

**Ontario Professional Foresters Association**

**Audited Financial Statements**

November 30, 2011

*Ed Girardi*  
*Chartered Accountant*

# Ontario Professional Foresters Association

## Index

|   | Page    |
|---|---------|
| • Auditor's Report                      | 1       |
| • Balance Sheet                         | 2       |
| • Statement of Operations               | 3       |
| • Statement of Changes in Net Assets    | 4       |
| • Statement of Cash Flows               | 5       |
| • Notes to Audited Financial Statements | 6 to 10 |

# ED GIRARDI PROFESSIONAL CORPORATION

(Authorized to practise public accounting by The Institute of Chartered Accountants of Ontario)

463 Alper Street  
Richmond Hill, ON L4C 2Z5

---

---

ED GIRARDI, B.B.A., C.A.  
Chartered Accountant

Telephone: 905-884-8644  
Fax: 905-884-6992  
E-mail: e.girardi@rogers.com

## Independent Auditor's Report

TO: The Members of the Ontario Professional Foresters Association

I have audited the accompanying financial statement of the Ontario Professional Foresters Association which comprise the balance sheet at November 30, 2011 and the statements of operations, changes in net assets, and 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. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. I am also required to comply with applicable ethical requirements.

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 preparations 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. Accordingly, the auditor expresses no such opinion. 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Ontario Professional Foresters Association as at November 30, 2011 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Richmond Hill, Ontario  
February 6, 2012

  
\_\_\_\_\_  
Chartered Accountant  
Licensed Public Accountant

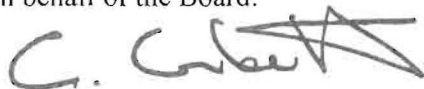
# Ontario Professional Foresters Association

## Balance Sheet

As at November 30

|   | 2011              | 2010              |
|---|-------------------|-------------------|
| <b>Assets</b>   |                   |                   |
| <b>Current</b>  |                   |                   |
| Cash  | \$ 53,062         | \$ 84,591         |
| Accounts receivable                                       | 6,718             | 4,893             |
| Prepaid expenses and deposits                             | 8,038             | 7,992             |
|   | <u>67,818</u>     | <u>97,476</u>     |
| <b>Investments (Note 3)</b>                               |                   |                   |
| Investments reserved for future use                       | 364,230           | 348,362           |
| Investments available for current use                     | 139,669           | 164,365           |
|   | <u>503,899</u>    | <u>512,727</u>    |
|   | <u>\$ 571,717</u> | <u>\$ 610,203</u> |
| <b>Liabilities</b>  |                   |                   |
| <b>Current</b>  |                   |                   |
| Accounts payable and accrued liabilities                  | \$ 31,619         | \$ 48,441         |
| Due to Ontario Professional Forestry Foundation (Note 11) | -                 | 2,618             |
| Prepaid membership fees (Note 6)                          | 52,209            | 85,218            |
|   | <u>83,828</u>     | <u>136,277</u>    |
| <b>Net Assets</b>   |                   |                   |
| Net assets reserved for future use (Note 5)               | 364,230           | 348,362           |
| Unrestricted net assets                                   | 123,659           | 125,564           |
|   | <u>487,889</u>    | <u>473,926</u>    |
|   | <u>\$ 571,717</u> | <u>\$ 610,203</u> |

On behalf of the Board:



