

PTP - ADULT LEARNING
AND EMPLOYMENT PROGRAMS

FINANCIAL STATEMENTS
MARCH 31, 2012

CONTENTS

| | Page |
|------------------------------------|------|
| Auditor's report | 1 |
| Statement of financial position | 3 |
| Statement of operations | 4 |
| Statement of changes in net assets | 5 |
| Statement of cash flows | 6 |
| Notes to financial statements | 7 |
| FOR | |

Robert M. Veltheer BA, MBA, CA
Licensed Public Accountant

209 Harding Boulevard West
Richmond Hill ON L4C 8X6 Canada

Tel: 905-883-1508

Internet Address: robert@rveltheer.com

Fax: 905-883-3147

INDEPENDENT AUDITOR'S REPORT

To the members of PTP Adult Learning and Employment Programs:

I have audited the accompanying financial statements of PTP Adult Learning and Employment Programs which comprise the statement of financial position as at March 31, 2012, and the statements of operations, of changes in net assets and of 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 generally accepted accounting principles, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. These standards require that I 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 auditor's judgement, including the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluation the appropriateness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of PTP Adult Learning and Employment Programs as at March 31, 2012 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Richmond Hill, Ontario
July 2, 2012



Robert M. Veltheer, B.A., M.B.A., C.A.
Licensed Public Accountant

PTP -ADULT LEARNING AND EMPLOYMENT PROGRAMS
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2012

| | <i>2012</i> | <i>2011</i> |
|---|-------------------|-------------------|
| CURRENT ASSETS | | |
| Cash | \$ 162,337 | \$ 352,704 |
| Accounts receivable | 136,938 | 190,082 |
| Other current assets | <u>23,308</u> | <u>139,750</u> |
| | \$ <u>322,583</u> | \$ <u>682,536</u> |
| INTERNALLY RESTRICTED ASSETS - note 11 | | |
| Cash | \$ - | \$ 50,000 |
| Marketable investment - note 5 | <u>265,912</u> | <u>163,962</u> |
| | \$ <u>265,912</u> | \$ <u>213,962</u> |
| CAPITAL ASSETS - notes 2 & 6 | \$ <u>83,959</u> | \$ <u>101,835</u> |
| TOTAL ASSETS | \$ <u>672,454</u> | \$ <u>998,333</u> |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 90,897 | \$ 139,671 |
| Accrued salaries | 65,511 | 63,000 |
| Deferred operating grants-note 2 & 7 | - | 144,913 |
| Other deferred revenue - note 8 | <u>-</u> | <u>52,559</u> |
| | \$ 156,408 | \$ 400,143 |
| DEFERRED CAPITAL GRANTS- note 2 & 9 | <u>78,680</u> | <u>93,004</u> |
| TOTAL LIABILITIES AND DEFERRED REVENUE | \$ <u>235,088</u> | \$ <u>493,147</u> |
| NET ASSETS | \$ <u>437,366</u> | \$ <u>505,186</u> |
| COMPOSITION OF NET ASSETS | | |
| Unrestricted resources | \$ 166,175 | \$ 282,393 |
| Invested in fixed assets | 5,279 | 8,831 |
| Internally restricted resources - note 11 | <u>265,912</u> | <u>213,962</u> |
| | \$ <u>437,366</u> | \$ <u>505,186</u> |

Approved by the Board:

Director

Director

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

PTP -ADULT LEARNING AND EMPLOYMENT PROGRAMS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | 2011 |
|--|---------------------|---------------------|
| REVENUE | | |
| Operating grants - note 7 | \$ 2,178,351 | \$ 2,412,075 |
| Capital grants - note 9 | 38,442 | 33,620 |
| Fees for service | 406,115 | 706,805 |
| Other income | 36,274 | 25,485 |
| | <u>\$ 2,659,182</u> | <u>\$ 3,177,985</u> |
| EXPENSES | | |
| Program support | \$ 147,966 | \$ 196,148 |
| Office & administration | 109,105 | 144,765 |
| Professional services | 13,361 | 11,510 |
| Project & program consultants | 168,481 | 394,509 |
| Building occupancy | 451,263 | 442,849 |
| Staffing | 1,836,826 | 1,884,326 |
| | <u>\$ 2,727,002</u> | <u>\$ 3,074,107</u> |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES | \$ (67,820) | \$ 103,878 |
| NET ASSETS BEGINNING OF YEAR | <u>505,186</u> | <u>401,308</u> |
| NET ASSETS END OF YEAR | <u>\$ 437,366</u> | <u>\$ 505,186</u> |

