

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Years Ended September 30, 2013 and 2012

CAREERS: THE NEXT GENERATION FOUNDATION
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Years Ended September 30, 2013 and 2012

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December 12, 2013
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

An independent member firm
of  DFK

To the Members of CAREERS: The Next Generation Foundation

We have audited the accompanying financial statements of CAREERS: The Next Generation Foundation, which comprise the statements of financial position as at September 30, 2013, September 30, 2012 and October 1, 2011, and the statements of revenues and expenditures, changes in net assets and cash flow for the years ended September 30, 2013 and September 30, 2012, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of CAREERS: The Next Generation Foundation as at September 30, 2013, September 30, 2012 and October 1, 2011, and the results of its operations and its cash flow for the years ended September 30, 2013 and September 30, 2012 in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

A handwritten signature in black ink that reads 'Kingston Ross Pasnak LLP'. The signature is written in a cursive, flowing style.

Kingston Ross Pasnak LLP
Chartered Accountants

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Revenues and Expenditures
Years Ended September 30, 2013 and 2012

	2013	2012
REVENUE		
Provincial Government funding (Note 11)	\$ 2,164,725	\$ 1,633,918
Municipal Government funding (Note 11)	74,679	196,410
Federal Government funding (Note 11)	-	27,439
	2,239,404	1,857,767
Industry investment	1,671,144	1,436,607
Investment income (Note 5)	51,829	42,980
CAREERS Online project funding	17,955	254,523
	1,740,928	1,734,110
TOTAL REVENUE	3,980,332	3,591,877
EXPENDITURES		
Operations (Program delivery) (Note 4)	1,638,016	1,385,235
Stakeholder relations & growth (Investment development, stewardship, events)	910,686	644,935
Projects (Pilot projects, Health projects, contract support)	587,323	480,374
General and administrative expense	566,805	594,710
Information technology	131,492	40,700
Provincial partnership (Medicine Hat, Lethbridge, Fort McMurray)	84,176	113,054
CAREERS Online project	22,976	301,016
TOTAL EXPENDITURES	3,941,474	3,560,024
EXCESS OF REVENUE OVER EXPENDITURES	\$ 38,858	\$ 31,853

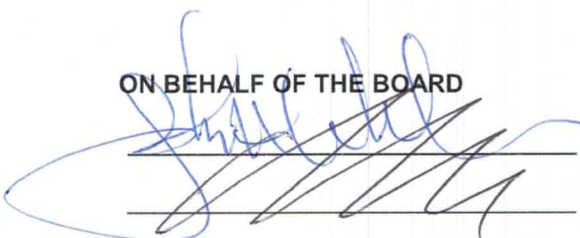
CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Changes in Net Assets
Years Ended September 30, 2013 and 2012

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2013	2012
NET ASSETS - BEGINNING OF YEAR	\$ 575,961	\$ 27,765	\$ 350,000	\$ 953,726	\$ 921,873
Excess of revenue over expenditures	48,202	(9,344)	-	38,858	31,853
Transfer	(26,438)	26,438	-	-	-
NET ASSETS - END OF YEAR	\$ 597,725	\$ 44,859	\$ 350,000	\$ 992,584	\$ 953,726

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2013, September 30, 2012 and October 1, 2011

	September 30 2013	September 30 2012	October 1 2011
ASSETS			
CURRENT			
Cash	\$ 155,569	\$ 123,333	\$ 210,181
Marketable securities (Note 5)	1,535,721	661,185	1,531,475
Accounts receivable (Note 6)	1,317,331	806,421	184,593
Prepaid expenses	19,190	19,864	27,735
Deferred expenses	-	17,574	27,616
	3,027,811	1,628,377	1,981,600
MARKETABLE SECURITIES (Note 5)	747,000	-	51,030
PROPERTY AND EQUIPMENT (Note 7)	108,837	112,182	139,109
	\$ 3,883,648	\$ 1,740,559	\$ 2,171,739
LIABILITIES AND NET ASSETS			
CURRENT			
Accounts payable and accrued liabilities	\$ 446,056	\$ 451,386	\$ 378,662
Deferred contributions (Note 8)	1,634,030	251,030	711,634
	2,080,086	702,416	1,090,296
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 9)	63,978	84,417	108,540
DEFERRED CONTRIBUTIONS (Note 8)	747,000	-	51,030
	2,891,064	786,833	1,249,866
NET ASSETS			
Unrestricted	597,725	575,961	541,304
Invested in property and equipment	44,859	27,765	30,569
Internally restricted for contingency fund (Note 10)	350,000	350,000	350,000
	992,584	953,726	921,873
	\$ 3,883,648	\$ 1,740,559	\$ 2,171,739

