

**WORKING SKILLS CENTRE**  
**AUDITED FINANCIAL STATEMENTS**  
**MARCH 31, 2020**



David Burkes, CPA, CA, CFF



INDEPENDENT AUDITOR'S REPORT

To the Members of  
Working Skills Centre  
Report on the Audit of the Financial Statements

*Opinion*

I have audited the financial statements of Working Skills Centre ("the Organization"), which comprise the statement of financial position as at March 31, 2020, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Working Skills Centre as at March 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 Qualified Opinion*

In common with many charitable organizations, the organization 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 the organization's accounting records and I was not able to determine whether any adjustments might be necessary to the donations and fundraising revenue.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 these 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 to 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.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My 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 my 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, I exercise professional judgement and maintain professional skepticism throughout the audit. I 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 my 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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.

I communicated 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 I identify during my audit.



Chartered Professional Accountant  
Licensed Public Accountant

Richmond Hill, Ontario  
August 27, 2020



David Burkes, CPA, CA, CFF

WORKING SKILLS CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

ASSETS

<u>CURRENT</u>	<u>2020</u>	<u>2019</u>
Cash	\$ 106,340	\$ 68,732
Accounts Receivable	41,066	23,302
Grant Contributions Receivable	-	8,953
HST Recoverable	9,010	12,002
Prepaid Expenses and Deposits	10,458	53,102
	<u>166,874</u>	<u>166,091</u>
 <u>CAPITAL ASSETS</u> (Note 2)	 <u>58,265</u>	 <u>79,836</u>
	<u>\$ 225,139</u>	<u>\$ 245,927</u>

LIABILITIES

<u>CURRENT</u>		
Accounts Payable and Accrued Charges	\$ 7,890	\$ 28,552
Deferred Revenue	15,187	1,200
Deferred Operating Grants (Note 9)	28,300	28,802
	<u>51,377</u>	<u>58,554</u>
 <u>DEFERRED CONTRIBUTIONS RELATED</u> <u>TO CAPITAL ASSETS</u> (Note 3)	 <u>55,948</u>	 <u>74,775</u>
	<u>107,325</u>	<u>133,329</u>

NET ASSETS

<u>NET ASSETS</u>	<u>117,814</u>	<u>112,598</u>
	<u>\$ 225,139</u>	<u>\$ 245,927</u>

APPROVED BY THE BOARD:

\_\_\_\_\_  
Director

Todd Butler, Treasurer Director

*(See Accompanying Notes)*

WORKING SKILLS CENTRE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>		
Government and Foundation Contributions (Note 5)	\$ 241,347	\$ 412,794
T.E.S.S. Skills Training & Employment Incentives	340,086	282,666
Certificate (Part-time) Programs	75,885	77,749
Fundraising, Donations and Other Income	24,720	17,676
Donations-in-Kind (Note 11)	8,422	8,177
	<u>690,460</u>	<u>799,062</u>
<u>EXPENSES</u>		
Salaries	411,770	474,741
Employee and Trainee Benefits	28,186	32,614
Occupancy Costs	153,495	113,064
Outreach and Marketing	418	1,731
Bank Charges and Interest	4,001	4,084
Computer Software, Supplies and Technical Services	11,528	13,804
Equipment Leasing and Maintenance	11,386	11,939
Insurance	12,924	12,082
Office Supplies	13,664	18,569
Professional Fees (Note 11)	15,826	18,956
Program Resource Materials	10,188	19,941
Telephone	3,940	3,497
Travel and Participant TTC	5,025	6,124
Fundraising Expense	149	6,241
	<u>682,500</u>	<u>737,387</u>
<u>EXCESS OF REVENUES OVER</u>		
<u>EXPENSES BEFORE AMORTIZATION</u>	7,960	61,675
<u>NET AMORTIZATION</u> (Note 6)	<u>( 2,744 )</u>	<u>( 5,053 )</u>
<u>EXCESS OF REVENUES OVER EXPENSES</u>	5,216	56,622
<u>NET ASSETS</u> , Beginning of the Year	<u>112,598</u>	<u>55,976</u>
<u>NET ASSETS</u> , End of the Year	<u>\$ 117,814</u>	<u>\$ 112,598</u>

