PTP - Adult Learning and Employment Programs

Financial Statements

For the Year Ended March 31, 2017

COLLINS BARROW

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INDEPENDENT AUDITORS' REPORT

To the Directors of PTP - Adult Learning and Employment Programs

We have audited the accompanying financial statements of PTP - Adult Learning and Employment Programs which comprise the statement of financial position as at March 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended and 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PTP - Adult Learning and Employment Programs as at March 31, 2017, 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.

Collins Barrow Toronto LLP

Chartered Professional Accountants
Licensed Public Accountants
August 16, 2017
Toronto, Ontario

PTP - Adult Learning and Employment Programs
Statement of Financial Position
As at March 31, 2017

		2017		2016
Assets				
Current				
Cash	$	**187,333**	$	48,998
Accounts receivable		**83,226**		144,550
HST recoverable		**13,907**		11,766
Prepaid and other assets		**73,514**		22,724
		357,980		228,038
Internally Restricted Assets				
Cash		**-**		15
Marketable investments (Note 4)		**243,870**		290,931
		243,870		290,946
Capital assets (Note 5)		**6,522**		15,281
	$	**608,372**	$	534,265
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**83,438**	$	30,280
Accrued salaries (Note 6)		**45,318**		25,312
Deferred revenue		**49**		-
		128,805		55,592
Deferred operating grants (Note 7)		**3,372**		13,793
Deferred capital grants (Note 8)		**798**		6,696
		132,975		76,081
Net Assets				
Unrestricted net assets		**173,453**		158,653
Invested in capital assets		**5,724**		8,585
Internally restricted net assets (Note 9)		**296,220**		290,946
		475,397		458,184
	$	**608,372**	$	534,265

Lease obligations (Note 10)
Contingent liability (Note 12)

Approved by the Board ______________ Director ______________ Director

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Changes in Net Assets
Year Ended March 31, 2017

	Unrestricted Net Assets	Invested In Capital Assets	Internally Restricted Net Assets	Total 2017	Total 2016
Balances, beginning of year	**$ 158,653**	**$ 8,585**	**$ 290,946**	**$ 458,184**	$ 514,946
Excess (deficiency) of revenues over expenses	**14,800**	**(2,861)**	**5,274**	**17,213**	(56,762)
Balances, end of year	**$ 173,453**	**$ 5,724**	**$ 296,220**	**$ 475,397**	$ 458,184

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Operations
Year Ended March 31, 2017

	2017	2016
Revenue		
Operating grants (Note 7)	$ **2,532,258**	$ 2,420,884
Fees for service	**417,047**	335,028
Other income	**31,414**	85,157
Capital grants (Note 8)	**5,898**	10,721
	2,986,617	2,851,790
Expenses		
Program supplies	**77,708**	120,578
Participation support and training incentives	**386,968**	367,072
Office and administration	**50,432**	64,297
Professional services	**19,082**	12,302
Project and program consultants	**129,877**	113,694
Building occupancy	**456,786**	419,971
Salaries and benefits	**1,848,551**	1,810,638
	2,969,404	2,908,552
Excess (deficiency) of revenue over expenses	$ **17,213**	$ (56,762)

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Cash Flows
Year Ended March 31, 2017

		2017		2016
Cash provided by (used in)				
Operations				
Excess (deficiency) of revenue over expenses	**$**	**17,213**	$	(56,762)
Items not affecting cash				
Amortization of capital assets		**8,759**		13,582
Interest accrued on investments		**(3,865)**		(6,398)
Amortization of deferred capital grants		**(5,898)**		(10,721)
		16,209		(60,299)
Changes in:				
Accounts receivable		**61,324**		44,106
HST recoverable		**(2,141)**		17,958
Prepaid and other assets		**(50,790)**		3,304
Accounts payable and accrued liabilities		**53,158**		(157,779)
Accrued salaries		**20,006**		(126,318)
Deferred revenue		**49**		(34,742)
Provided by (used in) operating activities		**97,815**		(313,770)
Investing				
Purchase of marketable investments		**(64,182)**		(174,615)
Redemption of marketable investments		**115,108**		119,915
Provided by (used in) investing activities		**50,926**		(54,700)
Financing				
Change in deferred operating grants		**(10,421)**		(12,376)
Net change in cash		**138,320**		(380,846)
Cash, beginning of year		**49,013**		429,859
Cash, end of year	**$**	**187,333**	$	49,013

