

**WORKING SKILLS CENTRE**

**FINANCIAL STATEMENTS**

**MARCH 31, 2013**



**David Burkes, B. Com, CPA, CA•IFA**



## AUDITOR'S REPORT

To the Members of  
Working Skills Centre

I have audited the accompanying financial statement of Working Skills Centre, which comprise the statement of financial position as at March 31, 2013, 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.

**AUDITOR'S REPORT (Continued)**

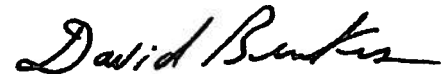
***Basis for Qualified Opinion***

**Due to the inherent nature of the transactions of the organization, the completeness of donations and fundraising revenue is not susceptible of 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.**

***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 Working Skills Centre, as at March 31, 2013, and the results of its operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.**

**Richmond Hill, Ontario  
June 18, 2013**



**Chartered Accountant  
Licensed Public Accountant**



**WORKING SKILLS CENTRE**

**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2013**

**ASSETS**

	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>CURRENT</u></b>		
Cash	\$ 2,878	\$ 7,664
Accounts Receivable	91,166	135,942
Grant Contributions Receivable	25,389	25,392
HST Recoverable	15,628	19,057
Prepaid Expenses and Deposits	11,260	11,501
	<u>146,321</u>	<u>199,556</u>
<b><u>CAPITAL ASSETS (Note 3)</u></b>	<u>190,224</u>	<u>237,403</u>
	<u>\$ 336,545</u>	<u>\$ 436,959</u>


**LIABILITIES**

<b><u>CURRENT</u></b>		
Bank Advances (Note 10)	\$ 10,000	\$ 10,000
Accounts Payable and Accrued Charges	53,275	105,446
Source Deductions Payable	4,228	6,043
Deferred Revenue	14,044	14,904
Deferred Operating Grant Revenue (Note 4)	-	4,422
	<u>81,547</u>	<u>140,815</u>
<b><u>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 5)</u></b>	<u>119,131</u>	<u>167,999</u>
	<u>200,678</u>	<u>308,814</u>

**NET ASSETS**

<b><u>NET ASSETS</u></b>	<u>135,867</u>	<u>128,145</u>
	<u>\$ 336,545</u>	<u>\$ 436,959</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, 2013**

	<u>2013</u>	<u>2012</u>
<b><u>REVENUE</u></b>		
Government and Foundation Contributions (Note 6)	\$ 451,203	\$ 856,824
T.E.S.S. Skills Training	295,898	300,968
Skills Training - Diploma	21,732	21,963
Certificate (Part-time) Programs	62,385	44,127
Social Enterprise	32,727	60,586
Fundraising, Donations and Other Income	74,579	86,350
Donations-in-Kind (Note 14)	27,150	-
	<u>965,674</u>	<u>1,370,818</u>
<b><u>EXPENSES</u></b>		
Salaries	585,417	855,632
Employee and Trainee Benefits	50,452	80,583
Occupancy Costs	145,072	154,568
Outreach and Marketing	10,563	35,283
Bad Debts	1,755	2,886
Bank Charges and Interest	5,338	6,075
Computer Software, Supplies and Technical Services	10,565	28,719
Equipment Leasing and Maintenance	9,298	23,515
Insurance	13,956	11,274
Office Supplies	12,191	35,501
Professional Fees	23,491	27,852
Fundraising Expenses	5,087	7,867
Program Resource Materials	31,353	36,789
Telephone	10,346	11,853
Travel and Participant TTC	3,880	9,538
Capital Expenditures	-	8,796
Donations-in-Kind (Note 14)	27,150	-
	<u>945,914</u>	<u>1,336,731</u>
<b><u>EXCESS OF REVENUE OVER EXPENSES</u></b>		
<b><u>BEFORE AMORTIZATION</u></b>	19,760	34,087
<b><u>AMORTIZATION</u></b> (Note 7)	<u>( 12,038 )</u>	<u>( 11,124 )</u>
<b><u>EXCESS OF REVENUE OVER EXPENSES</u></b>	7,722	22,963
<b><u>NET ASSETS</u></b> , Beginning of the Year	<u>128,145</u>	<u>105,182</u>
<b><u>NET ASSETS</u></b> , End of the Year	<u>\$ 135,867</u>	<u>\$ 128,145</u>

