Financial statements of
Skilled Trades Ontario

March 31, 2026

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Independent Auditor's Report

To the Board of Directors of 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, 2026, and the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of STO as at March 31, 2026, and its 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. 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 opinion.

Other Matter

The financial statements for the year ended March 31, 2025, were audited by another auditor who expressed an unmodified opinion on those financial statements on June 26, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 generally accepted auditing standards 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Oakville, Ontario
June 29, 2026

Skilled Trades Ontario
Statement of financial position
As at March 31, 2026

	Notes	2026 $	2025 $
Assets			
Current			
Cash	3.	**25,214,478**	28,079,375
Accounts receivable	4.	**70,590**	332,868
Prepaid expenses		**304,201**	293,167
		25,589,269	28,705,410
Long-Term			
Deposits		**93,085**	93,085
Capital assets	5.	**410,218**	88,449
		26,092,572	28,886,944
Liabilities			
Current			
Accounts payable and accrued liabilities	6.	**2,990,125**	2,214,976
Deferred revenue	7.	**7,237,745**	7,236,783
Capital lease obligation	8.	**141,640**	54,616
		10,369,510	9,506,375
Long-Term			
Deferred contributions	9.	**1,696,692**	499,368
Capital lease obligation	8.	**153,604**	33,833
		1,850,296	533,201
		12,219,806	10,039,576
Commitments	12.		
Net assets			
Invested in capital assets		**114,974**	-
Internally restricted		**12,800,000**	12,801,200
Unrestricted		**957,792**	6,046,168
		13,872,766	18,847,368
		26,092,572	28,886,944

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, 2026

	Notes	2026 $	2025 $
Revenue			
Client fees	7.	**10,664,181**	13,840,342
Examination fees	7.	**2,775,589**	4,779,909
Assessment fees	7.	**1,038,865**	1,355,409
Transfer payment - Province of Ontario	10.	**7,900,000**	-
Grant - WSIB Ontario	9.	**1,191,824**	46,869
Grant - Government of Canada	9.	**872,204**	1,031,018
Interest income	3.	**615,767**	1,298,350
Sponsorship		**90,000**	-
Amortization of deferred capital contributions		**-**	12,750
		25,148,430	22,364,647
Expenses			
Salaries and benefits	13.	**20,047,173**	17,189,236
Professional services		**4,201,037**	559,681
Information technology		**1,306,662**	1,051,752
Client communication		**1,202,184**	1,665,554
Advertising and promotion		**978,790**	397,517
Stakeholder engagement		**530,822**	291,220
Occupancy		**462,825**	373,207
Supplies and equipment		**358,896**	233,387
Payment processing and bank charges		**334,236**	389,605
Training and recruitment		**265,760**	244,339
Dues and fees		**167,447**	163,821
Insurance		**105,616**	144,351
Amortization of capital assets		**161,584**	136,174
		30,123,032	22,839,844
Deficiency of revenue over expenses		**(4,974,602)**	(475,197)

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

Skilled Trades Ontario
Statement of changes in net assets
Year ended March 31, 2026

	Invested in capital assets	Internally restricted	Unrestricted	2026 Total	2025 Total
	$	**$**	**$**	**$**	$
Net assets, beginning of year	**-**	**12,801,200**	**6,046,168**	**18,847,368**	19,322,565
Deficiency of revenue over expenses	**(161,584)**	**-**	**(4,813,018)**	**(4,974,602)**	(475,197)
Net additions to capital assets	**483,353**	**-**	**(483,353)**	**-**	-
Transfer to unrestricted	**-**	**(1,200)**	**1,200**	**-**	-
Capital lease obligations incurred	**(339,636)**	**-**	**339,636**	**-**	-
Capital lease obligations repaid	**132,841**	**-**	**(132,841)**	**-**	-
Net assets, end of year	**114,974**	**12,800,000**	**957,792**	**13,872,766**	18,847,368

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

Skilled Trades Ontario
Statement of cash flows
Year ended March 31, 2026

	Notes	**2026** $	2025 $
Operating			
Deficiency of revenue over expenses		**(4,974,602)**	(475,197)
Adjustments for items not affecting cash			
Amortization of capital assets		**161,584**	136,174
Amortization of deferred contributions		**(2,064,028)**	(1,077,887)
Amortization of deferred capital contributions		**-**	(12,750)
Deferred rent inducements		**-**	(23,310)
Changes in non-cash operating working capital			
Accounts receivable		**262,278**	(84,931)
Prepaid expenses		**(11,034)**	110,093
Accounts payable and accrued liabilities		**775,149**	305,558
Deferred revenue		**962**	(3,449,387)
		(5,849,691)	(4,571,637)
Investing			
Additions to capital assets		**(143,717)**	(34,114)
Financing			
Capital lease obligations repaid		**(132,841)**	(71,412)
Deferred contributions received	9.	**3,261,352**	1,400,950
		3,128,511	1,329,538
Decrease in cash		**(2,864,897)**	(3,276,213)
Cash, beginning of year		**28,079,375**	31,355,588
Cash, end of year		**25,214,478**	28,079,375
Non Cash Transactions	5.	**339,636**	55,274

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

1. Nature of operations

Skilled Trades Ontario (STO) is a Board-governed, operational services Crown Agency 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;
- Administering certifying examinations;
- Assessing experience and qualifications;
- Issuing and renewing Certificates of Qualification;
- Maintaining a Public Register of authorized tradespersons;
- Conducting research related to apprenticeships and trades; and
- Promote trades and apprenticeship.

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.

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

STO follows the deferral method of accounting for contributions and grants.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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.