*(See Accompanying Notes)*

**WORKING SKILLS CENTRE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<b><u>CASH PROVIDED BY (USED IN)</u></b>		
<b><u>OPERATING ACTIVITIES</u></b>		
Excess of Revenues over Expenses	\$ 5,216	\$ 56,622
Net Amortization (Note 6)	<u>2,744</u>	<u>5,053</u>
	<u>7,960</u>	<u>61,675</u>
<b><u>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</u></b>		
Accounts Receivable	( 17,764 )	71,429
Grant Contributions Receivable	8,953	3,719
HST Recoverable	2,992	( 5,148 )
Prepaid Expenses and Deposits	42,644	( 42,532 )
Accounts Payable and Accrued Charges	( 20,662 )	7,068
Deferred Revenue	13,987	800
Deferred Operating Grant Revenue	<u>( 502 )</u>	<u>( 82,980 )</u>
	<u>29,648</u>	<u>( 47,644 )</u>
<b><u>INCREASE IN CASH DURING YEAR</u></b>	37,608	14,031
<b><u>CASH, Beginning of the Year</u></b>	<u>68,732</u>	<u>54,701</u>
<b><u>CASH, End of Year</u></b>	<u>\$ 106,340</u>	<u>\$ 68,732</u>

*(See Accompanying Notes)*

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

**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:**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies that are considered particularly significant:

**a) Revenue Recognition**

WSC follows the deferral method of accounting for contributions, which include government grants and externally restricted donations, and are recorded as revenue in the fiscal period in which the associated operating or project expenses are incurred.

Revenue from the sale of services is recorded in the period in which it is earned (i.e. the services are rendered).

Unrestricted donations are recorded as revenues 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

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital assets exceeds its fair value.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

c) Financial Instruments

WSC initially records all financial instruments at fair market value, and subsequently records them at amortized cost.

WSC's financial instruments consist of cash, accounts receivable, bank advances, accounts payable and accrued liabilities.

d) Use of Estimates

The preparation of financial statements in accordance 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 and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reported period. Significant items subject to such estimates and assumptions include the useful lives of capital assets, and year-end accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

e) Income Taxes

WSC is a not-for-profit charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. CAPITAL ASSETS:

	<u>2020</u>			<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 120,764	\$ 116,980	\$ 3,784	\$ 11,735
Furniture and Equipment	55,586	53,730	1,856	2,320
Computer Equipment	279,316	226,838	52,478	65,598
Telephone Equipment	17,447	17,300	147	183
	<u>\$ 473,113</u>	<u>\$ 414,848</u>	<u>\$ 58,265</u>	<u>\$ 79,836</u>

Amortization for the year is \$21,571 (2019 - \$26,700).



WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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 2020 is \$742 (2019 - \$2,379).

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>

The respective deferred contribution related to capital assets is amortized over the useful life of the asset as per Note 2. Amortization for 2020 is \$8,958 (2019 - \$7,919).

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 2020 is \$9,127 (2019 - \$11,349).

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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

iii) Ontario Trillium Foundation (OTF) (Continued)

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	<u>27,336</u>
	<u>\$ 35,340</u>

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

	<u>2020</u>	<u>2019</u>
<u>OTF (2009)</u>		
Deferred Capital Contributions, Beginning of the Year	\$ 9,516	\$ 11,895
Less - Amortized for the Year	<u>( 742 )</u>	<u>( 2,379 )</u>
	<u>8,774</u>	<u>9,516</u>
<u>OTF (2011)</u>		
Deferred Capital Contributions, Beginning of the Year	19,146	27,065
Less - Amortized for the Year	<u>( 8,958 )</u>	<u>( 7,919 )</u>
	<u>10,188</u>	<u>19,146</u>
<u>OTF (2016)</u>		
Deferred Capital Contributions, Beginning of the Year	\$ 46,113	\$ 57,462
Less - Amortized for the Year	<u>( 9,127 )</u>	<u>( 11,349 )</u>
	<u>36,986</u>	<u>46,113</u>
Deferred Capital Contributions, End of the Year	<u>\$ 55,948</u>	<u>\$ 74,775</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, 2020, WSC had a balance of \$NIL (2019 - \$NIL) outstanding on the facility at an annual interest rate of 4.35% (2019 - 5.85%).

