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## **2010-11 Financial Results and Appendices**

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# 2010-11 Financial Results

Management Report  
September 14, 2011

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles.

Management has ensured that the consolidated financial statements are presented fairly in all material respects. Management maintains a system of internal controls over accounting and administrative practices to ensure that the information presented is accurate and reliable. These measures provide reasonable assurance that transactions are recorded and executed in compliance with legislation and required authority, and assets are adequately safeguarded.

The Commission Board is responsible for reviewing and approving the consolidated financial statements and ensures that management fulfills its responsibilities for financial reporting. The consolidated financial statements have been audited by the Provincial Auditor of Saskatchewan. The report follows.



Joe Black  
Chief Executive Officer



## Provincial Auditor Saskatchewan

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SASKATCHEWAN

### INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Saskatchewan Apprenticeship and Trade Certification Commission (Commission), which comprise the Consolidated Statement of Financial Position as at June 30, 2011 and the Consolidated Statements of Operations and Accumulated Surplus, Change in Net Financial 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 Public Sector Accounting Standards for Treasury Board's approval, 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.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Commission as at June 30, 2011, and the results of its operations, changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Bonnie Lysyk, MBA, CA  
Provincial Auditor

Regina, Saskatchewan  
September 14, 2011

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Consolidated Statement of Financial Position**  
**As at June 30**

|  | <u>2011</u>         | <u>2010</u>         |
|--|---------------------|---------------------|
| <b>Financial Assets:</b>                 |                     |                     |
| Due from General Revenue Fund (Note 3)   | \$ 2,603,000        | \$ 2,330,075        |
| Accounts Receivable (Note 6)             | 68,060              | 54,081              |
| Inventory for Resale                     | -                   | 2,473               |
|  | <u>2,671,060</u>    | <u>2,386,629</u>    |
| Total Financial Assets                   |                     |                     |
| <b>Liabilities:</b>                      |                     |                     |
| Accounts Payable and Accrued Liabilities | 645,735             | 620,830             |
| Accrued Vacation Leave                   | 145,767             | 128,388             |
| Deferred Revenue (Note 7)                | 3,296               | 90,738              |
| Deferred Contributions (Note 8)          | 369,489             | 314,384             |
|  | <u>1,164,287</u>    | <u>1,154,340</u>    |
| Total Liabilities                        |                     |                     |
| <b>Net Financial Assets</b> (Note 10)    | <u>1,506,773</u>    | <u>1,232,289</u>    |
| <b>Non-Financial Assets</b> (Note 11)    |                     |                     |
| Tangible Capital Assets (Note 11)        | 863,137             | 527,441             |
| Inventory of Promotional Supplies        | 13,353              | 16,334              |
| Prepaid Expenses                         | 56,926              | 42,947              |
|  | <u>933,416</u>      | <u>586,722</u>      |
| <b>Accumulated Surplus</b>               | <u>\$ 2,440,189</u> | <u>\$ 1,819,011</u> |

(See accompanying notes to the financial statements)

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the Year Ended June 30**

|   | <u>Budget</u>               | <u>2011</u>                 | <u>2010</u>                 |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenue:</b>                               |                             |                             |                             |
| Grants – General Revenue Fund                 | \$ 19,887,000               | \$ 19,924,872               | \$ 18,758,631               |
| Client Fees                                   | 2,034,800                   | 2,045,754                   | 1,946,366                   |
| Industry Contributions                        | 12,000                      | 32,113                      | 24,057                      |
| Products and Services                         | 39,000                      | 88,890                      | 7,986                       |
| Interest                                      | 12,000                      | 36,700                      | 11,101                      |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Total Revenue                                 | \$ 21,984,800               | \$ 22,128,329               | \$ 20,748,141               |
| <b>Expenses:</b>                              |                             |                             |                             |
| Salaries and Personnel                        | \$ 3,533,400                | \$ 4,113,602                | \$ 3,625,206                |
| Program Contractual Services                  | 16,636,800                  | 15,170,774                  | 15,591,812                  |
| Amortization                                  | 196,200                     | 151,696                     | 95,372                      |
| Other Contractual Services                    | 727,700                     | 658,617                     | 529,163                     |
| Board Honorariums                             | 124,300                     | 155,501                     | 152,231                     |
| Travel  | 280,700                     | 239,754                     | 254,712                     |
| Telephone                                     | 65,400                      | 75,875                      | 80,664                      |
| Advertising, Promotion and Printing           | 458,300                     | 310,172                     | 425,835                     |
| Space Rental                                  | 312,000                     | 362,127                     | 326,144                     |
| Equipment Rental                              | 20,300                      | 24,433                      | 22,320                      |
| Office Supplies                               | 66,200                      | 105,540                     | 107,507                     |
| Postage, Courier and Freight                  | 80,400                      | 110,749                     | 120,493                     |
| Other   | 23,200                      | 28,311                      | 25,819                      |
|   | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Total Expenses                                | 22,524,900                  | 21,507,151                  | 21,357,278                  |
| <b>Annual Surplus (Deficit)</b>               | <u>\$ (540,100)</u>         | <u>\$ 621,178</u>           | <u>\$ (609,137)</u>         |
| <b>Accumulated Surplus, beginning of year</b> |                             | <u>\$ 1,819,011</u>         | <u>\$ 2,428,148</u>         |
| <b>Accumulated Surplus, end of year</b>       |                             | <u>\$ 2,440,189</u>         | <u>\$ 1,819,011</u>         |