Cash presented as:

Unrestricted cash	**$**	**187,333**	$	48,998
Restricted cash		**-**		15
	$	**187,333**	$	49,013

See accompanying notes

1. PURPOSE AND LEGAL FORM

PTP - Adult Learning and Employment Programs (the "Organization") was incorporated, under the laws of Canada on March 18, 1998. On September 17, 2007 the name of the Organization was changed from PTP - Preparatory Training Programs of Toronto to PTP - Adult Learning and Employment Programs. The Organization has obtained articles of continuance under the Canada Not-For-Profit Corporations Act on June 16, 2014. The Organization is to carry on its operations without pecuniary gain to its members and any profits or other accretions to the Organization are to be used in promoting its objectives: To provide basic skills education, upgrading, job search and related services to occupationally and vocationally disadvantaged adults.

The Organization is a Canadian registered charity under the Income Tax Act and is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the Organization have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations. The more significant of these policies are as follows:

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses. Assumptions are based on a number of factors, including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions believed reasonable under the circumstances. These estimates are periodically reviewed and, accordingly, adjustments made to these estimates are taken into income in the year in which it is determined. Significant estimates incorporated into the Organization's financial statements include the estimated useful lives of capital assets and allowance for doubtful accounts. Actual results may differ from those estimates.

Restrictions on Net Assets

The Organization operated with three types of restrictions on its net assets:

- unrestricted net assets that can be used for any purposes that are consistent with the objectives of the Organization;
- internally restricted net assets that can be used only for the purposes specified by the Board of Directors; and
- invested in capital assets represents the assets net of liabilities related to the Organization's capital assets.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leases and Rent Expense

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of operations and are adjusted to a straight-line basis over the term of the related lease. The difference between the straight-line rent expense and the rental payments as stipulated under the lease agreement, if any, is included in account payable and accrued liabilities.

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Any contributions not yet expended are recorded as deferred operating grants in these financial statements. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Fees for service revenue is recorded on the accrual basis. Fees for service revenue is recognized when the related services are provided. Fees for service revenues received in advance of the period to which they apply are recorded as deferred revenue.

The value of donated materials and service is not recorded.

Capital Assets

Capital assets are recorded at amortized cost. Capital assets are amortized at the following annual rates:

Equipment	-	20% straight line
Leasehold improvements	-	20% straight line

When capital assets no longer contribute to the Organization's ability to provide services, their carrying amount is written down to their residual value.

Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, accounts receivable and marketable investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and accrued salaries.

Transaction costs and financing fees are expensed as incurred for financial instruments measured at fair value and capitalized for financial instruments that are subsequently measured at cost or amortized cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down, if any, is recognized in the excess (deficiency) of revenue over expenses. Reversals of impairment are recorded to the extent that the value has increased, up to the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess (deficiency) of revenue over expenses.

3. ECONOMIC DEPENDENCE

During the year ended March 31, 2017 the Organization received 83% (2016 - 85%) of its revenue from the Ministry of Advanced Education and Skills Development ("MAESD") (formerly Ministry of Training, Colleges and Universities ("MTCU")). The amount of revenue from this source is significant enough that the viability of the Organization is economically dependent on it.

4. MARKETABLE INVESTMENTS

Marketable investments are comprised of guaranteed investment certificates (GIC) as follows:

	2017	2016
Laurentian Bank 1.78%, maturing March 15, 2018	**$ 60,097**	$ 59,049
B2B Bank 1.86%, maturing March 15, 2019	**62,083**	60,953
National Bank of Canada 2.07%, maturing April 9, 2020	**56,978**	55,826
Home Trust 1.91%, maturing October 25, 2021	**64,712**	-
ICICI Bank Canada 2.32%, matured October 11, 2016	-	52,921
Home Trust Company 2.36%, matured October 11, 2016	-	62,182
	$ 243,870	$ 290,931

These investments are designated as internally restricted net assets. Subsequent to year end, the Organization invested $54,000 in a GIC bearing interest at 2.3% and maturing on June 8, 2022.

