Supplementary Pension Plan (effective for fiscal 2021 for the first time). The accrued post-retirement liability is determined using an actuarial valuation prepared for accounting purposes. The total cost of the accrued post-retirement liability for the year is comprised of the current service cost, interest cost, and remeasurements and other items. The current service cost and interest cost are charged to operations for the year, while remeasurements and other items are charged directly to net assets as they occur.

The organization is an employer member of the WSIB Employees' Pension Plan which is a multi-employer, defined benefit pension plans. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plans, including investment of the assets and administration of the benefits. The organization has adopted defined contribution plan accounting principles for these Plans because insufficient information is available to apply defined benefit plan accounting principles. The organization records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plans for past employee service.

Workplace Safety North Notes to Financial Statements

March 31, 2024

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition The organization follows the deferral method of accounting for contributions. Operating funding received from the Ministry of Labour, Immigration, Training and Skills Development ("MLITSD" or the "Ministry") is recognized in the period to which it relates.

The organization accounts for revenue received from MLITSD to fund capital asset purchases as deferred capital funding. The capital funding is amortized and included in revenue at the same rate the respective asset is being amortized. Other types of funding may also be included in deferred revenue if it relates to future costs/expenses.

The organization recognizes recoveries when they are earned and there is reasonable assurance of collection for training courses, certification and consulting services. Recoveries are recognized when products are shipped to customers for publications and video sales.

Accounting 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 amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the year. The principal estimates used in the preparation of these financial statements are the determination of the allowance for doubtful accounts, the determination of the allowance for inventory obsolescence on program supplies, the estimated useful life of capital assets and the estimates involved in the post-retirement benefit liability. Actual results could differ from management's best estimates as additional information becomes available in the future.

Workplace Safety North Notes to Financial Statements

March 31, 2024

2. Investments

Investments consists of 26 (2023 - 22) guaranteed investment certificates, plus accrued interest, maturing between April 2024 and December 2028 (2023 - October 2023 and January 2028) earning interest with a rates ranging from 1.02% to 5.03% (2023 - 0.85% to 4.53%).

3. Capital Assets

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Office equipment	\$ 240,108	\$ 175,352	\$ 246,681	\$ 160,340
Computer hardware and software	203,967	188,860	317,928	292,811
Leasehold improvements	2,427,166	1,607,262	2,546,642	1,389,426
Vehicles	1,333,880	450,757	1,307,421	493,123
Emergency response equipment	9,033,099	5,420,141	7,213,003	5,315,336
	\$13,238,220	\$ 7,842,372	\$ 11,631,675	\$ 7,651,036
Net book value		\$ 5,395,848		\$ 3,980,639

4. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities is \$29,177 (2023 - \$34,256) in government remittances payable.

Workplace Safety North Notes to Financial Statements

March 31, 2024

5. Deferred Revenue

	2024	2023
Deferred recoveries	\$ 270,048	\$ 204,611
Deferred ground control funding	4,487	5,220
	\$ 274,535	\$ 209,831

6. Accrued Post-Retirement Liability

At March 31, this liability consists of the following:

- a. Accumulated attendance credits have been provided for employees with less than 3 years service at January 1, 1991 in the amount of \$6,149 (2023 - \$6,149).
- b. The cost of post-retirement benefits consisting primarily of premiums for prescription drugs coverage to eligible retired employees (see below).
- c. The cost of proving an Employees' Supplementary Pension Plan, which is an unfunded pension plan.

The costs in b. and c. are determined based on an actuarial valuation report prepared specifically for accounting purposes. The most recent actuarial valuation of the accrued post-retirement liability for accounting purposes was completed as of March 31, 2024.

Selected information regarding the accrued post-retirement liability is as follows:

Accrued Post-Retirement Liability:	2024	2023
Accrued post-retirement liability, beginning of year	\$ 5,378,200	\$ 6,019,200
Current service costs	62,300	71,300
Interest on accrued post-retirement obligation	254,900	229,200
	5,695,400	6,319,700
Amounts recognized in statement of changes in net assets	(87,700)	(679,100)
Benefit payments	(340,400)	(262,400)
	\$ 5,267,300	\$ 5,378,200

Workplace Safety North Notes to Financial Statements

March 31, 2024

6. Accrued Post-Retirement Liability (continued)

Total accrued post-retirement liability

	2024	2023
Exit benefits, ESPP and health and dental insurance	\$ 5,267,300	\$ 5,378,200
Accumulated attendance credits	6,149	6,149
	\$ 5,273,449	\$ 5,384,349

Included in benefits and other personnel costs is a net benefit expense as follows:

	2024	2023
Total service cost of the plan for the year	\$ 62,300	\$ 71,300
Interest on average liabilities	254,900	229,200
	\$ 317,200	\$ 300,500

Actual payments net of employee contributions during the year were \$340,400 (2023 - \$262,400).

