

WORKING SKILLS CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2024

INDEPENDENT AUDITORS' REPORT

To the Members of Working Skills Centre and the Superintendent of Private Career Colleges

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Working Skills Centre ("the Organization"), which comprise the statement of financial position as at March 31, 2024, the statement of operations, the statement of 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 our opinion, except for the 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 Organization as at March 31, 2024, 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 not-for-profit organizations, the Organization derives revenue from donations and other income, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these amounts were limited to the amounts recorded in the Organization's accounting records and we were not able to determine whether, as at and for the year ended March 31, 2024, any adjustments might be necessary to donations and other income, excess (deficiency) of revenue over expenses reported in the statement of operations, and net assets reported on the statement of financial position.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 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 AUDITORS' REPORT (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rashidi LLP

Richmond Hill, Ontario
August 26, 2024

Chartered Professional Accountants
Licensed Public Accountants

WORKING SKILLS CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2024


ASSETS

	<u>2024</u>	<u>2023</u>
Current		
Cash	\$ 174,021	\$ 146,057
Accounts receivable	13,136	-
Grants receivable	47,242	156,364
HST recoverable	14,759	15,166
Prepaid expenses and deposits	16,086	10,704
	265,244	328,291
 Capital assets (Note 2)	 72,267	 90,333
	\$ 337,511	\$ 418,624

LIABILITIES AND NET ASSETS


Current		
Accounts payable and accrued charges	\$ 14,371	\$ 12,440
Deferred revenue	400	400
Deferred grant contributions (Note 5)	2,009	21,479
	16,780	34,319
 Deferred capital contributions (Note 3)	 31,086	 38,857
 Net assets	 289,645	 345,448
	\$ 337,511	\$ 418,624

APPROVED BY THE BOARD:



 Jo Anne Zabanillo (Aug 27, 2024 15:11 EDT)

Director



 Maggie Yu (Aug 27, 2024 16:15 EDT)

Director

(The accompanying notes are an integral part of these financial statements)

WORKING SKILLS CENTRE
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2024

	Unrestricted Fund	Management Contingency Reserve (Note 12)	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 245,448	\$ 100,000	\$ 345,448	\$ 354,418
Excess (deficiency) of revenue over expenses	(55,803)	-	(55,803)	(8,970)
Balance, end of year	<u>\$ 189,645</u>	<u>\$ 100,000</u>	<u>\$ 289,645</u>	<u>\$ 345,448</u>

(The accompanying notes are an integral part of these financial statements)

WORKING SKILLS CENTRE
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Revenue		
Government grants (Note 6)	\$ 419,503	\$ 480,706
T.E.S.S. Skills training & employment incentive - non-vocational	307,950	287,243
T.E.S.S. Skills training & employment incentive - vocational	126,282	130,903
Certificate (part-time) programs	15,727	20,055
Fundraising, donations and other income	22,085	13,578
	<u>891,547</u>	<u>932,485</u>
Expenses		
Salaries	629,811	602,799
Occupancy cost	129,704	124,682
Employee and trainee benefits	46,622	43,840
Computer software, supplies and technical services	45,837	42,758
Office supplies	17,403	17,489
Insurance	17,077	15,540
Equipment leasing and maintenance	15,266	21,420
Professional fees	10,012	7,094
Program resource materials	9,793	11,026
Telephone	7,930	8,694
Bank charges and interest	4,206	3,928
Travel and participant TTC	1,727	5,852
Outreach and marketing	1,422	3,443
Grant repayment	245	-
Repayment of COVID-19 benefits	-	20,021
	<u>937,055</u>	<u>928,586</u>
Excess (deficiency) of revenue over expenses before amortization	(45,508)	3,899
Net amortization (Note 7)	<u>(10,295)</u>	<u>(12,869)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (55,803)</u>	<u>\$ (8,970)</u>

(The accompanying notes are an integral part of these financial statements)

WORKING SKILLS CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2024

	<u>2024</u>	<u>2023</u>
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (55,803)	\$ (8,970)
Net amortization (Note 7)	10,295	12,869
	<u>(45,508)</u>	<u>3,899</u>
Changes in non-cash working capital items		
Accounts receivable	(13,136)	-
Grants receivable	109,122	(57,404)
HST recoverable	407	(704)
Prepaid expenses and deposits	(5,382)	(75)
Accounts payable and accrued charges	1,931	3,948
Deferred revenue	-	(1,001)
Deferred grant contributions (Note 5)	(19,470)	(54,723)
	<u>73,472</u>	<u>(109,959)</u>
Changes from investing activities		
Purchase of capital assets	-	(14,968)
Deferred capital contributions	-	14,968
	<u>-</u>	<u>-</u>
Increase (decrease) in cash during the year	27,964	(106,060)
Cash and cash equivalents, beginning of the year	<u>146,057</u>	<u>252,117</u>
Cash and cash equivalents, end of the year	<u><u>\$ 174,021</u></u>	<u><u>\$ 146,057</u></u>

(The accompanying notes are an integral part of these financial statements)

WORKING SKILLS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

PURPOSE OF ORGANIZATION:

The Working Skills Centre ("the Organization") is an innovative and community-based charitable organization that primarily empowers immigrants and women. Its purpose is to prepare its clients to fully participate in Canadian society by providing education, work experience and settlement 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 set out in Part III of the CPA Canada Handbook - Accounting. Outlined below are those policies considered particularly significant:

a) Revenue recognition

The Organization follows the deferral method of accounting for contributions, which include government grants, 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, which include the Skills Training and Social Enterprise programs, are recognized when services are rendered and earned.