*(See Accompanying Notes)*



**WORKING SKILLS CENTRE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2013**

	<u>2013</u>	<u>2012</u>
<b><u>CASH FLOWS FROM OPERATIONS</u></b>		
<b><u>Cash Received from:</u></b>		
Government Grants and Projects	\$ 446,784	\$ 886,258
T.E.S.S. Skills Training	295,898	300,968
WSC Enterprises - Skills Training	160,760	80,550
Fundraising, Donations and Other Income	70,166	80,515
	<u>973,608</u>	<u>1,348,291</u>
 <b><u>CASH OUTFLOWS - FINANCING AND INVESTING ACTIVITIES</u></b>		
Business Agency Operations and Special Projects	964,667	1,310,178
Leasehold Improvements	13,727	-
	<u>978,394</u>	<u>1,310,178</u>
 <b><u>NET INCREASE (DECREASE) IN CASH</u></b>	 ( 4,786 )	 38,113
 <b><u>NET BANK ADVANCES, Beginning of the Year</u></b>	 <u>( 2,336 )</u>	 <u>( 40,449 )</u>
 <b><u>NET BANK ADVANCES, End of Year</u></b>	 <u>\$ ( 7,122 )</u>	 <u>\$ ( 2,336 )</u>
 <b><u>NET BANK ADVANCES REPRESENTED BY:</u></b>		
Cash	\$ 2,878	\$ 7,664
Bank Advances	<u>( 10,000 )</u>	<u>( 10,000 )</u>
	<u>\$ ( 7,122 )</u>	<u>\$ ( 2,336 )</u>

*(See Accompanying Notes)*



## WORKING SKILLS CENTRE

### NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2013

**1. 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.

**2. 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) Contribution to Administration**

Some programs contribute a percentage of revenue to administration to defray infrastructure costs.



**WORKING SKILLS CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**2. SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**d) Financial Instruments**

WSC's financial instruments consist of cash, accounts receivable, short-term investments, bank advances and accounts payable. Financial instruments are initially recorded at historical cost. 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.

**3. CAPITAL ASSETS:**

	<u>2013</u>			<u>2012</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 134,492	\$ 39,154	\$ 95,338	\$ 118,796
Furniture and Equipment	55,586	46,736	8,850	11,062
Computer Equipment	198,264	112,926	85,338	106,672
Telephone Equipment	17,446	16,748	698	873
	<u>\$ 405,788</u>	<u>\$ 215,564</u>	<u>\$ 190,224</u>	<u>\$ 237,403</u>

Amortization for the year is \$38,553 (2012-\$44,847).

**4. DEFERRED OPERATING GRANT CONTRIBUTIONS:**

Deferred operating grant contributions are comprised of the following:

	<u>2013</u>	<u>2012</u>
Miziwe Biik	\$ -	\$ 2,362
Toronto Community Foundation - Vital Ideas	-	2,060
	<u>\$ -</u>	<u>\$ 4,422</u>

Continuity of Deferred Operating Grant Contributions for the year is as follows:

Deferred Operating Grants, Beginning of the Year	\$ 4,422	\$ 24,690
Add - Received/Receivable during the Year	446,781	836,556
Less - Recognized during the Year (Note 6)	<u>( 451,203 )</u>	<u>( 856,824 )</u>
Deferred Operating Grants, End of the Year	<u>\$ -</u>	<u>\$ 4,422</u>





**WORKING SKILLS CENTRE**

**NOTES TO THE FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**5. 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 2013 is \$9,227 (2012 – \$11,534).

**ii) Ministry of Training, Colleges and Universities/ Employment Ontario (MTCU)**

In 2010 WSC received \$31,189 from MTCU for the Practice Firm's facility improvements which was included in Capital Assets – Leasehold Improvements (Note 3).

On July 31, 2012, the Practice Firm program ceased operations (Note 13). Accordingly, the balances for the deferred contribution and related capital asset of \$22,352 (Note 7) were written off. There is no effect on the statements of operations and net assets, and cash flows. The deferred contribution was amortized over the term of the lease including the option period commencing October 1, 2009. Amortization for fiscal 2013 to July 31, 2012 (date of close down) is \$1,040 (2012 - \$3,119).

