

Annual Report

January 1, 2022, to
March 31, 2023



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Message from Board Chair



On behalf of the board of directors, I am pleased to present Skilled Trades Ontario's first annual report.

In January 2022, the Ontario government launched Skilled Trades Ontario to promote and market the trades, develop the latest training and curriculum standards, and provide a streamlined, user-friendly experience for skilled trades professionals.

With Ontario now facing an unprecedented shortage of skilled trades professionals amid a rapidly growing population, the need to promote these promising careers is more pressing now than ever.

During our first year of operation, Skilled Trades Ontario rose to the challenge. We quickly completed the foundational work to meet government legislation, directives and policies as a new Crown agency, created a seamless, online experience for skilled trades professionals and encouraged thousands of young people to enter the trades.

I would like to extend my appreciation to our dedicated leadership team and staff, partners and stakeholders for their contributions over the past year. I am confident that together, we will continue to shape a brighter future for the skilled trades in Ontario.

Michael Sherrard

Board Chair, Skilled Trades Ontario

Message from CEO/Registrar



This inaugural annual report not only showcases Skilled Trades Ontario's achievements, but our commitment to creating a brighter future for Ontario apprentices and skilled trades professionals.

As Skilled Trades Ontario is a new organization, this annual report covers the full 15-month period of operations up to March 31, 2023. During this time, and in partnership with the Ministry of Labour, Immigration, Training, and Skills Development, we have made significant progress on our mandate to simplify services, tackle the labour shortage and promote careers in the skilled trades.

We brought services online, launched a series of provincewide career fairs and introduced a new brand identity. We were nationally recognized as a leader in standards development and unveiled a new tool allowing experts to have their say in the development of training, examination, and curriculum standards in Ontario.

None of these achievements would have been possible without the support of our Board of Directors, our dedicated staff, and valued partners and stakeholders. I want to thank each of them for their ongoing support.

The future holds tremendous potential for Skilled Trades Ontario as we continue to innovate, collaborate, and advocate for the skilled trades.

Melissa Young

CEO/Registrar, Skilled Trades Ontario

About Skilled Trades Ontario

Skilled Trades Ontario ('STO', or 'the agency') is a Crown agency established under the *Building Opportunities in the Skilled Trades Act, 2021*¹ and began operations in January 2022. STO is governed and managed by a Board of Directors and a Chief Executive Officer/Registrar. The Minister of Labour, Immigration, Training and Skills Development (the Minister) is responsible for regulatory decisions related to apprenticeship training and certification, Ontario's skilled trades and the overall direction of the agency.

In short, the Ontario government launched STO to improve trades training, simplify services, promote and market the trades, develop the latest training and curriculum standards and provide a streamlined user-friendly experience for tradespeople.² "An independent Board of Directors will lead the agency in delivering on the government's Skilled Trades Strategy to break the stigma surrounding the trades, simplify the system, and encourage employers to hire more apprentices."³

Currently, STO is responsible for apprenticeship standards and skilled trades training and certification in Ontario, which includes:

- establishing apprenticeship programs, including training standards, curriculum standards and certification exams
- assessing experience and qualifications of individuals who have not completed an apprenticeship program in Ontario
- issuing Certificates of Qualification in all trades with certifying exams
- renewing Certificates of Qualification in compulsory trades
- maintaining a Public Register of people authorized to work in compulsory trades
- promoting inclusivity and diversity in relation to trades and apprenticeship
- conducting research in relation to trades and apprenticeship

¹ [Building Opportunities in the Skilled Trades Act, 2021, S.O. 2021, c. 28](#)

² News Release: Ontario Launching New Agency to Better Serve Tradespeople. January 25, 2022. <https://news.ontario.ca/en/release/1001478/ontario-launching-new-agency-to-better-serve-tradespeople>

³ Ibid.

Mission

To support Ontario's economic success by serving apprentices, skilled trade professionals, as industry as the central authority responsible for establishing leading-edge standards for higher education and certification to prepare the next generation for the opportunities of today and the challenges of tomorrow.

Vision

Make Ontario the place where skilled trades professionals thrive.

Values

- **Professional:** Setting high standards for a trusted and valued skilled trades workforce.
- **Accessible:** Making the pathways into the skilled trades clear and straightforward for all.
- **Agile:** Providing leading-edge education and certification standards.
- **Collaborative:** Building strong partnerships with skilled trades professionals, employers, and training providers.
- **Engaged:** Being there for skilled trades professionals, where and when they need us.

Ongoing Transition to Mature State

STO's enabling statute, *Building Opportunities in the Skilled Trades Act, 2021* (BOSTA), includes sections that are not yet proclaimed. If proclaimed, those sections would transfer the responsibilities of apprenticeship pathway and exam administration and certification from the Ministry of Labour, Immigration, Training and Skills Development (MLITSD or ministry) to STO at a future time.

The transition of these additional functions to STO will define the future delivery of additional services by STO in the mature state. Definitive timelines for implementation are dependent on government approval of the model and any potential statutory changes that may be required.

Governance and Appointments

Board Composition, Appointments and Remuneration

Appointee	Date First Appointed	Current Appointment Expires	Total Annual Remuneration	Per Diem Remuneration Rate
Michael Sherrard, Chair	Jan. 1, 2022	Dec. 31, 2024	\$ 11,186.24	\$ 350.00
Christine Wellenreiter, Member	Jan. 1, 2022	Dec. 31, 2024	\$ 4,172.44	\$ 200.00
James Barry, Member	Jan. 1, 2022	Dec. 31, 2024	\$ 3,496.58	\$ 200.00
Jason Ottey, Member	Jan. 1, 2022	Dec. 31, 2024	\$ 3,210.36	\$ 200.00
Karen Renkema-Millar, Member	Jan. 1, 2022	Dec. 31, 2024	\$ 4,200.00	\$ 200.00
Lee Greenberg, Member	Jan. 1, 2022	Dec. 31, 2024	\$ 3,270.72	\$ 200.00
Lindsay Engel, Member	Jan. 17, 2022	Jan. 16, 2025	\$ 4,051.74	\$ 200.00
Michael Gallardo, Member	Jan. 17, 2022	Jan. 16, 2025	\$ 4,420.72	\$ 200.00
Ronald Kelusky, Member	Jan. 17, 2022	Jan. 16, 2025	\$ 4,320.72	\$ 200.00
John Breslin, Member	Feb. 1, 2022	Jan. 31, 2025	\$ 3,420.72	\$ 200.00

Appointee	Date First Appointed	Current Appointment Expires	Total Annual Remuneration	Per Diem Remuneration Rate
Scott Player, Member *Resigned January 2023*	Dec. 16, 2021	Dec. 15, 2024	\$ 4,151.80	\$ 200.00
Total Board Remuneration Jan 1, 2022 to Mar 31, 2023			\$ 49,902.04	N/A
Melissa Young, CEO and Registrar	Jan. 1, 2022	Dec. 31, 2024	Melissa Young receives an annual salary as CEO and Registrar but does not receive remuneration as a Board member.	N/A

Board Committees and Sub-Committees

The following Committees were established to support the board in the execution of its responsibilities.

