PTP – ADULT LEARNING AND EMPLOYMENT PROGRAMS

FINANCIAL STATEMENTS

MARCH 31, 2013

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AND EMPLOYMENT PROGRAMS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of:

PTP – Adult Learning and Employment Programs

We have audited the accompanying financial statements of PTP – Adult Learning and Employment Programs, which comprise the statement of financial position as at March 31, 2013, and the statements of operations, changes in net assets 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity's preparation 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the 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.

INDEPENDENT AUDITOR'S REPORT

(continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of PTP – Adult Learning and Employment Programs at March 31, 2013 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.

Comparative Information

Without modifying our opinion, we draw attention to note 3 to the financial statements which describes that PTP – Adult Learning and Employment Programs adopted Canadian accounting standards for not-for-profit organizations on April 1, 2012 with a transition date of April 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Hurren Sinclair MacIntyre

Chartered Accountants
Licensed Public Accountants

July 31, 2013

Ajax, Ontario

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PTP – ADULT LEARNING AND EMPLOYMENT PROGRAMS

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2013

		2013		2012
ASSETS				
Current				
Cash	$	192,513	$	162,337
Accounts receivable		130,696		136,938
Other		28,255		23,308
		351,464		322,583
Internally Restricted Assets				
Cash		4		-
Marketable investment (Note 5)		271,846		265,912
		271,850		265,912
Capital Assets (Note 6)		64,194		83,959
	$	687,508	$	672,454
LIABILITIES				
Current				
Accounts payable	$	126,202	$	90,897
Accrued salaries		68,899		65,511
Deferred operating grants (Note 8)		6,679		-
		201,780		156,408
Deferred capital grants (Notes 9)		64,194		78,680
		265,974		235,088
NET ASSETS				
Unrestricted resources		149,684		166,175
Invested in capital assets		-		5,279
Internally restricted resources (Note 10)		271,850		265,912
		421,534		437,366
	$	687,508	$	672,454

Approved by the Board

Director

Director

The accompanying notes are an integral part of the financial statements

PTP – ADULT LEARNING AND EMPLOYMENT PROGRAMS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
REVENUE		
Operating grants	$ 2,347,054	$ 2,178,351
Capital grants	39,980	38,442
Fees for service	441,499	406,115
Other income	47,133	36,274
	2,875,666	2,659,182
EXPENSES		
Program support	238,478	189,978
Office and administration	71,973	67,093
Professional services	16,923	13,361
Project and program consultants	334,130	168,481
Building occupancy	419,623	451,263
Staffing	1,810,371	1,836,826
	2,891,498	2,727,002
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	$ (15,832)	$ (67,820)

The accompanying notes are an integral part of the financial statements

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PTP – ADULT LEARNING AND EMPLOYMENT PROGRAMS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED MARCH 31, 2013

	2013				2012
	Unrestricted Resources	Invested In Capital Assets	Internally Restricted Resources	Totals	Totals
BALANCES, BEGINNING OF YEAR	$ 166,175	$ 5,279	$ 265,912	$ 437,366	$ 505,186
Excess of revenues over expenses	(15,832)	-	-	(15,832)	(67,820)
Reserve allocations	(5,938)	-	5,938	-	-
Purchases:					
Capital assets	(25,494)	25,494	-	-	-
Decrease in deferred capital grants	(14,486)	14,486	-	-	-
Amortization of capital assets	45,259	(45,259)	-	-	-
BALANCES, END OF YEAR	$ 149,684	$ -	$ 271,850	$ 421,534	$ 437,366

The accompanying notes are an integral part of the financial statements

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PTP – ADULT LEARNING AND EMPLOYMENT PROGRAMS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2013

