

WORKING SKILLS CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2010



David Burkes, B. Com, C.A. • IFA



AUDITOR'S REPORT

**To the Members of
Working Skills Centre**

I have audited the Statement of Financial Position of Working Skills Centre (WSC) as at March 31, 2010 and the Statements of Cash Flows and Operations and Net Assets for the year then ended. These financial statements are the responsibility of WSC's management. My responsibility is to express an opinion on these financial statements based on my audit.

My examination was made in accordance with Canadian generally accepted auditing standards, and accordingly, included such tests and other procedures as I considered necessary under the circumstances, except as explained in the following paragraphs.

As is common in organizations of this type, revenues by their natures are not susceptible to complete verification by audit procedures. Accordingly, my examination of revenues, other than grants, was confined to tests of deposits of recorded receipts in authorized depositories.

In my opinion, except for the effects of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself with respect to the other sources of revenues described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of WSC as at March 31, 2010 and the results of its operation and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads "David Burkes".

**Richmond Hill, Ontario
June 16, 2010**

**Chartered Accountant
Licensed Public Accountant**

WORKING SKILLS CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2010

ASSETS

	<u>2010</u>	<u>2009</u>
<u>CURRENT</u>		
Cash	\$ 14,525	\$ 90,956
Short Term Investments (Note 3)	30,000	-
Accounts Receivable	12,222	43,337
Grant Contributions Receivable	31,729	-
GST Receivable	6,203	10,767
Prepaid Expenses and Deposits	<u>12,110</u>	<u>21,342</u>
	106,789	166,402
<u>CAPITAL ASSETS</u> (Note 4)	<u>194,374</u>	<u>152,773</u>
	<u>\$ 301,163</u>	<u>\$ 319,175</u>

LIABILITIES

<u>CURRENT</u>		
Bank Advances (Note 12)	\$ 5,000	\$ -
Accounts Payable and Accrued Liabilities	75,847	75,428
Deferred Revenue	7,446	25,302
Deferred Operating Grant Contributions (Note 5)	<u>6,277</u>	<u>15,621</u>
	94,570	116,351
<u>DEFERRED CONTRIBUTIONS RELATED</u> <u>TO CAPITAL ASSETS</u> (Note 6)	<u>101,720</u>	<u>90,112</u>
	<u>196,290</u>	<u>206,463</u>

NET ASSETS

<u>NET ASSETS</u>	<u>104,873</u>	<u>112,712</u>
	<u>\$ 301,163</u>	<u>\$ 319,175</u>

APPROVED BY THE BOARD:

_____ Director

_____ Director

See Accompanying notes



WORKING SKILLS CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATIONS</u>		
Cash Received from:		
Government Grants and Projects	\$ 741,278	\$ 1,018,777
Cash Received from Direct Marketing and Training (WSC enterprises)	387,069	399,730
Cash Received from Fundraising, Donations and Other Income	<u>40,386</u>	<u>52,209</u>
	<u>1,168,733</u>	<u>1,470,716</u>
<u>CASH OUTFLOWS - FINANCING AND INVESTING ACTIVITIES</u>		
Business Agency Operations and Special Projects	1,121,807	1,206,806
Leasehold Improvements	102,357	-
Purchase of Computer Equipment	-	112,640
Proceeds on Sale of Mailing Equipment	<u>(4,000)</u>	<u>-</u>
	<u>1,220,164</u>	<u>1,319,446</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	(51,431)	151,270
<u>CASH (BANK INDEBTEDNESS), Beginning of the Year</u>	<u>90,956</u>	<u>(60,314)</u>
<u>CASH AND CASH EQUIVALENTS, End of the Year</u>	<u>\$ 39,525</u>	<u>\$ 90,956</u>
<u>CASH AND CASH EQUIVALENTS REPRESENTED BY:</u>		
Cash	14,525	90,956
Short Term Investments	30,000	-
Bank Advances	<u>(5,000)</u>	<u>-</u>
	<u>\$ 39,525</u>	<u>\$ 90,956</u>

