

GEORGINA TRADES TRAINING INC.

Financial Statements

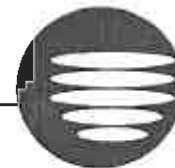
Year Ended December 31, 2016

GEORGINA TRADES TRAINING INC.

Index to Financial Statements

Year Ended December 31, 2016

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Expenses (<i>Schedule 1</i>)	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 12



INDEPENDENT AUDITOR'S REPORT

To the Members of Georgina Trades Training Inc.

We have audited the accompanying financial statements of Georgina Trades Training Inc., which comprise the statement of financial position as at December 31, 2016 and the statements of revenues and expenditures, 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 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 evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall 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.

(continues)

Independent Auditor's Report to the Members of Georgina Trades Training Inc. *(continued)*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Georgina Trades Training Inc. as at December 31, 2016 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.



Keswick, Ontario
April 19, 2017

LIPCHITZ PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountant

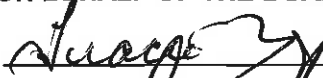
GEORGINA TRADES TRAINING INC.


Statement of Financial Position

As at December 31, 2016

	Operating Fund 2016	Capital Fund 2016	Georgia Trades Training Inc. Total 2016	Georgia Trades Training Inc. Total 2015
ASSETS				
CURRENT				
Cash	\$ 114,603	\$ -	\$ 114,603	\$ 47,487
Accounts receivable	5,757	-	5,757	29,419
HST receivable (Note 2)	10,351	-	10,351	20,443
Grant receivable	110,671	-	110,671	96,259
Prepaid expenses	1,085	-	1,085	1,088
	<u>242,467</u>	<u>-</u>	<u>242,467</u>	<u>194,696</u>
PROPERTY, PLANT AND EQUIPMENT (Net of accumulated amortization) (Note 3)	<u>-</u>	<u>502,022</u>	<u>502,022</u>	<u>503,187</u>
	<u>\$ 242,467</u>	<u>\$ 502,022</u>	<u>\$ 744,489</u>	<u>\$ 697,883</u>
LIABILITIES AND NET ASSETS				
CURRENT				
Accounts payable and accrued liabilities	\$ 68,923	\$ -	\$ 68,923	\$ 39,496
Employee deductions payable	8,418	-	8,418	5,169
	77,341	-	77,341	44,665
DEFERRED REVENUE (Note 4)	36,991	528	37,519	8,863
LONG TERM DEBT (Note 5)	<u>-</u>	<u>110,000</u>	<u>110,000</u>	<u>115,000</u>
	114,332	110,528	224,860	168,528
NET ASSETS	<u>128,135</u>	<u>391,494</u>	<u>519,629</u>	<u>529,355</u>
	<u>\$ 242,467</u>	<u>\$ 502,022</u>	<u>\$ 744,489</u>	<u>\$ 697,883</u>

ON BEHALF OF THE BOARD

 Director

 Director

GEORGINA TRADES TRAINING INC.
Statement of Revenues and Expenditures
Year Ended December 31, 2016

	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Georgia Trades Training Inc. Total	Georgia Trades Training Inc. Total
	2016	2016	2015	2015	2016	2015
REVENUES						
Canada Summer Jobs	\$ 13,985	\$ -	\$ 10,140	\$ -	\$ 13,985	\$ 10,140
Canadian Welding Association	29,866	-	-	-	29,866	-
Course fees	48,718	-	42,185	-	48,718	42,185
Donations and fundraising	35,479	-	44,290	-	35,479	44,290
Government of Canada - New Horizons	-	-	11,988	-	-	11,988
Ministry of Advanced Education and Skills Development	232,662	-	211,103	-	232,662	211,103
Ministry of Agriculture, Food and Rural Affairs	14,149	-	-	-	14,149	-
Ministry of Economic Development	(140)	-	274,109	-	(140)	274,109
Ontario Trillium Foundation	247,336	-	150,000	-	247,336	150,000
Property tax charity rebate	9,148	-	9,148	-	9,148	9,148
Region of York	197,822	-	68,182	-	197,822	68,182
Rental, administrative and other fees	20,167	4,407	11,819	2,592	24,574	14,411
South Lake Community Futures	21,720	-	38,503	-	21,720	38,503
Development Corporation	30,000	-	37,500	-	30,000	37,500
Town of Georgina	900,912	4,407	908,967	2,592	905,319	911,559
EXPENSES (Schedule 1)	870,193	86,532	927,560	60,886	956,725	988,445
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE ASSET PURCHASES CAPITALIZED	30,719	(82,125)	(18,593)	(58,294)	(51,406)	(76,886)
Asset purchases capitalized	-	(41,680)	-	(17,282)	(41,680)	(17,282)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 30,719	\$ (40,445)	\$ (18,593)	\$ (41,012)	\$ (9,726)	\$ (59,604)