The main actuarial assumptions employed for the valuations are as follows:

Discount rate used at March 31, 2022	4.00 to 5.05%
Discount rate used at March 31, 2023	4.65 to 4.80%
Discount rate used at March 31, 2024	4.90%
Extended Health Care (EHC) Trend Rate Initial	5.92%
Extended Health Care (EHC) Trend Rate Ultimate	4.00%
Extended Health Care (EHC) Trend Rate Ultimate Year Reached	2042
Dental cost increase trend Rate	4.00%
Total value of plan assets	\$Nil
Inflation and Salary increase rates	2.00%
Pension cost of living adjustments	1.50% per annum
YMPE increases	3.00%

Workplace Safety North Notes to Financial Statements

March 31, 2024

7. Deferred Capital Funding

	2024	2023
Balance, beginning of year	\$ 2,706,408	\$ 2,846,827
Add: MLITSD capital funding for the year	2,681,677	490,000
Less: Amortization of deferred capital funding	(836,502)	(630,419)
	\$ 4,551,583	\$ 2,706,408

Included in the above is \$263,082 (2023 - \$128,987) in unspent funding at year end.

8. Commitments

The organization leases offices and other premises under various lease agreements. These agreements expire at various dates in the future. The minimum annual lease payments, for all locations in aggregate, excluding goods and services tax, for the next four years are as follows:

2025	\$	614,225
2026		618,104
2027		445,019
2028		259,596

The organization guarantees the liability of 29 credit cards issued in the names of the organization's staff up to a maximum \$156,000 (2023 - \$163,000) in total. These credit cards are used for organization purposes. It is organization's policy to pay the balances of these cards when due.

In fiscal 2021, the organization entered into an agreement expiring March 31, 2034, with a company who will provide tablets that are used in the mines to read the blueprint and maps of the mines. The agreement was signed back on December 17, 2021 and service was to begin on April 14, 2022. There were some technical delays which saw the first actual month of service not being invoiced until March of 2023. Annual payments under the terms of this contract are \$443,324.

Workplace Safety North Notes to Financial Statements

March 31, 2024

9. Ministry of Labour, Immigration, Training and Skills Development of Ontario Funding (MLITSD)

	2024	2023
Revenues - MLITSD Funding	\$14,882,557	\$ 14,748,157
Amortization of deferred MLITSD capital funding (Note 7)	836,502	630,419
Revenues - Statement of Operations	\$15,719,059	\$ 15,378,576

Starting in the 2024 fiscal year the MLITSD will be recovering annual surplus funds through payment reductions, either in the year when a surplus is forecasted in Q3 with a reduction in Q4 payments or if a year-end financial position results in a surplus, required financial adjustments will be made to the Q2 payment of the following fiscal year. If fiscal year expenditures are higher than the maximum funds received under the Transfer Payment Agreement the organization would have to manage this deficit from other sources of revenue or recoveries and cannot use accumulated surpluses in any subsequent year to cover the deficit. The year end recovery by MLITSD for fiscal 2024 is estimated to be \$133,819.

During fiscal 2023, the MLITSD approved proposals to utilize a total of \$952,649 from previously accumulated MLITSD operating surplus balances, as determined by Ministry reporting requirements. Out of this amount \$455,495 was allocated for the fiscal year 2023 to cover expenses associated with the implementation of New Ministry Reporting Requirements, System Small Business Study and Lockout/Tagout Program Enhancement. The remaining accumulated MLITSD operating surplus balance at March 31, 2023 of \$497,154 was used to fund expenses relating to the Implementation of New Ministry Reporting Requirements in fiscal 2024.

10. Pension Plans

The organization's employees participate in a multi-employer pension plan with the Workplace Safety & Insurance Board (WSIB). The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Included in employee benefits is a pension charge of \$1,556,238 (2023 - \$1,401,007).

Each year an independent actuary determines the funding status of WSIB's pension plan by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation was prepared at December 31, 2022 and disclosed an actuarial deficit of \$297 million (2021 - \$1,547 million), on plan assets with a fair value of \$3,918 million (2021 - \$3,866 million).

Workplace Safety North Notes to Financial Statements

March 31, 2024

11. Recoveries

The following table discloses the nature of recoveries recognized during the year. Recoveries are amounts charged to both members and non-members for certain services rendered during the year.

	2024	2023
Consulting and training	\$ 1,600,258	\$ 1,815,456
Certification	344,024	434,667
Annual conferences	172,663	22,250
Other	292,196	156,157
Publications and Online Training	104,314	83,377
Interest	184,054	142,792
	\$ 2,697,509	\$ 2,654,699

12. Credit Facility

The organization has a credit facility with its lender in the amount of \$2,400,000, bearing interest at bank prime rate plus 0.50%. The facility is secured by a general security agreement covering all present and after acquired personal property of the organization. As at March 31 the organization had utilized \$Nil (2023 - \$Nil) of the operating line.

13. Economic Dependence

The organization receives a significant amount of its revenue from the Ministry of Labour, Immigration, Training and Skills Development based on annual budget submissions approved by the Ministry. As such the organization is dependent on this revenue source to continue to contribute to the continuous improvement of health and safety in its sectors served.

Workplace Safety North Notes to Financial Statements

March 31, 2024

14. Financial Instrument Risk

Interest Rate Risk

Interest rate risk 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 organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments.

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 organization is exposed to credit risk arising from its cash and cash equivalents, short-term investments, accounts receivable and long-term investments. The organization maintains cash and cash equivalents in excess of federally insured limits with a single financial institution.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

15. Contingencies

The Organization is involved in certain legal matters and litigation, the outcomes of which are not presently determinable. The losses, if any, from these contingencies will be accounted for in the periods in which the matters are resolved.