Transfer payment - Province of Ontario are recognized into revenue in the period the transfer payment agreement relates to.

2. Significant accounting policies (continued)

Revenue recognition (continued)

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.

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

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. The carrying amount of each of these financial instruments is presented on the statement of financial position.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

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:

Leased computer equipment and related software	Over the term of the lease
Furniture and equipment	Over 5 years

When a capital asset no longer has any long-term service potential to STO, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Any unamortized deferred contributions related to the capital asset are recognized in revenue in the statement of operations, provided that all restrictions have been complied with.

2. Significant accounting policies (continued)

Capital leases

A lease that transfers substantially all of the benefits and risks of ownership to the lessee is recorded as a tangible capital asset and the incurrence of a lease obligation. At inception, a tangible capital asset and an obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments, excluding executory costs, and the leased property's fair value at the beginning of the lease. The discount rate used to determine the present value of the lease payments is the lower of the organization's rate for incremental borrowing or the interest rate implicit in the lease. Leased tangible capital assets are amortized on a straight-line basis 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. During the year, the Board of Directors approved the transfer of $1,200 to the unrestricted fund, (2025 - $nil).

Group Retirement Plans

STO accounts for its participation in the group retirement plans as defined contribution plans. STO make plan contributions based on participating employees' contributory earnings and re-cognizes 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.

3. Cash

STO's bank accounts are held with one Canadian chartered bank. The accounts earn interest at bank prime less 2.0% (2025 - bank prime less 2.0%).

4. Accounts receivable

	2026	2025
	$	$
Receivable from clients	**356,408**	614,683
Allowance for doubtful accounts	**(323,731)**	(355,157)
Interest receivable	**37,913**	73,342
	70,590	332,868

5. Capital assets

			2026	2025
			$	$
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Leased computer equipment and related software	**640,169**	**344,925**	**295,244**	88,449
Furniture and equipment	**143,717**	**28,743**	**114,974**	-
	783,886	**373,668**	**410,218**	**88,449**

During the year, the organization acquired capital assets at an aggregate cost of $483,353 (2025 - $89,388, of which $339,636 (2025 - $55,274) was acquired by means of capital leases.

6. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are government remittances payable of $363,790 (2025 - $339,021).

7. Deferred revenue

	2026	2025
	$	$
Opening balance	**7,236,783**	10,686,170
Add: amounts received	**14,569,597**	16,526,273
Less: client fees recognized as revenue	**(10,664,181)**	(13,840,342)
Less: examination fees recognized as revenue	**(2,775,589)**	(4,779,909)
Less: assessment fees recognized as revenue	**(1,038,865)**	(1,355,409)
Less: sponsorship revenues recognized as revenue	**(90,000)**	-
Ending balance	**7,237,745**	7,236,783

8. Capital lease obligation

Obligation under a capital lease for computer equipment has blended monthly payments ranging from $45 to $5,044 (2025 - $45 to $1,645) with interest rate ranging from 2.50% to 3.09% (2025 2.59% to 3.09%). These capital lease obligations have maturity dates ranging from August 2026 to August 2028 (2025 - April 2025 to February 2028).

Future minimum lease payments under the capital leases for subsequent years are as follows:

	$
2027	141,640
2028	116,434
2029	37,170
Total commitments	295,244

9. Deferred contributions

	2026	2025
	$	$
Opening balance	**499,368**	176,305
Add: amounts received - WSIB Ontario	**2,307,402**	414,500
Add: amounts received - Government of Canada	**953,950**	986,450
Less: amount recognized as revenue - WSIB Ontario	**(1,191,824)**	(46,869)
Less: amount recognized as revenue - Government of Canada	**(872,204)**	(1,031,018)
Ending balance	**1,696,692**	499,368

During the year, STO received $2,307,402 (2025 - $414,500) from the Workers' Safety & Insurance Board of Ontario (WSIB Ontario) 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, 2026, the repayable amount is $nil. (2025 - $nil).

During the year, STO received $953,950 (2025 - $986,450) 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, 2026, the repayable amount is $nil, (2025 - $nil).

10. Transfer payment - Province of Ontario

During the year, STO and the Ministry of Labour, Immigration, Training and Skills Development (MLITSD) entered into an operational funding agreement to support STO's mandate aligned activities and outcomes. As of March 31, 2026, STO has satisfied the agreement's conditions and received the maximum funds under the agreement.

11. Credit facility

STO has access to a credit facility with a major bank up to $100,000 (2025 - $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 (2025 - $nil).

12. Commitments

STO has commitments under office leases. The minimum annual lease payments for the next three years are as follows:

	$
2027	660,522
2028	249,375
2029	31,600
Total commitments	941,497

13. Pension contributions

Some STO employees participate in the Ontario Public Service Employees' Union Pension Plan (the Plan), a defined benefit pension plan sponsored by the Province of Ontario and the Ontario Public Service Employees Union (OPSEU). The Plan sponsors determine 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 $40,859 (2025 - $61,493).

14. 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. STO is exposed to credit risk arising from its cash, and accounts receivable. To reduce this risk, STO regularly reviews the outstanding receivable balance to determine if any amounts are significantly past due and also holds cash at a federally regulated chartered bank. STO's maximum exposure to credit risk at the financial statement date is the carrying value of its cash and accounts receivable as presented on the statement of financial position. This risk has not changed since prior year.

14. Risk management (continued)

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, capital lease obligations and commitments. STO monitors liquidity risk by management of working capital, cash flows, and borrowing facilities. This risk has not changed since prior year.

15. Comparative figures

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