

WORKING SKILLS CENTER

Financial Statements

Year Ended March 31, 2022

WORKING SKILLS CENTER

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Year Ended March 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Working Skills Center

Qualified Opinion

We have audited the financial statements of Working Skills Centre (the Centre), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and notes to the Centre's financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2022, and its results of 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 non-for-profit organizations, the Centre derives revenue from donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenue was limited to the amounts recorded in the records of the centre and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets

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 Centre in accordance with the ethical requirements that are relevant to our audit of the Centre's financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the Centre's 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 Centre's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Centre's financial statements, management is responsible for assessing the Centre's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Centre or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Centre's financial reporting process.

An independently owned member
RSM Canada Alliance



Independent Auditor's Report to the Members of Working Skills Center *(continued)*

Auditor's Responsibilities for the Audit of the Centre's Financial Statements

Our objectives are to obtain reasonable assurance about whether the Centre's 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 Centre's 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 Centre's 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 Centre'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 Centre'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 Centre's 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 Centre to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Centre's financial statements, including the disclosures, and whether the Centre's 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.

NVS Professional Corporation

NVS Professional Corporation
Chartered Professional Accountants
Authorized to practise public accounting by
Chartered Professional Accountants of Ontario

Markham, Ontario
September 13, 2022

WORKING SKILLS CENTER

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 252,117	\$ 174,335
Accounts Receivable	98,960	78,271
HST Recoverable	14,462	13,710
Prepaid Expenses and Deposits	10,629	15,451
	<u>376,168</u>	<u>281,767</u>
CAPITAL ASSETS (Note 3)	<u>96,076</u>	<u>75,943</u>
	<u>\$ 472,244</u>	<u>\$ 357,710</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts Payable and Accrued Charges	\$ 9,056	\$ 2,093
Deferred Revenue	1,401	400
Deferred Operating Grant (Note 9)	75,638	87,988
	<u>86,095</u>	<u>90,481</u>
DEFERRED CAPITAL CONTRIBUTIONS (Note 4)	<u>31,731</u>	<u>44,806</u>
	<u>117,826</u>	<u>135,287</u>
NET ASSETS	<u>354,418</u>	<u>222,423</u>
	<u>\$ 472,244</u>	<u>\$ 357,710</u>

APPROVED BY SOLE DIRECTOR



Director

See notes to financial statements

WORKING SKILLS CENTER

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
REVENUES		
Government and Foundation Contribution (Note 6)	\$ 407,867	\$ 313,566
T.E.S.S. Skills Training & Employment Incentive	435,225	371,376
Certificate (Part-time) Programs	10,836	4,009
Fundraising, Donations and Other Income	24,246	44,854
	<u>878,174</u>	<u>733,805</u>
GOVERNMENT ASSISTANCE (Note 8)	<u>-</u>	<u>16,675</u>
EXPENSES		
Salaries	488,896	389,716
Employee and Trainee Benefits	33,586	26,872
Occupancy Cost (Note 3)	120,218	121,635
Outreach and Marketing	2,599	178
Bank Charges and Interest	3,566	3,824
Computer Software, Supplies and Technical Services	27,225	25,438
Equipment Leasing and Maintenance	11,182	9,917
Insurance	14,052	12,750
Office Supplies	8,276	6,312
Professional Fees	6,678	6,548
Program Resource Materials	6,400	19,287
Telephone	8,538	9,260
Travel and Participant TTC	4,018	4,001
	<u>735,234</u>	<u>635,738</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>142,940</u>	<u>114,742</u>
OTHER INCOME (EXPENSES)		
NET AMORTIZATION (Note 7)	<u>(10,945)</u>	<u>(10,133)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 131,995</u>	<u>\$ 104,609</u>

See notes to financial statements

WORKING SKILLS CENTER

Statement of Changes in Net Assets

Year Ended March 31, 2022

	Unrestricted Operating	Management Contingency Reserve (Note 13)	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 222,423	\$ -	\$ 222,423	\$ 117,814
EXCESS OF REVENUES OVER EXPENSES	131,995	-	131,995	104,609
RESERVE ALLOCATION (Note 14)	(100,000)	100,000	-	-
NET ASSETS - END OF YEAR	\$ 254,418	\$ 100,000	\$ 354,418	\$ 222,423