5. CAPITAL ASSETS

	Cost	Accumulated Amortization	2017 Net	2016 Net
Equipment	$ 391,498	$ 384,976	$ 6,522	$ 15,281
Leasehold improvements	87,476	87,476	-	-
	$ 478,974	$ 472,452	$ 6,522	$ 15,281

6. GOVERNMENT REMITTANCES

Included in accrued salaries are government remittances of $2,889 (2016 - $1,606) related to payroll liabilities.

7. DEFERRED OPERATING GRANTS

Deferred operating grants consist of externally restricted contributions that can be used only for the purposes specified by the contributors of the resources. The unexpended portion of these grants is recorded as deferred operating grants. Deferred operating grants are comprised as follows:

	2017	2016
Received during year:		
MAESD	$ 2,455,207	$ 2,348,881
City of Toronto	66,630	58,709
	2,521,837	2,407,590
Recognized as revenue during the year	(2,532,258)	(2,419,966)
Balance, beginning of year	13,793	26,169
Balance, end of year	$ 3,372	$ 13,793

The balance at end of year relates to deferred operating grants from MAESD.

8. DEFERRED CAPITAL GRANTS

Contributions restricted for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

Deferred capital grants are comprised as follows:

	2017	2016
Balance, beginning of year	**$ 6,696**	$ 17,417
Recognized as revenue during the year	**(5,898)**	(10,721)
Balance, end of year	**$ 798**	$ 6,696

9. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are as follows:

	Salaries & Benefits Reserve Fund	**Interruption of Operations Reserve Fund**	**Capital Reserve Fund**	**2017 Total**	2016 Total
Opening balance	**$ 125,441**	**$ 58,480**	**$ 107,025**	**$ 290,946**	$ 284,549
Interest	**2,274**	**1,060**	**1,940**	**5,274**	6,397
Closing balance	**$ 127,715**	**$ 59,540**	**$ 108,965**	**$ 296,220**	$ 290,946

Salaries and Benefits Reserve Fund

During the year ended March 31, 2007, the Board of Directors established a reserve fund for salaries and benefits with an amount of $50,000. During the years ending 2009 and 2010, the Board of Directors approved $50,000 each year to be added to the reserve fund with interest earned on the investments of the fund to be accrued in the fund.

Interruption of Operations Reserve Fund

During the year ended March 31, 2009, the Board of Directors established a reserve with $100,000 to provide financial resources in cases of interruption of operations resulting in reductions in revenues. Interest earned on the investments of the fund accrues in the fund.

Capital Reserve Fund

During the year ended March 31, 2013, the Board of Directors established a reserve with $100,000 to provide financial support for capital expenditures. The Board of Directors approved transferring $50,000 from each of the salary and operating reserve funds to the capital reserve fund. Interest earned on the investments of the fund accrues in the fund.

10. LEASE OBLIGATIONS

The Organization leases office and classroom space at 201 - 815 Danforth Avenue and 5353 Dundas Street West. The leases expire June 30, 2019 and November 30, 2027 respectively. Under the terms of the leases the approximate annual lease obligations, including base rent and common area charges, are as follows:

2018	$ 256,630
2019	407,370
2020	292,218
2021	258,000
2022	260,500
2023 and thereafter	1,549,500
	$ 3,024,218

11. FINANCIAL INSTRUMENTS

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and accrued salaries. The Organization manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The Organization's main credit risks relate to its cash and accounts receivable. Cash balances are maintained at financial institutions and are insured by the Canadian Deposit Insurance Corporation up to $100,000 per account. Accounts receivable consists primarily of amounts receivable from government agencies which inherently carry a lower credit risk.

There has been no significant change to the risks since March 31, 2017.

12. CONTINGENT LIABILITY

The Organization is contingently liable for all or a portion of grants received for expenditures should it not use the grant funds as set out in the terms of the respective agreements. The amount of any such repayments are not currently anticipated or determinable. Repayment of a grant will be recorded if and when it becomes anticipated and determinable.