

ONE KEYSTONE FOR CULTURAL CHANGE

THE SERVICE AND HOSPITALITY SAFETY
ASSOCIATION OF SASKATCHEWAN INC.

INFORMATION.

INSPIRATION.

INNOVATION.

SHSA 2013 ANNUAL REPORT



Information. Inspiration. Innovation.

TABLE OF CONTENTS

OUR VISION

Our vision is to drive cultural change through safety centered leadership.

OUR MISSION

To generate positive change in health and safety practices within the service and hospitality sectors of Saskatchewan that enable industry to work to zero injuries while tolerating no fatal injuries.

2	Board of Directors
3	Staff
4	Report from the Chair
5	Message from the CEO
6	Who We Are
7	www. servicehospitality.com
8	Priority Employers
10	Best Practice Groups
12	Small Employers
14	Youth
15	Immigrants
16	First Nations
17	Partners With Abilities
18	Strategic Steps
20	Auditor's Report and Statement of Financial Position

SHSA BOARD OF DIRECTORS

Larry Bird
Chair
Ricky's All Day Grill, Regina

Tom Mullin
2nd Vice Chair
Saskatchewan Hotel &
Hospitality Association, Regina

Maggie Choboter
Delta Regina Hotel, Regina

Theresa Lanigan
Prince Albert Safe Shelter for
Women, Prince Albert

Raquel Singson
Meadow Lake Housing Authority, Meadow Lake

Derek McWilliam
Vice Chair
Tenuva Corporation, Saskatoon

Doug Arnold
3rd Vice Chair
Sheraton Cavalier, Saskatoon

Craig Kirkby
Best Western Seven Oaks, Regina

Cheryl Sanders
Saskatoon Inn, Saskatoon

Terry Thorsteinson
Bregg Cleaners, Tailors & Furriers, Regina

**THE SERVICE AND HOSPITALITY SAFETY
ASSOCIATION OF SASKATCHEWAN INC.**

ASSOCIATES



Back row from Left to Right :
Kayla Sowden, Communications Coordinator; George Marshall, Director Of Operations; Jeanine Anderson, Advisor; Marcel Bustamante, Advisor; Larry Glow, Business Development Manager; Ashley Hodgkinson, Advisor; Christine Ashcroft, Advisor; James Grant, Advisor.

Front row from Left to Right:
Bay Vayachack, Executive Assistant; Jim Bence, CEO; Alison Zoerb, Advisor; Shannon Pockaj, Controller.

Jim Bence
Chief Executive Officer
Saskatoon

George Marshall
Director of Operations
Regina

Larry Glow
Business Development
Manager
Saskatoon

Shannon Pockaj
Controller
Regina

Alison Zoerb
Business Advisor
Regina

Ashley Hodgkinson
Business Advisor
Regina

Christine Ashcroft
Safety Advisor
Saskatoon

Jeanine Anderson
Safety Advisor
Saskatoon

James Grant
Safety Advisor
Saskatoon

Marcel Bustamante
Safety Advisor
Saskatoon

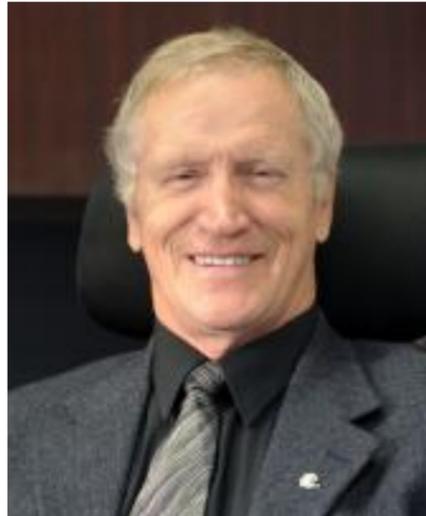
Kayla Sowden
Communications Coordinator
Regina

Bay Vayachack
Executive Assistant
Regina

REPORT FROM THE CHAIR

CONTINUING TO NAVIGATE UNCHARTED WATERS.

Since 2008, the total cost of claims in the hotel, motel and commercial laundry industries has decreased by 53 per cent. That equates to a decrease of \$1.5 million in direct costs and well over \$7.5 million in indirect costs. Across all service and hospitality industries, there were approximately 600 fewer injuries in 2013 than there were in 2008.



This is no fluke. It was over the same time period that the SHSA changed its approach to safety by proactively working to prevent injuries from occurring. We believe that our shift in focus made a significant contribution to the safety gains made across the industries.

In 2013, board members and staff worked together to create a strategic plan for 2014-2018 called **The Keystone of Cultural Change.**

The keystone is safety-centered leadership as a means to drive cultural change. It is supported by two pillars. The first pillar represents future workers, or people who will be entering the workforce. This is proactive because it allows us to effect a change in individuals before they enter the workplace culture. The second pillar represents existing employers, a group that we have worked with extensively to introduce safety

management systems and inspire safety-centered leadership. This is reactive because they represent the current culture.

