

WORKING SKILLS CENTRE
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2017





INDEPENDENT AUDITOR'S REPORT

**To the Members of
Working Skills Centre**

I have audited the accompanying financial statement of Working Skills Centre (WSC), which comprise the statement of financial position as at March 31, 2017, the statement of operations and net assets, and the statement of cash flows for the year then ended, and a summary of significant Canadian accounting standards applicable to not-for-profit organizations 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.

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 for not-for-profit organizations. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT (Continued)

Basis for Qualified Opinion

In common with many not-for-profit organizations, WSC derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these amounts was limited to the amounts recorded in WSC's accounting records and I was not able to determine whether any adjustments might be necessary to the donations and fundraising revenue.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of WSC, as at March 31, 2017, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

I draw your attention to Note 13 of the financial statements which describes the conditions under which WSC will be able to continue as a going concern, meaning its ability to continue to operate for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of operations. As disclosed in Note 13, WSC's continuance is dependent upon its ability to secure government funding and produce self-generated revenue and attaining positive results in its operations. If the going concern concept is not appropriate for these financial statements, adjustments might be necessary for the carrying values of assets and liabilities.

Richmond Hill, Ontario
July 16, 2017



Chartered Professional Accountant
Licensed Public Accountant



WORKING SKILLS CENTRE
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2017

ASSETS

<u>CURRENT</u>	<u>2017</u>	<u>2016</u>
Accounts Receivable	\$ 34,717	\$ 56,184
Grant Contributions Receivable	13,657	38,700
HST Recoverable	10,566	14,321
Prepaid Expenses and Deposits	9,282	11,282
	<u>68,222</u>	<u>120,487</u>
 <u>CAPITAL ASSETS</u> (Note 2)	 <u>139,894</u>	 <u>148,632</u>
	<u>\$ 208,116</u>	<u>\$ 269,119</u>

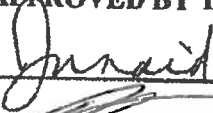
LIABILITIES


<u>CURRENT</u>		
Bank Advances (Note 4)	\$ 34,364	\$ 48,261
Accounts Payable and Accrued Charges	43,486	36,016
Deferred Revenue	3,335	8,637
Deferred Capital Grant (Note 9)	21,551	83,770
	<u>102,736</u>	<u>176,684</u>
 <u>DEFERRED CONTRIBUTIONS RELATED</u> <u>TO CAPITAL ASSETS</u> (Note 3)	 <u>122,181</u>	 <u>123,140</u>
	<u>224,917</u>	<u>299,824</u>

NET ASSETS

<u>NET ASSETS</u>	<u>(16,801)</u>	<u>(30,705)</u>
	<u>\$ 208,116</u>	<u>\$ 269,119</u>

APPROVED BY THE BOARD:


 _____ Director


 _____ Director

(See Accompanying Notes)



WORKING SKILLS CENTRE

STATEMENT OF OPERATIONS AND NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<u>REVENUE</u>		
Government and Foundation Contributions (Note 5)	\$ 257,606	\$ 274,805
T.E.S.S. Skills Training & Employment Incentives	315,491	279,979
Skills Training - Diploma	4,749	16,323
Certificate (Part-time) Programs	60,883	58,666
Fundraising, Donations and Other Income	46,913	40,049
Donations-in-Kind (Note 11)	7,170	6,701
	<u>692,812</u>	<u>676,523</u>
<u>EXPENSES</u>		
Salaries	410,015	408,437
Employee and Trainee Benefits	32,420	31,002
Occupancy Costs	106,886	103,272
Outreach and Marketing	1,350	6,002
Bad Debts	-	3,017
Bank Charges and Interest	5,816	5,002
Computer Software, Supplies and Technical Services	32,516	6,059
Equipment Leasing and Maintenance	13,742	8,519
Insurance	17,479	17,182
Office Supplies	5,003	22,093
Professional Fees	8,040	28,007
Program Resource Materials	24,787	33,068
Telephone	4,802	4,032
Travel and Participant TTC	1,103	4,011
Donations-in-Kind (Note 11)	7,170	6,701
	<u>671,129</u>	<u>686,404</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE AMORTIZATION</u>	21,683	(9,881)
<u>NET AMORTIZATION</u> (Note 6)	<u>(7,779)</u>	<u>(19,227)</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</u>	13,904	(29,108)
<u>NET ASSETS</u> , Beginning of the Year	<u>(30,705)</u>	<u>(1,597)</u>
<u>NET ASSETS</u> , End of the Year	<u>\$ (16,801)</u>	<u>\$ (30,705)</u>