See Accompanying notes



WORKING SKILLS CENTRE

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2010

	<u>2010</u>	<u>2009</u>
<u>REVENUE</u>		
Government and Foundation Contributions (Note 7)	\$ 751,162	\$ 783,414
WSC Direct Marketing (Note 8)	90,347	165,772
Skills Training Programs	293,463	207,540
Fundraising, Donations and Other Income	30,386	52,209
Donations in Kind	-	18,100
	<u>1,165,358</u>	<u>1,227,035</u>
<u>EXPENSES</u>		
Capital Expenditures	24,286	72,071
Salaries	687,808	641,511
Employee and Trainee Benefits	67,163	63,343
Occupancy Costs	139,992	230,097
Outreach and Marketing	30,597	20,721
Bad Debts	3,008	2,230
Bank Charges and Interest	4,552	7,721
Client Materials and Delivery	17,305	18,773
Equipment Leasing and Maintenance	28,157	28,359
Insurance	11,589	13,797
Office Supplies	33,496	20,972
Professional Fees	28,383	19,109
Fundraising Expenses	2,194	21,405
Program Resource Materials	35,126	29,848
Telephone	13,214	9,331
Travel and Participant TTC	9,152	9,004
Donations in Kind -- Equipment	-	18,100
	<u>1,136,022</u>	<u>1,226,392</u>
<u>EXCESS OF REVENUE OVER</u>		
<u>EXPENSES FROM OPERATIONS</u>	29,336	643
<u>AMORTIZATION</u> (Note 9)	<u>(37,175)</u>	<u>(7,132)</u>
<u>NET EXCESS OF EXPENSES OVER REVENUE</u>	(7,839)	(6,489)
<u>NET ASSETS</u> , beginning of the year	<u>112,712</u>	<u>119,201</u>
<u>NET ASSETS</u> , End of the year	<u>\$ 104,873</u>	<u>\$ 112,712</u>

See Accompanying notes

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

1. **PURPOSE OF ORGANIZATION:**

WSC is an innovative, community-based, non-profit, charitable organization that empowers immigrants, primarily women. Our purpose is to prepare our 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 when earned. Capital contributions and the capital assets acquired from such grants are amortized over their respectful 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 direct marketing and skills training 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 Fixtures	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 core costs.

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 as 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.

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

3. **SHORT TERM INVESTMENTS:**

Short term investments are represented by a term deposit with an annual interest rate of .15%. The deposit was redeemed April 8, 2010.

4. **CAPITAL ASSETS:**

	<u>2010</u>		<u>2009</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$102,357	\$ 5,117	\$ 97,240	\$ 23,324
Furniture and Fixtures	47,791	39,277	8,514	10,643
Computer Equipment	127,669	40,413	87,256	117,101
Telephone Equipment	<u>17,446</u>	<u>16,082</u>	<u>1,364</u>	<u>1,705</u>
	<u>\$295,263</u>	<u>\$ 100,889</u>	<u>\$ 194,374</u>	<u>\$ 152,773</u>

Amortization for the year is \$56,756 (2009-\$29,660).

5. **DEFERRED OPERATING GRANT CONTRIBUTIONS:**

Deferred operating grant contributions are comprised of the following:

	<u>2010</u>	<u>2009</u>
Ministry of Citizenship	\$ 6,277	\$ -
Ontario's Community Builders	-	8,000
Toronto Enterprise Fund	-	3,921
enp-Toronto	<u>-</u>	<u>3,700</u>
	<u>\$ 6,277</u>	<u>\$ 15,621</u>

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

Deferred Operating Grants, Beginning of the year	\$ 15,621	\$ -
Add – Received/Receivable during the year	773,007	799,034
Less – Recognized during the year (Note 7)	<u>(782,351)</u>	<u>(783,413)</u>
	<u>\$ 6,277</u>	<u>\$ 15,621</u>

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

6. **DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS:**

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. Deferred contributions reported are amortized over the useful life of the computer equipment. Amortization for 2010 is \$18,022 (2009 – \$22,528).

