

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

PAUL KWIATKOSKI PROFESSIONAL CORPORATION
CHARTERED ACCOUNTANT
LICENSED PUBLIC ACCOUNTANT
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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, 2021, 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.

Unqualified Opinion

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, 2021, 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 21, 2021



PAUL KWIATKOSKI CPA CA

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

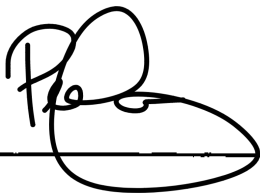
**CTI CANADIAN TRAINING INSTITUTE
INSTITUT CANADIEN DE FORMATION INC.
AUDITED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED MARCH 31, 2021**

| | <u>2021</u> | <u>2020</u> |
|---|----------------------------|----------------------------|
| Revenues | | |
| Economic and Social Development Canada | | |
| S2S | \$ 1,283,408 | \$ 1,342,762 |
| WorkForce Challenge | 1,294,659 | 26,911 |
| Canada Summer Jobs | 17,273 | 11,740 |
| Training Fees | 81,370 | 198,178 |
| Ontario Ministry of Children Community and Social Services | 470,000 | 470,000 |
| Ontario Ministry of Community Safety & Correctional Services | 56,930 | 56,859 |
| Public Safety Canada | NIL | 73,450 |
| City of Toronto -Employment and Social Services | 47,831 | 71,092 |
| LEAP Employment Program | 68,495 | NIL |
| Grants | | |
| Thunder Foundation | NIL | 35,699 |
| Trillium Foundation - Film Stars program | 8,686 | 105,460 |
| United Way - Film Stars program | 29,424 | NIL |
| Canada Emergency Wage and Rent Subsidy | 79,954 | 3,696 |
| Other | <u>19,973</u> | <u>15,883</u> |
| Total Revenue | \$ <u>3,458,003</u> | \$ <u>2,411,730</u> |
| Expenses | | |
| Salaries and Benefits | 1,522,608 | 1,072,844 |
| Program | | |
| Training | 45,841 | 102,594 |
| Other | 1,610,013 | 924,919 |
| Consulting | 121,631 | 122,378 |
| Rent | 61,040 | 58,520 |
| Insurance | 13,602 | 14,686 |
| Office and General | 23,722 | 45,723 |
| Professional Fees | 21,755 | 19,233 |
| Travel | <u>9,628</u> | <u>32,787</u> |
| Total Expenses | <u>3,429,840</u> | <u>2,393,684</u> |
| Excess of current year operating revenues over expenses | \$ 28,163 | \$ 18,046 |
| CEBA loan forgiveness | 20,000 | NIL |
| Non Recurring Expenses | <u>NIL</u> | <u>(39,682)</u> |
| Net Surplus (Deficit) of revenues over expenses for the year | \$ 48,163 | \$ (21,636) |
| Net Assets, beginning of year | <u>38,876</u> | <u>60,512</u> |
| Net Assets, end of year | <u>\$ 87,039</u> | <u>\$ 38,876</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, 2021**

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|-------------------|-------------------|
| ASSETS | | |
| Current | | |
| Cash in bank | \$ 695,395 | \$ 78,956 |
| Accounts receivable (Note 3) | 75,059 | 88,449 |
| Prepaid expenses | <u>57,340</u> | <u>27,998</u> |
| | <u>\$ 827,794</u> | <u>\$ 195,403</u> |
| | | |
| LIABILITIES | | |
| Current | | |
| Accounts payables (Note 3) | 154,118 | 67,883 |
| Deferred revenue (Note 5) | <u>546,637</u> | <u>88,644</u> |
| | \$ 700,755 | \$ 156,527 |
| | | |
| LOAN PAYABLE - CEBA (Note 6) | <u>\$ 40,000</u> | <u>\$ NIL</u> |
| | <u>\$ 740,755</u> | <u>\$ 156,527</u> |
| | | |
| NET ASSETS | <u>\$ 87,039</u> | <u>\$ 38,876</u> |
| | <u>\$ 827,794</u> | <u>\$ 195,403</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, 2021**

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|------------------|
| <u>OPERATING ACTIVITIES</u> | | |
| Working capital from operations | | |
| Excess of revenues over expenses | \$ 48,163 | \$ (21,636) |
| Deduct: non working capital charges | | |
| Forgiveness of CEBA Loan | <u>(20,000)</u> | <u>NIL</u> |
| | \$ 28,163 | \$ (21,636) |
| Net change in non-cash working capital | | |
| Decrease (Increase) in accounts receivable | 13,390 | (28,832) |
| Decrease (Increase) in prepaid expenses | (29,342) | 2,382 |
| Increase (decrease) in accounts payable | 86,235 | (21,841) |
| Increase (decrease) in deferred revenue | <u>457,993</u> | <u>(15,282)</u> |
| | 556,439 | (85,209) |
| <u>FINANCING ACTIVITIES</u> | | |
| Proceeds from ceba loan | <u>60,000</u> | <u>NIL</u> |
| <u>INCREASE (DECREASE) IN CASH</u> | \$ 616,439 | \$ (85,209) |
| CASH, beginning of year | <u>78,956</u> | <u>164,165</u> |
| <u>CASH, END OF YEAR</u> | <u>\$ 695,395</u> | <u>\$ 78,956</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, 2021**

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 inclusively, 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.

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
INSTITUT CANADIEN DE FORMATION INC.
NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

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 \$30,891 (2020 - \$24,981) related to the registered charity rebate. Included in accounts payable is \$NIL (2020 - \$5,955) 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. As at March 31, 2021, the balance drawn on the operating line was nil (2020 - nil)

5. DEFERRED REVENUE

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

Operations

| | <u>2021</u> | <u>2020</u> |
|-------------------------------------|--------------------|--------------------|
| Balance - beginning of year | \$ 88,644 | \$ 103,926 |
| Additions during the year | 3,597,262 | 2,129,784 |
| Included in revenue during the year | <u>(3,139,269)</u> | <u>(2,145,066)</u> |
| Balance - end of year | <u>546,637</u> | <u>88,644</u> |

**CTI CANADIAN TRAINING INSTITUTE
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NOTES TO THE AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021**

6 - CEBA LOAN

The Canada Emergency Business Account (CEBA), was created by the federal government to provide interest free loans to business and non for profit organizations. The amount of the loan is \$60,000 and if repaid by December 31, 2022, \$20,000 of this loan will be forgiven, This forgiveness is reflected in the current years financial statement as a reduction of the liability and an addition to income. If it is not repaid by that date, it will be converted into a term loan and CEBA loan will be increased to the original amount of \$60,000. This would be reflected in the financial statements for the for the year ended March 31, 2023.

7. LEASE COMMITMENTS

The company leases premises under a long term lease that expires on April 14, 2026.

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

| | |
|------|---------|
| 2022 | 323,263 |
| 2023 | 325,633 |
| 2024 | 191,411 |
| 2025 | 91,797 |
| 2026 | 91,797 |

8. 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, 2021.

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.

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FOR THE YEAR ENDED MARCH 31, 2021**

9. COVID-19

The spread of COVID-19 has severely impacted many economies around the globe. Measures taken by governments to contain the spread of the virus has effected all organizations differently. CTI Canadian Training Institute, Institut Canadien De Formation Inc. could have been affected through the postponement or cancellation of programs. However, this has not had a significant impact on the funding received from the various government agencies. The effect has been mostly limited to the timing of when and how programs are provided.