The **Executive Committee** is charged with assisting the Board in its oversight role by conducting business between Board meetings and assisting the Board in carrying out its mandate.

Members:

- John Breslin – Member
- Michael Gallardo – Member
- Ron Kelusky – Member
- Jason Ottey – Member

- Michael Sherrard – Committee Chair
- Christine Wellenreiter – Member

The **Finance & Audit Committee** is charged with assisting the Board in its oversight role over the Corporation’s finances.

Members:

- Ron Kelusky – Committee Chair
- Karen Renkema-Millar – Member
- Michael Sherrard – Member

The **Governance Committee** is charged with assisting the Board with its internal governance.

Members:

- James Barry – Member
- Lindsay Engel – Member
- Michael Gallardo – Committee Chair
- Lee Greenberg – Member
- Michael Sherrard – Member

In addition, the board may establish sub-committees (advisory/ad hoc committees) for the delivery of a particular objective. The Governance Committee has created a **Diversity Equity Inclusion and Belonging (DEIB) Sub-Committee** to inform and deliver on promotion of inclusivity and diversity in relation to trades and apprenticeship.

Members:

- James Barry – Member
- Lindsay Engel – Member
- Michael Gallardo – Sub-Committee Chair
- Jason Ottey – Member
- Christine Wellenreiter – Member

Operational Activities and Performance (5 areas of focus)

STO's key operational activities between January 1, 2022, and March 31, 2023, are reflective of the government priorities outlined in the minister's April 2022 Letter of Direction. These priorities have been grouped into 'five areas of focus' which are outlined below:

1. continued transition to a new Crown agency
2. engage and build relationships with stakeholders
3. deliver client-focused digital first services
4. modernize the apprenticeship and skilled trades system
5. build research and data analytics capacity to support evidence-based decision-making

Focus area #1: Continued transition to a new Crown agency

STO is building a high performing organization dedicated to public service to meet the mandate for STO per the *Building Opportunities in the Skilled Trades Act, 2021*. STO will ensure all foundational work is completed to meet government legislation, directives and policies.

Key actions:

- Work with MLITSD to support developing operational capacity for a mature state integrated service delivery model.
- Establish a Memorandum of Understanding with the ministry.
- Create the foundation and frameworks necessary to abide by applicable government directives and policies.
- Abide by applicable government directives and policies. Ensure transparency and accountability in reporting.
- Identify the appropriate skills, knowledge and experience to support the Board of Directors' role in agency governance and accountability.

Progress (Focus Area 1):

Becoming operational as a Crown agency:

STO was opened on January 1, 2022, as part of the Ontario government's commitment to improve trades training and simplify services relating to apprenticeships and trades. STO's mandate was designed to allow STO to expand upon core responsibilities previously assigned to Ontario College of Trades (OCOT), as was recommended by Ontario's Skilled Trades Panel⁴.

As a result of this transition, STO inherited corporate structures, technologies, processes and culture from OCOT. This created the need for organizational change and adaptation to the corporate governance and operating model of a Crown agency. STO has made considerable progress since 2022:

- In alignment with the Agencies and Appointments Directive (AAD), STO has focused on operational initiatives with those priorities identified in the Minister's [April 29, 2022 mandate letter](#)⁵. The direction provided through the mandate letter informs the Five Areas of Focus set out in this annual report.
- STO conducted a thorough gap analysis and has implemented processes to support harmonization between past OCOT reporting and new AAD and other agency reporting requirements. The STO business plan, compliance attestations, and quarterly risk reports were submitted to the ministry in accordance with AAD or other respective timelines. A new STO Corporate Coordination Office is in place to support alignment between STO activities and agency-specific reporting requirements. Government directives have been assessed internally and assigned to STO corporate leads responsible for compliance with government requirements.
- The MLITSD and STO worked together to establish a draft Memorandum of Understanding (MOU) that will set out the accountability relationship between STO and the ministry, clarify roles and responsibilities and confirm the full applicability of government directives.

⁴ [Skilled trades panel – Phase 1 report | ontario.ca](#)

⁵ [sto-mandate-letter.pdf \(skilledtradesontario.ca\)](#)

- Since January 1, 2022, the Human Resources Division has recruited and onboarded 70 staff across the organization. They are continuing to build capacity in each department. Job opportunities are posted on STO's careers site.
- Ethics training for all employees and appointees was completed in January 2023. As part of the onboarding process, all new employees receive this training. All employees and appointees have signed Oaths/Affirmations of Office. STO also reported all relevant salary information requested by the ministry for the purpose of Public Sector Salary Disclosure.
- STO actively participated in early work related to mature state planning and will continue to support the ministry in its work to determine the future integrated service delivery model which will define how services are provided by STO and the ministry.

Supporting Governance and Accountability of the Board

On September 22, 2022, the STO Board passed a set of By-laws which were submitted for ministerial review and approval, as required by BOSTA. By-laws came into effect in November 2022 and provide STO further processes to support governance oversight of operational reporting and planning. By-laws are posted on STO's website⁶. In addition, the Corporate Governance department has developed and shared with the Board the Expense Submission and Per Diem Eligibility policies (as part of the Board Operations Policy Manual) to both inform and support compliance with government directives.

To support the Board of Directors' role in agency governance and accountability, the following skills, knowledge areas, and areas of experience were identified by STO Corporate Governance:

- Startup/Change Management
- Financial, Accounting, Audit and Risk Management
- Public Sector Management
- Government Relations
- Executive Talent Management/Human Resources
- Skilled Trades and Apprenticeship

⁶ [By-laws - Skilled Trades Ontario](#)

- Legal/Regulatory Affairs
- Public Relations/Communications/Marketing and Brand Management
- Corporate Governance/Executive Leadership

Through the STO board member Skills Self-Assessment survey, competencies were measured to determine Board members' skills and experiences in specific areas identified in agency governance. Using Board member responses, a competencies matrix was developed to best populate the Board Committees, Sub-Committees and working groups in their role of agency governance.

Board members underwent the mandatory Public Appointee Orientation training which ensures that Board members have a baseline level of knowledge regarding public appointments and agencies, governance and accountability, financial and risk oversight, and conflict of interest and ethical requirements.

Focus area #2: Engage and build relationships with stakeholders

STO is committed to ensuring that the agency is industry informed. STO will work with partners to draw on their knowledge and expertise and meet shared goals. STO will ensure that timely industry advice is sought on targeted initiatives with a view to establishing positive and respectful relationships.

Key actions:

- To support promotion of apprenticeships and skilled trades.
- Work with stakeholders to identify clearer pathways to apprenticeship.

Progress (Focus area 2):

STO Branding and Social Media Presence

In 2022, STO consulted extensively on the development of a new visual identity to clearly communicate STO's mission, vision and values as a Crown agency of MLITSD. STO solicited feedback from Board members, agency staff and key stakeholders to ensure the branding reflected goals and priorities to streamline the skilled trades and apprenticeship system and promote careers in the skilled trades. The new logo, branding and tagline were launched at a joint event hosted by STO and the ministry in October 2022.