GEORGINA TRADES TRAINING INC.

Expenses

Year Ended December 31, 2016

(Schedule 1)

	2016		2015		2016		2015	
	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Capital Fund
EXPENSES	\$	\$	\$	\$	\$	\$	\$	\$
Advertising and promotion	17,480	-	18,456	-	17,480	-	18,456	-
Amortization	-	42,844	-	41,528	-	41,528	-	41,528
Awards and Bursaries	400	-	-	-	400	-	-	-
Bad debts	40	-	50	-	40	-	50	-
Capital purchases	-	41,680	-	17,282	41,680	-	17,282	-
Fundraising expenses	-	-	4,473	-	-	-	4,473	-
HST Expense	870	-	-	-	870	-	-	-
Insurance	14,406	-	15,150	-	14,406	-	15,150	-
Interest and bank charges	285	-	345	1	285	-	345	-
Interest on long term debt	-	2,008	-	2,075	-	2,008	-	2,075
Meetings expense	2,202	-	2,526	-	2,202	-	2,526	-
Occupancy costs	22,869	-	22,869	-	22,869	-	22,869	-
Office and general	10,538	-	9,411	-	10,538	-	9,411	-
Professional development	9,007	-	6,656	-	9,007	-	6,656	-
Professional fees	9,869	-	17,288	-	9,869	-	17,288	-
Program costs	448,514	-	560,806	-	448,514	-	560,806	-
Rental	345	-	-	-	345	-	-	-
Repairs and maintenance	12,494	-	12,059	-	12,494	-	12,059	-
Salaries and wages	254,527	-	218,111	-	254,527	-	218,111	-
Telephone	3,970	-	3,342	-	3,970	-	3,342	-
Travel	4,458	-	2,637	-	4,458	-	2,637	-
Utilities	13,936	-	12,120	-	13,936	-	12,120	-
Vehicle	43,983	-	21,261	-	43,983	-	21,261	-
	\$ 870,193	\$ 86,532	\$ 927,560	\$ 60,886	\$ 956,725	\$ 60,886	\$ 988,445	\$ 988,445

GEORGINA TRADES TRAINING INC.
Statement of Changes in Net Assets
Year Ended December 31, 2016

	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Operating Fund	Capital Fund	Georgia Trades Training Inc. Total	Georgia Trades Training Inc. Total
	2016	2016	2015	2015	2015	2015	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 146,104	\$ 383,251	\$ 181,528	\$ 407,432	\$ 529,355	\$ 588,960		
Deficiency of revenues over expenses	30,719	(40,445)	(18,593)	(41,012)	(9,726)	(59,605)		
Interfund transfers - Operating	(48,688)	-	(16,831)	-	(48,688)	(16,831)		
Interfund transfers - Capital	-	48,688	-	16,831	48,688	16,831		
NET ASSETS - END OF YEAR	\$ 128,135	\$ 391,494	\$ 146,104	\$ 383,251	\$ 519,629	\$ 529,355		

GEORGINA TRADES TRAINING INC.**Statement of Cash Flows****Year Ended December 31, 2016**