	2013	2012
CASH INCREASED (DECREASED) BY:		
Operating activities		
Excess of revenue over expenses (expenses over revenue)	$ (15,832)	$ (67,820)
Amortization of capital assets	45,259	42,011
Changes in:		
Accounts receivable	6,242	53,144
Other assets	(4,947)	116,442
Accounts payable	35,305	(48,774)
Accrued salaries	3,388	2,511
	69,415	97,514
Investing activities		
Purchase of capital assets	(25,494)	(24,116)
Decrease (increase) in internally restricted assets	(5,938)	(51,950)
	(31,432)	(76,066)
Financing activities		
Increase (decrease) in deferred capital grants	(14,486)	(14,343)
Increase (decrease) in deferred operating grants	6,679	(197,472)
	(7,807)	(211,815)
INCREASE (DECREASE) IN CASH	30,176	(190,367)
CASH, BEGINNING OF YEAR	162,337	352,704
CASH, END OF YEAR	$ 192,513	$ 162,337

The accompanying notes are an integral part of the financial statements

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1. PURPOSE AND LEGAL FORM OF THE CHARITY

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

The objects of the organization 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 therefrom 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 organization is a Canadian registered charity under the Income Tax Act and is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CICA Handbook* and include the following significant accounting policies:

a) Use of estimates
In preparing the organization's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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2. SIGNIFICANT ACCOUNTING POLCIES (continued)

b) Restrictions on resources

The organization operated with three types of restrictions on its resources:

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

c) Revenue recognition

The organization 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Interest earned on unrestricted resources is recognized as it is earned.

d) Capital assets

Capital assets are recorded at amortized cost. Capital assets are amortized as follows:

Equipment	20% straight line
Leasehold Improvements	20% straight line

2. SIGNIFICANT ACCOUNTING POLCIES (continued)

e) *Donated materials and services*
The value of donated materials and service is not recorded.

f) *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.

Financial assets measured at amortized cost include cash and cash equivalents, accounts receivable, inventory and capital assets.

Financial liabilities measured at amortized cost include trade accounts payable, accrued liabilities and deferred grants.

3. IMPACT OF THE CHANGE IN THE BASIS OF ACCOUNTING

The organization has elected to apply Canadian accounting standards for not-for-profit organizations.
These financial statements are the first financial statements for which the organization has applied Canadian accounting standards for not-for-profit organizations.
The financial statements for the year ended March 31, 2013 were prepared in accordance with the accounting principles and provisions set out in Section 1501, *First-time Adoption by Not-for-Profit Organizations,* for first-time adopters of this basis of accounting.
The impact of adopting these standards would have been accounted for in net assets at the date of transition, i.e. April 1, 2011 (beginning of the year for which comparative information is presented) however, there were no difference between the current standards and the previous standards in the amounts on the financial statements.

4. ECONOMIC DEPENDENCE

During the year ended March 31, 2013 the organization received 76% (2012 – 81%) of its revenue from the Ministry of Training, Colleges and Universities (MTCU). The amount of revenue from this source is so significant that the viability of the organization is economically dependent on it.

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NOTES TO FINANICAL STATEMENTS

AS AT MARCH 31, 2013

5. MARKETABLE INVESTMENTS

Marketable investments are held at RBC Securities Dominion Inc. and comprise guaranteed investment certificates as follows:

	2013	2012
GIC 1.85%, maturing October 7, 2013	$ 107,644	$ -
GIC 1.29%, maturing October 2, 2012	-	105,680
GIC 2.4%, maturing March 30, 2015	52,173	50,957
GIC 2.35%, maturing March 2, 2016	51,260	50,000
GIC 2.35%, maturing March 2, 2016	60,769	59,275
	$ 271,846	$ 265,912

These investments are designated as internally restricted reserve fund assets. They are measured at cost plus accrued interest which is considered to be fair value.