See notes to financial statements

WORKING SKILLS CENTER**Statement of Cash Flows
Year Ended March 31, 2022**

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 131,995	\$ 104,609
Item not affecting cash:		
Amortization of capital assets <i>(Note 3)</i>	<u>10,945</u>	10,133
	<u>142,940</u>	<u>114,742</u>
Changes in non-cash working capital:		
Accounts Receivable	(20,690)	(37,205)
HST Recoverable	(751)	(4,700)
Prepaid Expenses and Deposits	4,822	(4,993)
Accounts Payable and Accrued Charges	6,963	(5,797)
Deferred Revenue	1,000	(14,787)
Deferred Operating Grant Revenue	<u>(12,350)</u>	59,688
	<u>(21,006)</u>	<u>(7,794)</u>
Cash flow from operating activities	<u>121,934</u>	<u>106,948</u>
INVESTING ACTIVITY		
Purchase of capital assets	<u>(44,152)</u>	(38,953)
INCREASE IN CASH FLOW	77,782	67,995
Cash - beginning of year	<u>174,335</u>	<u>106,340</u>
CASH - END OF YEAR	<u>\$ 252,117</u>	<u>\$ 174,335</u>

See notes to financial statements

WORKING SKILLS CENTER

Notes to Financial Statements

Year Ended March 31, 2022

1. PURPOSE OF THE CENTRE:

The Working Skills Centre (the "Centre" or "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

The uncertainties around the outbreak of the COVID-19 pandemic required the use of significant judgment and estimates. As at March 31, 2022, the Centre has not noted any significant impairment as a result of COVID-19. The uncertain future impact of COVID-19 could generate, in future reporting periods, a significant risk of material adjustments to the carrying amount of: accounts receivable, and payables. As an emerging risk, the duration and full financial effect of the COVID-19 pandemic is unknown at this time, and accordingly estimates of the extent to which the COVID-19 may materially and adversely affect the Centre's financial condition, operations and financial results are subject to significant uncertainty

2. SIGNIFICANT ACCOUNTING POLICIES:

Basis of presentation

The Centre's financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFP). Outlined below are those policies that are considered particularly significant:

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.

Capital Assets and Amortization

Capital assets and amortization is stated 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

(continues)

WORKING SKILLS CENTER

Notes to Financial Statements

Year Ended March 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES: *(continued)*

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.

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.

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.

Income taxes

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

3. CAPITAL ASSETS:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leasehold Improvements	\$ 120,764	\$ 119,808	\$ 956	\$ 1,196
Furniture and Equipment	55,586	54,398	1,188	1,485
Computer Equipment	362,421	268,583	93,838	73,144
Telephone Equipment	17,447	17,353	94	118
	<u>\$ 556,218</u>	<u>\$ 460,142</u>	<u>\$ 96,076</u>	<u>\$ 75,943</u>

Amortization for the year amounted to \$14,660 (2021 - \$21,275)

WORKING SKILLS CENTER

Notes to Financial Statements

Year Ended March 31, 2022

4. 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 2022 is \$475 (2021 - \$593).

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>70,596</u>
	\$	<u>127,989</u>

The respective deferred contribution related to capital assets is amortized over the useful life of the asset. Amortization for 2022 is \$2,559 (2021 - \$3,199).

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>10,185</u>
	\$	<u>21,611</u>

iii) Ontario Trillium Foundation (OTF)

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

The respective deferred contribution related to capital assets is amortized over the useful life of the asset. Amortization for 2022 is \$5,927 (2021 - \$7,349).