(See Accompanying Notes)



WORKING SKILLS CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2017

<u>CASH PROVIDED BY (USED IN)</u>	<u>2017</u>	<u>2016</u>
<u>OPERATING ACTIVITIES</u>		
Excess (Deficiency) of Revenue over Expenses	\$ 13,904	\$ (29,108)
Net Amortization (Note 6)	7,779	19,227
Loss on Disposal of Equipment	-	660
	<u>21,683</u>	<u>(9,221)</u>
<u>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</u>		
Accounts Receivable	21,467	(10,705)
Grant Contributions Receivable	25,043	(27,390)
HST Recoverable	3,755	(1,532)
Prepaid Expenses and Deposits	2,000	(2,003)
Accounts Payable and Accrued Charges	7,470	(6,206)
Source Deductions Payable	-	(173)
Deferred Revenue	(5,302)	2,103
Deferred Capital Grant	(62,219)	83,770
Deferred Operating Grant Revenue	-	(8,691)
	<u>(7,786)</u>	<u>29,173</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of Capital Assets	<u>(26,879)</u>	<u>(65,830)</u>
<u>FINANCING ACTIVITIES</u>		
Deferred Capital Contribution Related to Capital Assets	<u>26,879</u>	<u>65,830</u>
<u>INCREASE IN CASH DURING YEAR</u>	13,897	19,952
<u>BANK ADVANCES, Beginning of the Year</u>	<u>(48,261)</u>	<u>(68,213)</u>
<u>BANK ADVANCES, End of Year</u>	<u>\$ (34,364)</u>	<u>\$ (48,261)</u>
<u>BANK ADVANCES REPRESENTED BY:</u>		
Cash	\$ (9,364)	\$ (3,261)
Bank Advances	<u>(25,000)</u>	<u>(45,000)</u>
	<u>\$ (34,364)</u>	<u>\$ (48,261)</u>

(See Accompanying Notes)



WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

PURPOSE OF ORGANIZATION:

WSC is an innovative, community-based, non-profit, charitable organization that empowers immigrants, primarily women. Its purpose is to prepare its clients to fully participate in Canadian society by providing education, work experience and settlements services that ultimately lead to employment. WSC is a registered charity under the Income Tax Act of Canada. The registration number is 108221946 RR0001.

1. SIGNIFICANT ACCOUNTING POLICIES:

a) Revenue Recognition

WSC follows the deferral method of accounting for contributions. Deferred contributions are recognized as revenue in the year in which the related expenses are incurred. Revenue from government and foundation contributions is recorded when revenue is earned. Revenue from sales, services and material resource recovery is recorded as revenue on the accrual basis i.e. when earned. Capital contributions and the capital assets acquired from such grants are amortized over their respective useful lives. Fundraising, donations and other income are recorded as revenue when received.

Donations-in-kind are recognized as revenue at their fair market value where such is discernable.

WSC Skills Training and Social Enterprise programs are recorded as revenue when earned.

b) Capital Assets and Amortization

Capital assets are recorded at cost. Amortization is provided as follows:

Computer Equipment	20% - declining balance basis
Telephone System	20% - declining balance basis
Furniture and Equipment	20% - declining balance basis
Leasehold Improvements	Amortized over 120 months

Equipment related to program costs is expensed in the year of acquisition.

c) Financial Instruments

WSC's financial instruments consist of accounts receivable, bank advances and accounts payable and accrued charges. Financial instruments are initially recorded at historical cost.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

If subsequent circumstances indicate that a decline in the fair market value of a financial asset is other than temporary, the financial instrument is written down to its fair market value. Unless otherwise indicated, it is management's opinion that WSC is not exposed to significant interest, currency or credit risks arising from these financial statements. The fair market value of these instruments approximate recorded amounts because of the short period to receipt or payment of cash.