\_\_\_\_\_  
President



\_\_\_\_\_  
Registrar & Executive Director

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

# Ontario Professional Foresters Association

## Statement of Operations For the Year Ended November 30

---

|  | <b>2011</b>      | <b>2010</b>      |
|--|------------------|------------------|
| <b>Revenues</b>  |                  |                  |
| Memberships  | \$ 289,604       | \$ 294,793       |
| Application and examination  | 10,325           | 10,205           |
| Annual general meeting   | 2,459            | 10,000           |
| Miscellaneous  | 1,185            | 1,235            |
| Interest on investments and deposits - unrestricted funds                                  | 2,845            | 1,397            |
|  | <u>306,418</u>   | <u>317,630</u>   |
| <b>Expenses (Note 7)</b>   |                  |                  |
| Regulatory   | 62,313           | 60,790           |
| Profile (recognition of profession)  | 39,180           | 35,853           |
| Policy engagement  | 49,031           | 35,738           |
| Competency   | 10,878           | 1,899            |
| Member services  | 26,367           | 30,248           |
| Governance   | 38,445           | 63,547           |
| General administration   | 80,713           | 77,871           |
|  | <u>306,927</u>   | <u>305,946</u>   |
| <b>Excess (deficiency) of revenues over expenses before interest from restricted funds</b> | (509)            | 11,684           |
| Interest earned on restricted funds  | <u>14,472</u>    | <u>12,379</u>    |
| <b>Excess of revenues over expenses</b>  | <u>\$ 13,963</u> | <u>\$ 24,063</u> |

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

# Ontario Professional Foresters Association

## Statement of Changes in Net Assets For the Year Ended November 30

---

|  | Reserve<br>funds  | Unrestricted      | 2011              | 2010              |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Balance, beginning of year</b>              | \$ 348,362        | \$ 125,564        | \$ 473,926        | \$ 449,863        |
| Excess of revenues over expenses               | -                 | 13,963            | 13,963            | 24,063            |
| Transfer to net assets for future use (Note 5) | 1,396             | (1,396)           | -                 | -                 |
| Funds reserved for future use (Note 5)         | 14,472            | (14,472)          | -                 | -                 |
| <b>Balance, end of year</b>                    | <u>\$ 364,230</u> | <u>\$ 123,659</u> | <u>\$ 487,889</u> | <u>\$ 473,926</u> |

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

# Ontario Professional Foresters Association

## Statement of Cash Flows

For the Year Ended November 30

---

|   | 2011                    | 2010                    |
|---|-------------------------|-------------------------|
| <b>Cash provided by (used for):</b>             |                         |                         |
| <b>Operations</b>                               |                         |                         |
| Excess of revenues over expenses for the year   | \$ <u>13,963</u>        | \$ <u>24,063</u>        |
| Changes in non-cash working capital components: |                         |                         |
| Prepaid expenses and deposits                   | (46)                    | 3,065                   |
| Accounts receivable                             | (1,825)                 | 1,291                   |
| Accounts payable and accrued liabilities        | (16,822)                | 11,134                  |
| Due to Ontario Professional Forestry Foundation | (2,618)                 | 2,618                   |
| Prepaid membership fees                         | <u>(33,009)</u>         | <u>(28,508)</u>         |
|   | <u>(54,320)</u>         | <u>(10,400)</u>         |
| <b>Investing</b>                                |                         |                         |
| Increase in investments                         | <u>8,828</u>            | <u>(116,214)</u>        |
| <b>Decrease in cash during the year</b>         | (31,529)                | (102,551)               |
| <b>Cash balance, beginning of year</b>          | <u>84,591</u>           | <u>187,142</u>          |
| <b>Cash balance, end of year</b>                | <u>\$ <u>53,062</u></u> | <u>\$ <u>84,591</u></u> |

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

# Ontario Professional Foresters Association

## Notes to Audited Financial Statements For the Year Ended November 30, 2011

---

### 1. General

The Ontario Professional Foresters Association ("the Association"), established in 1957, serves as a governing body for professional foresters, ensuring professionalism and accountability. The Association is incorporated under the laws of Ontario and has no share capital.

### 2. Summary of Significant Accounting Policies

#### Cash and cash equivalents

The Association's policy is to disclose bank balances under cash and cash equivalents, including any bank overdrafts.

#### Investments

Investments consist of Guaranteed Investment Certificates and bonds and are recorded at the lower of cost and market value.

#### Capital assets

Council approved charging to expense purchases of office equipment for 1990 and subsequent years. In fiscal 2011 no capital items have been expensed.

#### Prepaid membership fees

Required fees received in the current year which pertain to the subsequent year are shown as a liability in the financial statements.

#### Revenue recognition

Membership fees of the Association are recognized as revenue in the year to which the fees apply. The Association follows the deferral method of accounting for its membership fees.

