

WORKING SKILLS CENTRE

FINANCIAL STATEMENTS

MARCH 31, 2007

AUDITOR'S REPORT

**To the Members of
Working Skills Centre**

I have audited the Statement of Financial Position of Working Skills Centre as at March 31, 2007 and the Statements of Operations, Changes in Net Assets and Cash Flows for the year then ended. These financial statements are the responsibility of the Centre'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 the Centre as at March 31, 2007 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.

**Richmond Hill, Ontario
July 19, 2007**

**Chartered Accountant
Licensed Public Accountant**

WORKING SKILLS CENTRE

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2007

ASSETS

	<u>2007</u>	<u>2006</u>
<u>CURRENT</u>		
Accounts Receivable (Note 3)	\$ 39,003	21,192
Grant Contributions Receivable	131,823	202,769
GST Receivable	13,793	29,686
Prepaid Expenses and Deposits	<u>19,177</u>	<u>20,098</u>
	203,796	273,745
<u>EQUIPMENT</u> (Note 4)	<u>85,951</u>	<u>33,297</u>
	<u>\$ 289,747</u>	<u>\$ 307,042</u>

LIABILITIES

<u>CURRENT</u>		
Bank Indebtedness	\$ 25,289	\$ 68,033
Accounts Payable and Accrued Liabilities	17,682	36,687
Loan Payable (Note 5)	<u>38,404</u>	<u>-</u>
	<u>81,375</u>	<u>104,720</u>

NET ASSETS

<u>RESTRICTED TO CONTINGENCIES</u> (Note 7)	16,636	16,636
<u>NET ASSETS</u>	<u>191,736</u>	<u>185,686</u>
	<u>208,372</u>	<u>202,322</u>
	<u>\$ 289,747</u>	<u>\$ 307,042</u>

APPROVED BY THE BOARD:

_____ Director

_____ Director

See Accompanying notes

WORKING SKILLS CENTRE

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2007

	<u>Restricted</u> to <u>Capital Assets</u>	<u>Restricted</u> to <u>Contingencies</u> (Note 7)	<u>Unrestricted</u> to <u>Contingencies</u>	<u>Balance</u> <u>2007</u>	<u>Balance</u> <u>2006</u>
<u>BALANCE,</u> Beginning of the Year	\$ -	\$ 16,636	\$ 185,686	\$ 202,322	\$ 248,380
<u>CAPITAL ADDITIONS</u>	80,701	-	(80,701)	-	-
<u>EXCESS OF REVENUE</u> <u>OVER EXPENSES</u>	<u>(28,046)</u>	<u>-</u>	<u>34,096</u>	<u>6,050</u>	<u>-</u>
<u>EXCESS OF EXPENSES</u> <u>OVER REVENUE</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(46,058)</u>
<u>BALANCE,</u> End of the Year	<u>\$ 52,655</u>	<u>\$ 16,636</u>	<u>\$ 139,081</u>	<u>\$ 208,372</u>	<u>\$ 202,322</u>

See Accompanying notes

WORKING SKILLS CENTRE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATIONS</u>		
<u>Cash Received from:</u>		
Government Grants and Projects	\$ 840,219	\$ 408,020
Cash Received from Sales and Services	272,193	313,634
Cash Received from Donations	16,858	7,543
Cash Received from United Way	-	28,429
Customer Deposits	-	(1,849)
	<u>1,129,270</u>	<u>755,777</u>
<u>CASH OUTFLOWS - FINANCING AND INVESTING ACTIVITIES</u>		
Business Agency Operations and Special Projects	1,005,825	956,730
Leasehold Improvements	56,924	-
Equipment Purchased	23,777	-
	<u>1,086,526</u>	<u>956,730</u>
<u>NET INCREASE (DECREASE) IN CASH</u>	42,744	(200,953)
<u>CASH (BANK OVERDRAFT), Beginning of the Year</u>	<u>(68,033)</u>	<u>132,920</u>
<u>CASH (BANK OVERDRAFT), End of the Year</u>	<u>\$(25,289)</u>	<u>\$(68,033)</u>

See Accompanying notes

WORKING SKILLS CENTRE

COMBINED STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2007

	<u>2007</u>	<u>2006</u>
<u>REVENUE</u>		
Government and Foundation Contributions (Note 8)	\$ 769,273	\$ 543,250
Sales and Services	164,820	159,257
Material Resource Recoveries	142,118	131,427
Donations and Fundraising	16,858	21,425
United Way (Note 7)	-	28,429
	<u>1,093,069</u>	<u>883,788</u>
<u>EXPENSES</u>		
Capital Expenditures	16,342	140,863
Salaries	623,576	395,538
Employee and Trainee Benefits	48,082	34,396
Occupancy Costs	197,580	202,759
Outreach and Marketing	16,477	8,473
Bad Debts (Recovery)	4,768	(1,292)
Bank Charges	6,833	2,824
Client Materials and Delivery	20,667	16,952
Equipment Leasing and Maintenance	30,299	26,286
Insurance	13,767	12,875
Office Supplies	18,496	7,177
Professional Fees	19,964	11,666
Fundraising Expenses	-	6,959
I.T. Costs	1,851	2,150
Program Resource Materials	19,110	36,078
Telephone	10,329	7,622
Travel and Participant TTC	10,832	7,590
	<u>1,058,973</u>	<u>918,916</u>
<u>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FROM OPERATIONS</u>	34,096	(35,128)
<u>NET AMORTIZATION</u>	<u>(28,046)</u>	<u>(10,930)</u>
<u>NET EXCESS OF REVENUE OVER EXPENSES</u>	<u>\$ 6,050</u>	<u>\$ -</u>
<u>NET EXCESS OF EXPENSES OVER REVENUE</u>	<u>\$ -</u>	<u>\$ (46,058)</u>

