

Mohawk College Enterprise Corporation
Financial Statements
For the year ended March 31, 2024

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Independent Auditor's Report

To the Shareholder of Mohawk College Enterprise Corporation

Opinion

We have audited the financial statements of Mohawk College Enterprise Corporation (the "Corporation"), which comprise the balance sheet as at March 31, 2024, and the statements of operations and retained earnings and 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 the Corporation as at March 31, 2024, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for private enterprises.

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 the Corporation 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Corporation to meet the internal reporting requirements of its shareholder, Mohawk College of Applied Arts and Technology. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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 accounting standards for private enterprises, 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 the Corporation'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 the Corporation or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (Continued)

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.

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 the Corporation'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 the Corporation'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 the Corporation 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
July 10, 2024

Mohawk College Enterprise Corporation Balance Sheet

March 31 **2024** **2023**

Assets

Current

Cash	\$ 393,272	\$ 589,112
Accounts receivable (Note 4)	406,186	475,624
Prepaid expenses	18,558	23,635

	818,016	1,088,371
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Equipment (Note 2)

	3,198	5,564
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	\$ 821,214	\$ 1,093,935
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Liabilities and Shareholder's Equity

Current

Accounts payable and accrued liabilities (Notes 3 and 4)	\$ 161,458	\$ 314,030
Deferred revenue	213,343	295,774

	374,801	609,804
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Shareholder's equity

Share capital (Note 5)	100	100
Retained earnings	446,313	484,031

	446,413	484,131
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	\$ 821,214	\$ 1,093,935
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On behalf of the Board:

	President and CEO
	Board Chair

Mohawk College Enterprise Corporation Statement of Operations and Retained Earnings

For the year ended March 31	2024	2023
Program revenue	\$ 1,419,832	\$ 1,896,648
Cost of programs	406,574	599,773
Gross margin	1,013,258	1,296,875
Expenses (Note 4)		
Salaries and benefits	815,560	776,400
Professional fees and contracts	61,889	109,373
Office and general	98,320	67,341
Advertising and promotion	7,976	12,030
Merchant fees	7,836	6,066
Telephone	2,936	2,303
Amortization of equipment	2,366	2,971
Rent	2,502	-
	999,385	976,484
Net income before other expenses	13,873	320,391
Other expenses		
Royalty expense (Note 4)	28,323	37,933
Facility charges (Note 4)	23,268	23,056
	51,591	60,989
Net (loss) income for the year	(37,718)	259,402
Retained earnings, beginning of year	484,031	224,629
Retained earnings, end of year	\$ 446,313	\$ 484,031

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

Mohawk College Enterprise Corporation Statement of Cash Flows

For the year ended March 31	2024	2023
Cash provided by (used in)		
Operating activities		
Net (loss) income for the year	\$ (37,718)	\$ 259,402
Adjustments required to reconcile net income to net cash provided by operating activities		
Amortization	2,366	2,971
Changes in non-cash working capital balances		
Accounts receivable	69,438	(268,041)
Prepaid expenses	5,077	(1,147)
Accounts payable and accrued liabilities	(152,572)	176,363
Deferred revenue	(82,431)	48,035
	(195,840)	217,583
Investing activity		
Purchase of equipment	-	(5,457)
(Decrease) increase in cash during the year	(195,840)	212,126
Cash, beginning of year	589,112	376,986
Cash, end of year	\$ 393,272	\$ 589,112

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

Mohawk College Enterprise Corporation

Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies

Nature of Operations

Mohawk College Enterprise Corporation (the "Corporation") is a private company incorporated under the laws of Ontario on April 1, 2010 and is engaged in the business of providing corporate training programs and consulting projects for and on behalf of businesses and industries.