That fall STO also launched its LinkedIn, Twitter, Facebook, Instagram, and YouTube accounts. As of March 31, 2023, the total follower accounts across all channels were over 5,800.

Events and Career Fairs

To promote STO's progress to streamline the apprenticeship system and modernize standards, the agency hosted a media event in January 2023 to highlight newly updated training and curriculum standards and an increase of apprenticeship registrations. In March, the agency hosted another media event to amplify the launch of Standards Industry Advisory Committees (IAC). In the first three days since Standards IACs launched, more than 1,600 people viewed the IAC survey form.

In September 2022, STO partnered with MLITSD on a series of career fairs across the province, aimed at promoting careers in the skilled trades to young people and parents. These included events in Mississauga, Ottawa, London and Sudbury and Thunder Bay and attracted over 13,000 students, parents, and educators.

Strategic Plan

The CEO's Office launched the development of STO's inaugural strategic plan for 2023-2026. This project launched in January 2023 and has closely collaborated with STO's stakeholder community. This project has involved consultations with several hundred stakeholders and will be finalized early in the upcoming fiscal year.

Focus area #3: Deliver client-focused digital first services

As the new one-stop shop for apprenticeship training and certification, STO is working toward streamlined service delivery that provides an exceptional end-to-end client experience while maximizing the effective use of technology and digital platforms.

Key actions:

- Support digital first client services and continue to explore and implement digital modernization strategies, while preserving service excellence and continuing to meet service standards through transition. Adopt digital and service design principles such as agile development, user-centered design, and product management.
- Identify and pursue service delivery methods that have evolved since March 2020 (digital or other) and focus on activities that support the recovery from

the impacts of COVID-19 and enable appropriate, coordinated, and effective apprenticeship training and certification program delivery.

- Build capacity to provide certificate of qualification examination preparation support.
- Continue to work with the federal government to develop pathways into the trades for those with military service and training.
- Maintain service level standards for issuing and renewing certificates.
- Conducting trade equivalency assessments and identify opportunities for continuous improvement.
- Engage other Canadian jurisdictions on the development of a digital first solution to support timely and efficient verification of skilled trades certification from other Canadian jurisdictions as part of trade equivalency assessments.
- Work with other jurisdictions to support labour mobility in the skilled trades.
- As a member of the Canadian Council of Directors of Apprenticeship (CCDA) STO will continue to support pan-Canadian harmonization initiative. Pan-Canadian harmonization facilitates the mobility of apprentices across Canada and helps to support apprenticeship completion rates.
- Work with MLITSD to advance the Ontario Onwards Action Plan.

Progress:

Examinations

An Exam Support Unit consisting of a supervisor and five advisors was established in the Summer of 2022. Individuals seeking extensions to Provisional Certificates of Qualification that were nearing expiry as well as individuals who attempted exams multiple times were contacted by Exam Support Unit.

Exam support may include distribution of study resources (e.g., Red Seal Standard or National Occupational Analysis, Exam Preparation Guide, etc.) and one-on-one exam support. As of March 31, 2023, the Exam Support Unit reached out to more than 390 individuals. In these early days offering exam support, over 30% of individuals that received exam support passed their certifying examination on their following attempt.

Further, to support all exam writers, an updated examination preparation guide was published on the STO website⁷ in June 2022. The exam resources pages (French and English) were accessed by 14,598 individual users during the fiscal year.

Canadian Council of Directors of Apprenticeship

STO represents Ontario at the Canadian Council of Directors of Apprenticeship (CCDA). Officials from MLITSD also participate in the CCDA. Through the work of the dedicated Standards and Examinations Branch and engaged Ontario industry partners, Ontario was at the top of the CCDA service standards report for sending subject-matter experts, instructors, and facilitators to Red Seal workshops to ensure Ontario's interests are reflected in new Red Seal Occupational Standards (RSOS). Much of Ontario's work on training and curriculum standards depends on the program cycle for Red Seal Standards Development. Moving forward, STO will further align to that cycle.

Skilled Trades Ontario (STO) Portal, IT Infrastructure, and Other Digital Services

To support the Ontario Onwards Action Plan⁸ priority of making government services more digitally accessible, STO is investigating virtual learning strategy/environments that have been funded by the Canadian government and are in use by other jurisdictions.

In 2022, STO initiated the modernization of its IT infrastructure. Public facing systems were moved to the cloud while adhering to Ontario's Cloud First and Security principles. A plan was developed to move all internal systems to the cloud in an orderly fashion without unplanned service interruptions.

In August 2022, the website was upgraded to operate 5 times faster than previously to enable better client response and increase workload. Corporate Communications also initiated a refresh of STO's webpage content to ensure that it is accessible and readable to all audiences.

Working with MLITSD, the STO Portal (portal) and public registry were launched on the STO website in January 2022. The portal provides individuals with secure access to online services, including services relating to apprenticeship and certification. Additional

⁷ [exam-preparation-guide-ver5-sto-june-17-2022-eng.pdf \(skilledtradesontario.ca\)](#)

⁸ [Ontario Onwards: Action Plan | Ontario.ca](#)

online services are being released in phases, with the goal of building a one-window digital channel for all skilled trades and apprenticeship clients by 2025. All portal enhancements are based on the principles of agile development and user-centric design.

The public register allows users to search for individuals to confirm that a skilled trades professional or apprentice can legally work in a compulsory trade.

With the modernization of the IT infrastructure, the STO staff equipment refresh was completed in October 2022. This ensures that all staff equipment is current, standardized and secured with the latest protection to ensure a secure and safe environment for portal users' information.

Trade Equivalency and Out-of-Province Credential Recognition

STO recognizes the valuable contributions of individuals with military service and trades training and has partnered with the Department of National Defence to expedite their integration into the public skilled trades sector. Furthermore, STO continued to collaborate with all Canadian jurisdictions to address ongoing labour mobility needs through recognition of authorizing certificates issued by out-of-province regulatory authorities. Between April 1, 2022, and March 31, 2023, STO completed 4,367 experience and qualification equivalency assessments to support recognition of credentials.

STO worked to review and update standardized guidelines, applications, and criteria for the purpose of completing trade equivalency assessments. This enabled STO to maintain consistency and fairness when evaluating the qualifications of individuals from diverse backgrounds. Collaboration with industry experts and professional associations, including the Office of the Fairness Commissioner, ensured that trade equivalency assessment methodologies aligned with regulatory requirements, and industry best practices and standards.

Service Delivery

During the inaugural operational year of STO, staff were dedicated to enhancing customer service by aligning service delivery methods with the evolving digital landscape and remote-work model introduced in March 2020. STO forged a strong new partnership with MLITSD on a multi-year plan to develop and implement the STO Digital

Portal, featuring client-centric enhancements that will continue to improve service delivery.

STO made significant progress in the recruitment, training, and support of new hire service representatives, ensuring a knowledgeable and responsive team. A commitment to delivering exceptional service led STO's IT team to enhance hardware and software capabilities across multiple service management platforms, resulting in improved stability and availability across various client interaction and support channels.

