

SKILLS CANADA - BRITISH COLUMBIA CHAPTER

FINANCIAL STATEMENTS

31 AUGUST 2023

DRAFT

SKILLS CANADA - BRITISH COLUMBIA CHAPTER

Financial Statements

For the year ended 31 August 2023

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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 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 Society as at 31 August 2023, 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 ("ASNPO").

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 ASNPO, 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.

INDEPENDENT AUDITORS' REPORT - Continued

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

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.
- ◆ 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.

INDEPENDENT AUDITORS' REPORT - Continued

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 2023

	2023	2022
Assets		
Current		
Cash	\$ 648,410	\$ 437,945
Accounts receivable	63,828	42,070
GST receivable	12,096	5,107
Prepaid expenses	9,236	19,946
	733,570	505,068
Tangible capital assets (Note 3)	26,675	14,564
	\$ 760,245	\$ 519,632
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 44,282	\$ 71,472
Current portion of deferred contributions (Note 4)	256,800	7,616
Current portion of Canada Emergency Business Account loan (Note 5)	30,000	-
	331,082	79,088
Deferred contributions (Note 4)	80,000	-
Canada Emergency Business Account loan (Note 5)	-	30,000
	411,082	109,088
Commitments (Note 6)		
Net Assets		
Unrestricted	297,488	370,980
Invested in tangible capital assets	26,675	14,564
Internally restricted - Contingency fund (Note 9)	25,000	25,000
	349,163	410,544
	\$ 760,245	\$ 519,632

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 August 2023

	Unrestricted	Invested in tangible capital assets	Internally restricted - contingency fund	2023	2022
			(Note 9)		
Balance - beginning of year	\$ 370,980	\$ 14,564	\$ 25,000	\$ 410,544	\$ 411,465
Deficiency of revenues over expenditures	(54,357)	(7,024)	-	(61,381)	(921)
Net additions to tangible capital assets	(19,135)	19,135	-	-	-
Balance - end of year	\$ 297,488	\$ 26,675	\$ 25,000	\$ 349,163	\$ 410,544

The accompanying notes are an integral part of these financial statements

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Statement of Operations
For the year ended 31 August 2023

	2023	2022
Revenues		
Skills/Compétences Canada Funding	\$ 427,362	\$ 266,667
BC Government	275,000	255,000
Sponsorships	194,050	92,384
Registration fees	58,520	12,175
Interest income	12,910	789
Canada Emergency Wage Subsidy (Note 7)	-	1,969
	<u>967,842</u>	<u>628,984</u>
Expenditures		
Competitions	526,134	186,400
Wages and benefits	317,027	298,273
Professional fees	59,806	42,287
Programs	47,553	35,537
IT expenses	22,939	31,583
Travel	16,751	6,703
Office	14,546	10,819
Insurance	7,606	7,850
Advertising and promotion	6,645	2,730
Bank charges and interest	2,164	862
Telephone and utilities	720	-
Memberships	308	829
Amortization	4,488	4,132
	<u>1,026,687</u>	<u>628,005</u>
Excess (deficiency) of revenues over expenses from operations	(58,845)	979
Other expense		
Loss on disposal of tangible capital assets	2,536	1,900
Deficiency of revenues over expenditures for the year	\$ (61,381)	\$ (921)

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 August 2023

	2023	2022
Cash provided by (used in):		
Operating activities		
Deficiency of revenues over expenses for the year	\$ (61,381)	\$ (921)
Items not involving cash		
Amortization	4,488	4,132
Loss on disposal of tangible capital assets	2,536	1,900
	(54,357)	5,111
Changes in non-cash working capital balances		
Accounts receivable	(21,758)	(2,310)
GST receivable	(6,989)	(3,421)
Prepaid expenses	10,710	4,459
Accounts payable and accrued liabilities	(27,190)	28,385
Deferred contributions	329,184	(142,384)
	229,600	(110,160)
Investing activity		
Purchase of tangible capital assets, net	(19,135)	(1,971)
Net increase (decrease) in cash	210,465	(112,131)
Cash - beginning of year	437,945	550,076
Cash - end of year	\$ 648,410	\$ 437,945

The accompanying notes are an integral part of these financial statements

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the year ended 31 August 2023

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.

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 and Canada Emergency Business Account loan.

(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.

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the year ended 31 August 2023

2. Summary of significant accounting policies - Continued

(b) Revenue recognition

SCBC follows the deferral method of accounting for contributions (including sponsorships). 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

Volunteers contribute a significant amount of time every year to assist SCBC in carrying out its programs and services, the value of this assistance is 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 August 2023

2. Summary of significant accounting policies - Continued

(f) Government assistance

Government assistance is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured and has been presented at its gross value.

3. Tangible capital assets

	Cost	Accumulated Amortization	2023 Net	2022 Net
Furniture and fixtures	\$ 37,185	\$ 14,763	\$ 22,422	\$ 11,174
Computer equipment	4,253	-	4,253	3,390
	\$ 41,438	\$ 14,763	\$ 26,675	\$ 14,564

4. Deferred contributions

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

	2023	2022
Sponsorships	\$ 6,800	\$ 7,616
BC Government Grants	330,000	-
	336,800	7,616
Less: Current portion	(256,800)	(7,616)
Long-term portion	\$ 80,000	\$ -

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the year ended 31 August 2023

5. Canada Emergency Business Account loan

In response to the COVID-19 crisis, the Government of Canada has partnered with Canadian Banks to provide government guaranteed, unsecured loans to eligible entities under the Canada Emergency Business Account ("CEBA") program. The loan is interest-free through 18 January 2024 and was required to be used for non-deferrable expenses that occurred in the 2020 calendar year.

As at 31 August 2023, SCBC has received \$40,000 (2022 - \$40,000) under this program. \$10,000 of the loan is eligible for forgiveness provided SCBC fully repays the remaining \$30,000 on or before 18 January 2024. During 2021, SCBC recognized \$10,000 as income for the forgivable portion of the loan. As at 31 August 2023, SCBC had \$30,000 (2022 - \$30,000) outstanding on the loan.

Any balance remaining unpaid and unforgiven at 18 January 2024 will be converted to a two-year term loan bearing interest at 5% per annum, due on 31 December 2026 and requiring monthly interest-only payments.

6. Commitments

SCBC has committed to making the following future payments during the 2024 fiscal year:

Event rental	<u>\$ 47,078</u>
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7. Canada Emergency Wage Subsidy

SCBC received federal assistance from the Canadian Emergency Wage Subsidy ("CEWS") program initiated by the federal government in March 2020 in response to the COVID-19 pandemic. This assistance was provided to offset payroll expenses in periods where revenues of SCBC had been negatively impacted by COVID-19. During the year, SCBC applied for \$Nil (2022 - \$1,969) of assistance through this program which has been included in the statement of operations.

The measurement of CEWS is subject to uncertainty as the claims are subject to review and possible adjustment by the Canada Revenue Agency.

8. Economic dependence

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

SKILLS CANADA - BRITISH COLUMBIA CHAPTER
Notes to the Financial Statements
For the year ended 31 August 2023

9. Contingency fund

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

10. Financial instruments

SCBC is exposed to various risks through its financial instruments. The following analysis provides a measure of SCBC's risk exposure and concentrations at the statement of financial position date, 31 August 2023.

(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 and CEBA loan. 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 operations. There has been no change in risk exposure from the prior year.

11. 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 2023, included in wages and benefits are three employee with remuneration over \$75,000. The total paid to these individuals was \$271,482. No remuneration was paid to members of the Board of Directors for the 2023 fiscal year.