And so we persevere, always on the lookout for new waters to sail, searching for opportunities to reach more people and effect the type of change that will make workplaces safe for all.

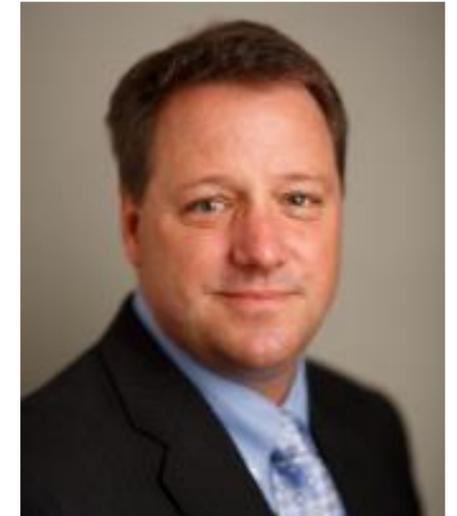
In 2013, the Board of the SHSA welcomed Raquel Singson to its membership. Raquel works for the Meadow Lake Housing Authority and we are very excited to have her participation.

Respectfully yours,
Larry Bird
Board Chair, SHSA

MESSAGE FROM THE CEO

NOW IS THE TIME TO THINK AHEAD!

Last year, in 2013, we asked some very important questions: How do we get employers to finally recognize and accept the responsibility for the safety and lives of the people in their workplace? How do we get employees to see the workplace, any workplace, as a place where they could be seriously injured, or even die, on any given day? How do we change the habits, attitudes and beliefs of an entire province?



It's obvious that we have to continue to be proactive in our strategic approach with employers that have serious injury statistics, and supportive to those that have already improved. And if that isn't good enough, what else can we do?

For starters, we must be more forward thinking. We have to challenge our own view of the world and what we do. We have to take a good hard look at the path ahead. If we ask ourselves where we want to end up and the answer is clear, we need to ask the more pressing question: Where do we start? We need to begin with the end in mind. Clearly, we must start with the kids.

If we as a province take the time to engage our youth early on, before they take their first jobs, then we will

put them, and ourselves, in a position to create a new safety culture in the province. By introducing safety concepts at an early age, we begin the process of cultural change through awareness; we begin to develop a safety culture that is proactive rather than reactive. And most certainly, this new safety culture shouldn't be limited to the service and hospitality industries.

In Saskatchewan, the SHSA has taken the lead and worked with the Ministry of Education in designating September 10th as Youth Safety Education Day. This is a day to recognize, establish and learn about why and how youth can become the safety-centered leaders of the future and what this province so desperately needs.

We have the strategy, we have the plan and we have the people to provide the leadership to drive cultural change within Saskatchewan in 2014 and beyond.

Sincerely,
Jim Bence
Chief Executive Officer, SHSA

OUR MANDATE

The Service and Hospitality Safety Association of Saskatchewan Inc. (SHSA) is a non-profit organization funded through the service and hospitality sectors in Saskatchewan. We provide information and consultation to our employers on a broad range of safety, education and legislative issues. We are responsive to the changing environment that our members operate in and are innovative in our solutions.

The SHSA exists to assist members to develop, improve and implement workplace health and safety programs. We provide guidance, education and resources to help members establish safe workplace policies and practices, and reduce duration of claims and worker injury insurance rates through strategic safety planning and claims management practices. To do this, we focus on four key responsibilities:

Safety Evaluations

We conduct safety evaluations, perception surveys and audits in order to assess an employer's safety management system and claims management. From this, we make recommendations for improvements to workplace policies, procedures and practices and determine the appropriate training required for successful implementation.

Training / Education

We deliver training/education to employers and/or employees (current and potential), thereby having a direct impact on injury prevention, injury rates and claims costs.

Consulting

We proactively and reactively work with employers to coach and mentor them on the concepts of a safety management system, claims management and education.

Research

We conduct ongoing research on best practices, safety and claims management, legislation, statistics and regulations to maintain our status as the industry experts in safety.

www.servicehospitality.com

2013 saw the development of a brand new website for the SHSA. You'll still find many of the same great features that were incorporated in our old site – like our corporate information and news alerts – and you'll also discover a new section designed to offer online training opportunities.