The STO evaluation and assessment unit actively collaborated with Canadian jurisdictions to facilitate the integration of experienced individuals into Ontario's skilled trades certification model. In collaboration with the Office of the Fairness Commissioner, STO established and adhered to new service level standards aligning with the *Fair Access to Regulated Professions and Compulsory Trades Act*⁹ and regulations. These standards aim for faster assessment decisions across diverse applicant cohorts.

STO maintains high service level standards associated with certificate issuance and renewal. From April 1, 2022, to March 31, 2023, 171,294 certificates of qualification were renewed to confirm qualifications of individuals. Through regular reports, audits and reviews, STO ensured compliance with established standards, leveraging technology and automation to streamline administrative procedures and reduce processing times.

STO remains committed to driving exceptional customer service and continuous improvement in all aspects of operations.

Focus area #4: Modernize the apprenticeship and skilled trades system

As the central authority responsible for establishing leading-edge standards in apprenticeship training and certification, STO is working to ensure this meets Ontario's labour needs by reducing barriers to labour mobility and entry into skilled trades. STO aims to contribute to Ontario's economic success by making Ontario a destination of choice for skilled trades workers.

Key actions:

⁹ [Fair Access to Regulated Professions and Compulsory Trades Act, 2006, S.O. 2006, c. 31 \(ontario.ca\)](https://www.ontario.ca/laws/statutes/06/far)

- Work with other governments in Canada with respect to the Interprovincial Standards Red Seal Program for apprenticeship, including Gasfitter – Class A, Gasfitter – Class B, and Oil Heat System Technician, subject to any applicable agreements and/or program requirements.
- If a Red Seal endorsement under the Interprovincial Red Seal Trades program is available for a trade prescribed under the *Building Opportunities in the Skilled Trades Act, 2021* (BOSTA), seek Canadian Council of Directors of Apprenticeship (CCDA) support to issue the Red Seal endorsement for those trades.
- Consider the following matters in establishing apprenticeship programs and researching or evaluating trades that are or may be prescribed, including, but not limited to:
 - Common-core standards for groups of trades, subject to the prescribed scopes of practice;
 - Whether similar trades could be considered for consolidation through regulatory amendment by the Minister; and
 - Integration of occupational health and safety training and Coroner’s Jury Recommendations into training and curriculum standards.

Progress (Focus Area 4):

Classification and Reclassification of Skilled Trades

In 2020 the government appointed a five-member Skilled Trades Panel to:

- Seek input from the public and industry stakeholder on how to improve the skilled trades and apprenticeship system; and
- Provide advice and recommendations to the ministry about ways to modernize the skilled trades and apprenticeship system.

Development of Standards

An apprenticeship program includes:

- on-the job training standards (called Apprenticeship Training Standards, or ATS);

- in-class curriculum standards (Apprenticeship Curriculum Standards); and
- certifying examination(s) based on the ATS¹⁰.

BOSTA prescribed trades have standard(s) and/or examinations that evolve over time to reflect changes, advancements, evolutions, and innovations in the trade. STO is working to update standards to reflect health and safety considerations, evolving technology, and environmental protections as well as Coroner’s Jury recommendations¹¹.

The responsibilities for standards development and implementation are shared between STO and the ministry.

In collaboration with industry STO develops the content, structure and design of both apprenticeship training and curriculum standards.

The implementation of standards and administration of exams resides within the ministry’s statutory roles and responsibilities under BOSTA at this time and will gradually transition over fully to STO. The ministry establishes and monitors registered training agreements with apprentices and employer sponsors, administers examinations and provides individuals who successfully complete an apprenticeship program with a Certificate of Apprenticeship. Therefore, as part of the implementation plan for standards products, the ministry must update relevant processes and technologies (e.g., upload new digital logbooks) as well as provide advance notice to the ministry regional offices.

Leading up to March 31, 2023, STO developed the following CEO approved standards products which were implemented by the ministry (these are found on the STO website¹²):

- **Apprenticeship Training Standards**
 - Effective September 6, 2022 - Horticultural Technician (441C)
 - Effective March 13, 2023:

¹⁰ A Red Seal exam is based on the national Red Seal Occupational Standards (RSOS) or the National Occupational Analysis. The RSOS incorporates both ATS and curriculum standards. STO continues to participate in the development and review of various Red Seal products.

¹¹ The Office of the Chief Coroner (OCC) for Ontario generates recommendations from death investigations and inquests to help improve public safety and prevent future deaths in similar situations. The OCC distributes all verdicts and recommendations to organizations for them to implement and publishes a summary online at: [2022 coroner’s inquests’ verdicts and recommendations | ontario.ca](https://www.ontario.ca/en/2022/coroner-2022-verdicts-and-recommendations)

¹² [Trades information - Skilled Trades Ontario](#)

- Heavy Equipment Operator - Tracker Loader Backhoe (636A)
- Heavy Equipment Operator - Excavator (636B)
- Heavy Equipment Operator - Dozer (636C)

- **Curriculum Standards**

- Effective January 3, 2023 - Horticultural Technician (441C), Arborist/Utility Arborist (444A/44B)

- **Exams**

- exam preparation guide¹³
- an updated Welder Practical Assessment/Ontario Welder Practical Examination equivalency chart¹⁴.
- 6 other provincial exams. For security reasons those exams are not explicitly referenced here.

As of March 31, 2023, the following apprenticeship training standards were approved by the CEO and pending implementation by the ministry:

- Powerline Technician (434A)
- Developmental Services Worker (620D)
- Elevating Devices Mechanic (636E)
- Tool and Die Maker (430A)
- Electrician – Construction and Maintenance (309A)

In addition, as of March 31, 2023, the following apprenticeship training standards were approved by the CEO:

- Residential Air Conditioning Systems Mechanic (313D)
- Automotive Service Technician (310S)

Red Seal Endorsement in the Fuel Trades

On February 25, 2022, Ontario announced its proposal to officially recognize all¹⁵ Red Seal trades in Ontario.

¹³ [exam-preparation-guide-ver5-sto-june-17-2022-eng.pdf \(skilledtradesontario.ca\)](#)

¹⁴ [ontario-welder-practical-examination-equivalency-chart-april-20-2020-final.pdf \(skilledtradesontario.ca\)](#)

¹⁵ There were previously 55 Red Seal trades in Canada. However, the Red Seal trade of EMST (Electric Motor System Technician) was 'discontinued' at the national level as of Aug 1, 2022. As a result, there are currently 54 Red Seal trades.

Since then, the MLITSD, Ministry of Public and Business Service Delivery, Technical Standards and Safety Authority and STO have been working together to identify options for and develop plans for the prescription of three Red Seal fuel trades under the BOSTA. In accordance with Red Seal program policy, STO requested participation in the three existing designated Red Seal fuel trades from CCDA. In November 2022, Ontario received CCDA approval to participate in the following Red Seal programs:

- Oil Heat Systems Technician
- Gasfitter – Class A
- Gasfitter – Class B

Focus area #5: Build research and data analytics capacity to support evidence-based decision-making

STO is working to maximize capacity for evidence-based decision making and problem solving. STO is committing to developing research frameworks and processes to enable effective governance and management of data and records, instilling data stewardship values, and building the data analytics capacity to be responsive to changing labour market needs.