Unrestricted donations are recorded as revenues when received.

Membership fees and subscriptions, fundraising, and other income is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

b) Capital assets

Capital assets and amortization is stated at cost. Amortization is calculated as follows:

Computer Equipment	-	20% declining balance
Telephone System	-	20% declining balance
Furniture and Equipment	-	20% declining balance
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
FOR THE YEAR ENDED MARCH 31, 2024

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

c) Financial instruments

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

The Organization's financial instruments consist of cash, accounts receivable, 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 year-end accrued receivables and liabilities, and the useful life of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

e) Income taxes

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

2. CAPITAL ASSETS:

Capital assets consist of the following:

	2024			2023
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$ 120,764	\$ 120,150	\$ 614	\$ 765
Furniture and Equipment	55,586	54,826	760	951
Computer Equipment	377,389	306,556	70,833	88,542
Telephone Equipment	17,447	17,387	60	75
	<u>\$ 571,186</u>	<u>\$ 498,919</u>	<u>\$ 72,267</u>	<u>\$ 90,333</u>

Amortization for the year amounted to \$18,066 (2023 - \$20,712).

WORKING SKILLS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

3. DEFERRED CAPITAL CONTRIBUTIONS:

The deferred capital contribution balance is comprised of the following:

	<u>2024</u>	<u>2023</u>
<i>Ontario Trillium Foundation (2009)</i>		
Deferred capital contributions, beginning of the year	\$ 2,769	\$ 3,462
Less: amortized for the year	<u>(554)</u>	<u>(693)</u>
	<u>2,215</u>	<u>2,769</u>
<i>Ontario Trillium Foundation (2011)</i>		
Deferred capital contributions, beginning of the year	\$ 3,648	\$ 4,560
Less: amortized for the year	<u>(729)</u>	<u>(912)</u>
	<u>2,919</u>	<u>3,648</u>
<i>Ontario Trillium Foundation (2016)</i>		
Deferred capital contributions, beginning of the year	\$ 18,967	\$ 23,709
Less: amortized for the year	<u>(3,794)</u>	<u>(4,742)</u>
	<u>15,173</u>	<u>18,967</u>
<i>Ontario Trillium Foundation (2023)</i>		
Deferred capital contributions, beginning of the year	\$ 13,473	\$ -
Add: capital contributions received during the fiscal year	-	14,969
Less: amortized for the year	<u>(2,694)</u>	<u>(1,496)</u>
	<u>10,779</u>	<u>13,473</u>
Deferred capital contributions, end of the year	<u>31,086</u>	<u>38,857</u>

4. BANK ADVANCES:

The Organization 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, 2024, WSC had a balance of \$NIL (2023 - \$NIL) outstanding on the facility at an annual interest rate of 8.85% (2023 - 8.60%)

WORKING SKILLS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

5. DEFERRED GRANT CONTRIBUTIONS:

The deferred grant contributions balance is comprised of the following:

	<u>2024</u>	<u>2023</u>
United Way	\$ 2,009	\$ -
Employment and Social Development Canada		
New Horizons for Seniors	-	21,479
	<u>\$ 2,009</u>	<u>\$ 21,479</u>

Continuity of deferred grant contributions for the year is as follows:

Deferred Contributions, Beginning of the Year	\$ 21,479	\$ 87,988
Add - Received/Receivable during the Year	400,033	414,197
Less - Recognized during the Year	<u>(419,503)</u>	<u>(480,706)</u>
Deferred contributions, End of the Year	<u>\$ 2,009</u>	<u>\$ 21,479</u>

6. GOVERNMENT GRANTS:

Government grants are comprised of operating and project grants as follows:

	<u>2024</u>	<u>2023</u>
City of Toronto - Wrap Around Program	\$ 102,000	\$ 120,000
United Way	93,491	-
Ministry of Labour, Training and Skills Development - NSP	70,000	70,000
Ministry of Labour, Training and Skills Development - Pay Equity	59,461	59,461
Women and Gender Equality Canada - Capacity Building	50,000	51,838
Employment and Social Development -		
New Horizons for Seniors	21,479	23,824
Toronto Foundation	-	27,000
City of Toronto - Investing in Neighbourhoods	18,045	24,379
Ontario Trillium Foundation	5,027	104,204
	<u>\$ 419,503</u>	<u>\$ 480,706</u>

WORKING SKILLS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

7. NET AMORTIZATION:

Net amortization is comprised as follows:

	<u>2024</u>	<u>2023</u>
Amortization expense	\$ (18,067)	\$ (20,712)
Amortization of deferred contributions related to capital assets	<u>7,772</u>	<u>7,843</u>
	<u>\$ (10,295)</u>	<u>\$ (12,869)</u>

8. 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. The Organization is exposed to this risk through its interest bearing line of credit facility. The Organization 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. The Organization also minimizes the use of the line of credit and draws on this facility to finance short-term cash flow needs.

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, the Organization 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. The Organization 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 Organization's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest, credit, or liquidity risks.

The extent of the Organization's exposure to the above risks did not change during 2024.

WORKING SKILLS CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2024

9. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:

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

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

10. 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.

11. LEASE COMMITMENTS:

The Organization is committed to a lease for its head office premises at 55 Eglinton Ave East located in Toronto, Ontario, which requires the following annual minimum payments:

Fiscal Year Ending	Annual Minimum Payments	
	55 Eglinton Ave E. Suite 703	55 Eglinton Ave E. Suite 206
2025	\$ 90,875	\$ -
2026	\$ 68,905	\$ -

12. 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. 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, 2024, the reserve amount is \$100,000 (2023 - \$100,000).