Workplace Safety & Prevention Services

Financial Statements
March 31, 2024

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Independent Auditor's Report

To the Board of Directors of Workplace Safety & Prevention Services

Opinion

We have audited the financial statements of Workplace Safety & Prevention Services (the "Corporation"), which comprise the statement of financial position as at March 31, 2024, and the statements of operations, changes in net assets and 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 Corporation as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting framework prescribed by the Ministry of Labour, Immigration, Training and Skills Development ("MLITSD").

Basis of 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 Corporation 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.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to comply with the financial reporting provisions of the MLITSD. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter. Our report is intended solely for the Board of Directors of the Corporation and should not be used by parties other than the Board of Directors of the Corporation.

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 the financial reporting provisions of the MLITSD, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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
Oakville, Ontario
August 8, 2024

Workplace Safety & Prevention Services

Statement of Financial Position

As at March 31, 2024

	2024 $	2023 $
Assets		
Current assets		
Cash	1,855,260	2,215,520
Short-term investments (note 3a)	13,071,647	14,028,568
Accounts receivable (note 14)	2,585,701	2,904,944
Prepaid expenses	177,570	223,133
	17,690,178	19,372,165
Long-term investments (note 3b)	18,231,406	18,178,758
Capital assets (note 5)	13,192	21,984
	35,934,776	37,572,907
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 6, 12)	5,473,035	3,819,608
Customer deposits	762,037	867,924
	6,235,072	4,687,532
Deferred capital contributions	13,192	21,984
Employee future benefits (note 7)	16,419,200	16,382,300
	22,667,464	21,091,816
Net Assets		
Contributed surplus	48,776	48,776
Internally restricted (note 8)	-	25,524,200
Unrestricted	13,218,536	(9,091,885)
	13,267,312	16,481,091
	35,934,776	37,572,907
Commitments (note 10)		

Approved on behalf of the Executive Board

Jody Young
Director

Ajay Bhardwaj
Director

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

Workplace Safety & Prevention Services

Statement of Operations

For the year ended March 31, 2024

	2024 $	2023 $
Revenue		
Ministry of Labour, Immigration, Training and Skills Development funding (note 12)	33,144,265	30,851,596
Training and publication recoveries (note 9)	9,454,581	8,635,669
Amortization of deferred capital contributions	8,792	4,397
Interest income	1,171,405	942,156
Other income	114,191	206,944
	43,893,234	40,640,762
Expenditures		
Advertising and promotion	888,076	733,543
Amortization of capital assets	8,792	4,397
Board of director expenses	3,119	-
Employee benefits (note 7)	9,558,325	8,976,416
Equipment and maintenance	101,519	82,284
Finance charges and bad debts	223,782	181,710
Insurance	265,244	279,437
IT expenses	2,808,244	2,820,314
Occupancy (note 11)	1,704,182	2,272,771
Office and general	726,173	148,377
Other personnel costs	255,073	182,136
Postage and courier	33,762	37,175
Professional fees	1,034,666	755,698
Program delivery expenses	2,169,197	1,817,558
Research	671,395	115,959
Salaries	25,315,736	23,704,159
Subscriptions	140,935	134,653
Supplies, service and equipment	93,956	120,560
Telecommunications	77,598	177,696
Travel and vehicle	723,200	570,258
Volunteer expenses	173,639	204,748
	46,976,613	43,319,849
Deficiency of revenue over expenditures for the year	(3,083,379)	(2,679,087)

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

Workplace Safety & Prevention Services

Statement of Changes in Net Assets

For the year ended March 31, 2024

	2024				2023
	Contributed surplus $	**Internally restricted** $	**Unrestricted** $	**Total** $	**Total** $
Net assets (deficiency) – beginning of year	48,776	25,524,200	(9,091,885)	16,481,091	15,454,378
Deficiency of revenue over expenditures	-	-	(3,083,379)	(3,083,379)	(2,679,087)
Employee future benefits remeasurements (note 7)	-	-	(130,400)	(130,400)	3,705,800
Interfund transfer (note 8)	-	(25,524,200)	25,524,200	-	-
Net assets – end of year	48,776	-	13,218,536	13,267,312	16,481,091