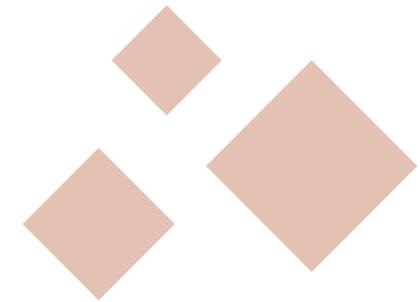
We call it eCampus and it addresses topics such as Working Safely Alone, Workplace Inspections and Claims Management. To provide an example of how eCampus works, consider the Claims Management course. It's now available in three different formats to provide you with the most up-to-date information and techniques to ensure injured workers are back to work as quickly and as safely as possible.

The first option is to present Claims Management traditionally, in-person at your workplace to your staff. If geography restricts in-person training, there is now a second option to present virtually, live and online. Live online training allows the presenter to engage people from many different locations all at once, with options for a question period and discussion. If timing or staffing levels are restrictive, there is also a third option. You can try our new online, on-demand version of Claims Management, available 24 hours a day. It contains all of the same information, but can be taken at a time and place that is convenient to you.



Make sure to check out all the online course offerings and the other features included on SHSA's new website. There are a total of 25 courses offered either in-person, virtually or online. As a result of implementing the new website with its new course offerings, we provided training to over 2,800 people in 2013, more than three times the number of people in 2011 and 2012.

PRIORITY EMPLOYERS



576

That's how many fewer injuries there were in 2013 than in 2008 in the service and hospitality industries.

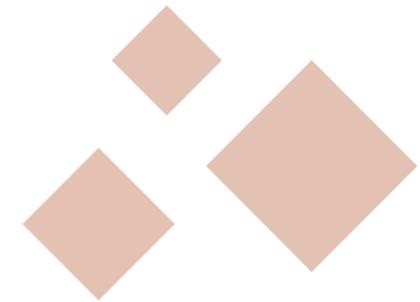
" We have a team of committed professionals who work at the speed of your business. They think health and safety 24 hours a day, 7 days a week so that you have the highest levels of expertise just a phone call away. By making you our priority, we can work together to keep health and safety a priority for your organization. "

George Marshall,
Director of Operations, The Service and Hospitality Safety Association

OUR PRIORITY EMPLOYERS

Are those that have the highest number of injuries. Priority employers begin with a safety evaluation that identifies policies, procedures, training and communication that are deficient in their safety management systems. The SHSA then works with these employers to create an action plan and support them either through consultation and/or training. In 2013, the SHSA engaged 30 employers in the priority group. In 2014, this number is expected to increase to over 60.

BEST PRACTICE GROUPS



53%

The reduction in total claims costs in the last five years in the hotel and commercial laundry industries.

“ The SHSA has been instrumental in helping me better manage WCB claims and pointing me in the right direction. I've learned so much about maintaining and managing health and injury claims. ”

Maggie Choboter,
Director of Human Resources, Delta Regina

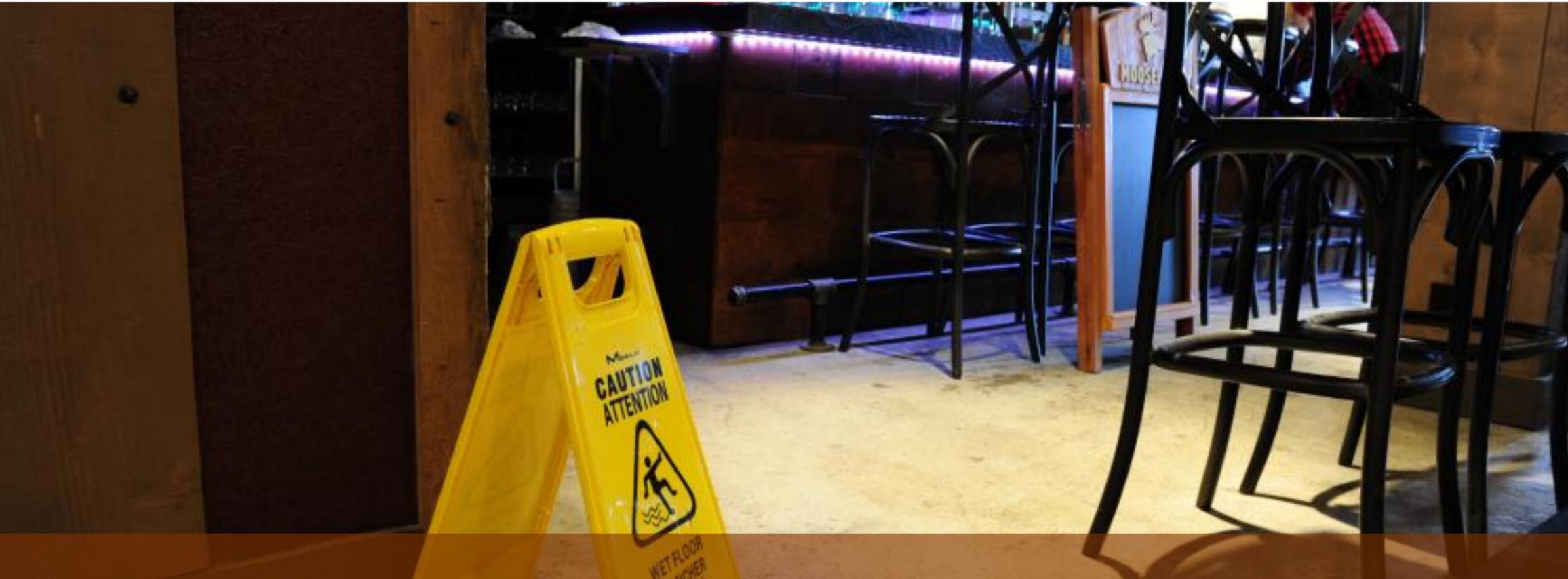
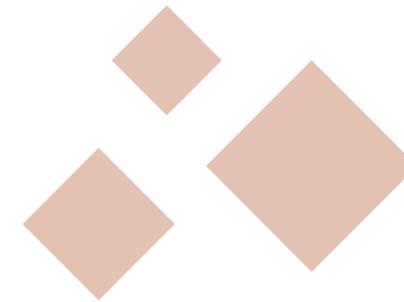
BEST PRACTICE GROUPS

