

SKILLS FOR LIFE INC
Financial Statements
Year Ended August 31, 2022
(Unaudited)

SKILLS FOR LIFE INC

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INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Skills For Life Inc

We have reviewed the accompanying financial statements of Skills For Life Inc (the Organization) that comprise the statement of financial position as at August 31, 2022, 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 (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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2022, current assets and net assets as at August 31, 2022.

(continues)

Independent Practitioner's Review Engagement Report to the To the Members of Skills For Life Inc
(continued)

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Skills For Life Inc as at August 31, 2022, 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).

Other Matter

The financial statements of Skills For Life Inc for the year ended August 31, 2021 were reviewed by another practitioner who expressed a qualified conclusion on those financial statements on January 28, 2022 for the reasons described in the Basis for Qualified Conclusion section.

Oakville, Ontario
December 6, 2022

Henderson Roller Smit Professional Corporation
HENDERSON ROLLER SMIT PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANTS
Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

SKILLS FOR LIFE INC

Statement of Financial Position August 31, 2022 (Unaudited)

	2022	2021
ASSETS		
CURRENT		
Cash	\$ 5,584	\$ 48,784
Government grants receivable	8,000	-
Government subsidies receivable	-	18,816
Government remittances recoverable	1,940	1,067
	15,524	68,667
EQUIPMENT (Note 3)	1,005	-
INTANGIBLE ASSETS (Note 4)	4,137	6,206
	\$ 20,666	\$ 74,873
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 15,888	\$ 7,834
Deferred grants (Note 5)	4,212	13,352
Due to director (Note 6)	6,000	1,435
	26,100	22,621
NET ASSETS (DEFICIENCY)	(5,434)	52,252
	\$ 20,666	\$ 74,873

ON BEHALF OF THE BOARD

Director

Director

See accompanying notes

SKILLS FOR LIFE INC

Statement of Operations Year Ended August 31, 2022 (Unaudited)

	2022	2021
REVENUES		
Donations	\$ 3,746	\$ 17,216
Government grants and assistance (Note 7)	133,438	54,142
Other grants (Notes 7, 8)	10,345	45,886
Other income	5,500	405
	153,029	117,649
EXPENDITURES		
Advertising and promotion	8,726	4,218
Amortization	1,229	-
Amortization of intangible assets	2,069	-
Meals and entertainment	2,750	-
Office and general	7,522	6,782
Professional fees	18,563	7,220
Program and fundraising	6,555	11,668
Salaries and benefits	124,580	71,449
Supplies	37,633	-
Telephone	1,088	-
	210,715	101,337
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	\$ (57,686)	\$ 16,312

SKILLS FOR LIFE INC

Statement of Changes in Net Assets Year Ended August 31, 2022 (Unaudited)

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 52,252	\$ 35,940
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES FOR THE YEAR	(57,686)	16,312
NET ASSETS (DEFICIT) - END OF YEAR	\$ (5,434)	\$ 52,252

SKILLS FOR LIFE INC

Statement of Cash Flows Year Ended August 31, 2022 (Unaudited)

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenditures	\$ (57,686)	\$ 16,312
Items not affecting cash:		
Amortization	1,229	-
Amortization of intangible assets	2,069	-
	(54,388)	16,312
Changes in non-cash working capital:		
Government grants receivable	(8,000)	-
Government subsidies receivable	18,816	(18,816)
Government remittances recoverable	(873)	1,676
Donations receivable	-	2,309
Accounts payable and accrued liabilities	8,054	40
Deferred grants	(9,140)	(53,196)
	8,857	(67,987)
Cash flow used by operating activities	(45,531)	(51,675)
INVESTING ACTIVITY		
Purchase of equipment	(2,234)	-
FINANCING ACTIVITY		
Proceeds of loan from director	4,565	1,435
DECREASE IN CASH FLOW	(43,200)	(50,240)
Cash - beginning of year	48,784	99,024
CASH - END OF YEAR	\$ 5,584	\$ 48,784

Notes to Financial Statements Year Ended August 31, 2022 (Unaudited)

1. DESCRIPTION OF ORGANIZATION

Skills For Life Inc (the "Organization") was incorporated without share capital under the Canada Not-for-Profit Corporation's Act. The Organization is a registered charitable organization under the Income Tax Act, and as such, is exempt from income taxes.

The mission of the Organization is to to educate youth on the importance of life skills development, while helping them plan their future and to connect people, groups, and organizations in order to build strong partnerships and enhance civic engagement.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

The significant accounting policies used are as follows:

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Government grants and assistance, other grants and restricted donations are recognized as revenue in the year in which the related expenses are incurred. Any unspent amounts are deferred to a future period.

Unrestricted contributions including the donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other income is recognized as revenue when the service has been rendered and ultimate collection is reasonably assured.

Equipment

Equipment is stated at cost less accumulated amortization. Equipment is amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Computer equipment	55%	declining balance method
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The Organization regularly reviews its equipment to eliminate obsolete items.

Equipment acquired during the year but not yet in use is not amortized until they are placed into use.

Intangible assets

The software costs are being amortized on a straight-line basis over their estimated useful lives of three years.

(continues)

Notes to Financial Statements
Year Ended August 31, 2022
(Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Impairment of Long Lived Assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Deferred grants

Deferred contributions represent revenue received from restricted funds. These funds are restricted either to be used towards specific expenses or are restricted for a future time period. Revenue is recognized in the future period, or when the related expenses are incurred.