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

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2012

| | 2012 | | | 2011 | |
|--|---------------------------|----------------------------------|---------------------------------------|------------------|------------------|
| | Unrestricted Resources | Invested in capital assets | Internally restricted resources | Totals | Totals |
| BALANCES BEGINNING OF YEAR | \$ 282,393 | \$ 8,831 | \$213,962 | \$505,186 | \$401,308 |
| Excess of revenues over expenses | (67,820) | - | - | (67,820) | 103,878 |
| Reserve allocations: Salary reserve | (51,950) | - | 51,950 | - | - |
| Purchases: capital assets | (24,116) | 24,116 | - | - | - |
| Decrease in deferred capital grants | (14,343) | 14,343 | - | - | - |
| Depreciation | <u>42,011</u> | <u>(42,011)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| BALANCES END OF YEAR | <u>\$166,175</u> | <u>\$ 5,279</u> | <u>\$265,912</u> | <u>\$437,366</u> | <u>\$505,186</u> |

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

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2012

| | <u>2012</u> | <u>2011</u> |
|---|-----------------------|-----------------------|
| CASH INCREASED (DECREASED) BY: | | |
| <u>Operating activities</u> | | |
| (Deficiency) Excess of revenues over expenses | \$(67,820) | \$ 103,878 |
| Depreciation | 42,011 | 36,997 |
| Changes in: | | |
| Accounts receivable | 53,144 | (70,569) |
| Prepaid expenses | 116,442 | (55,759) |
| Accounts payable | (48,774) | (1,035) |
| Accrued salaries | <u>2,511</u> | <u>(26,867)</u> |
| | \$ <u>97,514</u> | \$ <u>(13,355)</u> |
| <u>Investing activities</u> | | |
| Purchase of fixed assets | \$(24,116) | \$(74,304) |
| Purchase of guaranteed investment certificates | <u>(51,950)</u> | <u>(1,333)</u> |
| | \$ <u>(76,066)</u> | \$ <u>(75,637)</u> |
| <u>Financing activities</u> | | |
| (Decrease) Increase in deferred capital grants | \$(14,343) | \$ 40,683 |
| (Decrease) Increase in deferred operating revenue | <u>(197,472)</u> | <u>(17,188)</u> |
| | \$ <u>(211,815)</u> | \$ <u>23,495</u> |
| (DECREASE) IN CASH | \$ (190,367) | \$ (65,497) |
| CASH BEGINNING OF YEAR | <u>352,704</u> | <u>468,201</u> |
| CASH END OF YEAR | \$ <u>162,337</u> | \$ <u>402,704</u> |

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

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

1. INCORPORATION, OBJECTS, CHARITABLE STATUS AND INCOME TAXES

The corporation was incorporated, under the laws of Ontario on March 18, 1998. On September 17, 2007 the name of the corporation was changed from PTP-Preparatory Training Programs of Toronto to PTP-Adult Learning and Employment Programs. The corporation is to carry on its operations without pecuniary gain to its members and any profits or other accretions to the corporation are to be used in promoting its objects.

The objects of the corporation are as follows:

- To promote the education and employment training of the occupationally and vocationally disadvantaged,
- To carry on educational and instructional programs for the occupationally and vocationally disadvantaged,
- To establish, maintain and conduct educational, employment training, information and resource centres for the promotion of education and employment training of the occupationally and vocationally disadvantaged,
- To receive and maintain a fund or funds and to apply all or part thereof and the income there from for charitable purposes of an educational nature and, in particular, to provide scholarships and financial assistance to students and other qualified individuals, with emphasis on those who, without financial assistance, might not otherwise be able to continue their education and employment training.

The corporation is a registered charitable organization under the Income Tax Act. Its income is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Management estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restrictions on resources

The corporation operates with three types of restrictions on its resources:

- unrestricted resources that can be used for any purposes that are consistent with the objectives of the corporation,
- internally restricted resources that can be used only for the purposes specified by the board of directors and
- externally restricted resources that can be used only for the purposes specified by the contributors of the resources of the funds. The corporation receives program specific grants. The unexpended portion of these grants is recorded as deferred operating grants.

Depreciation of capital assets

Cost of equipment and cost of leasehold improvements are depreciated at the rate of 20% per annum using the straight line method.

Donated capital assets

Donations of capital assets are recorded at fair market value when fair value can reasonably be estimated and when such value is significant.

Donated materials and service

The value of donated materials and service is not recorded.

Revenue recognition

- Restricted contributions for expenses of future periods are deferred and recognized as revenue in the same period as the related expenses are recognized.
- 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.
- Unrestricted contributions and fees for services are recognized as revenue when they are received or receivable. Interest earned on unrestricted resources is recognized as it is earned.

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

3. ECONOMIC DEPENDENCE

During the year ended March 31, 2012 the corporation received 81%(2011-68%)of its revenue from Ministry of Training, Colleges and Universities. The amount of revenue from this source is so significant that the viability of the corporation is economically dependent on it.