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

Workplace Safety & Prevention Services

Statement of Cash Flows

For the year ended March 31, 2024

	2024 $	2023 $
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenditures for the year	(3,083,379)	(2,679,087)
Adjustment to reconcile deficiency of revenue over expenditures to net cash provided by operating activities		
Amortization of deferred capital contributions	(8,792)	(4,397)
Amortization of capital assets	8,792	4,397
Employee future benefits expense (note 7)	958,900	1,165,000
Employee future benefits paid (note 7)	(1,052,400)	(1,029,700)
Reinvested investment income	(805,489)	(585,668)
Changes in non-cash working capital balances		
Accounts receivable	319,243	(722,784)
Prepaid expenses	45,563	33,181
Accounts payable and accrued liabilities	1,653,427	199,623
Customer deposits	(105,887)	(212,858)
	(2,070,022)	(3,832,293)
Investing activities		
Proceeds from redemption of short-term investments	38,590,625	51,138,829
Purchase of short-term investments	(33,635,685)	(38,660,385)
Purchase of long-term investments	(3,245,178)	(8,416,897)
Purchase of capital assets	-	(26,381)
	1,709,762	4,035,166
Financing activity		
Funding received for purchase of capital assets	-	26,381
Change in cash during the year	(360,260)	229,254
Cash - beginning of year	2,215,520	1,986,266
Cash - end of year	1,855,260	2,215,520
Non-cash transaction		
Transfer of long-term investments to short-term investments	3,192,530	7,528,322

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

1 Nature and purpose of corporation

Workplace Safety & Prevention Services ("WSPS" or the "Corporation") is an Ontario not-for-profit corporation providing health and safety training materials and services to the agriculture, manufacturing and service sectors under Section 22.5 of the Occupational Health and Safety Act, R.S.O 1990, c 0.1. WSPS assists organizations to achieve safer and healthier work environments by identifying and reducing workplace risks and hazards to prevent and reduce workplace injuries, illness and disease.

The Corporation is exempt from income taxes under Section 149(1)(I) of the Income Tax Act (Canada).

2 Summary of significant accounting policies

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), except for transactions listed below, where the financial statements have been prepared by management based on the financial reporting framework prescribed by the Ministry of Labour, Immigration, Training and Skills Development ("MLITSD"). The accounting policies not consistent with Canadian accounting standards for not-for-profit organizations are as follows:

(a) Computer hardware purchases under $5,000, and software purchases under $50,000 that are capital in nature are not capitalized, and instead are expensed as incurred.

Revenue recognition

The Corporation follows the deferral method of accounting for funding. Restricted funding from the MLITSD, Workplace Safety and Insurance Board ("WSIB") and other government ministries is deferred and recognized as revenue when it can be reasonably estimated, collection is reasonably assured and the related expenses are incurred. Course and seminar recoveries are recognized as revenue when services are rendered and there is reasonable assurance of collection. Safety product recoveries relating to inventory are recognized as revenue when goods are shipped and there is reasonable assurance of collection.

Unrestricted funding is recognized as revenue when received or receivable. Funding received for capital expenditures is deferred and recognized as revenue on the same basis as the amortization of the related assets.

Interest income is recognized as revenue when earned.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued, and are subsequently measured at amortized cost less impairment. 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 charged to the financial instrument.

Capital assets

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

Computer software	3 years
Office equipment	5 years
Computer equipment	3 years
Furniture	5 years
Leasehold improvements	over the term of the lease

Impairment of capital assets

When a tangible capital asset no longer contributes to an organization's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expenditure in the statement of operations. Any unamortized deferred capital contribution amount related to the tangible capital asset is recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

Employee future benefits

(i) Post-retirement benefits

For employees who joined the Corporation prior to October 1, 2015, the Corporation provides certain non-pension post-retirement benefits consisting of extended health and other benefits. The defined benefit obligation is calculated based on the most recent actuarial valuation report prepared for accounting purposes.

The Corporation applies the following policies:

- The Corporation accrues its obligations under defined benefit plans and the related costs when the benefits are earned through current service.

- The cost of retirement benefits earned by employees is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of employees and expected health-care costs.

- Remeasurements and other items are composed of actuarial gains (losses) on the accrued benefit obligation and arise from differences between the actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation, past service costs and gains and losses arising from settlements and curtailments. Actuarial gains and losses arise when the accrued benefit obligations change during the year. The actuarial gains and losses and other remeasurements, including plan amendments, are recorded in the statement of changes in net assets when incurred.

(ii) WSIB Employees' Pension Plan

Employees belong to the WSIB Employees' Pension Plan, which is a defined benefit plan that meets the definition of a multi-employer plan under ASPE 3462 and therefore is accounted for as a defined contribution plan. The plan provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension are administered by WSIB.

