

PTP - Adult Learning and Employment Programs

Financial Statements

For the Year Ended March 31, 2023



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, 2023 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, 2023, 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
August 8, 2023
Toronto, Ontario

PTP - Adult Learning and Employment Programs
Statement of Financial Position
As at March 31, 2023

	2023	2022
Assets		
Current		
Cash	\$ 939,836	\$ 661,935
Accounts receivable	272,949	221,334
HST recoverable	23,366	23,658
Prepaid and other assets	80,820	73,827
	1,316,971	980,754
Internally Restricted Assets		
Investments (Note 4)	447,776	437,130
	\$ 1,764,747	\$ 1,417,884

Liabilities

Current		
Accounts payable and accrued liabilities	\$ 502,738	\$ 181,061
Accrued salaries (Note 5)	120,549	98,116
Deferred operating grants (Note 6)	216,760	181,104
Deferred revenue	42,780	48,980
	882,827	509,261
Deferred tenant lease inducement	83,660	91,165
	966,487	600,426

Net Assets

Unrestricted net assets / funds	157,430	187,274
Internally restricted net assets (Note 7)	640,830	630,184
	798,260	817,458
	\$ 1,764,747	\$ 1,417,884

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

Approved by the Board

DocuSigned by:
Kevin Robinson
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 Director

DocuSigned by:
Colan Wang
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 Director

PTP - Adult Learning and Employment Programs
Statement of Changes in Net Assets
Year Ended March 31, 2023

	Unrestricted Net Assets	Internally Restricted Net Assets	Total 2023	Total 2022
Balances, beginning of year	\$ 187,274	\$ 630,184	\$ 817,458	\$ 656,184
Excess (deficiency) of revenue over expenses (Note 7)	(29,844)	10,646	(19,198)	161,274
Balances, end of year	\$ 157,430	\$ 640,830	\$ 798,260	\$ 817,458

PTP - Adult Learning and Employment Programs
Statement of Operations
Year Ended March 31, 2023

	2023	2022
Revenue		
Operating grants (Note 6)	\$ 5,326,450	\$ 3,320,964
Fees for service	628,984	761,188
Other income	65,434	90,787
	6,020,868	4,172,939
Expenses		
Salaries and benefits	2,947,823	2,618,794
Program costs and supplies	1,204,708	125,661
Project and program consultants	772,138	421,993
Participation support and training incentives	528,789	300,602
Building occupancy	416,635	416,069
Office and administration	138,784	106,216
Professional services	31,189	22,330
	6,040,066	4,011,665
Excess (deficiency) of revenue over expenses	\$ (19,198)	\$ 161,274

PTP - Adult Learning and Employment Programs
Statement of Cash Flows
Year Ended March 31, 2023

	2023	2022
Cash provided by (used in)		
Operations		
Excess (deficiency) of revenue over expenses	\$ (19,198)	\$ 161,274
Items not affecting cash		
Accrued investment loss (income)	3,069	(4,202)
Deferred tenant lease inducement	(7,505)	2,101
	(23,634)	159,173
Changes in:		
Accounts receivable	(51,615)	(76,070)
HST recoverable	292	788
Prepaid and other assets	(6,993)	(11,160)
Accounts payable and accrued liabilities	321,677	(40,899)
Accrued salaries	22,433	26,595
Deferred operating grants	35,656	77,833
Deferred revenue	(6,200)	23,085
Provided by operating activities	291,616	159,345
Investing		
Purchase of investments	(82,079)	(89,384)
Redemption of investments	68,364	79,200
Provided by (used in) investing activities	(13,715)	(10,184)
Net change in cash	277,901	149,161
Cash, beginning of year	661,935	512,774
Cash, end of year	\$ 939,836	\$ 661,935

PTP - Adult Learning and Employment Programs
Notes to Financial Statements
March 31, 2023

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

The Organization is economically dependent on government funding, which constitutes a significant portion of the revenue of the Organization.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

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.

PTP - Adult Learning and Employment Programs
Notes to Financial Statements
March 31, 2023

4. INVESTMENTS

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

	2023	2022
Cash	\$ -	\$ 4,451
Peoples Trust - 2.85%, maturing March 18, 2024	89,591	89,591
General Bank of Canada - 3.05%, matured March 27, 2023	-	68,818
Canadian Western Trust - 2.030%, maturing March 11, 2025	90,382	88,584
Home Trust Company - 1.60%, maturing March 9, 2026	97,521	97,521
Home Equity Bank - 2.99%, maturing March 8, 2027	88,166	88,165
Canadian Western Bank - 4.150%, maturing March 27, 2028	82,116	-
	\$ 447,776	\$ 437,130

5. GOVERNMENT REMITTANCES

Included in accrued salaries are government remittances of \$8,699 (2022 - \$6,813) 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:

	2023	2022
Received during year:		
MLTSD	\$ 2,750,180	\$ 2,478,719
City of Toronto	38,570	48,710
Immigration, Refugees and Citizenship Canada	432,152	348,913
Employment and Social Development Canada	2,141,204	522,455
	5,362,106	3,398,797
Recognized as revenue during the year	(5,326,450)	(3,320,964)
	35,656	77,833
Balance, beginning of year	181,104	103,271
Balance, end of year	\$ 216,760	\$ 181,104

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

PTP - Adult Learning and Employment Programs
Notes to Financial Statements
March 31, 2023

7. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are as follows:

	Emergency Reserve Fund	Special Opportunities Reserve Fund	2023 Total	2022 Total
Opening balance	\$ 520,184	\$ 110,000	\$ 630,184	\$ 510,000
Interest	10,646	-	10,646	10,184
Interfund transfer	-	-	-	110,000
	\$ 530,830	\$ 110,000	\$ 640,830	\$ 630,184

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. During 2022, the Board approved a transfer from the unrestricted fund to the Emergency Reserve Fund in the amount of \$110,000.

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:

2024	\$ 488,917
2025	501,760
2026	512,104
2027	524,076
2028	273,467
	\$ 2,300,324

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.