
Financial statements of
Skilled Trades Ontario

March 31, 2025

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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, 2025 and the statements of operations, changes in net assets and cash flows for the year ended March 31, 2025 (the "Year"), 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, 2025, and the results of its operations and its cash flows for the year 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, 2025

Skilled Trades Ontario

Statement of financial position

As at March 31, 2025

	Notes	2025 \$	2024 \$
Assets			
Current			
Cash	3.	28,079,375	31,355,588
Accounts receivable	4.	332,868	247,937
Prepaid expenses		293,167	403,260
		28,705,410	32,006,785
Long-Term			
Deposits		93,085	93,085
Capital assets	5.	88,449	190,509
		28,886,944	32,290,379
Liabilities			
Current			
Accounts payable and accrued liabilities	6.	2,214,976	1,909,418
Deferred revenue	7.	7,236,783	10,686,170
Deferred rent inducements		-	6,216
Capital lease obligation	11.	54,616	93,992
		9,506,375	12,695,796
Long-Term			
Deferred capital contributions	8.	-	12,750
Deferred contributions	9.	499,368	176,305
Deferred rent inducements		-	17,094
Capital lease obligation	11.	33,833	65,869
		533,201	272,018
		10,039,576	12,967,814
Commitments			
	11.		
Net assets			
Invested in capital assets		-	17,898
Internally restricted		12,801,200	12,801,200
Unrestricted		6,046,168	6,503,467
		18,847,368	19,322,565
		28,886,944	32,290,379

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

Approved on behalf of the Board of Directors



Skilled Trades Ontario
Statement of operations
Year ended March 31, 2025

	Notes	2025 \$	2024 \$
Revenue			
Client fees	7.	13,840,342	10,410,310
Examination fees	7.	4,779,909	3,403,950
Assessment fees	7.	1,355,409	1,081,540
Interest income	3.	1,298,350	1,502,449
Grant - Government of Canada	9.	1,031,018	129,020
Grant - WSIB	9.	46,869	-
Amortization of deferred capital contributions	8.	12,750	750
Grant - Province of Ontario		-	3,921
Sponsorship		-	76,500
		22,364,647	16,608,440
Expenses			
Salaries and benefits	12.	17,189,236	12,399,874
Member communication		1,665,554	720,803
Information technology		1,051,752	731,577
Professional services		559,681	670,331
Stakeholder engagement		481,946	504,494
Advertising and promotion		397,517	147,231
Payment processing charges		389,605	344,770
Occupancy		373,207	378,037
Training and recruitment		244,339	291,045
Membership dues		163,821	158,554
Insurance		144,351	109,168
Amortization of capital assets		136,174	159,449
Supplies & equipment		42,661	64,005
		22,839,844	16,679,338
Deficiency of revenue over expenses		(475,197)	(70,898)

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

Skilled Trades Ontario

Statement of changes in net assets

Year ended March 31, 2025

	Invested in capital assets \$	Internally restricted \$	Unrestricted \$	2025 Total \$	2024 Total \$
Net assets, beginning of year	17,898	12,801,200	6,503,467	19,322,565	19,393,463
Deficiency of revenue over expenses	(123,424)	-	(351,773)	(475,197)	(70,898)
Net additions to capital assets	34,114	-	(34,114)	-	-
Capital lease obligations incurred	(88,449)	-	88,449	-	-
Capital lease obligations repaid	159,861	-	(159,861)	-	-
Net assets, end of year	-	12,801,200	6,046,168	18,847,368	19,322,565

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

Skilled Trades Ontario
Statement of cash flows
Year ended March 31, 2025

	Notes	2025 \$	2024 \$
Operating			
Deficiency of revenue over expenses		(475,197)	(70,898)
Adjustments for items not affecting cash			
Amortization of capital assets		136,174	159,449
Amortization of deferred capital contributions	8.	(12,750)	(750)
Deferred rent inducements		(23,310)	6,946
Changes in non-cash operating working capital			
Accounts receivable		(84,931)	94,692
Prepaid expenses		110,093	(45,427)
Accounts payable and accrued liabilities		305,558	307,035
Deferred revenue		(3,449,387)	1,691,369
		(3,493,750)	2,142,416
Investing			
Additions to capital assets		(34,114)	(102,557)
Financing			
Capital lease obligations repaid		(159,861)	(94,003)
Capital lease obligation incurred		88,449	102,557
Deferred capital contributions received	8.	-	13,500
Deferred contributions received	9.	323,063	176,305
		251,651	198,359
(Decrease) increase in cash		(3,276,213)	2,238,218
Cash, beginning of year		31,355,588	29,117,370
Cash, end of year		28,079,375	31,355,588

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

Skilled Trades Ontario

Notes to the financial statements

March 31, 2025

1. Nature of operations

Skilled Trades Ontario (STO) is a Board-governed, operational services Crown STO which replaced the Ontario College of Trades 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 apprenticeships 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.

2. Significant accounting policies

Financial statement presentation

These financial statements have been prepared in accordance with Canadian 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), and reflect the following significant accounting policies:

Revenue recognition

Client fees are recognized as revenue, net of allowance for doubtful accounts, in the fiscal year to which they relate. The portion of client fees collected that relates to a future fiscal year is recorded as deferred revenue.

Examination fees are recognized as revenue when the examination results are known and disclosed to the writer.

Assessment fees are recognized as revenue when the assessments are complete.

Interest income is recognized as revenue in the period to which it relates.

Grant revenue is recognized as the related expenditures are incurred.