See Accompanying notes

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007

1. PURPOSE OF ORGANIZATION:

Working Skills Centre is a multi-cultural, multi-racial not for profit organization with a focus on providing training & bridge work program for immigrant women. Working Skills Centre is a registered charity under the Income Tax Act of Canada. The registration number is 1082 194 RR0001.

2. SIGNIFICANT ACCOUNTING POLICIES:

a.) Revenue Recognition

Working Skills Centre 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 & foundation contributions is recorded when revenues earned. Revenue from sales and services, and material resource recovery is recorded as revenue when earned. Donation & fund raising is recorded as revenue when received.

b.) Equipment

Equipment is recorded at cost. Amortization is provided as follows:

Motorized and other equipment	20% - declining balance basis
Computer Equipment	30% - declining balance basis
Telephone System	20% - declining balance basis
Furniture and Fixtures	20% - declining balance basis

Leasehold Improvements are amortized over the term of the lease (23 months).

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

c.) Contribution to Administration

Most programs contribute a percentage of revenue to administration to defray core costs.

d.) Financial Instruments

The centre's financial instruments consist of cash, accounts receivable, temporary and investments, bank indebtedness, loan payable 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 the organization 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, 2007

3. ACCOUNTS RECEIVABLE:

The accounts receivable are stated net of an allowance for doubtful accounts of \$3,600 (2006 - \$4,047).

4. EQUIPMENT:

	<u>2007</u>		<u>2006</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Leasehold Improvements	\$179,300	\$ 137,215	\$ 42,085	\$ -
Furniture and Fixtures	47,791	31,161	16,630	20,787
Computer Equipment	69,154	56,605	12,549	9,180
Telephone Equipment	17,446	14,782	2,664	3,330
Motorized and other equipment	<u>15,029</u>	<u>3,006</u>	<u>12,023</u>	<u>-</u>
	<u>\$ 328,720</u>	<u>\$ 242,769</u>	<u>\$ 85,951</u>	<u>\$ 33,297</u>

Amortization for the year amounted to \$28,046 (\$18,994 in 2006).

5. LOAN PAYABLE:

The loan payable bears interest at 6% per annum and is repayable at \$2,505 per month principal & interest. The loan is unsecured.

6. UNITED WAY CONTRIBUTIONS:

United Way contributions are analyzed as follows:

	<u>2007</u>	<u>2006</u>
Contributions	<u>\$ -</u>	<u>\$ 28,429</u>

7. INTERNALLY RESTRICTED FUNDS:

The board has set aside these funds for unexpected and unforeseen expenditures.

	<u>2007</u>	<u>2006</u>
Emergency Fund	\$ 7,039	\$ 7,039
Women in Distress Fund	4,898	4,898
Staff Benefits	<u>4,699</u>	<u>4,699</u>
	<u>\$ 16,636</u>	<u>\$ 16,636</u>

WORKING SKILLS CENTRE

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2007

8. GOVERNMENT AND FOUNDATION CONTRIBUTIONS:

Contributions are analyzed as follows:

	<u>2007</u>	<u>2006</u>
Service Canada / Employment Ontario	\$ 407,967	\$ 318,246
Heritage Canada	2,608	-
Ministry Of Citizenship - Pay Equity	70,212	58,867
Ministry of Citizenship -NSP	74,904	47,575
Ontario Trillium Foundation	22,160	38,605
Industry Canada	-	3,455
Citizenship & Immigration Canada - ELT	166,764	53,214
Status of Women - Canada	22,302	19,947
CAP Ontario Library Association	<u>2,356</u>	<u>3,341</u>
	<u>\$ 769,273</u>	<u>\$ 543,250</u>

9. NET AMORTIZATION

Net amortization is calculated as follows:

	<u>2007</u>	<u>2006</u>
Amortization Expense	\$ 28,046	\$ 18,994
Amortization of Deferred Contributions Related to Leasehold Improvements	<u>-</u>	<u>(8,064)</u>
	<u>\$ 28,046</u>	<u>\$ 10,930</u>

10. 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.

11. CONTRIBUTED SERVICES:

Because of the difficulty of determining the fair value of services provided by volunteers, contributed services by volunteers is not recognized in these financial statements.