

Financial Statements of

**CAREERS: THE NEXT
GENERATION FOUNDATION**

Year ended September 30, 2009



KPMG LLP
Chartered Accountants
Commerce Place
10125-102 Street
Edmonton, Alberta T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of CAREERS: The Next Generation Foundation

We have audited the statement of financial position of CAREERS: The Next Generation Foundation as at September 30, 2009 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants

Edmonton, Canada
October 30, 2009

CAREERS: THE NEXT GENERATION FOUNDATION

Financial Statements

Year ended September 30, 2009

Financial Statements

Statement of Financial Position	1
Statement of Operations	2
Statement of Changes in Net Assets	3
Statement of Cash Flows	4
Notes to Financial Statements	5

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Financial Position

September 30, 2009, with comparative figures for 2008

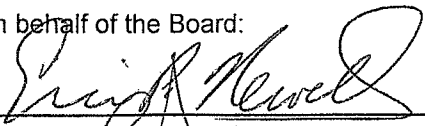
	2009	2008
Assets		
Current assets:		
Cash	\$ 172,039	\$ 269,474
Short-term Investments (note 2)	2,121,169	2,689,041
Accounts receivable	275,581	265,973
Prepaid expenses	29,774	118,438
	<u>2,598,563</u>	<u>3,342,926</u>
Capital assets (note 3)	53,622	71,041
	<u>\$ 2,652,185</u>	<u>\$ 3,413,967</u>

Liabilities and Net Assets


Current liabilities:		
Accounts payable and accrued liabilities	\$ 208,793	\$ 200,970
Deferred contributions (note 4)	1,468,107	1,985,215
	<u>1,676,900</u>	<u>2,186,185</u>
Unamortized external capital contributions (note 5)	24,147	34,905
Net assets:		
Internally restricted (note 6)	350,000	350,000
Investment in capital assets	29,475	36,136
Unrestricted	571,663	806,741
	<u>951,138</u>	<u>1,192,877</u>
Commitments (note 7)		
	<u>\$ 2,652,185</u>	<u>\$ 3,413,967</u>

See accompanying notes to financial statements.

On behalf of the Board:



Director



Director

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Operations

Year ended September 30, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Alberta government and related agency contributions:		
Alberta government contributions (note 8)	\$ 1,675,814	\$ 1,496,817
Health Educational Programs (note 8)	330,125	306,475
Corporate contributions	1,268,509	1,375,696
Federal government contributions (note 8)	28,733	112,034
Municipal government contributions (note 8)	6,000	32,084
Investment income (note 2)	117,334	21,561
	<u>3,426,515</u>	<u>3,344,667</u>
Expenses:		
Program costs:		
Professional services and salaries	1,680,722	1,626,068
Health Educational Programs	377,396	313,229
Trade fairs and events	376,351	206,401
Travel	278,581	251,456
Administrative support	174,436	104,234
Communications	139,892	93,818
Publicity, printing and newsletter	90,806	52,285
Production and creative work	46,203	57,932
Rent	33,289	32,689
Professional development	2,801	4,203
	<u>3,200,477</u>	<u>2,742,315</u>
General and administrative expenses	467,777	413,590
Total expenses	3,668,254	3,155,905
Excess (deficiency) of revenue over expenses	\$ (241,739)	\$ 188,762

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

Year ended September 30, 2009, with comparative figures for 2008

				2009	2008
	Internally restricted for contingency fund	Investment in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 350,000	\$ 36,136	\$ 806,741	\$ 1,192,877	\$ 1,004,115
Excess (deficiency) of revenue over expenses	-	(19,972)	(221,767)	(241,739)	188,762
Transfers for capital assets purchased with internal funds	-	13,311	(13,311)	-	-
Balance, end of year	\$ 350,000	\$ 29,475	\$ 571,663	\$ 951,138	\$ 1,192,877