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

5. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are comprised as follows:

	<u>2020</u>	<u>2019</u>
Investing in Neighbourhoods	\$ 42,607	\$ 51,972
Ministry of Citizenship and Immigration - NSP	63,993	63,563
Ministry of Citizenship and Immigration - Pay Equity	58,047	57,750
Ministry of Citizenship and Immigration - Career Launch in Canada - Knowledge & Skills (CLICKS)	-	210,914
Women and Gender Equality Canada - Capacity Building	46,700	-
Toronto Foundation	5,000	5,000
Ministry of Employment and Social Development - New Horizons for Senior's Program	25,000	23,595
	<u>\$ 241,347</u>	<u>\$ 412,794</u>

6. NET AMORTIZATION:

Amortization is comprised as follows:

	<u>2020</u>	<u>2019</u>
Amortization Expense	\$ (21,571)	\$ (26,700)
Amortization of Deferred Contributions Related to Capital Assets	18,827	21,647
	<u>\$ (2,744)</u>	<u>\$ (5,053)</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. 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.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

9. DEFERRED OPERATING GRANTS:

	<u>2020</u>	<u>2019</u>
Ministry of Employment and Social Development - New Horizons for Senior's Program	\$ 25,000	\$ 25,000
Women and Gender Equality Canada - Capacity Building	3,300	-
Ministry of Citizenship and Immigration - Career Launch in Canada - Knowledge & Skills (CLICKS)	-	3,372
Ministry of Citizenship and Immigration - Newcomer's Settlement Program	-	430
Deferred Operating Grants	<u>\$ 28,300</u>	<u>\$ 28,802</u>
Continuity of deferred operating grants are as follows:		
Deferred Operating Grants, Beginning of Year	\$ 28,802	\$ 111,782
Add - Received/Receivable during the Year	240,845	329,814
Less - Recognized during the Year (Note 5)	( 241,347 )	( 412,794 )
Deferred Operating Grants, End of Year	<u>\$ 28,300</u>	<u>\$ 28,802</u>

10. LEASE COMMITMENT:

During fiscal 2020, WSC signed a lease extension for its existing office space with an expiry date of December 31, 2022. The remaining minimum lease payments are as follows:

	<u>55 Eglinton</u> <u>Avenue E.</u> <u>Suite 206</u>	<u>55 Eglinton</u> <u>Avenue E.</u> <u>Suite 703</u>
2021	\$ 31,763	\$ 83,219
2022	32,812	85,882
2023	25,200	65,909

11. DONATIONS-IN-KIND:

In fiscal 2020 WSC was in receipt of legal fees at an estimated fair market value of \$8,422 (2019 - \$8,177).

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. WSC is exposed to this risk through the use of its line of credit and credit facilities. WSC manages this risk by continuously monitoring changes in interest rates charged by the line of credit and setting aside adequate funds to service any increases in interest costs.

**WORKING SKILLS CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2020**

**12. FINANCIAL INSTRUMENTS - RISK MANAGEMENT: (Continued)**

**b) Credit Risk**

**Credit risk is the potential for financial loss should a counter-party in a transaction fail to meet its obligations. Due to the nature of the contributions and general operations, WSC does not face any significant concentration of credit risk.**

**c) Liquidity Risk**

**Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. WSC manages this risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.**

**The WSC's financial instruments consist of cash, accounts receivable, accounts payable and accrued charges. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit and liquidity risk.**

**The extent of the Organization's exposure to the above risks did not change during 2020.**