In 2013, the SHSA led three best practice groups – hotels, housing authorities and commercial laundries. Best practice groups facilitate an effective way of engaging large numbers of employers and assessing their needs.

Best practice groups work to share information, educate and be innovative through the group's actions. They understand that by networking, they can learn from each other's successes and failures, thereby empowering themselves to accomplish more than by working alone.

Since the inception of the Hotel Best Practice Group in 2011, we have seen great successes in information sharing and a renewed focus on safety from hotels across the province. Their actions carried so much significance that they translated directly into reduced injury rates and direct costs. Unfortunately, WCB premiums to date have not followed the pattern in costs. Since 2008, direct costs have decreased by 53 per cent while premiums have actually increased by 29 per cent. To put that into perspective, in 2008 employers paid 1.2 times their costs in premiums. In 2013, employers paid 3.4 times their costs in premiums.

SMALL EMPLOYERS



15 & 32

The number of new online courses launched by SHSA in 2013, and the number of weekly webinars delivered.

“ I’ve gone through the SHSA website and they offer a lot of good research, as well as the online courses and their half-hour webinars over lunch. I can take that knowledge and immediately apply it to keep my staff as safe as possible. ”

Kristopher VanEverdink,
Bar Manager, Bell N’ Whistle, Saskatoon

SMALL EMPLOYERS

Small businesses with fewer than 50 employees account for over 98% of the more than 103,000 business enterprises in the province. They are active in virtually every sector of the economy, including the service and hospitality industries.

Reaching employees in small businesses is a considerable challenge and played a significant role in the changes to our website and course offerings in 2013. In-person training can be difficult at times to facilitate – and there is a cost involved. Instead of trying to find new ways to get instructors and participants in the same room at the same time, we looked to technology to bridge the gap.

Virtual training via webinar saves costs for the small business without giving up the ability for participants to interact with the instructor. It can be accomplished without the workers ever leaving the worksite – or their desks for that matter – and that saves on travel costs. Online training, while not offering the same level of interaction, offers 24-hour access to several safety and risk-based courses as needed, when needed.

With 15 courses available on our website and a weekly webinar series that is expected to reach an audience of over 1,000 workers, the SHSA is reaching the greatest number of employers with our valuable tools for injury prevention.

YOUTH



73%

The percentage of youth who will get their first employment experience in the service and hospitality industries.

“ The SHSA made presentations to four of our schools, reaching just about every student in our practical and applied arts courses. The students received a certificate to go along with their resumé, which future employers will appreciate. ”

Richard Donnelly,
PAA/Partnership Consultant, Regina Catholic Schools

Based on today's statistics, over two-thirds of all youth will get their first employment experience in the tourism industry. Nearly half of those will suffer a work related injury. There is a tremendous opportunity for the SHSA to effect cultural change across all industries by establishing effective partnerships that are aligned with the SHSA vision.

