

Financial Statements of

**TRADES TRAINING CONSORTIUM
OF BRITISH COLUMBIA**

Years ended March 31, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Trades Training Consortium of British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Trades Training Consortium of British Columbia, which comprise the statement of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 and the statements of operations and accumulated surplus, changes in net financial liabilities and cash flows for the years ended March 31, 2012 and March 31, 2011, and notes, 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 public sector accounting standards, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform an audit to obtain reasonable assurance about whether the consolidated 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 opinions.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trades Training Consortium of British Columbia as at March 31, 2012, March 31, 2011 and April 1, 2010, and its results of operations, changes in net financial liabilities and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting policies applied by in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Accountants

June 18, 2012

Burnaby, Canada

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

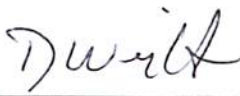
Statements of Financial Position

March 31, 2012, March 31, 2011 and April 1, 2010


	March 31, 2012	March 31, 2011	April 1, 2010
Financial assets:			
Cash and cash equivalents	\$ 345	\$ 15,436	\$ 141,946
Investments (note 3)	1,169,038	581,239	608,337
Accounts receivable	20,419	-	-
	<u>1,189,802</u>	<u>596,675</u>	<u>750,283</u>
Liabilities:			
Accounts payable and accrued liabilities	105,125	57,059	56,236
Deferred contributions (note 5)	1,019,252	496,723	671,731
	<u>1,124,377</u>	<u>553,782</u>	<u>727,967</u>
Net financial assets	<u>\$ 65,425</u>	<u>\$ 42,893</u>	<u>\$ 22,316</u>
Non-financial assets:			
Tangible capital assets (note 4)	\$ 8,274	\$ 30,863	\$ 64,016
Accumulated surplus	<u>\$ 73,699</u>	<u>\$ 73,756</u>	<u>\$ 86,332</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statements of Operations and Accumulated Surplus

Years ended March 31, 2012 and 2011

	Budget	2012	2011
Revenue:			
Amortization of restricted contributions (note 5)	\$ 527,374	\$ 4,433,471	\$ 175,008
Membership dues	100,000	100,000	100,000
Interest and other income	3,000	44,765	4,572
	<u>630,374</u>	<u>4,578,236</u>	<u>279,580</u>
Expenses:			
Administration	36,500	144,822	41,358
Trades training development projects	339,288	4,433,471	250,798
	<u>375,788</u>	<u>4,578,293</u>	<u>292,156</u>
Annual surplus (deficiency)	254,586	(57)	(12,576)
Accumulated surplus, beginning of year	73,756	73,756	86,332
Accumulated surplus, end of year	<u>\$ 328,342</u>	<u>\$ 73,699</u>	<u>\$ 73,756</u>

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statements of Changes in Net Financial Assets

Years ended March 31, 2012 and 2011

	Budget	2012	2011
Annual surplus (deficiency)	\$ 254,586	\$ (57)	\$ (12,576)
Amortization of tangible capital assets	-	22,589	33,153
Increase in net financial assets	254,586	22,532	20,577
Net financial assets, beginning of year	42,893	42,893	22,316
Net financial assets, end of year	\$ 297,479	\$ 65,425	\$ 42,893

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statements of Cash Flows

Years ended March 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Annual surplus (deficiency)	\$ (57)	\$ (12,576)
Non-cash item:		
Amortization of tangible capital assets	22,589	33,153
Amortization of restricted contributions	(4,433,471)	(175,008)
Changes in non-cash working capital:		
Increase in accounts receivable	(20,419)	-
Increase in accounts payable and accrued liabilities	48,066	823
Deferred contributions received	4,956,000	-
Increase (decrease) in cash provided by (used in) operations	572,708	(153,608)
Investing:		
(Acquisition) redemption of investments	(587,799)	27,098
Decrease in cash	(15,091)	(126,510)
Cash and cash equivalents, beginning of year	15,436	141,946
Cash and cash equivalents, end of year	\$ 345	\$ 15,436

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements

Years ended March 31, 2012 and 2011

1. Operations:

The Trades Training Consortium of British Columbia (the "Consortium") was incorporated on September 8, 2005 under the Society Act (British Columbia). The purpose of the Consortium is to promote trades training in British Columbia through encouraging and supporting communication and co-ordination among British Columbia educational institutions and businesses. The Consortium members are comprised of fifteen educational institutions in British Columbia that offer trades training programs. The Consortium is exempt from income taxes.

2. Significant accounting policies:

(a) Basis of presentation:

As a result of the recent changes to the accounting frameworks, the Ministry of Advanced Education and the Consortium performed a review on its mandate, operations, and governance structure. This review concluded that the Consortium met the definition of an Other Government Organization. Accordingly, the Consortium has adopted Canadian Public Sector Accounting Board ("PSAB") Standards effective April 1, 2011 as the basis for preparing financial statements and has restated the fiscal 2010/2011 results.

The Consortium elected to early adopt Section PS 3410, Government Transfers, PS 3450, Financial Instruments, and PS 2601 Foreign Currency Translation on a retroactive basis.

These financial statements are the first for which the Consortium has applied Canadian PSAB standards. A summary of transitional adjustments recorded to accumulated surplus and surplus is provided in note 10.