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Cash Flows

Year ended September 30, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ (241,739)	\$ 188,762
Items not involving cash:		
Amortization of external capital contributions	(10,758)	(19,527)
Amortization of capital assets	30,730	36,766
Decrease (increase) in fair market value of investments	(106,800)	60,619
Loss on disposal of investments	16,026	-
Change in non-cash operating working capital:		
Increase in accounts receivable	(9,608)	(81,208)
Decrease (increase) in prepaid expenses	88,664	(105,018)
Increase (decrease) in accounts payable and accrued liabilities	7,823	(47,316)
Increase (decrease) in deferred contributions	(517,108)	1,654,117
	(742,770)	1,687,195
Investments:		
Purchase of short-term investments, net of proceeds from disposals and maturities	658,646	(1,501,849)
Capital assets purchased with internal funds	(13,311)	(28,842)
	645,335	(1,530,691)
Increase (decrease) in cash	(97,435)	156,504
Cash, beginning of year	269,474	112,970
Cash, end of year	\$ 172,039	\$ 269,474
Supplemental cash flow information:		
Interest received	\$ 49,047	\$ 59,693

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year ended September 30, 2009

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 partnerships 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 projects in three regions of the province. In certain regions, CAREERS funds a portion of the salaries and expenses of the project. The Community Careers Cooperative in Fort McMurray is a project managed and operated within the CAREERS organization and accounted for within these financial statements, but guided by a local board of directors.

1. Significant accounting policies:

(a) 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 capital assets. Amounts invested representing externally funded capital assets 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 capital asset is recorded.

Donation of material and services are not recorded by CAREERS. Management estimates the fair value of donated materials and services was approximately \$nil (2008 - \$23,383).

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

1. Significant accounting policies (continued):

(b) Financial instruments and risk management:

CAREER's financial instruments consist of cash, short term investments, accounts receivable and accounts payable and accrued liabilities. All financial instruments are initially recorded at fair value and subsequently measured at amortized cost, except for cash and short-term investments which are at fair value. Fair value of the financial instruments other than short-term investments approximates their cost due to their short term to maturity.

Transaction costs are recognized immediately in the statement of operations. Financial instruments are recorded on a trade date basis.

CAREERS has classified its financial instruments as follows:

- Cash and short-term investments are classified as held-for-trading.
- Accounts receivable are classified as loans and receivables; and
- Accounts payable and accrued liabilities are classified as other financial liabilities.

CAREER's does not invest in or use derivative financial instruments. Derivatives may be embedded in other financial instruments (the "host instrument") or other contracts (the "host contract"). The Foundation has reviewed all contractual arrangements and have not identified embedded derivatives. The Foundation has elected not to apply the requirements of Section 3855 for contracts to buy or sell non-financial items, including any derivatives which may be embedded within these contracts.

CAREERS has a risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices.

CAREERS's accounts receivable are substantially comprised of amounts due from corporate sponsors. Funds on deposit are maintained with Schedule 1 institutions. Accordingly, the Foundation is not exposed to significant credit risk. CAREERS has no long term debt which mitigates liquidity and price risk; however, CAREERS investment in equities is exposed to price and foreign exchange risks for which derivative financial instruments are not used to mitigate these risks.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided over their estimated useful lives using the declining balance method at the following annual rates:

Asset	Rate
Office equipment and furniture	20%
Computer equipment	30 - 55%
Computer software	50%

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the year. Actual results could differ from those estimates.