(iii) WSIB Employees' Supplementary Pension Plan

Employees also belong to the WSIB Employees' Supplementary Pension Plan. On January 1, 2021, WSIB transferred the obligation of funding the WSIB Employees' Supplementary Pension Plan to the Corporation and ceased to be a multiemployer plan under ASPE 3462 and became a defined benefit plan. The plan will continue to provide for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administration of the pension will continue to be administered by WSIB.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future. Accounts requiring significant estimates include collectability of accounts receivable, accrued and contingent liabilities and employee future benefits.

Employee future benefits liabilities (note 7) are subject to measurement uncertainty because actual results may differ significantly from the Corporation's best long-term estimate of expected results.

3 Investments

a) Short-term investments comprise guaranteed investment certificates totalling $13,071,647 (2023 – $14,028,568) maturing between April 2, 2024 and March 31, 2025 (2023 – April 24, 2023 and March 5, 2024) yielding between 1.76% and 7.03% (2023 – 1.66% and 6.19%).

b) Long-term investments comprise guaranteed investment certificates and bonds totalling $18,231,406 (2023 – $18,178,758) maturing between April 4, 2025 and April 17, 2031 (2023 – April 4, 2024 and April 17, 2031) yielding between 1.20% and 6.07% (2023 – 1.20% and 5.60%).

4 Investment in CHSI

Centre for Health & Safety Innovation ("CHSI") is a not-for-profit organization, incorporated under the laws of the Province of Ontario on September 8, 2004, whose purpose 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. CHSI is exempt from income taxes under Section 149(1)(I) of the Income Tax Act (Canada).

Up to February 28, 2021, the Corporation was a party to a joint venture with one other organization in CHSI. The Corporation had chosen to use the equity basis to account for its proportionate share of the annual operating results of CHSI up to February 28, 2021. On March 1, 2021, the Corporation became the sole party to the agreement and was determined to control CHSI. As a result, the Corporation controls CHSI as its sole member and it has derecognized its equity investment and recorded a write-down of the investment of $24,765 in the statement of changes in net assets in fiscal 2021. On a go-forward basis, the Corporation has chosen not to consolidate CHSI in these financial statements, and disclose key financial information below.

On January 12, 2024, CHSI filed with a trustee in bankruptcy. As a result of the bankruptcy filing, WSPS' membership agreement with CHSI was ended.

The information below reflects the unaudited financial results provided by CHSI for the period from April 1, 2023 to January 12, 2024 (2023 – April 1, 2022 to March 31, 2023).

	2024 **$**	**2023** **$**
Assets	-	564,175
Liabilities	-	2,857,442
Net assets	-	(2,293,267)

	April 1, 2023 to January 12, 2024 **$**	**April 1, 2022 to March 31, 2023** **$**
Operating results		
Revenue	4,032,402	3,931,780
Expenditures (operating)	3,985,172	4,549,620
Excess (deficiency) of revenue over expenditures	47,230	(617,840)
Increase (decrease) in net assets	47,230	(617,840)
Cash flows		
Operating	356,601	(334,243)
Investing	(205,447)	223,964
Financing	-	(24,827)
Increase (decrease) in cash during the period	151,154	(135,106)

5 Capital assets

	2024			2023
	Cost $	Accumulated amortization $	Net $	Net $
Computer equipment	26,381	13,189	13,192	21,984

6 Government remittances

Included in accounts payable and accrued liabilities are government remittances including federal and provincial sales tax, payroll withholdings and related tax of $377,798 (2023 – $178,730).

7 Employee future benefits

The Corporation's employee future benefits comprise:

	2024 $	2023 $
Post-retirement plan	15,103,200	15,043,300
Employees' Supplementary pension plan	1,316,000	1,339,000
	16,419,200	16,382,300

The Corporation provides extended health-care, dental and life insurance benefits to all employees with the cost of these benefits recognized on an accrual basis. The most recently completed actuarial valuation was on March 31, 2024.

7 Employee future benefits (continued)

The continuity of the accrued benefit obligation relating to the post-retirement benefit plan is as follows:

	Post Retirement Plan $	Employees' Supplementary Pension Plan $	2024 $	2023 $
Accrued benefit liability – beginning of period	15,043,300	1,339,000	16,382,300	19,952,800
Current service cost	133,800	33,000	166,800	316,400
Interest on accrued benefit obligation	724,100	68,000	792,100	848,600
	15,901,200	1,440,000	17,341,200	21,117,800
Actuarial loss (gain)	209,400	(79,000)	130,400	(3,705,800)
Benefit payments	(1,007,400)	(45,000)	(1,052,400)	(1,029,700)
Accrued benefit liability – end of period	15,103,200	1,316,000	16,419,200	16,382,300
Benefit plan expense				
Current service cost	133,800	33,000	166,800	316,400
Interest on accrued benefit obligation	724,100	68,000	792,100	848,600
Net benefit plan expense	857,900	101,000	958,900	1,165,000