Sponsorship revenue comprises revenues from third parties that are recognized at the conclusion of the sponsored event.

2. Significant accounting policies (continued)

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.

Capital assets

Capital assets are recorded at cost less accumulated amortization. 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

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.

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 receivables are doubtful based on information gathered through collection efforts. An allowance is reversed once the debt collection 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. No funds were spent during the year, (2024 - \$198,000).

Group Retirement Plans

STO accounts for its participation in the group registered retirement savings plan (RRSP) and the OPTrust Pension Plan as defined contribution plans. STO make plan contributions based on participating employees' contributory earnings and recognizes the expense related to these plans as contributions are made.

Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

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.

Skilled Trades Ontario

Notes to the financial statements

March 31, 2025

3. Cash

STO's bank accounts are held with one Canadian chartered bank. The accounts earn interest at bank prime less 2.0% (2024 - bank prime less 2.0%).

4. Accounts receivable

	2025	2024
	\$	\$
Receivable from clients	614,683	247,750
Allowance for doubtful accounts	(355,157)	(136,831)
Interest receivable	73,342	137,018
	<u>332,868</u>	<u>247,937</u>

5. Capital assets

			2025	2024
			\$	\$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment and related software	-	-	-	17,584
Office equipment, furniture and fixtures	-	-	-	10,762
Leased computer equipment and related software	303,156	214,708	88,448	162,163
	303,156	214,708	88,448	190,509

As of March 31, 2025, capital assets consist of only leased computer equipment and related software. All other furniture and equipment were fully amortized and are no longer in use.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$339,021 (2024 - \$273,046).

7. Deferred revenue

	2025	2024
	\$	\$
Opening balance	10,686,170	8,994,801
Add: amounts received	16,526,273	16,608,169
Less: client fees recognized as revenue	(13,840,342)	(10,410,310)
Less: examination fees recognized as revenue	(4,779,909)	(3,403,950)
Less: assessment fees recognized as revenue	(1,355,409)	(1,081,540)
Less: sponsorship revenues recognized as revenue	-	(21,000)
Ending balance	<u>7,236,783</u>	<u>10,686,170</u>

Skilled Trades Ontario

Notes to the financial statements

March 31, 2025

7. Deferred revenue (continued)

In 2013, the Ontario College of Trades (OCOT), received a grant from the Ministry of Training, College and Universities (MTCU) intended to partially offset client fees of clients transferred from MTCU (MTCU Credit). As of March 31, 2025, the rate in which the MTCU credits were used to offset client fees from 2013 has been negligible. Furthermore, the legal obligation to return any remaining MTCU credits if requested by the Ministry has expired. As such, the MTCU credits are no longer a material liability of STO, and have been recognized as client fee revenue.

8. Deferred capital contributions

	2025	2024
	\$	\$
Opening balance	12,750	-
Add: amounts received	-	13,500
Less: amount recognized as revenue	(12,750)	(750)
Ending balance	-	12,750

9. Deferred contributions

	2025	2024
	\$	\$
Opening balance	176,305	-
Add: amounts received	1,400,950	327,825
Less: amount recognized as revenue	(1,077,887)	(132,941)
Less: amount returned	-	(18,579)
Ending balance	499,368	176,305

During the year, STO received \$986,451 (2024 - \$341,325) from the Government of Canada to support its initiative to modernize apprenticeship training and curriculum standards for Red Seal skilled trades. This initiative began in December 2023 and is expected to end in March 2028. Funding was received for project-related costs. Any funding provided that exceeds STO's entitlement is repayable upon receipt of notice from the Government of Canada. As of March 31, 2025, the repayable amount is \$nil, (2024 - \$nil).

During the year, STO received \$414,500 (2024 - \$nil) from the Workers' Safety & Insurance Board (WSIB) to promote occupational health and safety across Ontario's apprenticeship system. This initiative began in December 2024 and is expected to end in August 2027. Funding was received for project-related costs. Any funding provided that exceeds STO's entitlement is repayable upon receipt of notice from WSIB. As of March 31, 2025, the repayable amount is \$nil, (2024 - \$nil).

10. Credit facility

STO has access to a credit facility with a major bank up to \$100,000 (2024 - \$100,000). 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 year (2024 - \$nil).

Skilled Trades Ontario

Notes to the financial statements

March 31, 2025

11. Commitments

STO has obligations under non-cancelable capital leases. The minimum annual lease payments for the next three years are as follows:

	\$
2026	54,616
2027	26,244
2028	7,589
Total obligations	<u>88,449</u>

12. Pension contributions

Some STO employees participate in the Ontario Public Service Employees' Union Pension Plan (the Plan) which is a defined benefit pension plan. The Plan is sponsored by the Province of Ontario and the Ontario Public Service Employees Union (OPSEU) and determines STO's annual plan contributions. Gains and losses arising from statutory actuarial funding valuations of the Plan are not assets or obligations of STO, as the sponsors are responsible for ensuring that the pension funds are financially viable. STO's expense is limited to the required contributions to the Plan.

STO's contributions to the plan during the year were \$61,493 (2024 - \$59,147).

13. Risk management

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Agency is exposed to credit risk arising from its accounts receivable. To reduce this risk, STO regularly reviews the outstanding receivable balance to determine if any amounts are significantly past due.

Liquidity risk

Liquidity risk is the risk that STO encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk arises from accounts payable and accrued liabilities and future commitments. STO monitors liquidity risk by management of working capital, cash flows, and borrowing facilities.

14. Comparative figures

Certain comparative figures have been reclassified to conform with the current year presentation.