

**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**

**FINANCIAL STATEMENTS**

**31 DECEMBER 2017**

# SKILLS CANADA - BRITISH COLUMBIA CHAPTER

## Financial Statements

For the year ended 31 December 2017

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## INDEPENDENT AUDITORS' REPORT

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To the Members,  
Skills Canada - British Columbia Chapter

We have audited the accompanying financial statements of Skills Canada - British Columbia Chapter, which comprise the statement of financial position as at 31 December 2017, and the statements of changes in net assets, operations 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.

### **Auditors' 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 auditors' 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 auditors consider internal control relevant to the organization'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 organization'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.





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INDEPENDENT AUDITORS' REPORT - Continued

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**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Skills Canada - British Columbia Chapter as at 31 December 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.

**Report on Other Legal and Regulatory Requirements**

As required by the Societies Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

**Other Matter**

The financial statements of Skills Canada - British Columbia Chapter for the year ended 31 December 2016 were audited by another practitioner who expressed an unqualified opinion on those financial statements on 21 April 2017.

*Rolfe, Benson LLP*

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada  
29 May 2018

**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Statement of Financial Position**  
31 December 2017

	2017	2016
		(Note 9)
<b>Assets</b>		
<b>Current</b>		
Cash	\$ 655,985	\$ 831,158
Accounts receivable	19,515	29,765
GST receivable	2,043	3,617
Prepaid expenses	19,288	17,953
	696,831	882,493
<b>Tangible capital assets (Note 3)</b>	11,086	3,776
<b>Intangible assets</b>	-	206
	\$ 707,917	\$ 886,475

**Liabilities**

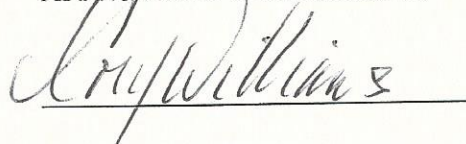
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 23,014	\$ 44,713
Deferred contributions (Note 4)	73,000	107,757
	96,014	152,470

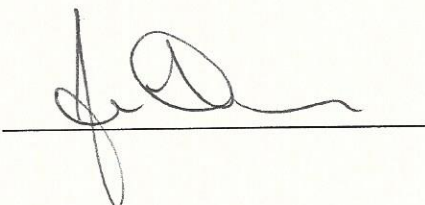
**Commitments (Note 5)**

**Net Assets**

Unrestricted	575,817	705,023
Invested in tangible capital assets	11,086	3,982
Internally restricted - contingency fund (Note 6)	25,000	25,000
	611,903	734,005
	\$ 707,917	\$ 886,475

APPROVED BY THE BOARD:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Statement of Changes in Net Assets**  
For the year ended 31 December 2017

	Unrestricted	Invested in tangible capital assets	Internally restricted - contingency fund	Total 2017	Total 2016
<b>Balance - beginning of year</b>	\$ 705,023	\$ 3,982	\$ 25,000	\$ 734,005	\$ 626,556
Excess (deficiency) of revenues over expenses for the year	(119,328)	(2,774)	-	(122,102)	107,449
Additions to tangible capital assets	(9,878)	9,878	-	-	-
<b>Balance - end of year</b>	<b>\$ 575,817</b>	<b>\$ 11,086</b>	<b>\$ 25,000</b>	<b>\$ 611,903</b>	<b>\$ 734,005</b>

The accompanying notes are an integral part of these financial statements.



**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Statement of Operations**  
For the year ended 31 December 2017

	2017	2016
		(Note 9)
<b>Revenues</b>		
Sponsorships	\$ 324,787	\$ 398,429
Skills/Competence Canada Funding	287,583	269,371
BC Government	250,000	331,788
Registration fees	12,695	33,625
	875,065	1,033,213
 <b>Expenses</b>		
Competitions	422,718	405,037
Wages and benefits	250,911	307,350
Professional fees	115,424	65,996
Programs	86,977	50,323
Travel	81,048	66,752
Office	12,642	5,677
Advertising and promotion	12,497	10,512
Insurance	11,199	10,803
Bank charges and interest	618	354
Memberships	359	1,008
Amortization	289	1,952
	994,682	925,764
 <b>Excess (deficiency) of revenues over expenses from operations</b>	<b>(119,617)</b>	<b>107,449</b>
 <b>Other expense</b>		
Loss on disposal of tangible capital assets	2,485	-
	-	-
 <b>Excess (deficiency) of revenues over expenses for the year</b>	<b>\$ (122,102)</b>	<b>\$ 107,449</b>

The accompanying notes are an integral part of these financial statements.

