PTP - Adult Learning and Employment Programs

Financial Statements

For the Year Ended March 31, 2021

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, 2021 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, 2021, 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 and Those Charged with Governance 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.

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
July 29, 2021
Toronto, Ontario

PTP - Adult Learning and Employment Programs
Statement of Financial Position
As at March 31, 2021

	2021	2020
Assets		
Current		
Cash	**$ 512,774**	$ 452,910
Accounts receivable	**145,264**	123,543
HST recoverable	**24,446**	22,674
Prepaid and other assets	**62,667**	60,759
	745,151	659,886
Internally Restricted Assets		
Investments (Note 4)	**426,946**	416,120
	$ 1,172,097	$ 1,076,006
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 221,960**	$ 144,804
Accrued salaries (Note 5)	**71,521**	52,495
Deferred operating grants (Note 6)	**103,271**	192,824
Deferred revenue	**25,895**	-
	422,647	390,123
Deferred tenant lease inducement	**93,266**	92,664
	515,913	482,787
Net Assets		
Unrestricted net assets / funds	**146,184**	177,099
Internally restricted net assets (Note 7)	**510,000**	416,120
	656,184	593,219
	$ 1,172,097	$ 1,076,006

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

Approved by the Board

DocuSigned by:
Salloni Kummar
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Director

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Director

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Changes in Net Assets
Year Ended March 31, 2021

	Unrestricted Net Assets	Internally Restricted Net Assets	Total 2021	Total 2020
Balances, beginning of year	**$ 177,099**	**$ 416,120**	**$ 593,219**	$ 562,789
Excess of revenue over expenses (Note 7)	**52,138**	**10,827**	**62,965**	30,430
Interfund transfer (Note 7)	**(83,053)**	**83,053**	**-**	-
Balances, end of year	**$ 146,184**	**$ 510,000**	**$ 656,184**	$ 593,219

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Operations
Year Ended March 31, 2021

		2021		2020
Revenue				
Operating grants (Note 6)	**$**	**3,057,721**	$	3,076,318
Fees for service		**549,853**		521,842
Other income		**69,879**		123,660
		3,677,453		3,721,820
Expenses				
Salaries and benefits		**2,210,330**		2,012,833
Building occupancy		**449,557**		502,623
Project and program consultants		**442,699**		566,236
Participation support and training incentives		**293,793**		330,256
Office and administration		**113,119**		87,357
Program supplies		**86,783**		167,665
Professional services		**18,207**		24,420
		3,614,488		3,691,390
Excess of revenue over expenses	**$**	**62,965**	$	30,430

See accompanying notes

PTP - Adult Learning and Employment Programs
Statement of Cash Flows
Year Ended March 31, 2021

	2021	2020
Cash provided by (used in)		
Operations		
Excess of revenue over expenses	**$ 62,965**	$ 30,430
Item not affecting cash		
Accrued investment income	**(18,663)**	(12,723)
Deferred tenant lease inducement	**602**	6,005
	44,904	23,712
Changes in:		
Accounts receivable	**(21,721)**	122,327
HST recoverable	**(1,772)**	7,296
Prepaid and other assets	**(1,908)**	1,521
Accounts payable and accrued liabilities	**77,156**	(49,532)
Accrued salaries	**19,026**	17,170
Deferred operating grants	**(89,553)**	88,133
Deferred revenue	**25,895**	(15,251)
Provided by operating activities	**52,027**	195,376
Investing		
Purchase of investments	**97,427**	85,000
Redemption of investments	**(89,590)**	(83,400)
Provided by investing activities	**7,837**	1,600
Net change in cash	**59,864**	196,976
Cash, beginning of year	**452,910**	255,934
Cash, end of year	**$ 512,774**	$ 452,910

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, 2021, the Organization received the majority of its revenue from the Ministry of Labour, Training and Skills Development ("MLTSD"). 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 MLTSD.

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 two classes of net assets:

- unrestricted net assets that can be used for any purposes that are consistent with the objectives of the Organization; and
- internally restricted net assets that can be used only for the purposes specified by the Board of Directors.

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

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. INVESTMENTS

Investments are comprised of cash and guaranteed investment certificates ("GIC") as follows:

	2021	2020
Cash	**$ 2,551**	$ 3,026
LBC Trust - 2.65%, maturing March 8, 2021	**-**	92,123
B2B Bank - 2.7%, maturing March 8, 2022	**83,681**	81,481
Peoples Trust - 2.85%, maturing March 18, 2024	**89,591**	89,591
General Bank of Canada - 3.05%, maturing March 27, 2023	**66,781**	64,804
Canadian Western Trust - 2.030%, maturing March 11, 2025	**86,821**	85,095
Home Trust Company - 1.60%, maturing March 9, 2026	**97,521**	-
	$ 426,946	$ 416,120

5. GOVERNMENT REMITTANCES

Included in accrued salaries are government remittances of $4,776 (2020 - $3,385) 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:

	2021	2020
Received during year:		
MLTSD	**$ 2,571,849**	$ 2,548,821
City of Toronto	**-**	29,372
Immigration, Refugees and Citizenship Canada	**240,484**	-
Employment and Social Development Canada	**155,835**	586,258
	2,968,168	3,164,451
Recognized as revenue during the year	**(3,057,721)**	(3,076,318)
	(89,553)	88,133
Balance, beginning of year	**192,824**	104,691
Balance, end of year	**$ 103,271**	$ 192,824

The balance at end of year relates to deferred operating grants from MTLSD and Employment and Social Development Canada.

7. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are as follows:

	Salaries and Benefits Reserve Fund	**Interruption of Operations Reserve Fund**	**Capital Reserve Fund**	**Emergencey Reserve Fund**	**Special Opportunities Reserve Fund**	**2021 Total**	2020 Total
Opening balance	**$ 237,857**	**$ 62,988**	**$ 115,275**	**$ -**	**$ -**	**$ 416,120**	$ 404,997
Interest	**6,188**	**1,639**	**3,000**	**-**	**-**	**10,827**	11,123
Interfund transfer	**(244,045)**	**(64,627)**	**(118,275)**	**400,000**	**110,000**	**83,053**	-
	$ -	**$ -**	**$ -**	**$ 400,000**	**$ 110,000**	**$ 510,000**	$ 416,120

In 2021, the Organization collapsed the Salaries & Benefits Reserve Fund, the Interruption of Operations Reserve Fund, and the Capital Reserve Fund. The Organization then created the Emergency Reserve Fund and the Special Opportunities Reserve Fund.

Emergency Reserve Fund

During the year ended March 31, 2021, the Board of Directors established a reserve fund for emergencies in an amount of $400,000. This reserve is intended to provide financial support to the Organization in times of emergency.

Special Opportunities Reserve Fund

During the year ended March 31, 2021, the Board of Directors established a reserve fund for special opportunities in an amount of $110,000. This reserve is intended to provide funding for special opportunities that are unfunded by funders and/or require the Organization to save to self-finance an opportunity.

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:

2022	$ 463,634
2023	476,478
2024	481,592
2025	494,436
2026	504,779
Thereafter	785,056
	$ 3,205,975

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.