

SKILLS FOR CHANGE OF METRO TORONTO

Financial Statements

Year ended March 31, 2024



SKILLS FOR CHANGE OF METRO TORONTO

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March 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of
Skills for Change of Metro Toronto

Opinion

We have audited the financial statements of Skills for Change of Metro Toronto (the "Organization"), which comprise the statement of financial position as at March 31, 2024, and the statements of fund balances, 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, 2024, and its results of 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.

INDEPENDENT AUDITOR'S REPORT - cont'd

- ◆ 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.

Adams & Miles LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
September 5, 2024



SKILLS FOR CHANGE OF METRO TORONTO
Statement of Financial Position
March 31, 2024

	Operating Fund	Capital Fund	Total 2024	Total 2023
Assets				
Current				
Cash (Note 3)	\$ 840,847	\$ 473,435	\$ 1,314,282	\$ 1,197,966
Term deposits (Note 4)	-	-	-	301,755
Grants and subsidies receivable	1,640,271	77,361	1,717,632	1,161,050
Interfund balances (Note 5)	713,894	(713,894)	-	-
Prepays and other	104,827	9,894	114,721	64,225
	3,299,839	(153,204)	3,146,635	2,724,996
Capital assets (Note 6)	-	2,889,892	2,889,892	2,032,032
	\$ 3,299,839	\$ 2,736,688	\$ 6,036,527	\$ 4,757,028
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 973,314	\$ 170,404	\$ 1,143,718	\$ 641,694
Current portion of deferred revenue (Note 7)	2,317,707	12,905	2,330,612	1,670,263
	3,291,021	183,309	3,474,330	2,311,957
Deferred revenue (Note 7)	-	352,586	352,586	365,491
	3,291,021	535,895	3,826,916	2,677,448
Fund balances (deficit)	8,818	2,200,793	2,209,611	2,079,580
	\$ 3,299,839	\$ 2,736,688	\$ 6,036,527	\$ 4,757,028

Approved on behalf of the Board:

Vjay Dhayaleeswaran Director

Janice Charke Director



SKILLS FOR CHANGE OF METRO TORONTO
Statement of Changes in Fund Balances
Year ended March 31, 2024

	Operating Fund	Capital Fund	Total 2024	Total 2023
Balance, beginning of year	\$ 41,948	\$ 2,037,632	\$ 2,079,580	\$ 1,855,715
Excess (deficiency) of revenue over expenditures	337,430	(207,399)	130,031	223,865
Interfund rent usage allocation (Note 2)	(470,560)	470,560	-	-
Interfund transfer (Note 9)	100,000	(100,000)	-	-
Balance, end of year	\$ 8,818	\$ 2,200,793	\$ 2,209,611	\$ 2,079,580



SKILLS FOR CHANGE OF METRO TORONTO

Statement of Operations

Year ended March 31, 2024

	Operating Fund	Capital Fund	Total 2024	Total 2023
Revenue				
Programs revenue				
Government programs (Note 8)	\$ 8,641,050	\$ 11,422	\$ 8,652,472	\$ 6,484,619
Enterprise programs fees and foundations grants	909,261	8,411	917,672	750,029
	9,550,311	19,833	9,570,144	7,234,648
Interest income	68,838	35,377	104,215	31,220
Other service and miscellaneous income	18,624	-	18,624	5,081
Rental income	-	17,717	17,717	23,051
Fundraising	16,666	-	16,666	31,131
United Way of Greater Toronto grants	-	-	-	25,000
	9,654,439	72,927	9,727,366	7,350,131
Expenditures				
Salaries and benefits	5,313,129	74,434	5,387,563	4,269,028
Purchased services	2,251,018	5,549	2,256,567	1,632,413
Programs - client costs	616,849	-	616,849	300,481
Office and general	434,114	16,581	450,695	303,776
Occupancy cost	255,209	149,796	405,005	382,921
Marketing and outreach	283,925	-	283,925	192,658
Fundraising	162,765	-	162,765	11,023
Amortization	-	33,966	33,966	33,966
	9,317,009	280,326	9,597,335	7,126,266
Excess (deficiency) of revenue over expenditures	\$ 337,430	\$ (207,399)	\$ 130,031	\$ 223,865