(See accompanying notes to the financial statements)

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Consolidated Statement of Change in Net Financial Assets**  
**For the Year Ended June 30**

|   | <u>2011</u>         | <u>2010</u>         |
|---|---------------------|---------------------|
| Annual Surplus (Deficit)                    | \$ 621,178          | \$ (609,137)        |
| Purchase of Tangible Capital Assets         | (487,515)           | (475,983)           |
| Amortization of Tangible Capital Assets     | 151,696             | 95,372              |
| Loss on Disposal of Tangible Capital Assets | 123                 | 247                 |
|   | <u>(335,696)</u>    | <u>(380,364)</u>    |
| Acquisition of Prepaid Expenses             | (13,979)            | (4,718)             |
| Reduction of Promotional Supplies Inventory | 2,981               | 1,436               |
|   | <u>(10,998)</u>     | <u>(3,282)</u>      |
| Increase (Decrease) in Net Financial Assets | 274,484             | (992,783)           |
| Net Financial Assets, beginning of year     | <u>1,232,289</u>    | <u>2,225,072</u>    |
| Net Financial Assets, end of year           | <u>\$ 1,506,773</u> | <u>\$ 1,232,289</u> |

(See accompanying notes to the financial statements)

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended June 30**

|   | <u>2011</u>         | <u>2010</u>         |
|---|---------------------|---------------------|
| <b>Operating Activities:</b>                            |                     |                     |
| Cash Receipts from General Revenue Fund                 | \$ 19,924,872       | \$ 20,931,881       |
| Cash Receipts from Clients                              | 1,957,522           | 1,929,366           |
| Interest Received                                       | 30,040              | 10,162              |
| Industry Contributions Received                         | 87,218              | 304,057             |
| Receipts from the Sale of Products and Services         | 89,085              | 4,453               |
| Cash Paid to Employees                                  | (3,984,292)         | (3,625,206)         |
| Cash Paid to Suppliers                                  | (2,322,359)         | (1,688,032)         |
| Cash Paid to Provide Program Services                   | <u>(15,170,774)</u> | <u>(15,591,812)</u> |
| Cash Provided by Operating Activities                   | <u>611,312</u>      | <u>2,274,869</u>    |
| <b>Capital Activities:</b>                              |                     |                     |
| Purchase of Tangible Capital Assets                     | <u>(338,387)</u>    | <u>(475,983)</u>    |
| Cash Applied to Capital Activities                      | <u>(338,387)</u>    | <u>(475,983)</u>    |
| <b>Increase in Cash</b>                                 | 272,925             | 1,798,886           |
| <b>Due from General Revenue Fund, beginning of year</b> | <u>2,330,075</u>    | <u>531,189</u>      |
| <b>Due from General Revenue Fund, end of year</b>       | <u>\$ 2,603,000</u> | <u>\$ 2,330,075</u> |

(See accompanying notes to the financial statements)

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**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2011**

**1. Description of Business**

The Apprenticeship and Trade Certification Commission (the Commission) was established as an entity by *The Apprenticeship and Trade Certification Commission Act, 1999* effective October 1, 1999.

The Commission is an industry-led agency with a mandate to govern and manage the apprenticeship system in Saskatchewan. The purpose of the Commission is to develop industry occupational standards in apprenticeship trades and to provide services to employers and tradespersons supporting certification based on those standards.

**2. Significant Accounting Policies**

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants and reflect the following significant accounting policies.

a) The Basis of Accounting

The accounts are prepared on the accrual basis of accounting.

b) Revenue

The revenue of the Commission consists of monies provided by the General Revenue Fund (Saskatchewan Advanced Education, Employment and Immigration) to operate the Commission and train apprentices, industry contributions, fees charged to apprentices, monies collected from the sale of products and services and interest revenue. Restricted contributions are deferred and recognized as revenue in the year in which the related expense is incurred. Amounts received for tuition fees, and products and services are recognized as revenue in the year that the goods are delivered or services are provided.

c) Expenses

Expenses represent the cost of resources consumed during the period of operations. Expenses include a provision for the amortization of tangible capital assets.

d) Inventories

Inventories of items for resale are valued at the lower of cost and net realizable value, which is determined by the first-in, first-out method. Inventories of promotional supplies are valued at cost.

e) Tangible Capital Assets

Tangible capital asset purchases are recorded at cost. The cost and related accumulated amortization of items retired or disposed of are removed from the records and any gains or losses are included in the Statement of Operations and Accumulated Surplus.

