

WORKING SKILLS CENTRE
AUDITED FINANCIAL STATEMENTS
MARCH 31, 2018



David Burkes, B. Com, CPA, CA•IFA, CFF



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, 2018, the statement of operations and changes in net assets, and the statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies 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. 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, 2018, 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.

Richmond Hill, Ontario
July 18, 2018

David Burkes
Chartered Professional Accountant
Licensed Public Accountant



WORKING SKILLS CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2018

ASSETS

<u>CURRENT</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 54,701	\$ -
Accounts Receivable	94,731	34,717
Grant Contributions Receivable	12,672	13,657
HST Recoverable	6,854	10,566
Prepaid Expenses and Deposits	10,570	9,282
	<u>179,528</u>	<u>68,222</u>
 <u>CAPITAL ASSETS (Note 2)</u>	 <u>106,536</u>	 <u>139,894</u>
	<u>\$ 286,064</u>	<u>\$ 208,116</u>

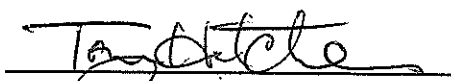
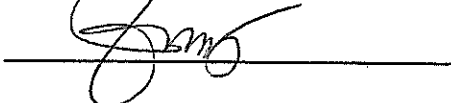
LIABILITIES

<u>CURRENT</u>		
Bank Advances (Note 4)	\$ -	\$ 34,364
Accounts Payable and Accrued Charges	21,484	43,486
Deferred Revenue	400	3,335
Deferred Operating Grants (Note 10)	111,782	-
Deferred Capital Grant (Note 9)	-	21,551
	<u>133,666</u>	<u>102,736</u>
 <u>DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (Note 3)</u>	 <u>96,422</u>	 <u>122,181</u>
	<u>230,088</u>	<u>224,917</u>

NET ASSETS

<u>NET ASSETS</u>	<u>55,976</u>	<u>(16,801)</u>
	<u>\$ 286,064</u>	<u>\$ 208,116</u>

APPROVED BY THE BOARD:

 Director
 Director

(See Accompanying Notes)



WORKING SKILLS CENTRE

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>REVENUES</u>		
Government and Foundation Contributions (Note 5)	\$ 250,039	\$ 257,606
T.E.S.S. Skills Training & Employment Incentives	305,098	315,491
Skills Training - Diploma	5,898	4,749
Certificate (Part-time) Programs	80,126	60,883
Fundraising, Donations and Other Income	24,024	46,913
Donations-in-Kind (Note 12)	12,572	7,170
	<u>677,757</u>	<u>692,812</u>
<u>EXPENSES</u>		
Salaries	361,766	410,015
Employee and Trainee Benefits	28,590	32,420
Occupancy Costs	108,975	106,886
Outreach and Marketing	81	1,350
Bank Charges and Interest	6,479	5,816
Computer Software, Supplies and Technical Services	6,473	32,516
Equipment Leasing and Maintenance	18,329	13,742
Insurance	17,479	17,479
Office Supplies	4,985	5,003
Professional Fees	7,349	8,040
Program Resource Materials	18,370	24,787
Telephone	4,577	4,802
Travel and Participant TTC	1,356	1,103
Donations-in-Kind (Note 11)	12,572	7,170
	<u>597,381</u>	<u>671,129</u>
<u>EXCESS OF REVENUES OVER</u>		
<u>EXPENSES BEFORE AMORTIZATION</u>	80,376	21,683
<u>NET AMORTIZATION</u> (Note 6)	<u>(7,599)</u>	<u>(7,779)</u>
<u>EXCESS OF REVENUES OVER EXPENSES</u>	72,777	13,904
<u>NET ASSETS</u> , Beginning of the Year	<u>(16,801)</u>	<u>(30,705)</u>
<u>NET ASSETS</u> , End of the Year	<u>\$ 55,976</u>	<u>\$ (16,801)</u>

(See Accompanying Notes)



WORKING SKILLS CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>CASH PROVIDED BY (USED IN)</u>		
<u>OPERATING ACTIVITIES</u>		
Excess of Revenues over Expenses	\$ 72,777	\$ 13,904
Net Amortization (Note 6)	7,599	7,779
	<u>80,376</u>	<u>21,683</u>
<u>CHANGES IN NON-CASH WORKING CAPITAL ITEMS</u>		
Accounts Receivable	(60,014)	21,467
Grant Contributions Receivable	985	25,043
HST Recoverable	3,712	3,755
Prepaid Expenses and Deposits	(1,288)	2,000
Accounts Payable and Accrued Charges	(22,002)	7,470
Deferred Revenue	(2,935)	(5,302)
Deferred Capital Grant	(21,551)	(62,219)
Deferred Operating Grant Revenue	111,782	-
	<u>8,689</u>	<u>(7,786)</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of Capital Assets	-	(26,879)
<u>FINANCING ACTIVITIES</u>		
Deferred Capital Contribution Related to Capital Assets	-	26,879
<u>INCREASE IN CASH DURING YEAR</u>	89,065	13,897
<u>BANK ADVANCES, Beginning of the Year</u>	<u>(34,364)</u>	<u>(48,261)</u>
<u>CASH (BANK ADVANCES), End of Year</u>	<u>\$ 54,701</u>	<u>\$ (34,364)</u>
<u>CASH (BANK ADVANCES) IS REPRESENTED BY:</u>		
Cash	\$ 54,701	\$ (9,364)
Bank Advances	-	(25,000)
	<u>\$ 54,701</u>	<u>\$ (34,364)</u>

(See Accompanying Notes)



WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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).