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

In 2010 WSC received \$31,189 from MTCU for the Practice Firm's facility improvements and is included in Capital Assets – Leasehold Improvements (Note 4). The deferred contribution is amortized over the term of the lease including the option period commencing October 1, 2009. Amortization for 2010 is \$1,559.

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

OTF

	<u>2010</u>	<u>2009</u>
Deferred Capital Contributions, Beginning of the Year	\$ 90,112	\$ -
Add - Received in the Year	-	145,400
Less - Expensed in the Year	-	(32,760)
	<u>90,112</u>	<u>112,640</u>
Less - Amortized for the Year	(18,022)	(22,528)
	<u>72,090</u>	<u>90,112</u>

MTCU

Deferred Capital Contributions, Beginning of the Year	-	-
Add - Received during the Year	31,189	-
Less - Amortized for the Year	(1,559)	-
	<u>29,630</u>	<u>-</u>
Deferred Capital Contributions, End of the Year	<u>\$ 101,720</u>	<u>\$ 90,112</u>

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

7. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are comprised as follows:

	<u>2010</u>	<u>2009</u>
Ministry of Training, Colleges and Universities/Employment Ontario	\$ 481,989	\$ 471,356
Ministry of Training, Colleges and Universities – JCP	-	59,326
Ministry of Citizenship and Immigration - Ontario Community Builders	8,000	25,025
Ministry of Citizenship - Pay Equity	63,431	62,330
Ministry of Citizenship -NSP	60,946	109,129
Human Resources and Skills Development Canada	6,665	2,653
Ontario Trillium Foundation (Note 6)	-	32,760
Toronto Enterprise Fund	3,921	6,079
enp-Toronto	3,700	4,300
Investing in Neighbourhoods	80,860	7,568
Industry Canada – CAP ACTEW	-	2,888
Toronto Community Foundation	28,500	-
Toronto Employment and Social Services	8,432	-
Social Purpose Enterprise Network Toronto	4,718	-
	<u>\$ 751,162</u>	<u>\$ 783,414</u>

8. WSC DIRECT MARKETING:

WSC Direct Marketing, a social enterprise, closed on October 31, 2009, but the customers are still being served by a new business. In November 2009, Connect Fulfillment & Mailing Services opened as an independent enterprise operated by two immigrant women who were graduates of WSC Programs and had, for the last 10 years, operated WSC Direct Marketing. This is a great example of how social purpose enterprise can employ individuals who might not have been ready to launch their own business or become employed immediately but with real work experience have now developed and implemented a learned process and are operating a sustainable business.

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2010

9. AMORTIZATION:

Amortization is comprised as follows:

	<u>2010</u>	<u>2009</u>
Amortization of Deferred Contributions		
Related to Capital Assets	\$ 19,581	\$ 22,528
Amortization Expense	(29,401)	(29,660)
Loss on Disposal of Assets (See Below)	<u>(27,355)</u>	<u>-</u>
	<u>\$ (37,175)</u>	<u>\$ (7,132)</u>

During the 2010 fiscal year, WSC moved its operating facilities and ceased its direct marketing division. As a consequence of these changes, WSC incurred terminal losses as follows:

1. Disposition of leasehold improvements	\$ 23,324
2. Disposition of direct marketing equipment	<u>4,031</u>
	<u>\$ 27,355</u>

10. 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.

11. 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.

12. BANK ADVANCES:

WSC has a \$100,000 line of credit facility which bears interest at the TD Canada Trust prime rate plus 3%. At March 31, 2010, WSC had a balance of \$5,000 outstanding on the facility at an annual interest rate of 5.25%.

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13. 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.

14. LEASE COMMITMENT:

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

2011	\$ 43,199
2012	\$ 46,284
2013	\$ 50,604
2014	\$ 53,073
2015	\$ 27,154