The SHSA was especially pleased that, for the second year in a row, the Minister of Education, Mr. Russ Marchuk, designated September 10th as Youth Safety Education Day in Saskatchewan. The SHSA is excited to be working with the Government of Saskatchewan to **drive cultural change through safety centered leadership.**

IMMIGRATION



2x

The number of newcomers, as a percentage of the population, will double in Saskatchewan between 2006 & 2031

“ As the umbrella organization for immigrant and refugee serving agencies across Saskatchewan, SAISIA helps to facilitate and identify the shared needs of immigrants and refugees. Workplace safety is important to member organizations. Most of the individuals served by the member agencies came to Canada for various reasons, employment topping the list. Many are in the service and hospitality workforce and it is very important for them to understand the safety regulations and have the proper training. ”

Beulah Gana,
Saskatchewan Association of Immigrant Settlement and Integration Agencies (SAISIA)

Saskatchewan's population passed the 1.1 million mark in 2013, a first in its history. In the past year alone, the province grew by more than 20,000 people and international immigration played a huge part in this latest boom.

The growth in immigration is expected to continue, with many of the immigrants seeking employment within the service and hospitality industries. The SHSA is in a perfect position to support these new workers and get them off to a good start – well equipped with the knowledge to work injury-free throughout their careers.

FIRST NATIONS



80% Percentage of First Nations people who will get their first employment experience in the service & hospitality industries

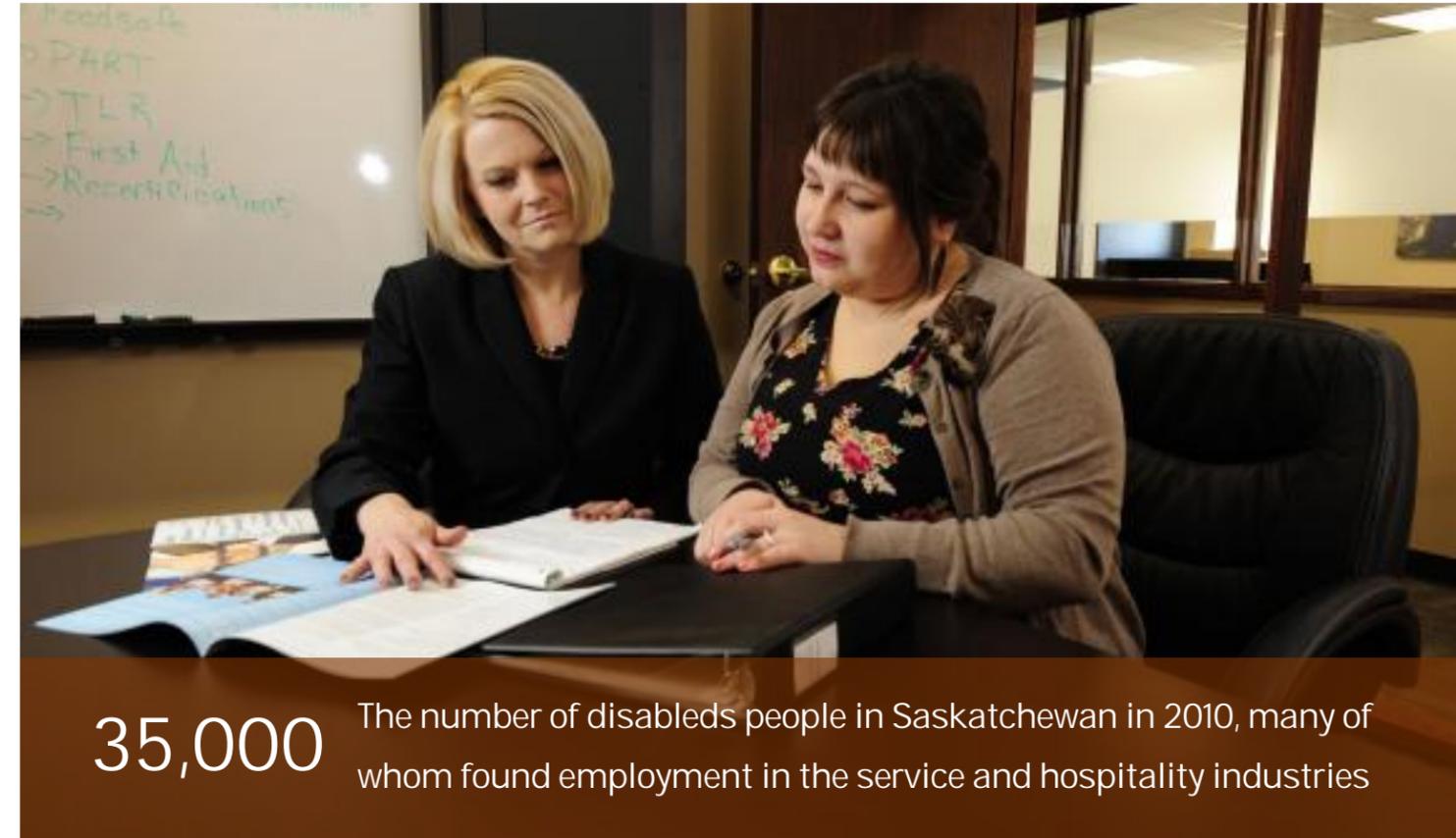
“ We sponsored a Resource Ranger program for 16- to 18-year-olds in Beauval last summer. We invited the SHSA to make a presentation because new workers need to know their rights and responsibilities before they enter the workforce. ”

John Mielke,
CEO, North West Communities Wood Products

The vast majority of First Nations people begin their careers in the service and hospitality industries. They represent an opportunity for the SHSA to effect a very real change in health and safety culture by partnering with like-minded organizations and First Nation communities. By giving First Nations people access to tools that will help them envision an injury-free work environment, we can make them aware of safety issues and solutions.