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

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

1. SIGNIFICANT ACCOUNTING POLICIES: (Continued)

b) Capital Assets and Amortization (Continued)

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

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.

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.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

2. CAPITAL ASSETS:

	<u>2018</u>			<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold				
Improvements	\$ 120,764	\$ 99,354	\$ 21,410	\$ 33,486
Furniture and Equipment	55,586	52,686	2,900	3,625
Computer Equipment	279,316	197,320	81,996	102,496
Telephone Equipment	17,447	17,217	230	287
	<u>\$ 473,113</u>	<u>\$ 366,577</u>	<u>\$ 106,536</u>	<u>\$ 139,894</u>

Amortization for the year is \$33,358 (2017 - \$35,617).

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 2018 is \$2,974 (2016 - \$3,717).

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 2018 is \$8,659 (2017 - \$9,583).

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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

ii) Ontario Trillium Foundation (OTF) (Continued)

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	<u>10,185</u>
	<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	<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 as per Note 2. Amortization for 2018 is \$14,126 (2017 - \$14,538).

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>2018</u>	<u>2017</u>
<u>OTF (2009)</u>		
Deferred Capital Contributions, Beginning of the Year	\$ 14,869	\$ 18,586
Less - Amortized for the Year	<u>(2,974)</u>	<u>(3,717)</u>
	<u>11,895</u>	<u>14,869</u>
<u>OTF (2011)</u>		
Deferred Capital Contributions, Beginning of the Year	35,724	45,307
Less - Amortized for the Year	<u>(8,659)</u>	<u>(9,583)</u>
	<u>27,065</u>	<u>35,724</u>



WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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

OTF (2016)

Deferred Capital Contributions, Beginning of the Year	\$ 71,588	\$ 59,247
Add - Received in the year	-	26,879
Less - Amortized for the Year	<u>(14,126)</u>	<u>(14,538)</u>
	<u>57,462</u>	<u>71,588</u>
Deferred Capital Contributions, End of the Year	<u>\$ 96,422</u>	<u>\$ 122,181</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, 2018, WSC had a balance of \$NIL (2017 - \$25,000) outstanding on the facility at an annual interest rate of 5.35%.

5. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are comprised as follows:

	<u>2018</u>	<u>2017</u>
Investing in Neighbourhoods	\$ 78,680	\$ 94,512
Ministry of Citizenship and Immigration - NSP	63,993	63,993
Ministry of Citizenship and Immigration - Pay Equity	55,247	55,708
Ministry of Citizenship and Immigration - Career Launch in Canada - Knowledge & Skills (CLICKS)	45,714	-
Ontario Trillium Foundation	-	35,340
Toronto Foundation	5,000	8,053
Ministry of Employment and Social Development - New Horizons for Senior's Program	1,405	-
	<u>\$ 250,039</u>	<u>\$ 257,606</u>

6. NET AMORTIZATION:

Amortization is comprised as follows:

	<u>2018</u>	<u>2017</u>
Amortization Expense	\$ (33,358)	\$ (35,617)
Amortization of Deferred Contributions Related to Capital Assets	<u>25,759</u>	<u>27,838</u>
	<u>\$ (7,599)</u>	<u>\$ (7,779)</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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.

9. DEFERRED CAPITAL GRANT:

	<u>2018</u>	<u>2017</u>
Ontario Trillium Foundation	\$ -	\$ 21,551
Continuity of deferred capital grant is as follows:		
Deferred Capital Grant, Beginning of Year	\$ 21,551	\$ 83,770
Less - Grant Repayment	(21,551)	-
Less - Recognized during the Year (Note 3,5)	-	(62,219)
Deferred Capital Grant, End of Year	<u>\$ -</u>	<u>\$ 21,551</u>

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

10. DEFERRED OPERATING GRANTS:

	<u>2018</u>	<u>2017</u>
Ministry of Citizenship and Immigration - Career Launch in Canada - Knowledge & Skills (CLICKS) \$	88,187	\$ -
Ministry of Employment and Social Development - New Horizons for Senior's Program	<u>23,595</u>	<u>-</u>
Deferred Operating Grants	<u><u>111,782</u></u>	<u><u>-</u></u>
Continuity of deferred operating grants are as follows:		
Deferred Operating Grants, Beginning of Year	\$ -	\$ -
Add - Received/Receivable during the Year	361,821	257,606
Less - Recognized during the Year (Note 5)	<u>(250,039)</u>	<u>(257,606)</u>
Deferred Operating Grants, End of Year	<u><u>\$ 111,782</u></u>	<u><u>\$ -</u></u>

11. LEASE COMMITMENT:

During fiscal 2018, WSC signed a lease extension for its existing office space with an expiry date of September 30, 2019. The minimum lease payments are as follows:

	<u>55 Eglinton Avenue E.</u>	<u>55 Eglinton Avenue E.</u>
	<u>Suite 206</u>	<u>Suite 703</u>
2019	\$ 30,450	\$ 77,227
2020	\$ 15,225	\$ 38,613

12. DONATIONS-IN-KIND:

In fiscal 2018 WSC was in receipt of legal fees at fair market value of \$12,572 (2017-\$7,170).

13. 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 currently not exposed to any significant interest rate risks.

WORKING SKILLS CENTRE

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2018

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.