PTP - Adult Learning and Employment Programs

For the year ended March 31, 2019

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PTP - Adult Learning and Employment Programs

Financial Statements

For the Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of PTP - Adult Learning and Employment Programs

Opinion

We have audited the financial statements of PTP - Adult Learning and Employment Programs, (the Organization), which comprise the statement of financial position as at March 31, 2019 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, and results of its operations and its cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management Restricted for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
August 12, 2019
Toronto, Ontario

PTP - Adult Learning and Employment Programs
Statement of Financial Position
As at March 31, 2019

		2019		2018
Assets				
Current				
Cash	$	**255,934**	$	170,337
Accounts receivable		**245,870**		197,076
HST recoverable		**29,970**		20,501
Prepaid and other assets		**62,280**		51,519
		594,054		439,433
Internally Restricted Assets				
Marketable investments (Note 4)		**404,997**		303,469
	$	**999,051**	$	742,902
Liabilities				
Current				
Accounts payable and accrued liabilities	$	**194,336**	$	99,660
Accrued salaries (Note 5)		**35,325**		35,344
Deferred revenue		**109,374**		21,968
		339,035		156,972
Deferred tenant inducements		**86,659**		75,439
Deferred operating grants (Note 6)		**10,568**		5,885
		436,262		238,296
Net Assets				
Unrestricted net assets		**157,792**		201,137
Internally restricted net assets (Note 7)		**404,997**		303,469
		562,789		504,606
	$	**999,051**	$	742,902

Lease obligations (Note 8)
Contingent liability (Note 10)

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, 2019

	Unrestricted Net Assets	Internally Restricted Net Assets	Total 2019	Total 2018
Balances, beginning of year	**$ 201,137**	**$ 303,469**	**$ 504,606**	$ 475,397
Excess of revenues over expenses	**56,655**	**1,528**	**58,183**	29,209
Interfund transfer	**(100,000)**	**100,000**	**-**	-
Balances, end of year	**$ 157,792**	**$ 404,997**	**$ 562,789**	**$ 504,606**

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Operations
Year Ended March 31, 2019

	2019	2018
Revenue		
Operating grants (Note 6)	**$ 2,926,012**	$ 2,653,556
Fees for service	**462,443**	481,646
Other income	**40,034**	28,918
Capital grants	**-**	798
	3,428,489	3,164,918
Expenses		
Salaries and benefits	**1,908,623**	1,919,642
Building occupancy	**488,932**	436,094
Project and program consultants	**411,280**	182,310
Participation support and training incentives	**346,440**	344,760
Program supplies	**131,417**	173,772
Office and administration	**67,736**	62,073
Professional services	**15,878**	17,058
	3,370,306	3,135,709
Excess of revenue over expenses	**$ 58,183**	$ 29,209

PTP - Adult Learning and Employment Programs
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	$ 58,183	$ 29,209
Items not affecting cash		
Amortization of capital assets	-	6,522
Accrued investment income	(3,489)	(4,669)
Amortization of deferred capital grants	-	(798)
	54,694	30,264
Changes in:		
Accounts receivable	(48,794)	(113,850)
HST recoverable	(9,469)	(6,594)
Prepaid and other assets	(10,761)	21,995
Accounts payable and accrued liabilities	94,676	16,222
Accrued salaries	(19)	(9,974)
Deferred revenue	87,406	21,919
Deferred tenant inducements	11,220	75,439
Deferred operating grants	4,683	2,513
Provided by (used in) operating activities	183,636	37,934
Investing		
Purchase of marketable investments	(338,201)	(115,000)
Redemption of marketable investments	240,162	60,070
Provided by (used in) investing activities	(98,039)	(54,930)
Provided by (used in) financing activities	-	-
Net change in cash	85,597	(16,996)
Cash, beginning of year	170,337	187,333
Cash, end of year	$ 255,934	$ 170,337

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. ECONOMIC DEPENDENCE

During the year ended March 31, 2019 the Organization received the majority of its revenue from the Ministry of Training, Colleges and Universities ("MTCU") (formerly Advanced Education and Skills Development ("MAESD")). The amount of revenue from this source is significant enough that the ongoing viability of the Organization is economically dependent on the continued funding from MTCU.

