

Financial Statements of

**TRADES TRAINING CONSORTIUM
OF BRITISH COLUMBIA**

Year ended March 31, 2013

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, 2013 and the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, 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 audit 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 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.

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, 2013, and its results of operations, changes in net financial assets and its cash flows for the year then end 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 principles in the Canadian public sector accounting standards have been applied on a consistent basis

Chartered Accountants

May 16, 2013

Burnaby, Canada

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2013, with comparative information for 2012

	2013	2012
Financial assets:		
Cash	\$ 159,733	\$ 345
Investments (note 3)	800,000	1,169,038
Accounts receivable	45,224	20,419
	<u>1,004,957</u>	<u>1,189,802</u>
Liabilities:		
Accounts payable and accrued liabilities	68,365	105,125
Deferred contributions (note 5)	868,130	1,019,252
	<u>936,495</u>	<u>1,124,377</u>
Net financial assets	\$ 68,462	\$ 65,425
Non-financial assets:		
Tangible capital assets (note 4)	-	8,274
Accumulated surplus	\$ 68,462	\$ 73,699

See accompanying notes to financial statements.

Approved on behalf of the Board:



Director



Director

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Operations and Accumulated Surplus

Year ended March 31, 2013, with comparative information for 2012

	Budget	2013	2012
	(note 8)		
Revenue:			
Restricted contributions recognized as revenue (note 5)	\$ 373,922	\$ 301,122	\$ 4,433,471
Membership dues	100,000	100,000	100,000
Interest and other income	5,000	11,624	24,345
Other income	-	-	20,420
	478,922	412,746	4,578,236
Expenses:			
Administration	87,000	116,860	144,822
Trades training development projects	256,200	301,123	4,433,471
	343,200	417,983	4,578,293
Annual surplus (deficit)	135,722	(5,237)	(57)
Accumulated surplus, beginning of year	73,699	73,699	73,756
Accumulated surplus, end of year	\$ 209,421	\$ 68,462	\$ 73,699

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Changes in Net Financial Assets

Year ended March 31, 2013, with comparative information for 2012

	Budget	2013	2012
Annual surplus (deficit)	\$ 135,722	\$ (5,237)	\$ (57)
Amortization of tangible capital assets	-	8,274	22,589
Increase in net financial assets	135,722	3,037	22,532
Net financial assets, beginning of year	65,425	65,425	42,893
Net financial assets, end of year	\$ 201,147	\$ 68,462	\$ 65,425

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Cash Flows

Year ended March 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Annual deficit	\$ (5,237)	\$ (57)
Non-cash item:		
Amortization of tangible capital assets	8,274	22,589
Restricted contributions recognized as revenue	(301,122)	(4,433,471)
Changes in non-cash working capital:		
Increase in accounts receivable	(24,805)	(20,419)
Increase (decrease) in accounts payable and accrued liabilities	(36,760)	48,066
Deferred contributions received	150,000	4,956,000
	(209,650)	572,708
Investing:		
Redemption of investments	1,169,038	-
Acquisition of investments	(800,000)	(587,799)
	369,038	(587,799)
Increase (decrease) in cash	159,388	(15,091)
Cash, beginning of year	345	15,436
Cash, end of year	\$ 159,733	\$ 345

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2013

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:

These financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Canadian Public Sector Accounting Board ("PSAB"), incorporating the following significant accounting policies:

(a) Revenue recognition:

Government transfers and externally restricted contributions are deferred and recognized as revenue when the associated stipulations per the agreements are met. 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.

(b) Investments:

Investments consist of guaranteed investment certificates (GICs).

(c) 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.

(d) Tangible capital assets:

Tangible capital assets comprise software developed for the Consortium, 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.

(e) 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 based on the values agreed in the contract.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2013

2. Significant accounting policies (continued):

(f) Use of estimates:

In preparing the financial statements, management makes 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 revenue and expenses during the year. A significant area of estimate relates to the useful lives for amortization of tangible capital assets. Actual results could differ from those estimates.

(g) Financial instruments:

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.

(h) Segmented reporting and functional presentation:

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% (2012 – 1.0%). The fair value of the investments approximates book value due to their short-term nature.

4. Tangible capital assets:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Computer software	\$ 150,323	\$ 150,323	\$ -	\$ 8,274

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2013

5. Deferred contributions:

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

	2013	2012
Balance, beginning of year	\$ 1,019,252	\$ 496,723
Amounts received during the year	150,000	4,956,000
Recognized as revenue in the year	(301,122)	(4,433,471)
Balance, end of year	\$ 868,130	\$ 1,019,252

6. Fair value of 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.

7. Expenses by object:

	2013	2012
Administration	\$ 6,945	\$ 12,714
Amortization	8,274	22,589
Bank charges	106	100
Computer support	87,523	188,724
Training plan development by ITA	196,474	4,250,000
Professional fees	118,661	104,166
Total expenses	\$ 417,893	\$ 4,578,293

8. Budget data:

The audited budget data presented in these financial statements is based on the 2013 operating budget approved by the Board of Directors on January 23, 2012.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2013

9. Related party transactions:

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

	2013	2012
Computer services and training plan tool development by members of the Consortium	\$ 76,108	\$ 130,766
Fees paid to the Industry Training Authority for development of a training plan	196,474	4,250,000
Funding received from the Province of B.C.	150,000	4,631,000
Funding received from Industry Training Authorities	-	325,000
Management services by a Consortium officer's company	60,420	60,480
Project management services by a Consortium member	30,726	26,544

As at March 31, 2013, the Consortium had a balance owing to related parties of \$54,254 (2012 - \$61,698).