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NOTES TO FINANICAL STATEMENTS

AS AT MARCH 31, 2013

6. CAPITAL ASSETS

Capital assets consist of:

	Cost	Accumulated Amortization	2013 Net	2012 Net
Equipment	$ 373,196	$ 332,388	$ 40,808	$ 41,564
Leasehold Improvements	87,476	64,090	23,386	42,395
	$ 460,672	$ 396,478	$ 64,194	$ 83,959

7. LEASE OBLIGATIONS

The organization leases office and classroom space at 815 Danforth Avenue, Toronto and at 5415 Dundas Street West, Toronto. The leases expire June 30, 2014 and July 31, 2016 respectively. Under the terms of the leases the approximate and anticipated annual lease obligations are as follows:

Year ended March 31	
2014	$386,409
2015	$241,084
2016	$193,794
2017	$68,716

8. DEFERRED OPERATING GRANTS

Deferred operating grants consist of externally restricted resources that can be used only for the purposes specified by the contributors of the resources. The unexpended portion of these grants is recorded as deferred operating grants. Deferred operating grants are comprised as follows:

	2013	2012
Received during year:		
Government of Ontario	$ 2,216,750	$ 2,011,161
City of Toronto	200,292	23,502
	2,417,042	2,034,663
Recognized as income during the year	(2,410,363)	(2,179,576)
Balance beginning of year	-	144,913
Balance end of year	$ 6,679	$ -

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NOTES TO FINANICAL STATEMENTS

AS AT MARCH 31, 2013

9. DEFERRED CAPITAL GRANTS

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.

Deferred capital grants are comprised as follows:

	2013	2012
Balance beginning of year	$ 78,680	$ 93,004
Received during year	25,494	24,116
Recognized as income during year	(39,980)	(38,440)
Balance end of year	$ 64,194	$ 78,680

10. INTERNALLY RESTRICTED RESOURCES

Internally restricted resources are as follows:

	Salaries & Benefits Reserve	Interruption of operations reserve	Capital Reserve Fund	Total
Opening balance	$ 163,556	$ 102,356	$ -	$ 265,912
Reserve fund contributions	-	-	-	-
Interest	3,652	2,286	-	5,938
Expenditures				
Transfers	(50,000)	(50,000)	100,000	-
Closing balance	$ 117,208	$ 54,642	$ 100,000	$ 271,850

Salaries and benefits reserve

During the year ended March 31, 2007, the board of directors established a reserve fund for salaries and benefits with an amount of $50,000. During the years ending 2009 and 2010, the board of directors approved $50,000 each year to be added to the reserve fund with interest earned on the investments of the fund to be accrued to the fund.

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10. INTERNALLY RESTRICTED RESOURCES (continued)

Interruption of operations reserve

During the year ended March 31, 2009, the board of directors established a reserve with $100,000 to provide financial resources in cases of interruption of operations resulting in reductions in revenues. Interest earned on the investments of the fund accrues to the fund.

Capital Reserve Fund

During the year ended March 31, 2013, the board of directors established a reserve with $100,000 to provide financial support for capital expenditures. The board approved to move $50,000 from each of the salary and operating reserve funds to the capital reserve fund. Interest earned on the investments of the fund accrues to the fund.

11. FINANICAL INSTRUMENTS

Risks and concentrations

The organization is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the company's risk exposure at the balance sheet date, March 31, 2013.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The company is exposed to this risk mainly in respect of its accounts payable and salary payable.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause financial loss for the other party by failing to discharge an obligation. The organization's main credit risks relate to its cash and cash equivalents and accounts receivable. Cash balances are maintained at financial institutions and are insured by the Canadian Deposit Insurance Corporation up to $100,000 per account. Accounts receivable consists primarily of government grants receivable which inherently carry a lower credit risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The company is mainly exposed to interest rate risk.

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11. FINANICAL INSTRUMENTS (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its marketable investments. Fixed rate GICs eliminate the cash flow risk associated with interest rate risk.

12. MANAGEMENT OF CAPITAL

The organization defines capital as its net assets and its externally restricted contributions which are classified as deferred grants in the statement of financial position. The organization's objectives with respect to managing capital are to comply with externally imposed restrictions and to hold sufficient unrestricted net assets to fund ongoing operations. The organization monitors its capital requirements and objectives through its budgeting process, its financial statements review process and reviews of the terms and conditions contained in its funding agreements. Management believes that the organization has adhered to all externally imposed restrictions.

13. COMPARATIVE FIGURES

The comparative figures have been audited by another chartered accountant. Certain comparative figures have been reclassified to conform with the current method of presentation.