

**CTI CANADIAN TRAINING INSTITUTE
INSTITUT CANADIEN DE FORMATION INC**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2020

PAUL KWIATKOSKI PROFESSIONAL CORPORATION
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Independent Auditor's Report

To the Directors of Canadian Training Institute

I have audited the statement of financial position of the CTI Canadian Training Institute, Institut Canadien De Formation Inc. as at March 31, 2020, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CTI Canadian Training Institute, Institut Canadien De Formation Inc. as at March 31, 2020, 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.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Organization in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I 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 CTI Canadian Training Institute, Institut Canadien De Formation Inc'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 CTI Canadian Training Institute, Institut Canadien De Formation Inc. or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing CTI Canadian Training Institute, Institut Canadien De Formation Inc's financial reporting process.

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Auditors responsibilities for the Audit of the Financial Statements

My 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 auditor's report that includes my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 CTI Canadian Training Institute, Institut Canadien De Formation Inc'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 CTI Canadian Training Institute, Institut Canadien De Formation Inc's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause CTI Canadian Training Institute, Institut Canadien De Formation Inc cease to continue as a going concern.

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- 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. I 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 I identify during my audit.

Hamilton, Canada
July 7, 2020



PAUL KWIATKOSKI CPA CA

Authorized to practice public accounting by the The Institute of Chartered Accountants of Ontario

**CTI CANADIAN TRAINING INSTITUTE
INSTITUT CANADIEN DE FORMATION INC.
AUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
Revenues		
Economic and Social Development Canada		
S2S	\$ 1,342,762	\$ 1,370,864
WorkForce Challenge	26,911	104,696
Canada Summer Jobs	11,740	15,627
Training Fees	198,178	229,410
Ontario Ministry of Children Community and Social Services	470,000	450,000
Ontario Ministry of Community Safety & Correctional Services	56,859	57,000
Public Safety Canada	73,450	73,450
City of Toronto -Employment and Social Services	71,092	71,128
Grants		
Thunder Foundation	35,699	23,950
Trillium Foundation - film Stars program	105,460	82,879
Canada Emergency Wage Subsidy	3,696	NIL
Other	<u>15,883</u>	<u>1,651</u>
Total Revenue	\$ <u>2,411,730</u>	\$ <u>2,480,655</u>
Expenses		
Salaries and Benefits	1,072,844	1,068,110
Program		
Training	102,594	131,003
Other	924,919	977,305
Consulting	122,378	120,607
Rent	58,520	55,255
Insurance	14,686	13,351
Office and General	45,723	53,783
Professional Fees	19,233	24,580
Travel	<u>32,787</u>	<u>24,856</u>
Total Expenses	<u>2,393,684</u>	<u>2,468,850</u>
Excess of current year operating revenues over expenses	\$ 18,046	\$ 11,805
Non Recurring Expenses	<u>(39,682)</u>	<u>NIL</u>
Net Deficit of reveunes over expenses for the year	\$ (21,636)	\$ 11,805
Net Assets, beginning of year	<u>60,512</u>	<u>48,707</u>
Net Assets, end of year	<u>\$ 38,876</u>	<u>\$ 60,512</u>

See accompanying notes to the financial statements

**CTI CANADIAN TRAINING INSTITUTE
INSTITUT CANADIEN DE FORMATION INC.
AUDITED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
ASSETS		
Current		
Cash in bank	\$ 78,956	\$ 164,165
Accounts receivable (Note 3)	88,449	59,617
Prepaid expenses	<u>27,998</u>	<u>30,380</u>
	<u>\$ 195,403</u>	<u>\$ 254,162</u>
LIABILITIES		
Current		
Accounts payables (Note 3)	67,883	89,724
Deferred revenue (Note 5)	<u>88,644</u>	<u>103,926</u>
	\$ 156,527	\$ 193,650
NET ASSETS	<u>\$ 38,876</u>	<u>\$ 60,512</u>
	<u>\$ 195,403</u>	<u>\$ 254,162</u>



Approved on behalf on the board of directors

See accompanying notes to the financial statements

**CTI CANADIAN TRAINING INSTITUTE
 INSTITUT CANADIEN DE FORMATION INC.
 AUDITED STATEMENT OF CASH POSITION
 AS AT MARCH 31, 2020**