SKILLS FOR CHANGE OF METRO TORONTO

Statement of Cash Flows

Year ended March 31, 2024

	2024	2023
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenditures	\$ 130,031	\$ 223,865
Amortization of capital assets	33,966	33,966
Amortization of deferred capital donations	(19,833)	(14,628)
	144,164	243,203
Change in non-cash working capital items		
Grants and subsidies receivable	(556,582)	(738,971)
Prepays and other	(50,496)	67,847
Accounts payable and accrued liabilities	502,024	(46,560)
Deferred revenue	667,277	1,219,804
	706,387	745,323
Investing activities		
Purchase of capital assets	(891,826)	(247,562)
Proceeds on maturity of term deposits	301,755	-
Purchase of term deposits	-	(151,755)
	(590,071)	(399,317)
Change in cash position	116,316	346,006
Cash, beginning of year	1,197,966	851,960
Cash, end of year	\$ 1,314,282	\$ 1,197,966



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

1. Nature of operations and incorporation

Skills for Change of Metro Toronto (“the Organization”) was founded in 1982 and was incorporated without share capital under the laws of Ontario, continued under the Ontario Not-for-Profit Corporations Act when it came into effect on October 19, 2021, and is a registered charitable organization exempt from taxation under the Income Tax Act.

The mission of the Organization is to provide immigrants and refugees resident in Ontario with support and services necessary to participate effectively in the workforce.

2. Summary of significant accounting policies

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management and Directors to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenditures during the year. Significant estimates include estimated useful lives of capital assets. These estimates are reviewed periodically and, as adjustments become necessary, they are reported as revenue or expenditures in the Statement of Operations in the year in which they become known.

Fund accounting

The accounts of the Organization are maintained in accordance with the principles of fund accounting and accordingly the resources are classified for accounting and reporting purposes into funds determined by the purpose for which those funds are held. The types of funds held are:

Operating Fund – This fund includes unrestricted revenue and restricted revenue sources received from various federal, provincial and municipal government grants, rental revenue and fundraising revenue. The fund is maintained to meet operating expenditures, with the balance determined by the Board of Directors based on the volatility of the Organization's cash flows; and

Capital Fund – This fund reports the net assets of the Organization invested in land, building, building improvements, computer equipment, furniture and fixtures, and leasehold improvements. This fund also reports restricted grants from government designated for the financing of capital assets acquisition and rental income. Costs directly relating to capital assets are charged to the fund. The fund is restricted and is available at the discretion of the Board of Directors to meet future operating and capital expenditures that are determined to be essential for adequate operating capabilities of the Organization.



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

2. Summary of significant accounting policies - cont'd

Capital assets

Capital assets are accounted for at cost and amortized on the basis of their useful life using the following methods and rates or duration:

Building	1.00% declining balance
Building improvements	2.50% declining balance
Computer equipment	3 years straight-line
Furniture and fixtures	10.00% declining balance
Leasehold improvements	Fully amortized

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Deferred revenue

The Organization receives federal, provincial and municipal government grants during the year. Grants that are externally restricted are recognized as revenue in the operating fund in the year in which the related expenditures are incurred. Externally restricted contributions for capital assets are deferred and recognized as revenue in capital fund on the same basis as the related capital assets are amortized.



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

2. Summary of significant accounting policies - cont'd

Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the Statement of Operations in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted government, foundations and United Way of Greater Toronto grants and contributions are deferred and recognized as revenue in the year in which the related expenditures are incurred.

Fundraising revenue is recognized in the year in which the fundraising events occur, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Enterprise and other service and miscellaneous revenue is recognized in the Statement of Operations when earned if the amount can be reasonably estimated and collection is reasonably assured. Revenue is considered earned when a service has been provided.

Contributions received for the purchase of capital assets are recognized into revenue of the Capital Fund on the same basis that the related capital assets are amortized into operations.

Rental income related to the capital fund is recognized as revenue in the Statement of Operations when earned if the amount can be reasonable estimated and collection is reasonably assured. Interest income is recognized when earned.

