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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Energy Safety Canada:

### Opinion

We have audited the financial statements of Energy Safety Canada (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statement 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 December 31, 2020, and the results of its 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 ethical responsibilities in accordance with those 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 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.

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Independent Auditor's Report to the Members of Energy Safety Canada *(continued)*

### **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

Calgary, Alberta  
April 29, 2021

**ENERGY SAFETY CANADA****British Columbia WCB Funding - Safety Program****(Schedule 2)****Year Ended December 31, 2020**

	Actual	Budget <i>(Unaudited)</i>
<b>Funding received</b>		
WCB Funding	\$ 610,000	\$ 610,000
Other revenue	10,543	4,800
	<u>620,543</u>	<u>614,800</u>
<b>Expenses</b>		
Salaries - direct	230,631	292,868
Rent	115,403	118,512
Furniture and equipment	65,721	515
Benefits - direct	42,932	48,055
Salaries - head office support	40,412	45,036
Technology	23,237	29,767
Building and services	18,316	16,500
Office Supplies	7,664	5,050
Communications	7,501	10,500
Benefits - head office support	7,322	7,390
Travel	1,564	14,630
Consultants and contractors	1,200	7,600
Miscellaneous	972	643
Advertising and sponsorships	104	1,200
Property taxes and general insurance	-	2,800
Training	-	2,060
Board expenses	-	824
Conferences and conventions	-	9,850
Publications and materials	-	1,000
	<u>562,979</u>	<u>614,800</u>
Excess of funding received over expenses	<u>57,564</u>	-
Unused funding from prior year <i>(Note 5)</i>	139,027	139,027
Other revenue recognized	<u>(10,543)</u>	<u>(4,800)</u>
	<u>128,484</u>	<u>134,227</u>
<b>Unused funding as at year end (Note 5)</b>	<u>\$ 186,048</u>	<u>\$ 134,227</u>

**ENERGY SAFETY CANADA**  
**British Columbia WCB Funding - COR Program**  
**Year Ended December 31, 2020**

**(Schedule 3)**

	Actual	Budget <i>(Unaudited)</i>
<b>Funding received</b>	<b>\$ 405,614</b>	<b>\$ 469,952</b>
<b>Expenses</b>		
Salaries - head office support	250,819	275,100
Technology	78,799	80,000
Benefits - head office support	44,888	47,250
Rent	20,000	20,000
Consultants and contractors	18,655	40,647
Building and services	3,763	3,763
Legal fees	1,000	1,000
Travel	898	1,000
Publications	750	-
Office supplies	26	200
Conferences and conventions	10	500
Furniture and equipment	-	300
Communications	-	192
	<u>419,608</u>	<u>469,952</u>
Deficiency of funding received over expenses	<u>(13,994)</u>	<u>-</u>
Unused funding from prior year <i>(Note 5)</i>	<u>181,825</u>	<u>181,825</u>
<b>Unused funding as at year end (Note 5)</b>	<b><u>\$ 167,831</u></b>	<b><u>\$ 181,825</u></b>