	<u>2020</u>	<u>2019</u>
<u>OPERATING ACTIVITIES</u>		
Working capital from operations		
Excess of revenues over expenses	\$ (21,636)	\$ 11,805
Net change in non-cash working capital		
Decrease (Increase) in accounts receivable	(28,832)	26,825
Decrease (Increase) in prepaid expenses	2,382	(2,207)
Increase (decrease) in accounts payable	(21,841)	24,685
Increase (decrease) in deferred revenue	<u>(15,282)</u>	<u>(150,988)</u>
<u>INCREASE (DECREASE) IN CASH</u>	\$ (85,209)	\$ (89,880)
CASH, beginning of year	<u>164,165</u>	<u>254,045</u>
<u>CASH, END OF YEAR</u>	<u>\$ 78,956</u>	<u>\$ 164,165</u>

See accompanying notes to the financial statements

**CTI CANADIAN TRAINING INSTITUTE
INSTITUT CANADIEN DE FORMATION INC.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

1. NATURE AND MANDATE OF THE ORGANIZATION

The Canadian Training Institute, Institut Canadien De Formation Inc., is a not for profit organization incorporated under the laws of Ontario and is a registered charity under the Income Tax Act.

The Organization provides training, promotes collaborative action and delivers evidence based programs that:

- contribute to the effectiveness of services delivered by criminal justice and related human service agencies and businesses,
- foster inclusivity, equality and life-long learning by enhancing services which assist individuals to participate as responsible, valued and contributing members of Canadian society.
- develop knowledge, skills and services that reduce crime, promote active participation and ultimately contribute to healthy individuals, agencies and communities,
- assist in the development critical incident stress management and debriefing programs to prevent and mitigate the effects of trauma experienced by individuals in the criminal justice social service and human service field.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations.

Equipment

Equipment is carried at cost less amortization. Amortization is calculated on a straight-line basis over their estimated useful lives of ten years: All equipment has been fully depreciated

Financial Instruments

The organization's financial assets and financial liabilities instruments consist of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities. Cash and cash equivalents are classified as held for trading and are measured at fair value. Gains and losses are recorded in net income.

Other financial assets and liabilities are initially measured at fair value, and subsequently measured at amortized cost using the effective interest rate method.

Revenue Recognition

- i) The organization follows the deferral method of accounting for project and program revenue and grants, whereby revenue related to expenses of a future period are deferred and recognized as revenue in the period in which the related expenses are incurred.
- ii) Donations are recognized upon the receipt of funds from the donating party.
- iii) Training revenue and other service related revenues are recorded when the services have been provided

**CTI CANADIAN TRAINING INSTITUTE
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NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

2. Significant accounting policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires managements to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may vary from the current estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

Contributed goods and services

Due to the difficulty in determining the fair value of volunteer services , they are not recorded in the financial statements

3. GOVERNMENT RECEIVABLES AND REMITTANCES

Included in accounts receivable is \$24,981.92 (2019 - \$21,751) related to the registered charity rebate. Included in accounts payable is \$5,955 (2019 - \$9,742) related to source deduction remittances.

4. OPERATING LINE OF CREDIT

The organization has an operating line of credit available of \$80,000 and is secured by an assignment of accounts receivable and a general security agreement covering its remaining assets.

5. DEFERRED REVENUE

Activity for the year with respect to the deferred contributions or revenues are as follows:

Operations

	<u>2020</u>	<u>2019</u>
Balance - beginning of year	\$ 103,926	\$ 254,914
Additions during the year	2,129,784	2,075,896
Included in revenue during the year	<u>(2,145,066)</u>	<u>(2,226,884)</u>
Balance - end of year	<u>88,644</u>	<u>103,926</u>

**CTI CANADIAN TRAINING INSTITUTE
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NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2020**

6. LEASE COMMITMENTS

The company leases premises under a long term lease that expires on August 31, 2020.

Future minimum lease payments for building and equipment as at year end are as follows:

2021	97,037
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7. FINANCIAL INSTRUMENTS

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 as at March 31, 2020

Liquidity risk

Liquidity risk is the risk that the company 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 accrued liabilities and bank indebtedness.

Credit risk

The organization is exposed to credit risk on the accounts receivable from its funders. The organization establishes an allowance for doubtful accounts that corresponds to the specific credit risk of its funders. Although a substantial portion of its funders' ability to pay is dependent upon the general economic sector, concentration of credit risk is limited due to the organizations credit evaluation process, and its funding base.

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of bank indebtedness.

8. COVID-19

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses, resulting in an economic slowdown. CTI Canadian Training Institute, Institut Canadien De Formation Inc. is likely to be affected through the postponement of programs and limited participants in programs they are able to run. This is likely to result in lower revenue being received from funders and participants. The organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 31 March 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the organization for future periods.