Key actions:

- Support transparency and privacy requirements of data work and data sharing with the ministry.
- Seek improvements in how the agency uses data in decision-making, information sharing and reporting, including leveraging available / new data solutions to inform outcome-based reporting and improve service delivery.
- Collect and report on data relevant to STO apprenticeship training and certification, recognizing that reporting would be subject to potential information sharing agreements between STO and MLITSD.
- Work towards conducting research on the recruitment and retention of apprentices, completion of apprenticeships, successful completion of examinations and employment outcomes to better support effective delivery of services and promotion of skilled trades.
- Work towards research on training mobilization, including coordination with relevant parties to analyze and produce regular workplace forecasts.

- Develop a research plan in relation to labour market needs in the skilled trades and include information on how STO would collaborate with stakeholders.
- To support promotion and research of skilled trades and apprenticeship, commence development on ways to describe and categorize groups of trades in policy.

Progress (Focus Area 5):

Given the statutory responsibilities across both organizations, STO and the ministry have worked together to better understand data methodologies and definitions. As of March 31, 2023, the Ministry and STO were collaborating to finalize the annual Registered Apprenticeship Information System (RAIS) Data submission to Statistics Canada. “The RAIS compiles data on the number of registered apprentices taking in-class and/or on-the-job training in trades that are either Red Seal or non-Red Seal and where apprenticeship training is either compulsory or voluntary. It also compiles data on the number of provincial and interprovincial certificates granted to apprentices or trade qualifiers (challengers).”¹⁶

STO is not yet party to an information sharing agreement with the ministry. STO began development of an interim data sharing protocol for internal and external data requests. STO is building privacy, information management and data analytics capacity.

STO has initiated additional research and data-related initiatives and will continue to expand data collection and research capacity in the future:

- STO started the multi-year information management journey of a new Crown agency by identifying capacity needs and an inventory of research reports, publications and data from various sources (including Statistics Canada, etc.).
- STO created and updates data dashboards for its Board of Directors monthly.
- STO drafted for publication (which occurs in next fiscal year) a bilingual “Fast Facts” brochure that contains training and certification information for all 144 prescribed trades.

¹⁶ [Surveys and statistical programs - Registered Apprenticeship Information System \(RAIS\) \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/28-263-x/2023001/article/00001-eng.htm)

- Staff actively participate on CCDA research committees and support an Apprenticeship Labour Mobility Working Group.
- Work also began on a research approach to leverage and nurture new networks of organizations investigating similar labour market and skilled trades workforce information.

Performance Measurement

STO has developed a set of initial outcome statements in alignment with the Agencies and Appointments directive and related guidance. These outcome statements are closely aligned with the organization’s mandate and values. As STO continues its transition to become fully operational, it will establish and provide meaningful measures and related baseline data for each of these outcomes. Future business planning materials will incorporate detail to show yearly progress against the goals.

1. Standards and Certification	Ontario’s training standards, and corresponding supports result in recognized credentials.
2. Promotion and Participation	Value of, and participation in trades and apprenticeship are effectively promoted to stakeholders.
3. Building Capacity	STO employees are engaged and equipped to provide outstanding service in meeting STO’s mandate.

In addition to these overarching outcomes, the following figures reflect key accomplishments in STO’s first full fiscal year¹⁷ of operations.

¹⁷ While this first annual report covers a 15-month period from January 1, 2022, to March 31, 2023, the numbers above reflect STO’s first complete fiscal year from April 1, 2022, to March 31, 2023. STO has chosen to provide data for this period so that it may be directly comparable in future annual reports.

11,332

Certificates of Qualification (CofQ) issued. CofQs confirm that an individual has passed the prescribed certifying exam for their trade.

Breakdown of CofQs Issued	#
For Compulsory Trades	7,981
For Non-compulsory Trades	3,341
To Females	1,002
To Males	10,298
To Other Gender	22
For Red Seal Trades	9,899
For Non-Red Seal Trades	1,423

196,547

Service Delivery: Number of clients and stakeholders engaged through inbound and outbound phone calls.

19,868

Service Delivery: Number of clients and stakeholders engaged through emails.

Financial Performance

The 2022-2023 fiscal year was the first full operating year for STO. Start-up activities were funded by existing balances, carried forward from OCOT. Included in start-up activities were costs associated with recruitment and interim executive realty space. STO is working with the ministry to establish a future state funding model.

The first audited financial statements were for the 15-month period ending March 31, 2023. They present an operating surplus of \$1.5M and cash flow deficit of \$1.8M. The operating surplus was primarily driven by time required to secure qualified staff and agency office realty. STO will continue to move quickly on its staffing and realty strategies so that it will be well positioned to meet its mandate.

The Independent Auditor's Report along with the 15-month period ended March 31, 2023, financial statements can be found below.

Enterprise Risk Management

STO is in the unique position of being both a new Crown agency and an entity that has undergone significant transition since replacing OCOT. In the first 15 months of operations, risks often associated with a new organization and risks associated with significant organizational change were identified by STO. During the 15 months encompassed by this annual report, the following areas of risk impacted STO's operations.

Risk	High Level Overview and Mitigation Actions
<p>Talent Acquisition and Retention</p>	<p>Limited staff strength at the wind down of OCOT and launch of STO led to difficulty in completing new statutory objects and some deliverables in the Mandate.</p> <p>Mitigation activities:</p> <ul style="list-style-type: none"> • A detailed Organization-wide HR Plan is in place with key deliverables and timeframes associated the initial stage of STO’s transformation. • The Human Resources Division has worked to build capacity for the organization by recruiting and onboarding 70 staff into new or vacant positions. The team continues to operationalize and prioritize departmental recruitment needs to staff up the organization.
<p>Requirements as Crown agency</p>	<p>Significant progress has been made in addressing requirements set out in government legislation and directive. Some gaps remain, including:</p> <ul style="list-style-type: none"> • <i>Operational:</i> Delay in initial decisions from ministry (e.g., final MOU, mandate letter, future state funding model) have led to lack of clarity around roles and operational expectations. • <i>Information and Privacy:</i> Processes to fully comply with the government’s privacy and information management requirements. <p>Mitigation activities:</p> <p><i>Operational expectations:</i></p> <ul style="list-style-type: none"> • STO has relied on the initial mandate letter and regular conversations with the ministry to support alignment with operational expectations. <p><i>Information and Privacy:</i></p> <ul style="list-style-type: none"> • Leveraging ministry training resources and other materials relating to information and privacy. • Recruitment planned for positions to support implementation.