In 2013, the first of what will hopefully be many alliances was struck between the SHSA and the Saskatchewan Tourism Education Council (STEC) to develop and deliver a training module to First Nations people throughout Saskatchewan.

PARTNERS WITH ABILITIES



35,000 The number of disableds people in Saskatchewan in 2010, many of whom found employment in the service and hospitality industries

“ Through SARC’s partnership with the SHSA, we are able to offer relevant and useful safety training that is extremely beneficial to community-based organizations. The training, resources and services provided by the SHSA align with SARC’s vision of Saskatchewan residents with disabilities receiving the highest quality of services from trained professionals. ”

Amy Mcneil,
Executive Director, SARC

Employers want to hire the best person for the job. Recent studies have shown there are many economic benefits for businesses that hire persons with disabilities. Many companies have found that employee turnover rates are reduced, productivity is higher and absentee rates are lower. These are also three of the ingredients in a safe workplace.

Since it has been found that people with disabilities are loyal and successful workers who retain their positions for the long term, a comprehensive course of injury prevention is an especially worthwhile investment for the employer. SHSA will look for opportunities in the future to provide training that is specific to our partners with abilities.

STRATEGIC STEPS

STRATEGIC STEP

Work with targeted employers to improve their safety and claims management.

Progress in 2013:

- ◆ 576 fewer injuries in 2013 versus 2008 (24 per cent reduction in injuries, 47 per cent reduction in injury rate)
- ◆ 166 fewer injuries in 2013 versus 2012 (8 per cent reduction in injuries, 14 per cent reduction in injury rate)
- ◆ Engaged 30 employers through priority initiative and 66 employers through three best practice groups to improve safety management systems

STRATEGIC STEP

Develop and deliver industry leading safety and claims management training.

Progress in 2013:

- ◆ Developed and implemented professional safety manuals for six training programs
- ◆ Developed and implemented train the trainer for 10 major training programs
- ◆ Delivered 107 training sessions to 1,288 attendees on safety management systems related content
- ◆ Delivered 50 education sessions to 1,534 attendees on youth workplace safety

STRATEGIC STEP

Ensure there is awareness and recognition of the SHSA brand, and make general information available to employers.

Progress in 2013:

- ◆ New website launched and the number of unique visitors per month quadrupled
- ◆ eCampus launched with 15 new courses available
- ◆ Email blasts increased subscribers from 300 contacts to nearly 2,900 contacts receiving weekly contact
- ◆ Small employer self-assessment tool developed online which automatically generates action and training plan
- ◆ Youth Safety Education Day proclaimed on September 10th by the provincial government for the second straight year

STRATEGIC STEP

Maintain stable, long-term funding.

Progress in 2013:

- ◆ Five-year financial plan created with a goal to reduce the premium rate component to fund the SHSA from a high of \$0.094 to \$0.075 by 2018. Component for 2014 reaches \$0.085 in 2014 (two years ahead of schedule)
- ◆ Unbudgeted surplus reduced to \$66,000 while reserve fund increased to \$20,000

STRATEGIC STEPS

STRATEGIC STEP

Have a culture of continuous business process improvement and innovation.

Progress in 2013:

- ◆ Reviewed and revised our service delivery model allowing for a tripling of training input in one year at no additional cost
- ◆ Introduced project management methodologies and delivered two internal training processes to ensure all associates are fully competent on the basics
- ◆ Developed train the trainer program for all internal training programs with a three-hour comprehensive knowledge-based exam as well as on the job evaluation

STRATEGIC STEP

Encourage professional development of staff.

Progress in 2013:

- ◆ Completed formal contribution assessments for all associates in 2013
- ◆ Committed associates and resources to training and professional development with: the Human Resources Professional Association, Saskatchewan Safety Council, University of Victoria, Workplace Safety and Prevention Association, Canadian Safety Society of Engineers, Canadian Mental Health Association, CEO Briefs, Lorman Education Services, MLT, Peak Performance Leadership, University of Saskatchewan, Saskatchewan Construction Safety Association, Skillpath, MTEC and HFTP.