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**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2011**

Amortization is recorded on tangible capital assets on a straight-line basis over their estimated useful lives.

|                               |               |
|-------------------------------|---------------|
| Office Equipment              | 5 years       |
| Office Furniture              | 10 years      |
| Computer Hardware             | 3 years       |
| Leasehold Improvements        | Life of lease |
| Computer Application Software | 3 years       |
| System Development            | 5 years       |

f) Joint Venture

The Commission has a 2.9% share in a joint venture called the Inter-Provincial Computerized Examination Management System (ICEMS). The results of the joint venture operations have been included in these financial statements using the proportionate consolidation method.

g) Use of Estimates

These statements are prepared in conformity with Canadian generally accepted accounting principles. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Differences are reflected in current operations when identified.

**3. Due from the General Revenue Fund**

The Commission's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan.

Earned interest is calculated and paid by the General Revenue Fund on a quarterly basis into the Commission's bank account using the Government's thirty day borrowing rate and the Commission's average daily bank account balance. The average rate for the period July 1, 2010 to June 30, 2011 was 1.0% (2010 – 0.3%)

**4. Related Party Transactions**

These financial statements include transactions with related parties. The Commission is related to all Saskatchewan Crown agencies, such as ministries, corporations, boards, and commissions under the common control of the Government of Saskatchewan.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Commission pays Provincial Sales Tax to the Saskatchewan Ministry of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Commission has not been charged with any administrative costs associated with administrative services provided by Saskatchewan Advanced Education, Employment and Immigration and the Ministry of Finance. Also, the Ministry of Finance paid for the employee benefits of the Commission.

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2011**

The following table summarizes the Commission's transactions with other Government agencies that are not separately disclosed in the financial statements. These transactions are in the normal course of operations and are recorded at agreed upon exchange amounts.

|                                 | <u>2011</u>        | <u>2010</u>        |
|---------------------------------|--------------------|--------------------|
| Conexus Arts Centre             | \$ -               | \$ 6,002           |
| Cumberland College              | -                  | 8,351              |
| Finance                         | 261                | 74                 |
| Great Plains College            | 23,760             | 8,750              |
| Information Technology Office   | 317,660            | 369,432            |
| Government Services             | 134,786            | 169,978            |
| Northlands College              | 48,000             | 15,000             |
| Parkland Regional College       | 200,194            | 192,693            |
| Public Service Commission       | 1,296              | 3,647              |
| Saskatchewan Cancer Agency      | 50                 | 50                 |
| Saskatchewan Transportation Co. | 1,945              | 991                |
| SaskEnergy Incorporated         | 879                | 642                |
| SaskTel                         | 75,395             | 80,341             |
| SaskPower Corporation           | 214,703            | 249,298            |
| SIAST                           | 932,774            | 1,447,342          |
| Southeast Regional College      | 25,359             | 87,314             |
|                                 | <u>\$1,977,062</u> | <u>\$2,639,905</u> |

**Saskatchewan Institute of Applied Science and Technology (SIAST) Agreement**

The Commission also enters into an annual agreement with SIAST for technical training based upon a Training Needs Assessment prepared prior to each fiscal year. In 2011, the contract amount was \$13,000,000 (2010 - \$12,000,000) and these amounts are included in the Statement of Operations and Accumulated Surplus under Program Contractual Services.

**Interprovincial Computerized Examination Management System (ICEMS)**

The Province of Saskatchewan entered into an agreement with the Government of Canada, the nine other provincial governments and the three territorial governments to develop an Interprovincial Computerized Examination Management System (ICEMS). The Commission is a member of the ICEMS Steering Committee. The Commission has joint control over the operating policies of ICEMS. The Commission's pro-rata share of its interest in this joint venture is as follows:

|  | <u>2011</u> | <u>2010</u> |
|--|-------------|-------------|
| Due from General Revenue Fund            | \$ 33,736   | \$ 9,698    |
| Accounts Receivable                      | 1,550       | 673         |
| Accounts Payable and Accrued Liabilities | 410         | 310         |
| Revenue – Products and Services          | 50,058      | 30,442      |
| Expenses – Other Contractual Services    | 25,243      | 27,110      |

The Federal Government collects the monies for ICEMS from the provinces and territories and forwards them to the Commission. The ICEMS Steering Committee approves disbursements from monies held in trust by the Commission to pay for the development of the ICEMS. Since these monies are held in trust for the ICEMS joint venture, they are not reflected in these financial statements, except as noted above. At June 30, 2011, the Commission held in trust cash for the ICEMS in the amount of \$1,163, 649 (2010 - \$334,517). During the year, the Commission received \$1,696,382 (2010 - \$1,082,044) for ICEMS and disbursed \$867,250 (2010 - \$967,120).

