



Financial statements

Centre for Health & Safety Innovation

December 31, 2010

Contents

	Page
Auditors' report	1 - 2
Statements of operations and unrestricted net assets	3
Statement of net assets	4
Statement of cash flows	5
Notes to the financial statements	6 - 9

Auditors' report

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To the Members of Centre for Health & Safety Innovation

We have audited the accompanying financial statements of Centre for Health & Safety Innovation, which comprise the statement of net assets as at December 31, 2010, and the statement of operations and unrestricted net assets, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centre for Health & Safety Innovation as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Mississauga, Ontario
March 8, 2011



Chartered accountants
Licensed Public Accountants

Centre for Health & Safety Innovation

Statements of operations and unrestricted net assets

Year Ended December 31	2010	2009
Revenue		
Building rental	\$ 2,674,650	\$ 2,673,616
Operating costs recovery	1,242,968	1,240,130
Room rental	276,020	168,505
Catering	194,103	156,480
Interest	7,177	3,299
Other	601	277
	4,395,519	4,242,307
Expenses		
Advertising and promotion	4,238	29,861
Amortization of leasing costs	16,762	16,762
Cleaning	153,939	157,243
Depreciation	90,248	134,168
Food services	274,884	241,806
Mailroom	103,520	95,051
Office services and equipment	138,617	181,106
Professional fees	22,820	19,444
Rent	2,591,447	2,542,214
Repairs and maintenance	93,018	93,585
Salaries and benefits	301,746	342,757
Life safety and security	14,373	21,677
Special events	5,410	5,679
Travel and entertainment	1,332	1,951
Utilities	285,021	256,808
	4,097,375	4,140,112
 Excess of revenue over expenses	 \$ 298,144	 102,195
<hr/>		
Unrestricted net assets, beginning of year	\$ 451,784	\$ 349,589
Excess of revenue over expenses	298,144	102,195
Unrestricted net assets, end of year	\$ 749,928	451,784

See accompanying notes to the financial statements.

Centre for Health & Safety Innovation

Statement of net assets

December 31	2010	2009
Assets		
Current		
Cash and cash equivalents	\$ 923,074	\$ 708,046
Receivables	107,252	76,030
Lease deposit (Note 3)	248,495	242,182
Prepays	268,275	228,207
Deferred leasing costs (Note 4)	170,410	187,172
	<u>1,717,506</u>	<u>1,441,637</u>
Property and equipment (Note 5)	<u>614,801</u>	<u>605,161</u>
	<u>\$ 2,332,307</u>	<u>\$ 2,046,798</u>
Liabilities		
Current		
Payables and accruals	\$ 189,927	\$ 191,492
Deferred revenue (Note 6)	341,375	352,445
	<u>531,302</u>	<u>543,937</u>
Net assets		
Unrestricted net assets	749,928	451,784
Members' capital investment (Note 7)	1,051,077	1,051,077
	<u>1,801,005</u>	<u>1,502,861</u>
	<u>\$ 2,332,307</u>	<u>\$ 2,046,798</u>

Commitments (Note 8)

On behalf of the Board

 Director _____ Director

See accompanying notes to the financial statements.

Centre for Health & Safety Innovation

Statement of cash flows

Year Ended December 31

2010

2009

Changes in cash and cash equivalents

Operating activities		
Excess of revenue over expenses	\$ 298,144	\$ 102,195
Depreciation	90,248	134,168
Amortization of leasing costs	16,762	16,762
Deferred revenue	<u>(11,070)</u>	<u>(11,081)</u>
	394,084	242,044
Changes in non-cash operating working capital		
Receivables	(31,222)	41,114
Lease deposit	(6,313)	(5,454)
Prepays	(40,068)	7,657
Payables and accruals	<u>(1,565)</u>	<u>31,318</u>
	314,916	316,679
Investing activities		
Purchase of capital assets	<u>(99,888)</u>	<u>(3,724)</u>
Net increase in cash and cash equivalents	215,028	312,955
Cash and cash equivalents, beginning of year	<u>708,046</u>	<u>395,091</u>
Cash and cash equivalents, end of year	\$ 923,074	\$ 708,046

See accompanying notes to the financial statements.

Centre for Health & Safety Innovation

Notes to the financial statements

December 31, 2010

1. Nature of operations

Centre for Health & Safety Innovation ("Centre") is a not-for-profit organization, incorporated without share capital under the laws of Ontario on September 8, 2004. The Centre's members include the Workplace Safety and Prevention Services (WSPS) and the Infrastructure Health and Safety Association of Ontario (IHSA). The WSPS was formerly known as the Safe Workplace Promotion Services Ontario (SWPSO). It adopted the new name during the current fiscal year. These organizations were formerly comprised of the Ontario Service Safety Alliance, Industrial Accident Prevention Association, Farm Safety Association, Electrical & Utilities Safety Association, Transportation Health and Safety Association of Ontario, and Construction Safety Association of Ontario. Approximately 85% of the Centre's revenues are generated from these members. The partnership interests are WSPS 74.57% and IHSA 25.43%.