ON BEHALF OF THE BOARD


 _____ Director
 _____ Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Years Ended September 30, 2013 and 2012**

	2013	2012
OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 38,858	\$ 31,853
Items not affecting cash:		
Amortization of property and equipment	28,768	32,080
Amortization of external capital contribution	(20,440)	(24,122)
Gain on disposal of property and equipment	1,015	(5,174)
Gain on disposal of marketable securities	(42,459)	(1,504)
Decrease (increase) in fair market value of marketable securities	13,908	(6,859)
Deferred contribution recognized as revenue in the year	(244,000)	(711,634)
	(224,350)	(685,360)
Changes in non-cash working capital:		
Accounts receivable	(510,910)	(621,828)
Accounts payable and accrued liabilities	(5,329)	72,724
Prepaid expenses	674	7,871
Deferred expenses	17,574	10,042
Deferred contributions	2,374,000	200,000
	1,876,009	(331,191)
Cash flow from (used by) operating activities	1,651,659	(1,016,551)
INVESTING ACTIVITIES		
Purchase of equipment	(26,438)	(7,929)
Proceeds on disposal of equipment	-	7,949
Disposal (purchase) of marketable securities, net of proceeds from disposal and maturities	(1,592,985)	929,683
Cash flow (used by) from investing activities	(1,619,423)	929,703
INCREASE (DECREASE) IN CASH	32,236	(86,848)
CASH - BEGINNING OF YEAR	123,333	210,181
CASH - END OF YEAR	\$ 155,569	\$ 123,333

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

1. PURPOSE OF THE ORGANIZATION

CAREERS: The Next Generation Foundation ("CAREERS") is a charitable foundation incorporated under the Societies Act of Alberta. Its primary objective is to assist Alberta youth to enhance their employability. It accomplishes this by conducting student workshops, facilitating community partnership and implementing work place learning programs.

CAREERS is registered as a charitable organization under the Income Tax Act and as such is exempt from income taxes and is able to issue receipts to donors for income tax purposes. Under the terms of the Income Tax Act, CAREERS is required to disburse a minimum amount of its funds for charitable purposes.

Community mobilization is a key strategy for market penetration and growth. To accomplish this objective, CAREERS has entered into partnerships in three regions of the province. In certain regions, CAREERS funds a portion of the salaries and expenses of the project.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year CAREERS adopted accounting standards for not-for-profit organizations ("ASNPO"). These financial statements are the first prepared in accordance with these standards. The adoption of ASNPO had no impact on net assets as at October 1, 2011 or revenues and expenditures or net assets or cash flow for the year ended September 30, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Significant accounting policies observed in the preparation of the financial statements are summarized below.

Changes in accounting policies - Accounting standards for not-for-profit organizations

With regard to the CAREERS's transition from former Canadian generally accepted accounting principles (GAAP) to Canadian accounting standards for not-for-profit organizations (ASNPO), CAREERS has made the following election available under Canadian Institute of Chartered Accountants (CICA) Handbook Section 1500 of Canadian accounting standards for not-for-profit organizations.

Financial instruments

At the date of transition to accounting standards for not-for-profit organizations, an entity is permitted to designate any financial asset or financial liability to be measured at fair value. CAREERS has so elected to report their investments identified in Note 5 at fair value, which is consistent with prior year's valuation.

(continues)

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

CAREERS follows the deferral method of accounting for contributions. 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 and collection of the receivable is reasonably assured.

Externally restricted capital contributions are recorded as deferred capital contributions until invested in property and equipment. Amounts invested representing externally funded property and equipment are then transferred to unamortized external capital contributions. Unamortized external capital contributions are recognized as revenue in the periods in which the related amortized expense of the property and equipment is recorded.

Donation of material and services are not recorded by CAREERS unless the fair value of the donation is supported as per the Canada Revenue Agency requirement regarding in-kind donations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding.

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives using the declining balance method at the following rates:

Furniture and fixtures	20%
Computer equipment	30 - 55%
Computer software	50%

CAREERS regularly reviews its property and equipment to eliminate obsolete items.

Financial instruments

All financial instruments are initially measured at fair value, and, unless otherwise noted, CAREERS subsequently measures its financial instruments at amortized cost.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organization requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Significant management estimates pertain to the useful lives of property and equipment, deferred contribution, collectibility of accounts receivable, accruals for expenses and allocations of general and administrative expenses. Actual results could differ from these estimates.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

4. OPERATING EXPENSES

	2013	2012
Operation expenses consist of:		
Professional fees and salaries	\$ 1,354,726	\$ 1,182,590
Travel and subsistence	283,290	202,645
	\$ 1,638,016	\$ 1,385,235

5. MARKETABLE SECURITIES

	2013	2012
Interest earning securities with effective yield ranging from 1% to 4.25% and maturity date ranging from December 13, 2013 to December 15, 2020	\$ 2,027,821	\$ 268,145
Equity securities	241,756	313,278
Investment cash	5,963	8,105
Mutual funds	-	71,657
Accrued interest	7,181	-
Subtotal	2,282,721	661,185
Restricted to meet obligations beyond one year	(747,000)	-
	\$ 1,535,721	\$ 661,185

Marketable securities include \$1,564,000 of investment whose use is restricted under the term of a provincial government funding agreement.