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

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WORKING SKILLS CENTER

Notes to Financial Statements**Year Ended March 31, 2022**

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS: (continued)**Continuity of Deferred Capital Contributions for the year is as follows:**

OTF (2009)	2022	2021
Deferred Capital Contributions, Beginning of the Year	8,180	8,774
Less - Amortized for the Year	(4,718)	(594)
	3,462	8,180
OTF(2011)		
Deferred Capital Contributions, Beginning of the Year	\$ 6,989	\$ 10,188
Less - Amortized for the Year	(2,429)	(3,199)
	4,560	6,989
OTF(2016)		
Deferred Capital Contributions, Beginning of the Year	\$ 29,637	\$ 36,986
Less - Amortized for the Year	(5,928)	(7,349)
	23,709	29,637
Deferred Capital Contributions, End of the Year	\$ 31,731	\$ 44,806

5. 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, 2022, WSC had a balance of \$NIL (2021 - \$NIL) outstanding on the facility at an annual interest rate of 4.90% (2021 - 4.35%).

6. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are comprised as follows:

	2022	2021
City of Toronto - Wrap Around Program	\$ 155,644	\$ 108,356
Ministry of Citizenship and Immigration - NSP	63,993	63,993
Ministry of Citizenship and Immigration - Pay Equity	58,897	58,961
Women and Gender Equality Canada - Capacity Building	49,206	52,256
Ministry of Employment and Social Development - New Horizons for Seniors	24,992	25,000
Toronto Foundation	31,296	5,000
City of Toronto - Investing Neighbourhood	23,839	-
	\$ 407,867	\$ 313,566

WORKING SKILLS CENTER

Notes to Financial Statements

Year Ended March 31, 2022

7. NET AMORTIZATION:

Amortization is comprised as follows:

	<u>2022</u>	<u>2021</u>
Amortization Expense	\$ (24,018)	\$ (21,275)
Amortization of Deferred Contributions Related to Capital Assets	<u>13,074</u>	<u>11,142</u>
	<u>\$ (10,944)</u>	<u>\$ (10,133)</u>

8. GOVERNMENT ASSISTANCE

During the 2021 fiscal year, WSC applied for the Temporary Wage Subsidy for Employers (TWSE) made available by the Federal government in response to COVID-19. The TWSE was made available to eligible employer's who continued to incur payroll costs for the period of June to September 2020. During the fiscal year, the organization received \$Nil (2021 - \$16,675 from the TWSE and has recognized the rebate as income in the Statement of Operations.

9. DEFERRED OPERATING GRANTS:

Deferred Operating Grants are summarized as follows:

	<u>2022</u>	<u>2021</u>
City of Toronto - Wrap Around Program	46,800	59,944
Women and Gender Equality Canada - Capacity Building	1,838	1,044
Toronto Foundation	<u>27,000</u>	<u>27,000</u>
Total Deferred Operating Grant	<u>\$ 75,638</u>	<u>\$ 86,944</u>

Continuity of Deferred Operating Grants for the years is as follow:

	<u>2022</u>	<u>2021</u>
Deferred Operating Grants, beginning of Year	\$ 87,988	\$ 28,300
Add - Received/Receivable during the year	395,517	373,254
Less - Grant revenue recognized in the Year (Note 6)	<u>(407,867)</u>	<u>(313,566)</u>
Deferred Operating Grant, End of Year	<u>\$ 75,638</u>	<u>\$ 87,988</u>

10. 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.

11. 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.

12. LEASE COMMITMENTS:

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:

	55 Eglinton Ave E. Suite 206	55 Eglinton Ave E. Suite 703
Fiscal Year		
2023	\$35,200	\$65,909

13. FINANCIAL INSTRUMENTS - RISK MANAGEMENT:**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.

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.

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13. FINANCIAL INSTRUMENTS - RISK MANAGEMENT: *(continued)*

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 WSC is not exposed to significant interest, credit and liquidity risk.

The extent of WSC's exposure to the above risks did not change during 2022.

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant other price risks arising from these financial instruments.

14. MANAGEMENT CONTINGENCY RESERVE:

The Board of Directors has established a reserve to cover operational and capital costs in order to establish financial stability due to the absence of core government funding (see Note 7). The reserve is to be used, at the discretion of the Board, to pay salaries, benefits, and cover any significant capital expenditures in the event that there are insufficient funds available from current operating revenues. Subject to available resources as determined by the Board, the reserve is to be adjusted annually to the amount estimated to be required to service the core operations and any potential capital outlays. As at March 31, 2022, the reserve amount is \$100,000 (2021 - \$100,000).

15. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