The purpose of the Centre is to create a focal point for innovation and applied learning in the prevention of workplace injuries and illnesses and to act as a key resource for employers, employees and others seeking expertise and direction on how to make workplaces safer. The organization is exempt from income taxes under the Income Tax Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the most significant of which are as follows:

Revenue Recognition

Revenue includes property tax and operating cost recoveries and other incidental income in accordance with the tenant lease agreements.

The Centre records basic rent on a straight-line basis. Rent receivable and payable are recorded to reflect the difference between rental revenue and expense calculated on the straight-line basis, and the rent that is contractually owing under the lease agreements.

The Centre follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be recovered can be reasonably estimated and collection is reasonably assured.

Amortization of tangible assets

Amortization on the tangible assets is provided on a straight line basis over its estimated useful life as follows:

Leaseholds	- remaining lease period
Furniture and fixtures	- 5 years
Computer equipment	- 3 years

Centre for Health & Safety Innovation

Notes to the financial statements

December 31, 2010

2. Summary of significant accounting policies

Deferred leasing costs

Leasing costs are amortized on a straight-line basis over the terms of the related leases.

Use of estimates

In preparing the Centre's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. Lease deposit

In 2005, a third party funder provided funding of \$736,671 to use for an interest bearing lease deposit. To date a total of \$601,951 has been recognized as rent expense. The remainder of the lease deposit will be recognized as expense in the last month of the term as per the lease agreement.

4. Deferred leasing costs

The deferred leasing costs consist of two months of free basic rent provided to the tenants, which is being amortized over the term of the lease.

			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Net</u>
		<u>Amortization</u>	<u>Book Value</u>	<u>Book Value</u>
Leasing costs	\$ <u>251,425</u>	\$ <u>81,015</u>	\$ <u>170,410</u>	\$ <u>187,172</u>

5. Property and equipment

			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated</u>	<u>Net</u>	<u>Net</u>
		<u>Depreciation</u>	<u>Book Value</u>	<u>Book Value</u>
Leaseholds	\$ 810,166	\$ 225,557	\$ 584,609	\$ 552,670
Furniture and fixtures	154,410	132,801	21,609	52,491
Computer equipment	<u>332,871</u>	<u>324,288</u>	<u>8,583</u>	<u>-</u>
	\$ <u>1,297,447</u>	\$ <u>682,646</u>	\$ <u>614,801</u>	\$ <u>605,161</u>

In 2006, \$618,209 of funding was received from a third party funder and recorded as a reduction to the cost of furniture and fixtures and consulting fees. Also the landlord provided leasehold allowance of \$4,256,760 which was recorded as a reduction to the cost of leaseholds.

Centre for Health & Safety Innovation

Notes to the financial statements

December 31, 2010

6. Deferred revenue	<u>2010</u>	<u>2009</u>
Deferred free rent received	\$ 170,410	\$ 187,172
Tenants' advance	6,993	6,951
Deferred revenue – lease deposit	<u>163,972</u>	<u>158,322</u>
	<u>\$ 341,375</u>	<u>\$ 352,445</u>

7. Members' capital investment

The Centre's members advanced funds to pay for the initial capital expenditures not covered by other sources of funds. In 2007, members advanced additional funds for subtenant build out, fences and installation of automatic doors. In the current year no additional capital funds were contributed by the members.

The Centre recovers total rent and operating costs from its members in full. Any surplus (deficiency) will be shared by the members based on their proportionate rentable areas.

8. Commitments

The Centre has an operating lease for its premises at 5110 Creekbank Road and 1705 Tech Avenue. The lease is for a fifteen year term expiring in February 2021. Basic rent is \$1,727,330 per annum and will increase to \$1,827,077 per annum commencing March 2014.

9. Financial Instruments

The Centre's financial instruments consist of cash and cash equivalents, receivables and payables and accruals. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Centre for Health & Safety Innovation

Notes to the financial statements

December 31, 2010

10. Financial instruments – recognition and measurement

Financial instruments must be classified into one of five categories: held-for-trading, held to maturity, loans and receivables, available for sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured at fair value except for loans and receivables, held to maturity investments and other financial liabilities that are measured at amortized cost using the effective interest method.

Classification of financial instruments

Cash and cash equivalents have been classified as held for trading, receivables have been classified as loans and receivables and payables and accruals have been classified as other financial liabilities.

Fair value

The fair values of cash and cash equivalents, receivables, and payables and accruals are assumed to approximate their carrying amounts because of their short term to maturity.

11. Future accounting policies

In September 2010, the Accounting Standards Board (AcSB) decided that the final standards for CICA Handbook Part III – Accounting Standards for Not-for-Profit Organizations will be substantially the same as proposed in the exposure draft that was issued in March 2010.

Part III is proposed to include existing Not-for-Profit Organization (NFPO) standards 4400-4470 as well as the following standards from Part II, modified specifically to NFPOs.

- Section 1000 *Financial statement concepts*
- Section 1100 *Generally accepted accounting principles*
- Section 1400 *General standards of financial statement presentation*
- Section 1500 *First-time adoption*

The AcSB proposes that NFPOs should apply these standards for fiscal years beginning on or after January 1, 2012.