Interfund rent usage allocation

The Organization bases the interfund rent allocation on the approved budgets for its programs and departments.

Contributed materials and services

Contributed materials are not recognized as they would not otherwise have been purchased.

The Organization benefits from services in the form of volunteer time. Since these invaluable services are not purchased by the Organization and a reasonable estimate of their value cannot be made, they are not recorded in the financial statements.



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

2. Summary of significant accounting policies - cont'd

Allocation of expenditures

The Organization provides direct services for immigrants and refugees resident in Ontario with support and services necessary to participate effectively in the workforce. The costs of each program include the costs of personnel responsible for delivering these programs as well as expenditures that are directly related to conducting these programs.

The Organization also incurs costs related to fundraising, administration and governance. Like the program areas, these costs include the costs of personnel with responsibilities in these areas as well as expenditures that are directly related to these activities.

Where personnel have responsibilities that relate to more than one functional area, the costs are charged to each area based on time spent on each function. The charges related to personnel costs are reviewed on an annual basis and adjustments are made during the year for significant changes in an individual's area of responsibility.

In addition to these costs, a number of support expenditures are incurred that are shared between all areas. These include expenditures relating to office equipment, amortization of capital assets, office rent and occupancy costs, insurance, office supplies, outside services, telephone and audit fees. The Organization charges all support costs to each area based on the relative usage by each area.

Financial instruments

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

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, with the exception of term deposits, which are measured at cost plus earned interest.

Financial assets measured at amortized cost include cash and grants and subsidies receivable.

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

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists the asset shall be written down and the resulting impairment loss will be recognized in the Statement of Operations for the year.

SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

3. Demand operating bank loan

The Organization has a demand operating bank loan facility available in the amount of \$625,000 (2023 - \$625,000). This demand operating loan bears interest at the bank's prime rate plus 1.00% per annum. As at year-end, the balance of the bank loan was \$Nil (2023 - \$Nil). The demand operating bank loan and all other obligations to the bank, are secured by a general security agreement of all personal property of the Organization and an assignment of fire insurance.

The Organization is required to maintain a minimum tangible net worth and is restricted on the debt which can be obtained under its bank lending agreement. The Organization was in compliance with these covenants as at year-end.

4. Term deposits

In the previous fiscal year, the Organization held term deposits with TD Canada Trust, which earned interest in the range of 4.66% to 4.70% per annum and matured between April 2023 to January 2024.

5. Interfund balances and transfers

Interfund balances represent the aggregate of the Capital Fund costs paid by the Operating Fund and interfund transfers.

6. Capital assets

	2024		2023	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 198,733	\$ -	\$ 198,733	\$ 198,733
Building	1,573,070	416,644	1,156,426	1,168,226
Building improvements	463,012	125,627	337,389	593,829
Computer equipment	351,429	351,429	-	6,167
Furniture and fixtures	240,870	182,914	57,956	65,075
Leasehold improvements	590,764	590,764	-	-
Building improvements in progress	1,139,388	-	1,139,388	247,562
	<u>\$ 4,557,266</u>	<u>\$ 1,667,374</u>	<u>\$ 2,889,892</u>	<u>\$ 2,032,032</u>



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

6. Capital assets - cont'd

Building improvements in progress relates to accumulated renovation costs incurred in fiscal 2023 and fiscal 2024. The improvements are expected to be completed in the next fiscal year. Amortization will commence upon substantial completion and use of the building improvements.

7. Deferred revenue

Deferred revenue represents amounts received from various funders for programs or services that are to be provided in future years.