The significant actuarial assumptions adopted in measuring the Corporation's employee future benefits are as follows:

	2024 %	2023 %
Discount rate – net benefit cost	4.90	4.40
Discount rate – accrued obligation at year-end	4.65 – 4.90	4.90 – 5.05
Annual rates of increase		
Extended health-care	5.60, decreasing to an ultimate rate of 3.57	5.60, decreasing to an ultimate rate of 3.57
Dental care	5.00 per annum	5.00 per annum

Defined contribution pension plan

The employer contributions made in the year amounted to $4,533,797 (2023 – $3,964,517), which are included in employee benefits in the statement of operations.

8 Internally restricted fund

	2024 $	2023 $
Fund for Employee Future Benefit Equalization Reserve	-	25,524,200

The Board approved an internally restricted fund as at December 31, 2015 for the amount of remeasurements and other items recognized in the statement of changes in net assets related to the Corporation's defined benefit post-retirement plan. In the current year, $25,524,200 was transferred to unrestricted net assets. In the prior year, $3,705,800 in actuarial gain resulting from the change in benefits during prior year was transferred to this fund. This fund was created to offset future actuarial losses.

9 Training and publication recoveries

	2024 $	2023 $
Conferences	522,732	337,825
Consulting	2,882,802	2,900,956
E-learning training	948,446	829,928
Excellence Program	343,063	239,787
Safety literature and information services (safety products)	212,458	173,846
Training	4,545,080	4,153,327
	9,454,581	8,635,669

10 Commitments

The Corporation has operating leases for office premises with minimum annual payments as follows:

	$
2025	59,000
2026	54,000
	113,000

11 Related party transactions

The Corporation subleased its premises from CHSI and paid operating costs based on rented space. During the year, CHSI charged rental and operating costs of $1,514,398 (2023 – $2,086,074).

Monthly rental lease payments were made based on agreed-upon amounts for fiscal 2024. During the year, the Corporation charged CHSI human resources service fees of $6,000 (2023 – $12,000). These transactions were in the normal course of business and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties and approximates the arm's length equivalent value.

12 Ministry of Labour, Immigration, Training and Skills Development

Surplus funds retained by the Corporation must be used to support MLITSD's commitment to enhance health and safety in Ontario workplaces. No surplus funds can be used without written approval from MLITSD. MLITSD will notify the Corporation in writing in a timely manner regarding decisions related to proposed retention of surpluses. The use of surplus funds approved to be retained by the Corporation will be tracked by the Corporation and reported to MLITSD. Any amount not approved to be retained will be recovered by MLITSD.

In the current year, MLITSD approved funding in the amount of $33,144,265 (2023 – $30,851,596), which includes a subsequent increase in funding of $3,575,485 (2023 – $330,000). At the end of fiscal year, $952,816 (2023 – $Nil) is payable to MLITSD and included in accounts payable and accrued liabilities on the statement of financial position. MLITSD approved a deficit in the amount of $3,481,406 in the prior year.

13 Economic dependence

The Corporation is dependent on the MLITSD for funding a significant amount of its revenue based on annual budget submissions approved by the MLITSD.

14 Financial risk management

The Corporation is exposed to certain financial instrument risks, such as credit risk and liquidity risk.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's financial instruments that are exposed to concentrations of credit risk relate primarily to cash, investments and accounts receivable. The Corporation manages its exposure to this risk by maintaining its cash and investments with major Schedule I banks and, where feasible, obtaining prepayment for courses held. Accounts receivable are net of an impairment allowance of $31,857 (2023 – $23,840).

Liquidity risk

Liquidity risk is the risk the Corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities, and commitments. The Corporation continues to focus on maintaining adequate liquidity to meet operating working capital requirements and capital expenditures.

15 Contingencies

The Corporation may, from time to time, be subject to claims and legal proceedings brought against it in the normal course of business. Such matters are subject to many uncertainties. Management believes adequate provisions have been made in the accounts where required and the ultimate resolution of such contingencies will not have a material adverse effect on the financial position of the Corporation. Any amounts in settlement of claims in excess of recorded provisions will be charged to the statement of operations in the year of settlement.

16 Comparative figures

Certain prior year figures have been reclassified to conform with the current year’s financial statement presentation.