ONE KEYSTONE
FOR CULTURAL CHANGE

AUDITOR'S REPORT

Thorp & Company
C.A.'s Prof. Corp.

Thorp & Company Chartered Accountants
2310 Scarth Street Telephone: (306) 569 1313
Regina, Saskatchewan Fax: (306) 569 1314
S4P 2J7 Email: Office@thorpc.co.ca

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Service & Hospitality Safety Association of Saskatchewan Inc.

At the request of The Service & Hospitality Safety Association of Saskatchewan Inc., we have audited the statement of financial position as at December 31, 2013 and the statement of operations, statement of changes in 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 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.

Auditors' 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 we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance whether the financial statements are free of 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 auditors' 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives part of its revenue from various sources, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of receipts from these sources was limited to the amounts recorded in the records of the Association and we were not able to determine whether any adjustments might be necessary.

Opinion

In our opinion, except for the effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Service & Hospitality Safety Association of Saskatchewan Inc. as at December 31, 2013 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.

Regina, Saskatchewan
February 8, 2014

Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2013

WITH COMPARATIVE FIGURES FOR 2012

	2013	2012
ASSETS		
Current Assets		
Cash	\$ 10,652	\$ 154,958
Term Deposits	20,000	10,000
Accounts Receivable	14,728	7,279
Prepaid Expenses	11,107	8,457
	<u>56,487</u>	<u>180,694</u>
Capital Assets (Note 6)	62,562	42,770
	<u>\$ 119,049</u>	<u>\$ 223,464</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 82,253	\$ 71,377
Government remittances payable	44	4,491
	<u>82,297</u>	<u>75,868</u>
Net Assets		
Net assets invested in capital assets	62,562	42,770
Unrestricted net assets (deficit)	<u>(25,810)</u>	<u>104,826</u>
	<u>36,752</u>	<u>147,596</u>
	<u>\$ 119,049</u>	<u>\$ 223,464</u>

See accompanying notes

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2013

WITH COMPARATIVE FIGURES FOR 2012

	2013	2012
Revenue		
WCB funding	\$ 1,101,300	\$ 1,101,300
Seminar and training fees	10,812	15,451
	<u>1,112,112</u>	<u>1,116,751</u>
Expenses		
Administration	14,510	12,962
Advertising and promotion	13,138	18,007
Amortization	20,757	15,361
Bad debts	1,280	-
Director's expenses	8,051	6,403
Dues and memberships	5,453	3,473
Insurance	10,018	7,090
IT expense	24,744	15,157
Newsletter and printing	11,753	16,900
Office	14,713	11,508
Postage	1,306	1,201
Professional fees	7,633	10,413
Rent	80,923	62,373
Seminars and meetings	14,859	11,537
Telephone	15,807	14,558
Training	103,566	50,169
Travel	57,599	43,402
Utilities	3,431	1,303
Vehicle	39,882	39,904
Wages and benefits	774,549	682,091
Website	215	3,990
Gain on disposal of capital assets	(1,231)	(630)
	<u>1,222,956</u>	<u>1,027,172</u>
Excess (deficiency) of revenues over expenses	\$ <u>(110,844)</u>	\$ <u>89,579</u>

See accompanying notes

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2013

WITH COMPARATIVE FIGURES FOR 2012

	Invested in Capital Assets	Unrestricted	2013 Total	2012 Total
Balance, beginning of year	\$ 42,770	104,826	147,596	\$ 58,017
Excess (deficiency) of revenues over expenses	(19,525)	(91,319)	(110,844)	89,579
Proceeds on sale of capital assets	(1,680)	1,680	-	-
Purchase of capital assets with unrestricted funds	<u>40,997</u>	<u>(40,997)</u>	<u>-</u>	<u>-</u>
Balance, end of year	\$ <u>62,562</u>	\$ <u>(25,810)</u>	\$ <u>36,752</u>	\$ <u>147,596</u>

The deficiency of revenue over expenses relating to capital assets consists of amortization and gain on disposal of capital assets.

See accompanying notes

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2013

WITH COMPARATIVE FIGURES FOR 2012

	2013	2012
Operating activities		
Excess (deficiency) of revenues over expenses	\$ (110,844)	\$ 89,579
Items not involving an outlay of cash:		
Amortization	20,757	15,361
Gain on disposal of capital assets	(1,231)	(630)
	<u>(91,318)</u>	<u>104,310</u>
Net change in non-cash working capital balances (Note 8)	(13,670)	16,568
Cash provided by (used in) operating activities	<u>(104,988)</u>	<u>120,878</u>
Investing activities		
Purchase of capital assets	(40,998)	(23,286)
Proceeds on sale of capital assets	1,680	652
Cash used in investing activities	<u>(39,318)</u>	<u>(22,634)</u>
Increase (decrease) in cash	(144,306)	98,244
Cash position, beginning of year	154,958	56,714
Cash position, end of year	\$ <u>10,652</u>	\$ <u>154,958</u>

See accompanying notes

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2013

1. Purpose of the Association

The Service & Hospitality Safety Association (SHSA) provides safety training and education to organizations to help them lower their WCB premiums.