**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Statement of Cash Flows**  
For the year ended 31 December 2017

	2017	2016
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Excess (deficiency) of revenues over expenses for the year	\$ (122,102)	\$ 107,449
Items not involving cash		
Amortization	289	1,952
Loss on disposal of tangible capital assets	2,485	-
	(119,328)	109,401
Changes in non-cash working capital balances		
Accounts receivable	10,250	153,734
GST	1,574	3,202
Prepaid expenses	(1,335)	455
Accounts payable and accrued liabilities	(21,699)	17,030
Deferred contributions	(34,757)	(226,844)
	(165,295)	56,978
<b>Investing activity</b>		
Purchase of tangible capital assets	(9,878)	(1,951)
<b>Net increase (decrease) in cash</b>	(175,173)	55,027
<b>Cash - beginning of year</b>	831,158	776,131
<b>Cash - end of year</b>	\$ 655,985	\$ 831,158

The accompanying notes are an integral part of these financial statements.



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**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Notes to the Financial Statements**  
**For the year ended 31 December 2017**

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**1. Incorporation**

Skills Canada - British Columbia Chapter ("SCBC") was incorporated under the British Columbia Societies Act on 14 September 1994. SCBC works with industry, educators, government and labour to promote rewarding and in-demand skilled trade & technology careers to BC's youth.

SCBC is registered as a charitable organization under the Income Tax Act, Canada, and is exempt from income tax.

**2. Summary of significant accounting policies**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Financial instruments

(i) Measurement of financial instruments

SCBC initially measures its financial assets and liabilities at fair value and subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

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

(ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than 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 the statement of operations.

(iii) Transaction costs

SCBC recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Notes to the Financial Statements**  
For the year ended 31 December 2017

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**2. Summary of significant accounting policies - Continued**

(b) Revenue recognition

SCBC follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Registration fees are recorded when earned and collection is reasonably assured.

(c) Tangible capital assets

Tangible capital assets are accounted for at cost and amortized over their estimated useful life using the declining balance method as follows:

Furniture and fixtures	20%
Computer equipment	30%

When a tangible capital asset no longer contributes to the services provided by SCBC, its carrying amount is written down to its residual value.

(d) Donated material and services

SCBC does not recognize the fair value of donated goods and services due to the difficulty of determining their fair market value.

Volunteers contribute a significant amount of time every year to assist SCBC in carrying out its programs and services, the value of these hours are not recognized in these financial statements.

(e) Use of estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts subject to estimates include accrued liabilities and amortization on tangible capital assets. Management believes that estimates utilized in preparing the financial statements are prudent and reasonable; however, actual results could differ from those estimates.



**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Notes to the Financial Statements**  
For the year ended 31 December 2017

**3. Tangible capital assets**

	Cost	Accumulated Amortization	2017 Net	2016 Net
Furniture and fixtures	\$ 3,504	\$ 117	\$ 3,387	\$ -
Computer equipment	17,212	9,513	7,699	3,776
	\$ 20,716	\$ 9,630	\$ 11,086	\$ 3,776

**4. Deferred contributions**

Contributions designated for specific future programs have been deferred to the 2018 fiscal year. These funds will be recognized as revenue as the related expenditures are incurred. The balance consists of the following:

	2017	2016
Sponsorships	\$ 73,000	\$ 107,757

**5. Commitments**

SCBC's future minimum payments related to a secondment agreement are as follows:

2018	\$ 33,333
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**6. Contingency fund**

The contingency fund is restricted by the board of directors to be used at their discretion.



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**SKILLS CANADA - BRITISH COLUMBIA CHAPTER**  
**Notes to the Financial Statements**  
For the year ended 31 December 2017

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**7. Financial instruments**

SCBC is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at the statement of financial position date, 31 December 2017.

(a) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. SCBC is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. SCBC manages liquidity risk by maintaining adequate cash. There has been no change in risk exposure from the prior year.

(b) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. SCBC's main credit risks relate to its accounts receivable. SCBC provides credit to its clients in the normal course of the operations. There has been no change in risk exposure from the prior year.

**8. British Columbia Societies Act**

The British Columbia Societies Act requires a society (other than designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 31 December 2017, included in wages and benefits is one employee with remuneration over \$75,000. The total paid to this individual was \$75,429. No remuneration was paid to members of the Board of Directors for the 2017 fiscal year.

**9. Comparative figures**

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2017 financial statements.