	2016	2015
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (9,726)	\$ (59,605)
Item not affecting cash:		
Amortization of property, plant and equipment	<u>42,844</u>	<u>41,528</u>
	<u>33,118</u>	<u>(18,077)</u>
Changes in non-cash working capital:		
Accounts receivable	23,662	(28,749)
HST receivable	10,092	5,316
Prepaid expenses	3	(1,088)
Grant receivable	(14,412)	(29,493)
Accounts payable and accrued liabilities	29,428	(7,271)
Employee deductions payable	3,249	1,101
Deferred revenue	<u>28,656</u>	<u>(223,847)</u>
	<u>80,678</u>	<u>(284,031)</u>
Cash flow from operating activities	<u>113,796</u>	<u>(302,108)</u>
INVESTING ACTIVITY		
Purchase of property, plant and equipment	<u>(41,680)</u>	<u>(17,282)</u>
Cash flow used by investing activity	<u>(41,680)</u>	<u>(17,282)</u>
FINANCING ACTIVITY		
(Decrease) in loan payable	<u>(5,000)</u>	<u>(5,000)</u>
Cash flow used by financing activity	<u>(5,000)</u>	<u>(5,000)</u>
INCREASE (DECREASE) IN CASH FLOW	67,116	(324,390)
Cash - beginning of year	<u>47,487</u>	<u>371,877</u>
CASH - END OF YEAR	<u>\$ 114,603</u>	<u>\$ 47,487</u>

GEORGINA TRADES TRAINING INC.

Notes to Financial Statements

Year Ended December 31, 2016

1. PURPOSE OF THE ORGANIZATION

On March 3, 2006, Georgina Trades Training Inc. (the "organization") a not-for-profit organization, was incorporated without share capital by letters patent pursuant to the Ontario Corporations Act, 1982. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. and is managed by a volunteer Board of Directors. Georgina Trades Training Inc. is also prohibited from distributing any of its earnings to, or for the personal benefit of, the members or directors of the organization.

The organization operates to provide training to increase the employability of residents of the community; thereby, enhancing the economic viability of the town, the region and beyond.

Georgina Trades Training Inc. received registered charity status from the Canada Revenue Agency on June 1, 2012. This allows the organization to issue income tax deductible receipts to donors for properly qualifying gifts or donations received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued and subsequently reported at cost or amortized cost, unless management has elected to carry the instruments at fair value.

Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the organization determines if there is a significant adverse change in the expected amount of timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Georgina Trades Training Inc. follows the deferral method of accounting for contributions.

Revenues and expenses related to program delivery and administrative activities are reported in the Operating Fund.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to Georgina Trades Training Inc.'s capital assets and building improvements campaign.

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GEORGINA TRADES TRAINING INC.

Notes to Financial Statements

Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

HST receivable

The organization qualifies as a registered charity. Accordingly, under the Canada Excise Tax Act and the Regulations it obtains a rebate of 69.69% of all Harmonized Sales Tax paid to suppliers and vendors. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Artwork		non-amortizable
Motor vehicles	30%	declining balance method
Computer equipment	30%	declining balance method
Computer software	30%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	5%	declining balance method
Signs	20%	declining balance method
Web portal development	30%	declining balance method

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Georgina Trades Training Inc. 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.

Fees for services and courses provided are recognized as revenue in the Operating Fund when the services have been rendered and payments are assured.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Donated goods

A number of volunteers have donated significant amounts of their time to the organization. No amount has been reflected in the statements for these donated services because no objective basis is available to measure their value.

(*continues*)

GEORGINA TRADES TRAINING INC.

Notes to Financial Statements

Year Ended December 31, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

3. PROPERTY, PLANT AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Artwork	\$ 1,663	\$ -	\$ 1,663	\$ 1,663
Computer equipment	15,366	9,767	5,599	1,789
Computer software	1,071	996	75	107
Equipment	637,930	228,790	409,140	430,674
Furniture and fixtures	159,626	95,106	64,520	39,514
Motor vehicles	26,179	12,190	13,989	19,984
Signs	9,040	5,708	3,332	4,165
Web portal development	88,253	84,549	3,704	5,291
	<u>\$ 939,128</u>	<u>\$ 437,106</u>	<u>\$ 502,022</u>	<u>\$ 503,187</u>