2. Statute of incorporation

The Association is incorporated under the Non-profit Corporations Act of Saskatchewan. As a non-profit organization, the Association is exempt from Canadian income tax.

3. Summary of significant accounting policies

The financial statements are prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies.

(a) Capital assets

Capital assets are recorded at cost. Amortization is provided for on the diminishing balance method at rates which are estimated to amortize the costs over the useful lives of the assets as follows:

Furniture and equipment	20 %
Computer equipment	30, 45, 55 and 100 %
Computer software	100 %

Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Assets acquired during the year are amortized at one-half of the annual provision.

(b) Revenue recognition

Grants from the Saskatchewan Workers Compensation Board are recorded as income when received. Fees for seminars and services are recognized in the period the seminar or services are provided.

(c) Financial instruments**Measurement**

The company initially measures its financial assets and financial liabilities at fair value. The company subsequently measures all its financial assets and financial liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net income.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, and accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the accounts payable and accrued liabilities and government remittances payable.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income.

Transaction costs

The company's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net income in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.

(d) Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management 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 revenues and expenses during the current period. Significant estimates include those used when accounting for amortization. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

4. Economic dependence

As SHSA's principal source of revenue is provided by the Saskatchewan Workers Compensation Board, ongoing operations will be dependent upon continued funding in the future.

5. Investments

The investments consist of guaranteed investment certificates totaling \$20,000 which bear interest at the rate of 1.40% and matures September, 2014 and March, 2015.

6. Capital assets

	Cost	Accumulated Amortization	2013 Net Book Value	2012 Net Book Value
Furniture and equipment	\$ 59,915	29,176	30,739	\$ 20,398
Computer equipment	22,351	19,057	3,294	3,269
Computer software	6,875	5,853	1,022	1,184
Leasehold improvements	46,830	19,323	27,507	17,919
	<u>\$ 135,971</u>	<u>\$ 73,409</u>	<u>\$ 62,562</u>	<u>\$ 42,770</u>

7. Commitments

The Association is committed to three property leases. The lease relating to the first Regina lease requires a monthly base rent of approximately \$1,840 plus occupancy costs. The lease expires March 31, 2018. The second Regina location lease requires a monthly base rent of approximately \$1,020 plus occupancy costs. The lease will be surrendered as of January 31, 2014. The lease relating to the Saskatoon office requires a monthly base rent of approximately \$1,340 plus occupancy costs and property taxes. The lease expires August 31, 2014.

The Association is also committed to two vehicle leases requiring monthly payments aggregating \$1,214 which become due October, 2015 and February, 2016.

The future lease payments each year for the next five years are as follows:	2014	\$ 74,036
	2015	51,826
	2016	39,686
	2017	38,472
	2018	9,618

8. Net change in non-cash working capital balances

	2013	2012
Decrease (increase) in current assets:		
Term deposits	\$ (10,000)	\$ (10,000)
Accounts receivable	(7,449)	(1,540)
Prepaid expenses	(2,650)	(3,315)
	<u>(20,099)</u>	<u>(14,855)</u>
Increase (decrease) in current liabilities:		
Accounts payable and accrued liabilities	\$ 10,876	\$ 26,932
Government remittances payable	(4,447)	4,491
	<u>6,429</u>	<u>31,423</u>
	<u>\$ (13,670)</u>	<u>\$ 16,568</u>

9. Financial instruments

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Association's risk exposure at the balance sheet date.

(a) Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet a demand for cash or fund its obligations as they come due. The Association meets its liquidity requirements by monitoring forecasts of cash flows from operations as well as the amount of funding that is expected to be received from WCB.

(b) Credit risk

Credit risk is the possibility that other parties may default on their financial obligations. The maximum exposure of credit risk in accounts receivable is \$14,728 (2012 - \$7,279). The Association provides credit to its members in the normal course of its operations. A significant portion of the accounts receivable relates to GST, interest and source deductions refundable.

(c) Interest rate risk

The Company has limited exposure to interest rate risk on its investments due to the type of the investments.

Changes in risk

There have been no significant changes in the Association's risk exposures from the prior year.

10. Objectives for managing capital

The Association's objective when managing capital is to enable the effective execution of its programs and provide support to its members. The objectives are considered in the budget process and in monitoring the actual revenue and expenses.

11. Comparative figures

Certain 2012 comparative figures, which were reported on by another auditor, have been reclassified to conform with the current year financial statement presentation.



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