

FINANCIAL STATEMENTS

SKILLS FOR LIFE INC

Unaudited - See Independent Practitioner's Review Engagement Report

August 31, 2020



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Directors of
Skills For Life Inc

We have reviewed the accompanying financial statements of **Skills For Life Inc** that comprise the statement of financial position as at August 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.

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.

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.



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT, continued

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 us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained for these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were unable to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2020 and August 31, 2019, current assets and net assets as at August 31, 2020 and August 31, 2019.

Qualified Conclusion

Based on our review, except for the 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, 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.

Other Matter

We were not engaged to report on the comparative financial statements, and as such, the comparative financial statements for the year ended August 31, 2019 are neither audited nor reviewed. We were engaged to conduct a Notice to Reader for the year ended August 31, 2019 which was issued on December 9, 2019. The comparative financial information has changed as a result of the first time adoption of Accounting Standards for Not-for-Profit Organizations, the details of which are described in the significant accounting policies.

A handwritten signature in black ink, which appears to read "Dino Zetani & Co.", is located in the lower right quadrant of the page.

Oakville, Ontario
February 4, 2021

Chartered Professional Accountants
Licensed Public Accountants

Skills For Life Inc

(Incorporated under the Canada Not-for-Profit Corporations Act)

STATEMENT OF FINANCIAL POSITION

As at August 31

Unaudited - See Independent Practitioner's Review
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	August 31 2020 \$	August 31 2019 \$	September 1 2018 \$
ASSETS			
Current			
Cash	99,024	48,117	35,316
Donations receivable	2,309	19,707	-
Government remittances recoverable	2,743	2,137	178
	104,076	69,961	35,494
Long term			
Capital asset under development [notes 2 and 5]	6,206	-	-
	110,282	69,961	35,494
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable and accrued liabilities	7,794	7,634	7,259
Deferred grants [note 3]	66,548	1,723	-
	74,342	9,357	7,259
Net assets	35,940	60,604	28,235
	110,282	69,961	35,494

See accompanying notes

On behalf of the board

Director_____
Director

Skills For Life Inc**STATEMENT OF OPERATIONS
AND CHANGES IN NET ASSETS**

Year ended August 31

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	2020	2019
	\$	\$
Revenues		
Donations	22,197	73,085
Government assistance [note 4]	11,361	4,333
Other income	1,641	1,200
	35,199	78,618
Expenditures		
Office and general	5,940	9,054
Professional fees	4,950	2,450
Program and fundraising [note 5]	16,374	34,745
Salaries and benefits	32,599	-
	59,863	46,249
Excess of (expenditures over revenues) revenues over expenditures for the year	(24,664)	32,369
Net assets, beginning of year	60,604	28,235
Net assets, end of year	35,940	60,604

See accompanying notes

Skills For Life Inc

STATEMENT OF CASH FLOWS

Year ended August 31

Unaudited - See Independent Practitioner's Review
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	2020	2019
	\$	\$
Operating activities		
Excess of (expenditures over revenues) revenues over expenditures for the year	(24,664)	32,369
Net change in non-cash balances related to operations:		
Donations receivable	17,398	(19,707)
Government remittances recoverable	(606)	(1,959)
Accounts payable and accrued liabilities	160	375
Deferred grants	64,825	1,723
Cash provided by operating activities	57,113	12,801
Investing activities		
Purchase of capital asset under development	(6,206)	-
Cash used in investing activities	(6,206)	-
Net change in cash during the year	50,907	12,801
Cash, beginning of year	48,117	35,316
Cash, end of year	99,024	48,117

See accompanying notes

Skills For Life Inc

NOTES TO THE FINANCIAL STATEMENTS

August 31, 2020

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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.

1. Significant accounting policies

The financial statements are prepared by management in accordance with Canadian Accounting Standards for Not-for-Profit Organizations ("ASNPO").

The significant accounting policies used are as follows:

Revenue recognition

The Organization follows the deferral method of accounting for revenue. Grants, government assistance and restricted donations are recognized as revenue in the year in which the related expenses are incurred. Unrestricted 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 represents paid workshops conducted by the Organization. Amounts are recognized as revenue when the service has been rendered and ultimate collection is reasonably assured.