4. DEFERRED REVENUE

The organization is holding cash deposits that have been committed as follows

	2016	2015
Canadian Welding Association grant	\$ 12,135	\$ -
Compugen Finance	15,000	-
Gerry Brouwer Scholarship Fund	3,642	698
Len Westcott Bursary Fund	4,000	-
Membership fees	150	230
Ontario Trillium Foundation (AZ DZ program)	2,064	-
Passenger bus (capital)	528	4,935
Sutton Kinsmen Club Bursary Fund	-	3,000
	<u>\$ 37,519</u>	<u>\$ 8,863</u>

5. LONG TERM DEBT

The loan payable to South Lake Community Futures Development Corporation (SLCFDC) in the amount of \$110,000 (\$115,000 in 2015) was renewed on February 18, 2016 on an annual renewal basis. This loan is repayable in monthly payments of interest only at a rate of 1.75% per annum and is guaranteed by the Town of Georgina.

The loan was originally obtained in 2008 to complete renovations to the Georgina Trades Training Inc. facility.

GEORGINA TRADES TRAINING INC.

Notes to Financial Statements

Year Ended December 31, 2016

6. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of December 31, 2016.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from non-payment of course fees and/or fundraising amounts. In order to reduce the risk, course fees are usually paid in advance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its funders and other related sources, and accounts payable.

(c) 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 rate risk, interest rate risk and other price risk. The organization is not exposed to any of these risks.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

GEORGINA TRADES TRAINING INC.

Notes to Financial Statements

Year Ended December 31, 2016

7. GEORGINA'S COMMUNITY CONNECTION CENTRE (THE LINK)

During 2014, a grant of \$150,000 was received from the Ontario Trillium Foundation to be used to build and equip a kitchen for a new community hub in Georgina, called Georgina's Community Connection Centre, hereinafter referred to as the "Link". The new kitchen is to host community meals, nutrition/cooking workshops and food-related training. At the end of 2014, these funds were not expended, accordingly the grant was recorded as deferred revenue in the financial statements.

During 2015, the organization carried out the improvements and purchased equipment for the Link to allow the kitchen to be fully functional. Accordingly, these costs (approximately \$150,000) were included as program costs and the Trillium grant (\$150,000) was recorded as revenue in the 2015 financial statements. Georgina Trades Training Centre Inc. agreed to take on the responsibility and assume the risks associated with the application to the Ontario Trillium Foundation, and also to take on the monitoring and reporting responsibilities of those funds, in order to obtain the kitchen and dishwashing equipment and renovation capital on behalf of the Town of Georgina. The equipment and renovations become the property of the Town. Georgina Trades Training Inc. has access to the kitchen equipment and kitchen facility, and the Town of Georgina in turn has access to the equipment and facilities for their own revenue generation and sharing through rental and community use, and for the use and access of other Link licensees. In recognition of the acquisition of \$150,000 from the Ontario Trillium Foundation by Georgina Trades Training Inc., the assumption of the monitoring and reporting responsibilities of those funds, and the provision of those proceeds to the Town of Georgina, a credit of 20% over three years was approved (\$30,000 total or \$10,000 per year).

The licence agreement was approved by Council on February 24th, 2016 and the formal signing of the agreement occurred on March 8, 2016, regarding the use of the facilities by Georgina Trades Training Inc. for program offerings. Pursuant to this draft licence agreement, the commencement date of the contract is March 1, 2016 for the sum of \$877.85 plus applicable taxes per month over a term of twelve months. In addition, The Town of Georgina provided a credit of \$30,000 at the commencement date of the lease (March 1, 2016). Georgina Trades Training Inc. will use the credit to offset principal payments until the the credit balance is nil, however the organization is responsible for paying the applicable taxes on a monthly basis during this time.

The licence period of five years began commencement on March 1, 2016. The organization has a renewal option of one additional licence period of five years.

8. ECONOMIC DEPENDENCE

Georgina Trades Training Inc. is dependent on annual contributions from various levels of government to finance its general fund operations. Should these contributions cease, the organization would be unable to continue these operations.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.