Risk	High Level Overview and Mitigation Actions
<p>Outdated Apprenticeship Training and Curriculum Standards and Exams</p>	<p>STO began operations in January 2022. This followed the wind-down of OCOT in October 2018.</p> <p>Between these times, no apprenticeship training nor curriculum standards were approved. As a result, there are outdated standards and related exams.</p> <p>Mitigation activities:</p> <ul style="list-style-type: none"> • Awareness of standards development lifecycle and industry engagement during process. • Prioritization of standards development work. • Where possible, recruitment of staff to develop standards products.
<p>Outdated Technology</p>	<p>The wind-down of OCOT in October of 2018 halted the maintenance and upgrade of all systems and technology platforms. STO has inherited these technologies.</p> <p>Significant progress has been made with the refresh of the outdated system and user technologies. Work remains to address older systems nearing their end of service life scenarios.</p> <p>Mitigation activities:</p> <ul style="list-style-type: none"> • Review of equipment and systems. • Review of the current deployed systems to bring them into alignment with best practices.

STO Audited Financial Statements

STO's audited financial statements for the period of January 1, 2022 to March 31, 2023 follow.

Financial statements of Skilled Trades Ontario

March 31, 2023

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Independent Auditor's Report

To the Board of Directors
Skilled Trades Ontario

Opinion

We have audited the financial statements of Skilled Trades Ontario ("STO"), which comprise the statement of financial position as at March 31, 2023, December 31, 2022, and January 1, 2021 and the statements of operations, changes in net assets and cash flows for the period January 1, 2022 to March 31, 2023 (the "Period") as well as the period ended December 31, 2021, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of STO as at March 31, 2023, December 31, 2022, and January 1, 2021 and the results of its operations and its cash flows for the period then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of STO in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

Management is responsible for the other information. The other information comprises the information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

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 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.

In preparing the financial statements, management is responsible for assessing STO'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 STO or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing STO's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 STO'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 STO's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause STO to cease to continue as a going concern.

- 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.

We 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 we identify during our audit.

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

June 26, 2023

Skilled Trades Ontario
Statement of financial position
As at March 31, 2023

	Notes	March 31, 2023 \$	December 31, 2021 \$	January 1, 2021 \$
				(Note 3)
Assets				
Current assets				
Cash		29,117,370	30,966,180	33,152,083
Accounts receivable	4	342,629	868,344	841,390
Prepaid expenses		357,833	258,430	500,712
		29,817,832	32,092,954	34,494,185
Long term				
Deposits		93,085	—	—
Capital assets	5	247,401	265,642	292,251
		30,158,318	32,358,596	34,786,436
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	6 and 11	1,602,383	4,576,247	2,441,934
Deferred revenue	3 and 7	8,994,801	9,873,599	10,027,647
Current portion of deferred rent inducements		—	—	27,343
Current portion of capital lease obligation	10	67,947	4,647	23,913
		10,665,131	14,454,493	12,520,837
Long term				
Deferred capital contributions	8	—	—	33,147
Deferred rent inducements	10	16,364	—	—
Capital lease obligation	10	83,360	2,408	11,446
		99,724	2,408	44,593
		10,764,855	14,456,901	12,565,430
Commitments				
	10			
Net assets				
Invested in capital assets		96,094	258,587	223,745
Internally restricted		13,000,000	13,000,000	13,000,000
Unrestricted net assets	3	6,297,369	4,643,108	8,997,261
		19,393,463	17,901,695	22,221,006
		30,158,318	32,358,596	34,786,436

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors



_____, Chair

Skilled Trades Ontario
Statement of operations

Period from January 1, 2022 to March 31, 2023

	Notes	March 31, 2023 (15 months)	December 31, 2021 (12 months)
		\$	\$
Revenue			
Client fees	7	12,897,826	10,326,475
Other fees	3 and 7	5,202,464	2,847,550
Deferred capital contributions	8	—	33,147
Interest and other income		963,485	179,204
		19,063,775	13,386,376
Expenses			
Salaries and benefits	11	13,627,515	14,601,161
General and administration		1,912,528	1,654,149
Professional services		614,585	318,786
Trade governance and stakeholder meetings		315,729	75,955
Client communications		881,766	864,019
Amortization		219,884	191,617
		17,572,007	17,705,687
Excess (deficiency) of revenue over expenses	3	1,491,768	(4,319,311)

The accompanying notes are an integral part of the financial statements.

Skilled Trades Ontario
Statement of changes in net assets
 Period from January 1, 2022 to March 31, 2023

	Notes	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	March 31, 2023 (15 months) Total \$	December 31, 2021 (12 months) Total \$
Net assets, beginning of period		258,587	13,000,000	4,643,108	17,901,695	22,221,006
Excess (deficiency) of revenue over expenses	3	—	—	1,491,768	1,491,768	(4,319,311)
Additions to capital assets	3	201,643	—	(201,643)	—	—
Amortization of capital assets		(219,884)	—	219,884	—	—
Capital lease obligations incurred		(201,643)	—	201,643	—	—
Capital lease obligations repaid		57,391	—	(57,391)	—	—
Net assets, end of period		96,094	13,000,000	6,297,369	19,393,463	17,901,695

The accompanying notes are an integral part of the financial statements.

Skilled Trades Ontario
Statement of cash flows

Period from January 1, 2022 to March 31, 2023

	Notes	March 31, 2023 (15 months)	December 31, 2021 (12 months)
		\$	\$
Operating activities			
Excess (deficiency) of revenue over expenses	3	1,491,768	(4,319,311)
Add items not affecting cash			
Amortization of capital assets		219,884	191,617
Amortization of deferred capital contributions		—	(33,147)
Deferred rent inducements		16,364	(27,343)
Gain on disposal of capital assets		—	(22,370)
Net changes in non-cash working capital balances			
Accounts receivable		525,715	(26,954)
Prepaid expenses and deposits		(192,488)	242,282
Accounts payable and accrued liabilities		(2,973,864)	2,134,313
Deferred revenue	3	(878,798)	(154,048)
		(1,791,419)	(2,014,961)
Financing activities			
Capital lease obligations repaid		(57,391)	(28,304)
Capital lease obligation incurred		201,643	—
		144,252	(28,304)
Investing activities			
Additions to capital assets		(201,643)	(168,700)
Proceeds on disposal of capital assets		—	26,062
		(201,643)	(142,638)
Net cash outflow		(1,848,810)	(2,185,903)
Cash, beginning of period		30,966,180	33,152,083
Cash, end of period		29,117,370	30,966,180

The accompanying notes are an integral part of the financial statements.

1. Nature of operations

Skilled Trades Ontario (the "Agency" or "STO") is a Board-governed, operational services Crown agency which replaced the Ontario College of Trades (the "College" or "OCOT") as at January 1, 2022 and is continued as a corporation without share capital as prescribed in the *Building Opportunities in the Skilled Trades Act, 2021*. It operates at arm's length from the Ministry of Labour, Immigration, Training and Skills Development and is responsible for skilled trades certification in Ontario, which includes:

- Establishing apprenticeship programs;
- Assessing experience and qualifications;
- Issuing and renewing Certificates of Qualification;
- Maintaining a Public Register of authorized tradespersons; and
- Conducting research related to apprenticeship and trades.