3. 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 allocation of expenses to specific programs. Actual results may differ from those estimates.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Net Assets

The Organization operates with three classes of 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.

Leases and Rent Expense

Leases are accounted for as operating leases whereby rent expense is initially recorded in the statement of operations on 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 initially recorded as deferred tenant inducements and taken into income over the term of the lease.

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. 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.

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

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

Financial assets measured at cost or amortized cost are tested for impairment when there are indicators of impairment. The amount of a write-down, if any, is recognized in the excess 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 of revenue over expenses.

4. MARKETABLE INVESTMENTS

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

		2019		2018
Vancity Credit Union - 2.5%, maturing March 9, 2020	**$**	**83,500**	$	-
LBC Trust - 2.65%, maturing March 8, 2021		**89,726**		-
B2B Bank - 2.7%, maturing March 8, 2022		**79,323**		-
Peoples Trust - 2.85%, maturing March 18, 2024		**89,577**		-
General Bank of Canada - 3.05%, maturing March 27, 2023		**62,871**		61,039
B2B Bank - 1.86%, maturing March 15, 2019		-		63,258
National Bank of Canada - 2.07%, maturing April 9, 2020		-		58,178
Home Trust - 1.91%, maturing October 25, 2021		-		65,966
Equitable Bank - 2.30%, maturing June 8, 2022		-		55,028
	$	**404,997**	$	303,469

These investments are designated as internally restricted net assets.

5. GOVERNMENT REMITTANCES

Included in accrued salaries are government remittances of $2,158 (2018 - $2,298) related to payroll liabilities.

6. 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:

	2019	2018
Received during year:		
MTCU	$ 2,563,648	$ 2,612,440
City of Toronto	19,510	43,629
	2,583,158	2,656,069
Recognized as revenue during the year	(2,578,475)	(2,653,556)
	4,683	2,513
Balance, beginning of year	5,885	3,372
Balance, end of year	$ 10,568	$ 5,885

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

7. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are as follows:

	Salaries & Benefits Reserve Fund	Interruption of Operations Reserve Fund	Capital Reserve Fund	2019 Total	2018 Total
Opening balance	$ 130,840	$ 60,997	$ 111,632	$ 303,469	$ 296,220
Interest	659	307	562	1,528	7,249
Interfund transfers	100,000	-	-	100,000	-
Closing balance	$ 231,499	$ 61,304	$ 112,194	$ 404,997	$ 303,469

Salaries and Benefits Reserve Fund

During the year ended March 31, 2007, the Board of Directors established a reserve fund for salaries and benefits in an amount of $50,000. During the years ended 2009 and 2010, the Board of Directors approved $50,000 each year to be added to the reserve fund. In 2013, the Board approved a transfer of $50,000 from the fund to the capital revenue fund. Interest earned on the investments in the fund accrues in the fund. In 2019, the board approved a transfer of $100,000 from the unrestricted net assets to the salaries and benefits reserve fund.

Interruption of Operations Reserve Fund

During the year ended March 31, 2009, the Board of Directors established a reserve of $100,000 to provide financial resources in cases of interruption of operations resulting in reductions in revenues. In 2013, the Board approved a transfer of $50,000 from the fund to the capital reserve fund. Interest earned on the investments in the fund accrues in the fund.

7. INTERNALLY RESTRICTED NET ASSETS

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.

8. LEASE OBLIGATIONS

The Organization leases office and classroom space at 201 - 815 Danforth Avenue and 5353 Dundas Street West. The leases expire June 30, 2027 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:

2020	$ 417,714
2021	425,328
2022	427,828
2023	440,672
2024	445,786
Thereafter	1,646,095
	$ 3,803,423

9. 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.

10. 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.

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