#### Contributed services

Volunteers contribute their time each year to assist the Association in carrying out its various activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

# Ontario Professional Foresters Association

## Notes to Audited Financial Statements For the Year Ended November 30, 2011

### 3. Investments

The cost of investments, including accrued interest at November 30, 2011, was \$503,899 (2010: \$512,727) and they consist of the following:

#### Investments reserved for future use

| Guaranteed Investment Certificate  | Interest Rate | Due Date          | Cost and Market Value | Accrued Interest | Total             |
|------------------------------------|---------------|-------------------|-----------------------|------------------|-------------------|
| Maple Trust                        | 3.30%         | April 1, 2016     | \$ 36,700             | \$ 810           | \$ 37,510         |
| Province of B.C. CPN               | 3.24%         | December 18, 2014 | 49,694                | 3,410            | 53,104            |
| Canada Trust                       | 3.05%         | March 26, 2012    | 86,092                | 7,050            | 93,142            |
| Home Trust                         | 1.30%         | July 14, 2012     | 28,169                | 141              | 28,310            |
| B2B Trust                          | 2.85%         | July 16, 2013     | 38,400                | 1,508            | 39,908            |
| Canadian Western Bank              | 3.21%         | April 23, 2013    | 32,670                | 1,689            | 34,359            |
| Dundee Bank                        | 3.25%         | March 30, 2016    | 41,080                | 2,124            | 43,204            |
| Manulife Bank                      | 3.85%         | April 1, 2016     | 32,670                | 2,023            | 34,693            |
|                                    |               |                   | <u>345,475</u>        | <u>18,755</u>    | <u>364,230</u>    |
| Cash on deposit with Scotia McLeod |               |                   | -                     | -                | -                 |
|                                    |               |                   | <u>\$ 345,475</u>     | <u>\$ 18,755</u> | <u>\$ 364,230</u> |

#### Investments available for current use

| Guaranteed Investment Certificate  | Interest Rate | Due Date          | Cost and Market Value | Accrued Interest | Total             |
|------------------------------------|---------------|-------------------|-----------------------|------------------|-------------------|
| TD Canada Trust                    | 0.66%         | December 23, 2011 | \$ 35,000             | \$ 28            | \$ 35,028         |
| TD Canada Trust                    | 0.96%         | February 21, 2012 | 40,000                | 113              | 40,113            |
| Home Trust                         | 2.40%         | May 6, 2013       | 30,915                | 427              | 31,342            |
| Canadian Western Bank              | 2.71%         | May 3, 2012       | 30,000                | 1,285            | 31,285            |
|                                    |               |                   | <u>135,915</u>        | <u>1,853</u>     | <u>137,768</u>    |
| Cash on deposit with Scotia McLeod |               |                   | 1,901                 | -                | 1,901             |
|                                    |               |                   | <u>\$ 137,816</u>     | <u>\$ 1,853</u>  | <u>\$ 139,669</u> |

# Ontario Professional Foresters Association

## Notes to Audited Financial Statements For the Year Ended November 30, 2011

---

### 4. Lease Commitment

The Association leases office premises at 5 Wesleyan Street, Georgetown, Ontario. Monthly lease payments are \$830.55 and the two year lease term expires on June 30, 2013.

### 5. Funds Reserved For Future Use

In 2007 the Association formalized a policy of reserving funds for potential future liabilities including project over-runs, litigation or other contingencies.

A target level of funds has been established by the Council, upon advice from the Finance and Audit Committee and is to be increased by the interest earned on these invested funds. These funds may only be used with the express approval of Council.