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.

Skills For Life Inc

NOTES TO THE FINANCIAL STATEMENTS

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1. Significant accounting policies, continued

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The Organization subsequently measures all its financial assets and financial liabilities at cost or amortized cost. Financial assets measured at amortized cost include cash, donations receivable and government remittances recoverable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The Organization has not designated any financial asset or financial liability to be measured at fair value.

Impairment

For financial assets measured at cost or amortized cost, the Organization determines whether there are indications of possible impairment. When there is an indication of impairment, and the Organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in excess of (expenditures over revenues) revenues over expenditures. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in excess of (expenditures over revenues) revenues over expenditures.

Use of estimates

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

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1. Significant accounting policies, continued

First time adoption for 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 ASNPO.

The financial statements for the year ended August 31, 2019 were prepared in accordance with the accounting principles and provisions set out in First-time adoption by Not-for-Profit Organizations, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards was accounted for in net assets at the date of transition being, September 1, 2018; furthermore, as a result of adopting the standards the Organization's excess of revenues over expenditures for the year ended August 31, 2019 was reduced by \$6,907 and similarly for net assets as at September 1, 2019.

2. Capital asset under development

Capital asset under development is a mobile software application in the development stages. This application is being developed for use on a regular and continuous basis in conjunction with the Organization's programs and workshops.

An amortization policy has not yet been established as the asset is not in use.

The Organization is committed to pay an additional \$5,000 upon the successful completion and launch of the program. The application is expected to launch in 2021.

3. Deferred grants

	2020	2019
	\$	\$
Balance, beginning of year	1,723	-
plus: deferred grants received during the year	69,313	1,723
less: amounts recognized as revenue during the year	(4,488)	-
Balance, end of year	66,548	1,723

Skills For Life Inc

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4. Government assistance

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

	2020	2019
	\$	\$
(i) Canada Emergency Wage Subsidy (CEWS)	6,038	-
(i) Temporary Wage Subsidy (TWS)	835	-
(ii) Jobs grants (Provincial)	2,177	-
(ii) Jobs grants (Federal)	588	-
(iii) Municipal grants	1,723	4,333
	11,361	4,333

- (i) The Canada Emergency Wage Subsidy ("CEWS") and the Temporary Wage Subsidy ("TWS") are 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.
- (ii) The jobs grants are federal and provincial 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. The total amount received for the year was \$16,152 of which \$2,765 was utilized by August 31, 2020. The remainder has been deferred to 2021.
- (iii) In 2019, the Organization received \$3,500 from a municipal government body for the purposes of conducting a series of workshops and clinics for youth motivational and life skills building. Of the amount received, \$1,777 was utilized in 2019 and the remainder in 2020.

5. Related party transactions

Related party transactions for the year include the following amounts paid to a company controlled by one of the Organization's board members:

- (i) \$1,410 in shared event costs; and
- (ii) \$1,206 in design services capitalized to capital assets under development.

Amounts were recorded at the exchange amount which is the amount established and agreed upon by the related parties.

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6. COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The pandemic resulted in a number of measures introduced at various levels of government to curtail the spread of the virus; such as, travel restrictions, closures of non-essential operations, mandatory quarantines and other social distancing measures.

The impact on the Organization includes, but is not limited to, the inability to host workshops and events, the cancellation of all in-person activities and a strategic shift to connecting through virtual platforms. Ultimately this has led to decreased income from donations in the year and increased expenditures to get new platforms implemented.

The Organization has received grant funding to expand its virtual programs and offerings during the next year. The current working capital balance from funding, strict cost containment and utilization of government assistance, where available, are expected to allow the Organization sustain operations over the course of the next twelve months.

The full effects of the pandemic on the Organization's financial operations cannot be reasonably estimated at this time.

7. Financial instruments

The Organization is mainly exposed to liquidity risk through transactions in its financial instruments. The following provides helpful information in assessing the extent of the Organization's exposure to this risk.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The risk remains unchanged from the prior year.

8. Comparative figures

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2020 financial statements in accordance with ASNPO.