Contributed services

The work of the Organization is dependant on the voluntary services, including donated time, expertise, and resources, of many members and the public at large. Since these services are not normally purchased by the Organization and because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements; however, they are critical to the operations of the Organization.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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. The significant items for which estimates were made include the collectibility of government grants receivable, government remittances recoverable, valuation of and useful lives of equipment and intangible assets, and accrued liabilities. Actual results could differ from these estimates.

(*continues*)

Notes to Financial Statements Year Ended August 31, 2022 (Unaudited)

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets that are traded in an active market are reported at fair value. All of the other financial instruments are recorded at amortized cost.

Financial assets measured at amortized cost include cash, government grants receivable, and government subsidies receivable. There are no financial assets recorded at fair value.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and deferred grants. There are no financial liabilities measured at fair value.

Financial instruments are tested for impairment at each reporting date and when an event occurs which may have caused impairment. When a test for impairment indicates the carrying value exceeds its fair value, an impairment loss is recognized to the extent the carrying value exceeds its fair value. When the test indicates that the fair value exceeds the carrying amount, a reversal of the impairment loss previously recorded is recognized to the extent of the original cost.

3. EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 2,234	\$ 1,229	\$ 1,005	\$ -

4. INTANGIBLE ASSETS

	2022	2021
Software	\$ 6,206	\$ 6,206
Accumulated amortization	(2,069)	-
	\$ 4,137	\$ 6,206

SKILLS FOR LIFE INC

Notes to Financial Statements Year Ended August 31, 2022 (Unaudited)

5. DEFERRED GRANTS

	2022 Opening Balance	Additions	Recognized in Revenue	2022 Ending Balance
Canada Summer jobs grants	\$ 3,007	\$ 17,399	\$ 18,960	\$ 1,445
Region of Peel - small capital grant (1)	-	6,500	6,500	-
Region of Peel - Social Enterprise Capacity Fund	-	10,000	10,000	-
Region of Peel - Unbudgeted capacity building fund	-	23,015	23,015	-
Region of Peel - core fund	-	16,763	14,900	1,863
City of Brampton - advance Brampton	-	12,500	11,596	904
City of Brampton	-	5,000	5,000	-
City of Brampton	-	1,088	1,088	-
EDSC Federal (2)	-	39,858	39,858	-
MLSE Foundation Grant	10,345	-	10,345	-
Balance, end of year	\$ 13,352	\$ 132,123	\$ 141,262	\$ 4,212

(1) Out of the total amount of \$10,000 funds approved, \$6,500 was recognized in revenue during the year.

(2) Out of the total amount of \$41,400 funds approved, \$39,858 was utilized during the year and \$1,542 of unspent funds was accrued for repayment.

6. DUE TO DIRECTOR

The due to director balance is due to the executive director, a person related to the Organization by virtue of being a member of management, is non-interest bearing, has no set repayment terms and is unsecured.

7. GOVERNMENT GRANTS AND ASSISTANCE

Government assistance:

The following is a summary of government assistance received during the year:

	2022	2021
(a) Jobs grants (Federal)	\$ 18,960	\$ 6,247
(b) EDSC (Federal)	39,858	-
(c) Municipal grants	72,099	14,214
(d) Canada Emergency Wage Subsidy (CEWS)	2,521	33,681
	\$ 133,438	\$ 54,142

(continues)

Notes to Financial Statements
Year Ended August 31, 2022
(Unaudited)

7. GOVERNMENT GRANTS AND ASSISTANCE *(continued)*

- (a) The jobs grants is a federal programs intended to promote hiring students for part-time positions during the pandemic. The grants are paid upon hiring students under the program parameters, which include minimum hours and hourly rates. As at August 31, 2021 there was \$3,007 unutilized in deferred grants, \$103 of this was unspent and therefore returned back to the government. An additional \$17,502 was received in the year, of which \$18,960 was utilized by August 31, 2022 and the remainder has been deferred to 2023.
- (b) Employment and Social Development Canada (ESDC) works to improve the standard of living and quality of life for all Canadians. The objective of the project is to build the capacity of Black-led community organizations by purchasing needed equipment. During the year Skills for Life Inc received \$41,400 of which \$39,858 was utilized and \$1,542 accrued for repayment.
- (c) In 2022, the Organization received a total of \$72,099 in municipal grants. Included is \$54,415 from the Region of Peel to support employee needs and \$17,683 from City of Brampton for the purpose of engaging youth through digital platforms.
- (d) The Canada Emergency Wage Subsidy ("CEWS") is federal government assistance received for payroll costs incurred during the COVID-19 pandemic. The intent of the grant is to subsidize costs in periods of lower revenue.

8. OTHER GRANTS

Included in the other grants are the funds received from foundation other than from government. \$10,345 was received and spent towards the relevant expenses during the year.

9. 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 August 31, 2022. There have been no significant changes to the Organization's risk profile since August 31, 2021.

(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 funders and contributors. The Organization's credit risk is minimal as amounts receivable are generally due from government bodies or results from fund agreements. 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 contributors and other related sources, accounts payable and accrued liabilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant market risk, currency risk, interest rate risk, or other price risks arising from these financial instruments.

Notes to Financial Statements
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(Unaudited)

10. COMPARATIVE FIGURES

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