	2024		2023	
Foundations and other	\$	1,209,943	\$	1,398,959
Provincial		637,425		391,536
Federal		467,007		-
City of Toronto		368,823		245,259
	\$	2,683,198	\$	2,035,754

	Operating Fund	Capital Fund	Total 2024	Total 2023
Balance, beginning of year	\$ 1,650,430	\$ 385,324	\$ 2,035,754	\$ 830,578
Add: Receipts	9,805,684	-	9,805,684	7,894,827
Less: Amounts recognized as revenue in the year	(9,138,407)	(19,833)	(9,158,240)	(6,689,651)
Balance, end of year	2,317,707	365,491	2,683,198	2,035,754
Less: current portion	2,317,707	12,905	2,330,612	1,670,263
	\$ -	\$ 352,586	\$ 352,586	\$ 365,491

Deferred revenue includes \$365,491 (2023 - \$385,324) received during prior years that has been disbursed for capital assets. The deferred revenue will be recognized into the Statement of Operations on the same basis as the amortization of the related capital assets.



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

8. Government programs

Included in government programs revenue is provincial funding received from the Ministry of Citizenship and Multiculturalism and the Ministry of Labour, Immigration, Training and Skills Development as follows:

	2024	2023
Ministry of Citizenship and Multiculturalism		
Black Youth Action Program (Schedule 1 – page 16)	\$ 257,000	\$ 202,206
Ministry of Labour, Immigration, Training and Skills Development		
Newcomer Cybersecurity Talent Pod Program	1,561,140	–
Employment Service and Canada-Ontario Job Grant Site Number – 4059A	1,268,405	1,226,898
Pre-Apprenticeship Training Programs Toronto location Employment Service and Canada-Ontario Job Grant Site Number - 4029B	1,154,559	915,310
1,074,143	1,079,389	
Pathways to Skills Trades Program	658,565	–
Newcomer Settlement Programs	153,921	92,126
United for Change Program	78,250	–
Diverse Voices Program	22,883	–
Asylum Claimants	12,218	–
Pre-Apprenticeship Training Programs Hamilton location	–	688,706
	5,984,084	4,002,429
Total	\$ 6,241,084	\$ 4,204,635



SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

9. Interfund transfer

Effective March 31, 2024, a transfer of \$100,000 from capital fund to operating fund was approved by the Board.

10. Commitments

The Organization is committed to premises and photocopier leases expiring May 2028. Future minimum payments, excluding maintenance costs are as follows:

2025	\$	221,588
2026		114,884
2027		115,783
2028		115,783
2029		21,370
		<hr/>
		\$ 589,408

In addition, the Organization is committed to building improvements contracts in the amount of \$880,850 including HST, of which \$536,100 including HST has been incurred in fiscal 2024. The remaining balance of \$344,750 including HST will be completed in the next fiscal year.

11. Financial instruments

The Organization is exposed to the following risks in respect of certain of the financial instruments held:

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Organization's financial instruments that are exposed to concentrations of credit risk consist primarily of cash, and grants and subsidies receivable. The Organization manages this risk through placing its cash with high credit quality institutions. The Organization routinely assesses the financial strength of its funders and partner organizations and, as a consequence, believes that its credit risk exposure is limited.

SKILLS FOR CHANGE OF METRO TORONTO

Notes to Financial Statements

Year ended March 31, 2024

11. Financial instruments - cont'd

Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization is exposed to liquidity risk on its accounts payable and accrued liabilities. The Organization reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and maintains an adequate line of credit to repay trade creditors. In the opinion of management, the liquidity risk exposure to the Organization is low.

It is management's opinion that the Organization is not exposed to significant currency or market risks arising from financial instruments.

12. Comparative amounts

Certain comparative amounts have been reclassified to conform with the current year's financial statement presentation.

SKILLS FOR CHANGE OF METRO TORONTO

Schedule 1 - Black Youth Action Program

Year ended March 31, 2024

	2024	2023
Revenue		
Government of Ontario - Ministry of Citizenship and Multiculturalism	\$ 257,000	\$ 202,206
Expenditures		
Salaries and benefits	179,822	114,932
Occupancy cost	27,255	17,255
Office and general	20,890	10,660
Meeting costs	14,304	1,450
Purchased services	5,447	5,509
Advertising and outreach	3,496	12,170
Technology services and supports	3,277	10,111
Fundraising	1,845	-
Program materials	464	2,700
Consultancy services	200	11,406
Equipment and supplies	-	16,013
	257,000	202,206
Excess of revenue over expenditures	\$ -	-