## 5. Financial Instruments

The Commission's financial instruments include: due from the General Revenue Fund; accounts receivable; accounts payable and accrued liabilities; and accrued vacation leave. The carrying amount of these financial instruments approximates fair value due to their immediate or short-term maturity. These financial instruments have no interest or credit risk.

## 6. Accounts Receivable

Accounts receivable are composed of the following:

|                               | <u>2011</u>      | <u>2010</u>      |
|-------------------------------|------------------|------------------|
| Grants – General Revenue Fund | \$ 45,000        | \$ 45,000        |
| Interest receivable           | 9,614            | 2,955            |
| Other                         | <u>13,446</u>    | <u>6,126</u>     |
| Total accounts receivable     | <u>\$ 68,060</u> | <u>\$ 54,081</u> |

## 7. Deferred Revenue

Deferred revenue is comprised of tuition fees received from apprentices before June 30, 2011 for training which will occur after June 30, 2011.

## 8. Deferred Contributions

Deferred Contributions represents unexpended funds externally restricted for the Saskatchewan Youth Apprenticeship Industry Scholarship Program. In 2010-2011, the Commission received funds from industry totaling \$76,000. In 2010-2011, twenty five \$1,000 scholarships were paid out and \$4,105 was earned in interest.

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Notes to the Consolidated Financial Statements**  
**For the Year Ended June 30, 2010**

**9. Operating Lease**

The Commission entered into a lease agreement for rental space at 2140 Hamilton Street, Regina. The annual lease payments agreed to are:

|                       |                       |
|-----------------------|-----------------------|
| 2011-2012 - \$116,928 | 2014-2015 - \$131,544 |
| 2012-2013 - \$131,544 | 2015-2016 - \$131,544 |
| 2013-2014 - \$131,544 | 2016-2017 - \$131,544 |

The Commission is responsible for the payment of operating expenses related to this premises. The lease agreement expires June 30, 2017.

**10. Designated Assets**

Designated assets comprised the following of total net financial assets:

|   | <u>2011</u>         | <u>2010</u>         |
|---|---------------------|---------------------|
| Financial assets designated for Aboriginal initiatives  | \$ 93,045           | \$ 207,470          |
| Financial assets designated for renovations   | 14,235              | 47,183              |
| Financial assets designated for training contracts  | 31,662              | -                   |
| Financial assets designated for Saskatchewan Youth<br>Apprenticeship Industry Scholarship Program | 135,000             | 50,000              |
| Undesignated financial assets   | <u>1,232,831</u>    | <u>927,636</u>      |
| Total net financial assets  | <u>\$ 1,506,773</u> | <u>\$ 1,232,289</u> |

**11. Non-Financial Assets**

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Commission. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Commission's objectives.

The table on the next page provides disclosure of the tangible capital assets.

**Saskatchewan Apprenticeship and Trade Certification Commission**  
**Tangible Capital Assets**  
**For the Year Ended June 30**

|   | 2011                   |                  |                  |                   |                               | 2010               |              |
|---|------------------------|------------------|------------------|-------------------|-------------------------------|--------------------|--------------|
|   | Leasehold Improvements | Office Furniture | Office Equipment | Computer Hardware | Computer Application Software | System Development | Total        |
| Opening cost                              | \$ 467,794             | \$ 254,876       | \$ 43,868        | \$ 154,058        | \$ 76,922                     | \$ 253,525         | \$ 1,251,043 |
| Additions during the year                 | 469,263                | 15,555           | -                | 2,697             | -                             | -                  | 487,515      |
| Disposals during the year                 | -                      | (245)            | -                | (12,792)          | -                             | -                  | (13,037)     |
| Closing cost                              | 937,057                | 270,186          | 43,868           | 143,963           | 76,922                        | 253,525            | 1,725,521    |
| Opening accumulated amortization          | 109,308                | 99,572           | 34,268           | 150,007           | 76,922                        | 253,525            | 723,602      |
| Annual amortization cost                  | 118,245                | 27,065           | 3,127            | 3,259             | -                             | -                  | 151,696      |
| Amortization related to disposals         | -                      | (122)            | -                | (12,792)          | -                             | -                  | (12,914)     |
| Closing accumulated amortization          | 227,553                | 126,515          | 37,395           | 140,474           | 76,922                        | 253,525            | 862,384      |
| Net book value of tangible capital assets | \$ 709,504             | \$ 143,671       | \$ 6,473         | \$ 3,489          | \$ -                          | \$ -               | \$ 863,137   |
|   |                        |                  |                  |                   |                               |                    | \$ 527,441   |