4. LEASE OBLIGATIONS

The corporation leases office and classroom space at 815 Danforth Avenue, Toronto and at 5415 Dundas Street West, Toronto. The leases expire June 30, 2013, July 31, 2013 and July 31, 2014 respectively. Under the terms of the leases the approximate annual rents are as follows:

| | |
|------|-----------|
| 2012 | \$401,796 |
| 2013 | \$404,064 |
| 2014 | \$277,114 |
| 2015 | \$ 50,322 |

5. MARKETABLE INVESTMENTS

Marketable investments comprise guaranteed investment certificates as follows:

| |
|--|
| \$ 50,000 @ 2.35% per annum maturing March 2, 2016 |
| \$ 59,275 @ 2.35% per annum maturing March 2, 2016 |
| \$ 50,957 @ 2.35% per annum maturing March 30, 2015 |
| \$105,680 @ 1.29% per annum maturing October 2, 2012 |
| <u>\$265,912</u> |

These investments are designated as salaries and benefits reserve fund assets and are classified as held to maturity financial assets. They are measured at cost plus accrued interest which is considered to be fair value.

The corporation manages its marketable investment in such a way as to maximize interest income.

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2012

6. CAPITAL ASSETS

Capital assets are comprised as follows:

| | <i>Cost</i> | <i>Accumulated Depreciation</i> | <i>Net Book Value</i> |
|------------------------|-------------------|-------------------------------------|---------------------------|
| <u>2012</u> | | | |
| Equipment | \$ 347,702 | \$ 306,138 | \$ 41,564 |
| Leasehold Improvements | 87,476 | 45,081 | 42,395 |
| | \$ <u>435,178</u> | \$ <u>351,219</u> | \$ <u>83,959</u> |

| | | | |
|------------------------|-------------------|-------------------|-------------------|
| <u>2011</u> | | | |
| Equipment | \$ 340,867 | \$ 281,621 | \$ 59,246 |
| Leasehold Improvements | 70,175 | 27,586 | 42,589 |
| | \$ <u>411,042</u> | \$ <u>309,207</u> | \$ <u>101,835</u> |

7. DEFERRED OPERATING GRANTS

Deferred operating grants are comprised as follows:

| | <u>2012</u> | <u>2011</u> |
|----------------------------------|---------------------|--------------------------|
| Received during year: | | |
| Government of Ontario | \$ 2,011,161 | \$ 2,270,606 |
| Government of Canada | - | 212,266 |
| City of Toronto | 23,502 | 20,337 |
| | \$ <u>2,034,663</u> | \$ <u>2,503,209</u> |
| Recognized as income during year | (2,179,576) | (2,412,075) |
| Balance beginning of year | 144,913 | 53,779 |
| Balance end of year | \$ <u><u>-</u></u> | \$ <u><u>144,913</u></u> |

8. OTHER DEFERRED REVENUE

Other deferred revenue comprises prepayments of fees for services to be provided.

9. DEFERRED CAPITAL GRANTS

Deferred capital grants are comprised as follows:

| | <u>2012</u> | <u>2011</u> |
|----------------------------------|------------------|------------------|
| Balance beginning of year | \$ 93,004 | \$ 52,322 |
| Received during year | 24,116 | 74,302 |
| Recognized as income during year | (38,440) | (33,201) |
| Balance end of year | \$ <u>78,680</u> | \$ <u>93,004</u> |

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED MARCH 31, 2012

10. FINANCIAL INSTRUMENTS

The corporation's financial instruments consist of cash, investments, accounts receivable and accounts payable. The fair values of these financial instruments approximate their carrying values because of their short term maturity dates. In the opinion of management the corporation is not exposed to significant interest rate, currency, or credit risks arising from financial instruments.

11. INTERNALLY RESTRICTED RESOURCES

Internally restricted resources are as follows:

| | <u>2012</u> | <u>2011</u> |
|------------------------------------|------------------|------------------|
| Salaries & benefits reserve | \$163,222 | \$162,421 |
| Interruption of operations reserve | 102,152 | 51,129 |
| Student support reserve | 538 | 412 |
| | <u>\$265,912</u> | <u>\$213,962</u> |

Salaries and benefits reserve

The board of directors established a reserve for salaries and benefits and funded the reserve in the amount of \$150,000. Interest earned on the investments of the fund accrues to the fund.

Interruption of operations reserve

During the year ended March 31, 2009, the board of directors established a reserve to provide financial resources in cases of interruptions in operations resulting in reductions in revenues. The reserve is funded. Interest earned on the investments of the fund accrues to the fund.

Student support reserve

During the year ended March 31, 2005, the board of directors established a reserve to provide financial support to students. The reserve is funded.

PTP - ADULT LEARNING AND EMPLOYMENT PROGRAMS
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2012

12. MANAGEMENT OF CAPITAL

The corporation considers its capital to be the balance retained in its net assets. The corporation's objectives, when managing capital, are to utilize its resources in accordance with the restrictions placed upon them and in accordance with its charitable purposes.

13. BASIS OF PRESENTATION

These financial statements are prepared in accordance with Canadian generally accepted accounting principles.