Investment income is comprised of the following:

	2013	2012
(Decrease) increase in fair market value of investment	(13,908)	6,859
Investment income	23,278	34,616
Gain on disposal of investments	42,459	1,504
	51,829	42,979

6. ACCOUNTS RECEIVABLE

Accounts receivable includes \$800,000 that is due from the provincial government and restricted under the terms of a provincial government funding agreement.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2013 Net book value	2012 Net book value
Furniture and fixtures	\$ 161,005	\$ 86,471	\$ 74,534	\$ 81,928
Computer equipment	189,285	155,202	34,083	29,814
Computer software	14,068	13,848	220	440
	\$ 364,358	\$ 255,521	\$ 108,837	\$ 112,182

Amortization provided for in the current period totaled \$28,768; (2012 - \$32,080), of which \$6,908 (2012 - \$7,847) is included in information technology expense, \$17,956 (2012 - \$20,573) is included in CAREERS Online project and \$3,905 (2012 - \$3,660) is included in general and administrative expenses. Also included in general and administrative expenses is a loss on disposal of property and equipment of \$1,015 (2012 - gain of 5,174).

8. DEFERRED CONTRIBUTIONS

Deferred contributions consist of grants received from government and industry that are restricted for specific programs. These contributions will be recognized as revenue in the year the related program expenditures are incurred.

	Balance, beginning of year	Contributions in year	Amounts recognized as revenue in year	Balance, end of year
<u>Alberta government contributions</u>				
Alberta Advanced Education and Enterprise	\$ -	\$ 1,414,000	\$ -	\$ 1,414,000
Alberta Human Services	-	620,000	-	620,000
Alberta Education	-	100,000	-	100,000
Aboriginal Relations	-	230,000	-	230,000
<u>Corporate contributions</u>				
Various programs	251,030	10,000	244,000	17,030
	\$ 251,030	\$ 2,374,000	\$ 244,000	\$ 2,381,030

Balance to be recognized as revenue in 2014	\$ 1,634,030
Balance to be recognized as revenue in 2015	747,000
	<u>\$ 2,381,030</u>

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions related to property and equipment represent restricted contributions received from the Alberta Gaming and Liquor Commission in prior years and from various organization regarding CAREERS Online project, with which some of CAREERS' property and equipment were purchased. The changes in the unamortized contributions balance over the year are as follows:

	Alberta Gaming and Liquor Commission	CAREERS Online Project	2013	2012
Unamortized external capital contributions, beginning of year	\$ 8,283	\$ 76,135	\$ 84,418	\$ 108,540
Amounts amortized to revenue	(2,485)	(17,955)	(20,440)	(24,123)
	\$ 5,798	\$ 58,180	\$ 63,978	\$ 84,417

10. INTERNALLY RESTRICTED NET ASSETS

The board of directors internally restricted \$350,000 for the establishment of a contingency fund for the purpose of meeting any obligations arising from an unexpected event. Such a fund would allow for the winding down of CAREERS in an orderly manner and for meeting any unexpected obligations. This internally restricted amount is not available for other purposes without approval of the board of directors.

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Notes to Financial Statements

Years Ended September 30, 2013 and 2012

11. GOVERNMENT CONTRIBUTIONS

Government contributions recognized in each fiscal year reflect the actual amounts received, adjusted for restricted contributions. Restricted contributions are recognized in the year in which the related expenses are incurred.

	Received in year	Received in previous years	2013	2012
<u>Alberta government and related agency contributions</u>				
Alberta Advanced Education and Enterprise and Alberta Education	\$ 1,157,000	\$ -	\$ 1,157,000	\$ 787,000
Alberta Health	253,100	-	253,100	551,695
Alberta Human Services	625,000	-	625,000	239,000
Alberta Aboriginal Relations	40,000	-	40,000	40,000
Alberta Liquor and Gaming Commission	76,691	-	76,691	2,079
Alberta Culture and Community Spirit	10,449	-	10,449	10,594
Amortization of external capital contributions (Note 8)	-	2,485	2,485	3,550
	2,162,240	2,485	2,164,725	1,633,918
<u>Federal government contributions</u>				
Service Canada	-	-	-	27,439
<u>Municipal government contributions</u>				
Various municipal bodies	74,679	-	74,679	196,410
Grand total	\$ 2,236,919	\$ 2,485	\$ 2,239,404	\$ 1,857,767

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Years Ended September 30, 2013 and 2012

12. FINANCIAL INSTRUMENTS

The CAREERS is exposed to various risks through its financial instruments. The following analysis provides information about the CAREERS's risk exposure and concentration as of September 30, 2013. Unless otherwise noted, the CAREERS's risk exposure has not changed from the prior year.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The CAREERS is exposed to credit risk from customers, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the market interest rates. The CAREERS is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.