Basis of Accounting

As a government business enterprise, Canadian public sector accounting standards require the Corporation to adhere to the standards applicable in the CPA Canada Handbook - Accounting. Accordingly the Corporation is required under Canadian generally accepted accounting principles to prepare its financial statements using International Financial Reporting Standards. Management has determined that the internal reporting needs of the Corporation and its shareholder, Mohawk College of Applied Arts and Technology ("Mohawk College"), are met through the use of Canadian accounting standards for private enterprises, and, therefore, the financial statements have been prepared in accordance with that framework. Since Canadian accounting standards for private enterprises is not designed to necessarily meet the needs of all users of the financial statements of a government business enterprise, the readers of these financial statements may require additional information.

Revenue Recognition

Revenue from sales is recognized when the service has been performed, and collectability is reasonably assured. Deferred revenue represents revenue received in advance of services being provided.

Equipment

Equipment is stated at cost less accumulated amortization. Expenditures for repairs and maintenance are expensed as incurred. Betterments that extend the useful life of the asset are capitalized. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer hardware	3 years straight-line
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Income Taxes

The Corporation is exempt of income tax under the Income Tax Act (Canada) as a wholly owned subsidiary of Mohawk College.

Mohawk College Enterprise Corporation Notes to Financial Statements

March 31, 2024

1. Significant Accounting Policies (Continued)

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, all financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are charged to the financial instrument for those measured at amortized cost.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for private enterprises 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. The amounts recorded for allowance for doubtful accounts is based on management's best estimate. Actual results could differ from those estimates and may have an impact on future periods.

2. Equipment

	2024		2023	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer hardware	\$ 23,667	\$ 20,469	\$ 23,667	\$ 18,103
Net book value		\$ 3,198		\$ 5,564

3. Accounts Payable and Accrued Liabilities

Included in accounts payable and accrued liabilities are government remittances payable of \$30,102 (2023 - \$82,653).

Mohawk College Enterprise Corporation Notes to Financial Statements

March 31, 2024

4. Related Party Balances and Transactions

Mohawk College is the registered holder of all the issued and outstanding shares of the Corporation.

The following amounts are included at year end:

	2024	2023
Amounts receivable from Mohawk College	\$ 1,678	\$ 5,921
Accounts payable to Mohawk College	74,195	76,961

The following table summarizes the Corporation's transactions with Mohawk College for the year:

	2024	2023
Program revenue	\$ 57,010	\$ 84,510
Program delivery (included in cost of programs):		
Rent expense	21,163	17,989
Other administrative expenses	17,790	41,267
Non-program:		
Rent expenses	2,502	-
Administrative expenses (included in professional fees and contracts)	14,472	17,272
Facility charges:		
Rent expense	8,268	8,056
Information technology expense	15,000	15,000
Royalty expense	28,323	37,933

These transactions are in the normal course of operations and are measured at the exchange amount of consideration established and agreed upon by the related parties.

In accordance with the Operating Agreement between the Corporation and Mohawk College, the Corporation must pay a royalty fee of 2% of program revenues. The Operating Agreement also states that the Corporation may declare a dividend at any time to be paid to the College. There was no dividend declared in the current year.

5. Share Capital

	2024	2023
Authorized:		
Unlimited number of common shares		
Issued:		
100 common shares	\$ 100	\$ 100

Mohawk College Enterprise Corporation

Notes to Financial Statements

March 31, 2024

6. Financial Instrument Risks

Credit Risk

Credit risk refers to the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation is exposed to credit risk resulting from the possibility that a customer or counterparty to a financial instrument defaults on their financial obligations. The Corporation's financial instruments that are exposed to concentrations of credit risk relate primarily to accounts receivable. The credit risk on cash is minimized as cash is held at highly rated Canadian banks.

Liquidity Risk

Liquidity risk is the risk that the Corporation encounters difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Corporation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. Liquidity risk arises from accounts payable and accrued liabilities.

7. Significant Customers

Approximately 21.6% (2023 - 15.3%) of the Corporation's revenue is derived from two customers (2023 - two customers).