

SKILLS CANADA - BRITISH COLUMBIA CHAPTER

FINANCIAL STATEMENTS

31 AUGUST 2020

DRAFT

SKILLS CANADA - BRITISH COLUMBIA CHAPTER

Financial Statements

For the period ended 31 August 2020

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INDEPENDENT AUDITORS' REPORT

To the Members,
Skills Canada - British Columbia Chapter

Opinion

We have audited the financial statements of Skills Canada - British Columbia Chapter (the "Society"), which comprise the statement of financial position as at 31 August 2020, and the statements of changes in net assets, operations and cash flows for the period 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 Society as at 31 August 2020, and its results of operations and its cash flows for the period 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

INDEPENDENT AUDITORS' REPORT

Auditors' 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 auditors' 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

- ♦ 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles of the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada

CHARTERED PROFESSIONAL ACCOUNTANTS

DRAFT

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Statement of Financial Position
31 August 2020

	31 August 2020	31 December 2019
Assets		
Current		
Cash	\$ 547,235	\$ 288,011
Accounts receivable	74,433	81,654
GST receivable	2,951	1,860
Prepaid expenses	<u>14,652</u>	<u>11,374</u>
	639,271	382,899
Tangible capital assets (Note 3)	<u>22,920</u>	<u>26,921</u>
	\$ 662,191	\$ 409,820
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 38,479	\$ 45,812
Deferred contributions (Note 4)	<u>139,108</u>	<u>30,000</u>
	177,587	75,812
Net Assets		
Unrestricted	436,684	282,087
Invested in tangible capital assets	22,920	26,921
Internally restricted - Contingency fund (Note 7)	<u>25,000</u>	<u>25,000</u>
	484,604	334,008
	\$ 662,191	\$ 409,820

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 period ended 31 August 2020

	Unrestricted	Invested in tangible capital assets	Internally restricted - contingency fund	Total For the period ended 31 August 2020	Total For the year ended 31 December 2019
Balance - beginning of period	\$ 282,087	\$ 26,921	\$ 25,000	\$ 334,008	\$ 387,491
Excess (deficiency) of revenues over expenses for the period	150,596	-	-	150,596	(53,483)
Amortization of tangible capital assets	4,001	(4,001)	-	-	-
Balance - end of period	\$ 436,684	\$ 22,920	\$ 25,000	\$ 484,604	\$ 334,008

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

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Statement of Operations
For the period ended 31 August 2020

	For the period ended 31 August 2020	For the year ended 31 December 2019
Revenues		
BC Government	\$ 260,892	\$ 300,000
Skills/Competence Canada Funding	184,734	431,786
Sponsorships	77,000	228,000
Canada Emergency Wage Subsidy	53,941	-
Interest income	239	2,026
Registration fees	-	23,920
	<u>576,806</u>	<u>985,732</u>
Expenses		
Wages and benefits	194,114	290,247
Competitions	140,109	522,510
Professional fees	28,428	58,793
Programs	25,349	63,066
Advertising and promotion	20,826	44,100
Travel	4,332	35,969
Office	3,075	7,215
Telephone and utilities	3,017	5,015
Insurance	1,856	4,703
Bank charges and interest	562	1,926
Memberships	541	420
Amortization	4,001	5,251
	<u>426,210</u>	<u>1,039,215</u>
Excess (deficiency) of revenues over expenses for the period	\$ 150,596	\$ (53,483)

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

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Statement of Cash Flows
For the period ended 31 August 2020

	For the period ended 31 August 2020	For the year ended 31 December 2019
Cash provided by (used in):		
Operating activities		
Excess (deficiency) of revenues over expenses for the period	\$ 150,596	\$ (53,483)
Item not involving cash		
Amortization	4,001	5,251
	<u>154,597</u>	<u>(48,232)</u>
Changes in non-cash working capital balances		
Accounts receivable	7,221	(81,654)
GST receivable	(1,091)	382
Prepaid expenses	(3,278)	25,325
Accounts payable and accrued liabilities	(7,333)	(4,091)
Deferred contributions	109,108	21,619
	<u>259,224</u>	<u>(86,651)</u>
Investing activity		
Purchase of tangible capital assets	-	(20,648)
Net increase (decrease) in cash	259,224	(107,299)
Cash - beginning of period	288,011	395,310
Cash - end of period	\$ 547,235	\$ 288,011

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

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the period ended 31 August 2020

1. Incorporation/Operations

Skills Canada - British Columbia Chapter ("SCBC") was incorporated under the Societies Act (British Columbia) 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.

During the year, the Society changed its year end from 31 December to 31 August. The prior year end date was 31 December 2019, the current period end date is 31 August 2020.

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.

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the period ended 31 August 2020

2. Summary of significant accounting policies - Continued

(a) Financial instruments - Continued

(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.

(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 office space due to the difficulty of determining its 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.

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the period ended 31 August 2020

2. Summary of significant accounting policies - Continued

(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.

3. Tangible capital assets

	Cost	Accumulated Amortization	31 August 2020 Net	31 December 2019 Net
Furniture and fixtures	\$ 24,152	\$ 6,168	\$ 17,984	\$ 20,751
Computer equipment	21,072	16,136	4,936	6,170
	\$ 45,224	\$ 22,304	\$ 22,920	\$ 26,921

4. Deferred contributions

Contributions designated for specific future programs have been deferred to the 2021 fiscal year. These funds will be recognized as revenue as the related expenditures are incurred. The balance consists of the following:

	31 August 2020	31 December 2019
BC Government Grant	\$ 139,108	\$ -
Sponsorships	-	30,000
	\$ 139,108	\$ 30,000

5. Economic dependence

Skills Canada - British Columbia Chapter generates the majority of its revenues from contributions from Skills Competences Canada and from funding from other government agencies.

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the period ended 31 August 2020

6. Impact of COVID-19

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a public health emergency. This pandemic has caused an increase in economic uncertainty that has led to volatility in international markets and disrupted business operations around the world. At the date of the Independent Auditors' Report, the COVID-19 outbreak is still ongoing but management does not anticipate that it will have significant impact on future revenues.

7. Contingency fund

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

8. 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 August 2020.

(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 cash and accounts receivable. SCBC's cash is maintained with a large federally regulated financial institution in Canada. 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.

9. Management and director remuneration

The Societies Act (British Columbia) requires a society (other than a society 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 August 2020, included in wages and benefits is one employee with remuneration over \$75,000. The total paid to this individual was \$90,385. No remuneration was paid to members of the Board of Directors for the 2020 fiscal year.