As a non-share capital corporation, STO is exempt from tax under section 149(1)(d) of the *Income Tax Act* provided certain criteria are met. STO confirms that, to the best of its knowledge, it meets the criteria and qualifies for this tax status for all years since statutorily established.

These financial statements have been prepared in accordance with Canadian public sector accounting standards on the assumption that STO is a going concern. Under the going concern assumption, an organization is viewed as being able to realize its assets and discharge its liabilities in the normal course of operations.

Effective January 1, 2022 the fiscal year end for STO was changed from December 31st to March 31st. Accordingly, management elected to reflect a 15 month period for the Statements of operations, changes in net assets and cash flows, during the transition period compared to 12 months for the previous period under the College.

2. Significant accounting policies

Financial statement presentation

These financial statements have been prepared with first-time adoption of Public Sector Accounting Standards (PSAS) for government not-for-profit organizations, as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada). Financial line items of the previous reporting period have been reclassified where appropriate to comply with PSAS (Note 3).

Revenue recognition

Client fee revenue is recognized over the period using the deferral method of accounting for contributions, net of allowance for doubtful accounts. Amounts received in advance of the period to which they relate are deferred and amortized when appropriate.

Grant revenue is recognized as the related expenditures are incurred. Unearned amounts received are shown as deferred revenue at year end. In 2013, the College, received an additional grant from the Ministry of Training, College and Universities ("MTCU") ("MTCU Credits"). The grant was intended to partially offset client fees of clients transferred from MTCU. Clients have the option to receive the MTCU credits in cash if they opt not to be a client of STO. MTCU credit revenue is deferred and recognized if it relates to offsetting a client fee or is recognized immediately if it is used to offset a returning fee. Any unused MTCU credit is recorded as deferred revenue. Unused MTCU credits continue to be held by STO for any future fees incurred by individuals to whom the credits relate.

STO charges other fees to its clients such as examination fees, issuance of certificates, reinstatement, and other fees. These fees are recognized as revenue when services are rendered and collection is reasonably assured.

2. Significant accounting policies (continued)

Contributions

STO follows the deferral method of reporting restricted contributions.

Financial instruments

STO initially recognizes financial instruments at fair value. Subsequently, at each reporting date, it measures cash at fair value, accounts receivable and accounts payable and accrued liabilities at amortized cost. Any subsequent changes in fair value are recorded in the statement of operations.

Cash

Cash includes balances within an operating and high-yield interest savings bank account.

Capital assets

Capital assets are recorded at cost. The cost of a capital asset includes all costs directly related to the acquisition, construction, development or betterment of the capital asset. Amortization is provided on the straight-line basis over the lesser of the remaining term of the lease or their estimated useful lives, as follows:

Computer equipment	3 years
Computer software	3 to 5 years
Office equipment, furniture and fixtures	5 years
Leasehold improvements	10 years

Capital leases

Capital leases include several computer equipment leases with an average effective interest rate of nil and which are amortized straight-line over 3 years, which are the term of the leases. The capital leases also include two office printers, with an effective interest rate of 4.80% and which are amortized straight-line over 5 years, which is the term of the lease.

Allowance for doubtful accounts

STO records an allowance for doubtful accounts considering the age of an outstanding receivable and the likelihood of its collection. Provisions are also made where collections of the receivable is doubtful based on information gathered through collection efforts. An allowance is reversed once collection of the debt is successful or the amount is written off.

Internally restricted net assets

Internally restricted net assets are internally restricted for purposes of long-term strategic initiatives and unforeseen adverse material events impacting the operations of STO.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector 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 date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Accounts requiring significant estimates and assumptions include allowance for doubtful accounts, accrued liabilities, and the amortization of capital assets.

3. Adoption of New Accounting Standards

Effective January 1, 2022, OCOT transitioned in name to STO and ceased reporting in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and adopted Canadian Public Sector Accounting Standards (PSAS). These new standards were adopted with retrospective restatement, and therefore the 2021 comparative figures have been presented in accordance with the new standards. More specifically:

- a. STO made adjustments to the 2021 financial statements with respect to the accounting for examination fees revenues. These adjustments relate to accounting policy differences between ASNPO and PSAS. Under ASNPO, OCOT had opted to recognize revenues at the point in time when payment was received whereas under PSAS, STO is required to recognize revenue only after its performance obligation is met, which is achieved when the exam results are issued to the writer.

The effect of the change in accounting policy on the statement of financial position as at the opening balance of the first comparative period January 1, 2021 resulted in deferred revenues increasing by \$1,244,140, and unrestricted net assets decreasing by \$1,244,140.

The effect of the change in accounting policy on the statement of financial position as at December 31, 2021 resulted in deferred revenues increasing by \$1,509,190 and unrestricted net assets decreasing by \$1,509,190. With respect to this change, \$1,244,140 relates to the adjustment made as at January 1, 2021 and \$265,050 relates to an adjustment made for the period ended December 31, 2021. Other fees revenues also decreased by \$265,050 in the comparative statement of operations for the period ended December 31, 2021.

Reconciliation of ASNPO to PSAS

The following tables present the reconciliation from ASNPO to PSAS for the statement of financial positions as at January 1, 2021 and December 31, 2021, and a reconciliation of the statement of operations for the year ended December 31, 2021. The deficiency of revenue over expenses increased by \$265,050 and change in deferred revenue balance decreased by \$265,050 in the statement of cash flows for the year ended December 31, 2021.

3. Adoption of New Accounting Standards (continued)

Reconciliation of ASNPO to PSAS (continued)

Reconciliation of statement of financial position items as at January 1, 2021:

	ASNPO January 1, 2021 \$	Transition Adjustment \$	PSAS January 1, 2021 \$
Assets			
Current assets			
Cash	33,152,083	—	33,152,083
Accounts receivable	841,390	—	841,390
Prepaid expenses	500,712	—	500,712
Total Current Assets	34,494,185	—	34,494,185
Capital assets	292,251	—	292,251
Total Assets	34,786,436	—	34,786,436
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	2,441,934	—	2,441,934
Deferred revenue (Note a)	8,783,507	1,244,140	10,027,647
Current portion of deferred rent inducements	27,343	—	27,343
Current portion of capital lease obligation	23,913	—	23,913
Total Current Liabilities (Note a)	11,276,697	1,244,140	12,520,837
Long-term liabilities			
Deferred capital contributions	33,147	—	33,147
Capital lease obligation	11,446	—	11,446
Total long-term liabilities	44,593	—	44,593
Total Liabilities (Note a)	11,321,290	1,244,140	12,565,430
Net assets			
Invested in capital assets	223,745	—	223,745
Internally restricted	13,000,000	—	13,000,000
Unrestricted net assets (Note a)	10,241,401	(1,244,140)	8,997,261
Total Net assets (Note a)	23,465,146	(1,244,140)	22,221,006
	34,786,436	—	34,786,436

3. Adoption of New Accounting Standards (continued)

Reconciliation of ASNPO to PSAS (continued)

Reconciliation of statement of financial position items as at December 31, 2021:

	ASNPO December 31, 2021 \$	Transition Adjustment \$	PSAS December 31, 2021 \$
Assets			
Current assets			
Cash	30,966,180	—	30,966,180
Accounts receivable	868,344	—	868,344
Prepaid expenses	258,430	—	258,430
Total Current Assets	32,092,954	—	32,092,954
Capital assets	265,642	—	265,642
Total Assets	32,358,596	—	32,358,596
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	4,576,247	—	4,576,247
Deferred revenue (Note a)	9,608,549	265,050	9,873,599
Current portion of capital lease obligation	4,647	—	4,647
Total Current Liabilities (Note a)	14,189,443	265,050	14,454,493
Long-term liabilities			
Deferred capital contributions	—	—	—
Capital lease obligation	2,408	—	2,408
Total long-term liabilities	2,408	—	2,408
Total Liabilities (Note a)	14,191,851	265,050	14,456,901
Net assets			
Invested in capital assets	258,587	—	258,587
Internally restricted	13,000,000	—	13,000,000
Unrestricted net assets (Note a)	4,908,158	(265,050)	4,643,108
Total Net assets (Note a)	18,166,745	(265,050)	17,901,695
	32,358,596	—	32,358,596

3. Adoption of New Accounting Standards (continued)

Reconciliation of ASNPO to PSAS (continued)

Reconciliation of deficiency of revenue over expenses for the year ended December 31, 2021:

	ASNPO December 31, 2021 \$	Transition Adjustment \$	PSAS December 31, 2021 \$
Revenue			
Client fees	10,326,475	—	10,326,475
Other fees (Note a)	3,112,600	(265,050)	2,847,550
Amortization of deferred capital contributions	33,147	—	33,147
Interest and other income	179,204	—	179,204
Total Revenue (Note a)	<u>13,651,426</u>	<u>(265,050)</u>	<u>13,386,376</u>
Expenses			
Salaries and benefits	14,601,161	—	14,601,161
General and administration	1,654,149	—	1,654,149
Professional services	318,786	—	318,786
Trade governance and stakeholder meetings	75,955	—	75,955
Client communications	864,019	—	864,019
Amortization of capital assets	191,617	—	191,617
Total expenses	<u>17,705,687</u>	<u>—</u>	<u>17,705,687</u>
Deficiency of revenue over expenses	<u>(4,054,261)</u>	<u>(265,050)</u>	<u>(4,319,311)</u>

4. Accounts receivable

Accounts receivable are presented net of allowance for doubtful accounts which amounts to \$293,319 as at March 31, 2023 (\$2,297,039 as at December 31, 2021 and \$1,107,204 as at January 1, 2021).

Accounts receivable include \$49,205 in net remittances receivable from the government as of March 31, 2023 (nil receivable as at December 31, 2021 and nil as at January 1, 2021).

5. Capital assets

	Cost \$	Accumulated amortization \$	March 31, 2023 Net book value \$
Computer equipment and related software	2,954,403	(2,879,140)	75,263
Office equipment, furniture and fixture	491,152	(472,630)	18,522
Leased Computer equipment and related software	201,643	(49,183)	152,460
Leased Office equipment, furniture and fixture	10,397	(9,241)	1,156
	<u>3,657,595</u>	<u>(3,410,194)</u>	<u>247,401</u>

5. Capital assets (continued)

	Cost	Accumulated amortization	December 31, 2021 Net book value
	\$	\$	\$
Computer equipment and related software	2,954,402	(2,736,960)	217,442
Office equipment, furniture and fixture	501,549	(453,349)	48,200
	<u>3,455,951</u>	<u>(3,190,309)</u>	<u>265,642</u>
			January 1, 2021
	Cost	Accumulated amortization	Net book value
	\$	\$	\$
Computer equipment and related software	3,109,824	(2,899,474)	210,350
Office equipment, furniture and fixture	1,073,869	(1,033,951)	39,918
Leasehold improvements	1,517,659	(1,475,676)	41,983
Vehicles	81,574	(81,574)	—
	<u>5,782,926</u>	<u>(5,490,675)</u>	<u>292,251</u>

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include nil net remittances payable from the government as of March 31, 2023 (\$564,569 owing as at December 31, 2021 and \$196,564 owing as at January 1, 2021).

7. Deferred revenue

	March 31, 2023	December 31, 2021	January 1, 2021
	\$	\$	\$
Opening balance	9,873,599	10,027,647	9,514,030
Add: amounts received	17,221,492	13,019,977	13,988,430
Less: membership fees recognized as revenue	12,897,826	10,326,475	11,092,588
Less: other fees recognized as revenue	5,202,464	2,847,550	2,382,225
Balance, end of year	<u>8,994,801</u>	<u>9,873,599</u>	<u>10,027,647</u>

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8. Deferred capital contributions

	March 31, 2023	December 31, 2021	January 1, 2021
	\$	\$	\$
Opening balance	—	33,147	165,751
Less: amounts recognized as revenue	—	33,147	132,604
Balance, end of period	—	—	33,147

9. Credit facility

STO has access to a credit facility with a major bank up to \$100,000 as of March 31, 2023 (\$1,000,000 at December 31, 2021 and January 1, 2021). The credit facility is unsecured and is accessible through corporate credit cards, operating line of credit and bankers' acceptances. No amounts were withdrawn during the period ended March 31, 2023 or the period ended December 31, 2021.

10. Commitments

STO has obligations under non-cancelable capital and operating leases, a sublease agreement, a joint project agreement, and a service agreement. The minimum annual payments consist of the following:

	Operating lease	Capital lease
	\$	\$
2024	486,964	67,947
2025	575,110	63,619
2026	577,533	19,741
2027	579,715	—
2028	212,660	—
Total obligations	2,431,982	151,307
Less: current portion	486,964	67,947
	<u>1,945,018</u>	<u>83,360</u>

The effective average interest rate of the capital leases is nil (0.27% as at December 31, 2021 and 1.24% as at January 1, 2021) with an average term to maturity of three years (three years as at December 31, 2021 and three years as at January 1, 2021). During the period, STO secured a sublease for executive office space which includes a rent inducement of \$34,528, inclusive of HST.

11. Public Service Pension Plan

Some of the STO's employees transferred from the MTCU on April 1, 2011. These employees participate in the Public Service Pension Fund ("PSPF") which is a defined benefit pension plan. The Province of Ontario, which is the sole sponsor of the PSPF, determines STO's annual contributions to the PSPF. Since STO is not a sponsor of these funds, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of STO, as the sponsor is responsible for ensuring that the pension funds are financially viable. STO's expense is limited to the required contributions to the PSPF. STO's employer contributions to the plan during the period ended March 31, 2023 amounted to \$66,014 (\$102,404 for the year ended December 31, 2021).

12. Risk management

Credit risk

Credit risk arises as a result of STO's accounts receivable. In order to reduce this risk STO regularly reviews the outstanding receivable balance to determine if any amounts are significantly past due.

Liquidity risk

STO's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations. STO controls liquidity risk by management of working capital, cash flows, and borrowing facilities.