2. CAPITAL ASSETS:

	<u>2017</u>			<u>2016</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 120,764	\$ 87,278	\$ 33,486	\$ 43,171
Furniture and Equipment	55,586	51,961	3,625	4,531
Computer Equipment	279,316	176,820	102,496	100,573
Telephone Equipment	17,447	17,160	287	357
	<u>\$ 473,113</u>	<u>\$ 333,219</u>	<u>\$ 139,894</u>	<u>\$ 148,632</u>

Amortization for the year is \$35,617 (2016 - \$32,625).

3. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS:

i) Ontario Trillium Foundation (OTF)

In 2009 WSC received and expended \$145,400 from OTF for the purchase and installation of computer equipment and software, of which \$112,640 was capitalized and was included in Computer Equipment; the balance of \$32,760 was included in Capital Equipment in the Statement of Operations in 2009. Deferred contributions reported are amortized over the useful life of the computer equipment. Amortization for 2017 is \$3,717 (2016 - \$3,599).

ii) Ontario Trillium Foundation (OTF)

In 2011 WSC received and expended \$149,600 of which \$127,989 was capitalized as follows:

Leasehold Improvements	\$ 49,598
Furniture and Equipment	7,795
Computer Equipment	70,596
	<u>\$ 127,989</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

3. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS: (Continued)

The respective deferred contribution related to capital assets is amortized over the useful life of the asset as per Note 2. Amortization for 2017 is \$9,583 (2016 -\$10,740).

The balance of the funds of \$21,611 was included in the 2011 Statement of Operations and allocated as follows:

Salaries	\$ 11,426
Equipment Leasing and Maintenance	10,185
	<u>\$ 21,611</u>

iii) Ontario Trillium Foundation (OTF)

In 2016 WSC received \$149,600 and expended \$128,049 of which \$92,709 was capitalized as follows:

Leasehold Improvements	\$ 2,392
Computer Equipment	90,317
	<u>\$ 92,709</u>

The respective deferred contribution related to capital assets is amortized over the useful life of the asset as per Note 2. Amortization for 2017 is \$14,538 (2016 - \$6,583).

The balance of the funds of \$35,340 was included in the 2017 Statement of Operations and allocated as follows:

Salaries	\$ 8,004
Computer Software, Supplies and Technical Services	27,336
	<u>\$ 35,340</u>

Continuity of Deferred Capital Contributions for the year is as follows:

	<u>2017</u>	<u>2016</u>
<u>OTF (2009)</u>		
Deferred Capital Contributions, Beginning of the Year	\$ 18,586	\$ 23,622
Less - Disposition of computer equipment (Note 6)	-	(1,437)
Less - Amortized for the Year	<u>(3,717)</u>	<u>(3,599)</u>
	14,869	18,586
<u>OTF (2011)</u>		
Deferred Capital Contributions, Beginning of the Year	45,307	56,047
Less - Amortized for the Year	<u>(9,583)</u>	<u>(10,740)</u>
	<u>35,724</u>	<u>45,307</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

3. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS: (Continued)

OTF (2016)

Deferred Capital Contributions, Beginning of the Year	59,247	-
Add - Received in the year	26,879	65,830
Less - Amortized for the Year	<u>(14,538)</u>	<u>(6,583)</u>
	<u>71,588</u>	<u>59,247</u>
 Deferred Capital Contributions, End of the Year	 <u>\$ 122,181</u>	 <u>\$ 123,140</u>

4. BANK ADVANCES:

WSC has a \$100,000 line of credit facility which bears interest at the Royal Bank of Canada prime rate plus 1.9%. As at March 31, 2017, WSC had a balance of \$25,000 (2016 - \$45,000) outstanding on the facility at an annual interest rate of 4.60%.

5. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are comprised as follows:

	<u>2017</u>	<u>2016</u>
Investing in Neighbourhoods	\$ 94,512	\$ 73,392
Ministry of Citizenship - NSP	63,993	63,993
Ministry of Citizenship - Pay Equity	55,708	51,255
Ontario Trillium Foundation	35,340	-
Toronto Foundation	8,053	5,000
Ministry of Economic Development, Infrastructure & Employment	-	67,375
Service Canada, Canadian Summer Job Strategy	-	8,790
Shum Vourkoutiotis Fund at The Toronto Foundation	-	5,000
	<u>\$ 257,606</u>	<u>\$ 274,805</u>

6. NET AMORTIZATION:

Amortization is comprised as follows:

	<u>2017</u>	<u>2016</u>
Amortization Expense	\$ (35,617)	\$ (32,625)
Amortization of Deferred Contributions Related to Capital Assets	27,838	20,922
Loss on Disposal of Assets (See Below)	-	(7,524)
	<u>\$ (7,779)</u>	<u>\$ (19,227)</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

6. NET AMORTIZATION: (Continued)

As at April 1, 2015 WSC relinquished office space resulting in terminal losses as follows:

1. Disposition of leasehold improvements	\$ -	\$ 7,254
2. Disposition of computer equipment - net	-	270
	<u>\$ -</u>	<u>\$ 7,524</u>

7. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:

WSC includes cash, accounts receivable, grants receivable, accounts payable and accrued charges, deferred revenue, and net assets in its capital management consideration. WSC's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to execute its mandate.

WSC monitors these items to assess its ability to fulfil its ongoing financial obligations. WSC relies primarily on grants and training programs to fund its operations and makes adjustments to its budgeted expenditures in light of changes. WSC is not subject to externally imposed capital requirements.

8. USE OF ESTIMATES:

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

9. DEFERRED CAPITAL GRANT:

	<u>2017</u>	<u>2,016</u>
Ontario Trillium Foundation	\$ 21,551	\$ 83,770

Continuity of deferred capital grant is as follows:

Deferred Capital Grant, Beginning of Year	\$ 83,770	\$ -
Add - Received during the Year	-	149,600
Less - Recognized during the Year (Note 3,5)	(62,219)	(65,830)
Deferred Capital Grant, End of Year	<u>\$ 21,551</u>	<u>\$ 83,770</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

10. LEASE COMMITMENT:

WSC's net annual minimum lease payment to the expiry of the amended leases, March 31, 2018, is as follows:

2018	\$	48,269
------	----	--------

11. DONATIONS-IN-KIND:

In fiscal 2016 WSC was in receipt of legal fees at fair market value of \$7,170 (2016-\$6,701).

12. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:

a) Interest Rate Risk

Interest rate risk is the risk of potential financial loss caused by fluctuations in their fair value of future cash flow of financial instruments due to changes in market interest rates.

b) Credit Risk

Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations.

c) Currency Risk

Currency risk is the risk of potential change in price of one currency against another currency.

The WSC's financial instruments consist of bank advances, accounts receivable, accounts payable and accrued charges. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit or currency risks. WSC is exposed to interest rate risk due to its line of credit. The fair value of these financial instruments approximates their carrying values.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2017

13. GOING CONCERN:

These financial statements have been prepared on the assumption that WSC is a going concern, meaning it will continue to operate for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. WSC's ability to continue as a going concern is dependent upon its ability to secure government funding and produce self-generated revenue and attaining positive results in its operations.

WSC has currently implemented its 2016 deficit eliminaton plan and continues to monitor its progress.

14. CONTRIBUTED SERVICES:

Because of the difficulty of determining the fair value of services provided by volunteers, contributed services by volunteers are not recognized in these financial statements.