**iii) 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	<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 as per Note 2. Amortization for 2013 is \$16,248 (2012 - \$19,070).

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

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



**WORKING SKILLS CENTRE**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS: (Continued)**

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

**OTF (2009)**

	<u>2013</u>	<u>2012</u>
Deferred Capital Contributions, Beginning of the Year	\$ 46,138	\$ 57,672
Less - Amortized for the Year	( 9,228 )	( 11,534 )
	<u>36,910</u>	<u>46,138</u>

**MTCU**

Deferred Capital Contributions, Beginning of the Year	23,392	26,511
Less - Amortized for the Year	( 1,040 )	( 3,119 )
-Write-off related to program termination (Note 13)	( 22,352 )	-
	<u>-</u>	<u>23,392</u>

**OTF (2011)**

Deferred Capital Contributions, Beginning of the Year	98,469	117,539
Less - Amortized for the Year	( 16,248 )	( 19,070 )
	<u>82,221</u>	<u>98,469</u>

Deferred Capital Contributions, End of the Year	<u>\$ 119,131</u>	<u>\$ 167,999</u>
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**6. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:**

Contributions are comprised as follows:

	<u>2013</u>	<u>2012</u>
Ministry of Training, Colleges and Universities/Employment Ontario	\$ 195,680	\$ 549,472
Investing in Neighbourhoods	83,872	88,392
Ministry of Citizenship - NSP	63,993	63,993
Ministry of Citizenship - Pay Equity	57,325	55,984
Citizen and Immigration Canada	14,389	15,000
Miziwe Biik	10,544	43,795
Ontario Community Builders	10,000	-
Human Resources and Skills Development Canada	8,340	8,073
ENP (enterprising non-profits) Toronto	5,000	-
Toronto Community Foundation - Vital Ideas	2,060	27,690
Community University Research Alliance (CURA)	-	4,425
	<u>\$ 451,203</u>	<u>\$ 856,824</u>



**WORKING SKILLS CENTRE**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**7. AMORTIZATION:**

Amortization is comprised as follows:

	<u>2013</u>	<u>2012</u>
Amortization Expense	\$ ( 38,553 )	\$ ( 44,847 )
Leasehold Improvements - Practice Firm	( 22,352 )	-
Deferred Contribution - Practice Firm	22,352	-
Amortization of Deferred Contributions Related to Capital Assets	<u>26,515</u>	<u>33,723</u>
	<u>\$ ( 12,038 )</u>	<u>\$ ( 11,124 )</u>

**8. CAPITAL MANAGEMENT AND ECONOMIC DEPENDENCE:**

WSC includes cash, accounts receivable, grants receivable, accounts payable, 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.

**9. 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.

**10. 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%. At March 31, 2013, WSC had a balance of \$10,000 outstanding on the facility at an annual interest rate of 4.9%.

**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.



**WORKING SKILLS CENTRE**

**NOTES TO FINANCIAL STATEMENTS**

**MARCH 31, 2013**

**12. LEASE COMMITMENT:**

WSC's net annual minimum lease payments to the expiry of the lease, September 30, 2014, are as follows:

2014	\$ 48,300
2015	\$ 24,712

**13. PRACTICE FIRM PROGRAM TERMINATION:**

On January 30, 2012 WSC received notification from the Ministry of Training, Colleges and Universities (MTCU), Employment Ontario (EO), that funding for the project, World Service Cargo, a Practice Firm, would cease effective July 31, 2012. In order to provide WSC with six months' notice, MTCU offered WSC only a four (4) month agreement during fiscal year 2013. This agreement commenced on April 1, 2012 and terminated on July 31, 2012.

Consequently, WSC's Practice Firm ceased operations on July 31, 2012. These financial statements only include four months' operations of this specific program.

**14. DONATIONS-IN-KIND:**

WSC is in receipt of donations-in-kind with respect to pro-bono legal services and equipment as follows:

Legal Services	\$ 25,000
Equipment	<u>2,150</u>
	<u>\$ 27,150</u>