The current reserve target was calculated as follows:

|   |    |                       |  |
|---|----|-----------------------|--|
| Dissolution   | \$ | 45,000                |  |
| Project over-runs                                       |    | 35,000                |  |
| Allowance for two concurrent major disciplinary matters |    | 230,000               |  |
| Interest earned on invested funds                       |    | <u>38,362</u>         |  |
| Balance at November 30, 2010                            |    | <u>348,362</u>        |  |
| Contribution in 2011 to adjust base level of reserve    |    | 1,396                 |  |
| Interest earned on invested funds in 2011               |    | <u>14,472</u>         |  |
|   |    | <u>15,868</u>         |  |
| Balance at November 30, 2011                            | \$ | <u><u>364,230</u></u> |  |

### 6. Prepaid Membership Fees

|   | 2011                    | 2010                    |
|---|-------------------------|-------------------------|
| Balance, beginning of year                    | \$ 85,218               | \$ 113,726              |
| Amount recognized as revenue in the year      | (85,218)                | (113,726)               |
| Amount received related to the following year | <u>52,209</u>           | <u>85,218</u>           |
| Balance, end of year                          | \$ <u><u>52,209</u></u> | \$ <u><u>85,218</u></u> |

# Ontario Professional Foresters Association

## Notes to Audited Financial Statements For the Year Ended November 30, 2011

---

### 7. Operating Expenses

The following are operating expenses of the Association:

|  | 2011              | 2010              |
|--|-------------------|-------------------|
| Advertising                              | \$ 14,923         | \$ 11,806         |
| Audit - annual                           | 5,091             | 4,505             |
| Audit - registration                     | -                 | 5,250             |
| Bank charges                             | 5,883             | 5,293             |
| Consultants                              | 9,805             | 19,017            |
| Equipment and software                   | 6,052             | 5,834             |
| Honoraria                                | 1,000             | 1,000             |
| Insurance                                | 4,643             | 6,798             |
| Legal                                    | 9,352             | 21,303            |
| Office supplies                          | 2,370             | 4,098             |
| OFA forestry career awareness support    | 7,000             | 7,000             |
| Photocopying and printing                | 8,006             | 6,199             |
| Postage                                  | 5,511             | 5,399             |
| Provision for uncollectible receivables  | 7,955             | -                 |
| Rent                                     | 9,690             | 9,100             |
| Staff                                    | 125,134           | 123,824           |
| Subscriptions                            | 1,400             | 1,288             |
| Teleconferencing, telephone and internet | 5,580             | 6,679             |
| Travel, memberships and meetings         |                   |                   |
| Forestry                                 | 15,447            | 4,448             |
| Regulatory                               | 8,854             | 9,819             |
| OPFA                                     | 49,205            | 37,850            |
| Website                                  | 1,365             | 6,126             |
| Other                                    | 2,661             | 3,310             |
|  | <u>\$ 306,927</u> | <u>\$ 305,946</u> |

The above noted expenses are those shown on the statement of operations presented in a more traditional format. Prior year's figures for some of these expenses were not readily available for comparative purposes.

# Ontario Professional Foresters Association

## Notes to Audited Financial Statements For the Year Ended November 30, 2011

---

### 8. Major Projects

The following expenses, included in the Statement of Operations, are projects or project groups that have absorbed a significant amount of resources.

|                                       | 2011     | 2010     |
|---------------------------------------|----------|----------|
| 1 Registration                        |          |          |
| Inclusivity and mutual recognition    | \$ 2,229 | \$ 9,570 |
| Fairness Commissioner requirements    | 2,699    | 9,301    |
| 2 Policy                              |          |          |
| Tenure and pricing review             | 1,700    | 3,255    |
| Growing professionalism in the forest | 34,583   | 17,169   |
| 3 Member Services                     |          |          |
| Fall seminars                         | 14,980   | 15,201   |
| 4 Governance                          |          |          |
| By-law review                         | 1,142    | 21,395   |

### 9. Financial Instruments

The fair values of cash, accounts receivable and accounts payable approximate their carrying amount given their short term maturity.

The Association manages its short term guaranteed investment certificate portfolio according to its cash needs and in such a way as to maximize interest income.

### 10. Comparative Figures

Certain of the prior year's figures have been restated to conform to the presentation adopted in the current year.

### 11. Due to Ontario Professional Forestry Foundation

The Ontario Professional Forestry Foundation (i.e. "the Foundation") has one board member who also holds a position with the Ontario Professional Foresters Association. The management of the Association has been involved in developing the policies of the Foundation.