(b) Cash and cash equivalents:

Cash and cash equivalents include cash and highly liquid instruments with initial terms to maturity of 90 days or less when acquired.

(c) Investments:

Investments consist of guaranteed investment certificates (GICs).

(d) Revenue recognition:

Revenue is recorded on the accrual basis and is recognized when it is earned.

Restricted transfers are deferred and recognized as revenue as the related stipulations in the agreement are met. Unrestricted transfers are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Any restricted transfers where the stipulations are not yet met, are reported on the statement of financial position as deferred contributions.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

2. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the provision for contingencies. Actual results could differ from those estimates. Adjustments, if any, will be reflected in the financial statements in the period that the change in estimate is made.

(f) Financial instruments:

The Consortium has elected to early adopt PS 3450, Financial Instruments, on adoption of PSAB for the current year. The standard has been applied to the statement of financial position as at April 1, 2010 and subsequent periods.

Financial instruments are initially classified upon initial recognition as a fair value or amortized cost instrument. The fair value category includes derivatives, portfolio investments in equity instruments that are quoted in an active market, and any other items elected by the Consortium to be recorded at fair value. All other financial instruments are recorded at amortized cost. Transaction costs are added to the amortized cost or expensed if they relate to instruments recorded on a fair value basis. The effective interest rate method is used to recognize interest.

The Consortium does not have any financial instruments that are required or elected to be recorded at fair value. The Consortium has not entered into any derivative contracts or identified any embedded derivatives.

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives that may extend beyond the current year and are not intended for sale in the ordinary course of operations.

(h) Tangible capital assets:

Tangible capital assets comprise software developed for the Consortium and are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis at rates that reflect estimates of the economic life of the asset being 5 years.

(i) Contributed services:

Employees from member educational institutions contribute time to the Consortium each year. Any donated services are not recognized in the financial statements. Any services provided under a contract are recorded under the terms of the contract.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

2. Significant accounting policies (continued):

(j) Segmented reporting:

The operations of the Consortium are comprised of a single function, promoting trades training. As a result, there are no additional segmented disclosures.

3. Investments:

Investments consist of guaranteed investment certificates with maturity dates within the next fiscal year. Interest rate on the investments is approximately 1.0% (2011 - 1%). Fair value of the short-term investments approximates book value due to their short-term nature.

4. Tangible capital assets:

			2012	2011
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 150,323	\$ 142,049	\$ 8,274	\$ 30,863

5. Deferred contributions:

Deferred contributions represent externally restricted contributions received by the Consortium for specific programs. The amounts are recognized as revenue when spent on the specified projects or programs. Changes in deferred contributions are as follows:

	2012	2011
Balance, beginning of year	\$ 496,723	\$ 671,731
Amounts received during the year	4,956,000	-
Recognized as revenue in the year	(4,433,471)	(175,008)
Balance, end of year	\$ 1,019,252	\$ 496,723

6. Financial instruments:

The Consortium's financial instruments consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short maturities.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

7. Expenses by object:

	2012	2011
Administration	\$ 12,714	\$ 8,796
Amortization	22,589	33,153
Bank charges	100	85
Computer support	188,724	99,569
Training plan development by ITA	4,250,000	-
Professional fees	104,166	150,553
Total expenses	\$ 4,578,293	\$ 292,156

8. Budget data:

The unaudited budget data presented in these financial statements is based on the 2012 operating budget approved by the Board of Directors on March 7, 2011.

9. Related party transactions:

During the year, the Consortium had the following related party transactions:

	2012	2011
Computer services and training plan tool development by members of the consortium	\$ 130,766	\$ 99,569
Fees paid to the Industry Training Authority for development of a training plan	4,250,000	-
Funding received from the Province of B.C.	4,631,000	-
Funding received from Industry Training Authorities	325,000	-
Management services by a consortium officer's company	60,480	59,535
Project management services by a consortium member	26,544	23,327

As at March 31, 2012, the Consortium had a balance owing to related parties of \$61,698 (2011 - \$38,325).

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

10. Transitional adjustments:

Upon conversion to PSAB, the Consortium was required to recognize revenue for government transfers and restricted contributions when the associated stipulations of the contracts were met. Previously, the Consortium followed the restricted fund method and recorded restricted revenues when received. Accordingly, the Consortium analyzed its previous contributions to determine the remaining obligations to be fulfilled under the contracts and have recorded a deferred contribution obligation for this amount on the financial statements on a retroactive basis. As the Consortium fulfilled its obligations of the government transfer agreements, revenue was recognized, resulting in an increase to revenue for the year ended March 31, 2011.

The following table summarizes the impact of the transition to PSAB standards:

	2011	2010
Accumulated surplus, as previously reported	\$ 570,479	\$ 758,063
Adjustment to defer restricted contributions	(496,723)	(671,731)
Accumulated surplus, restated	\$ 73,756	\$ 86,332

	2011	2010
Deferred contributions, as previously reported	\$ -	\$ -
Adjustment to defer restricted contributions	496,723	671,731
Deferred contributions, restated	\$ 496,723	\$ 671,731

	2011
Revenues, as previously reported	\$ 104,572
Adjustment to amortization of restricted contributions	175,008
Revenues, restated	\$ 279,580

The statement of cash flows was adjusted to reflect the receipt of government transfers and the non-cash amortization of the government transfers as the stipulations were met.