(e) Future accounting changes:

The CICA has issued several amendments to the not-for-profit accounting standards. Under these amended standards, there will no longer be a requirement to treat net assets invested in capital assets as a separate component of net assets and, instead, permit such an amount as a category of internally restricted net assets when an organization chooses to do so. The amended standards also:

- clarify that revenues and expenses must be recognized and presented on a gross basis when an organization is acting as a principal in the transactions;
- make Section 1540, Cash flow statements, applicable;
- make Section 1751, Interim financial statements, applicable; and
- provide consistency with other sections of the CICA Handbook with respect to related party transactions.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

1. Significant accounting policies (continued):

(e) Future accounting changes (continued):

The CICA has also issued a new standard, Section 4470, Disclosure of allocated expenses by not-for-profit organizations. This Section establishes disclosure standards for those organizations that choose to classify their expenses by function and allocate expenses from one function to another. These requirements are effective for fiscal years beginning on or after January 1, 2009. CAREERS is currently assessing the effect of these new standards on its September 30, 2010 financial statements.

2. Short-term Investments:

	2009	2008
Money market funds	\$ 1,690,444	\$ 27,833
Income funds	-	463,977
Guaranteed investment certificates with effective yields of 2.75% to 3.40% and maturity dated of May 13, 2009 to June 30, 2009	-	2,197,231
Guaranteed investment certificate with effective yield of 0.200% and maturity date of June 30, 2010	1,081	-
Foreign equities	145,939	-
Canadian equities	283,705	-
	<u>\$ 2,121,169</u>	<u>\$ 2,689,041</u>

Investment income is comprised of the following:

	2009	2008
Increase (decrease) in fair market values of investments	\$ 106,800	\$ (60,619)
Interest	26,560	82,180
Loss on disposal of investments	(16,026)	-
	<u>\$ 117,334</u>	<u>\$ 21,561</u>

The Foundation does not use derivative instruments to alter the effects of interest, market risks or foreign exchange which affect these investments. Fair value of equities is the closing bid price listed on various exchanges at prevailing exchange rates at year end.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

3. Capital assets:

			2009		2008	
	Cost	Accumulated amortization	Net book value	Net book value		
Office equipment and furniture	\$ 54,643	\$ 31,181	\$ 23,462	\$ 28,756		
Computer equipment	144,382	115,847	28,535	41,905		
Computer software	12,807	11,182	1,625	380		
	\$ 211,832	\$ 158,210	\$ 53,622	\$ 71,041		

Amortization expense for the year was \$30,730 (2008 - \$36,766), of which \$24,584 (2008 - \$29,577) is included in administrative support expense and \$6,146 (2008 - \$7,189) is included in general and administrative expenses.

4. 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
Alberta government contributions				
- Alberta Health and Wellness	\$ 1,632,000	\$ -	\$ (408,000)	\$ 1,224,000
Corporate contributions - various programs	88,121	19,200	(76,090)	31,231
Community Careers Cooperative	182,594	226,144	(280,029)	128,709
Alberta Employment and Immigration	-	20,010	(7,590)	12,420
Alberta Advanced Education and Technology	82,500	-	(82,500)	-
Alberta Liquor and Gaming Commission	-	83,071	(11,324)	71,747
	\$ 1,985,215	\$ 348,425	\$ (865,533)	\$ 1,468,107

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

5. Unamortized external capital contributions:

Unamortized external capital contributions related to capital assets represent restricted contributions received from the Alberta Gaming and Liquor Commission in prior years with which some of the Foundation's capital assets were purchased. The changes in the unamortized contributions balance over the year are as follows:

	2009	2008
Unamortized external capital contributions, beginning	\$ 34,905	\$ 54,432
Amounts amortized to revenue (note 8)	(10,758)	(19,527)
Unamortized external capital contributions, ending	\$ 24,147	\$ 34,905

6. 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.

7. Commitments:

CAREERS leases its office premises under an operating lease that expires in 2011. In addition, CAREERS has a security system operating lease that expires in 2010. The estimated lease and security costs by year are as follows:

2010	\$ 35,196
2011	27,400
	\$ 62,596

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

8. 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, as described in notes 1(b) and 4.

	2009	2008
Alberta government and related agency contributions:		
Alberta Advanced Education and Technology and Alberta Education	\$ 719,700	\$ 775,000
Alberta Health and Wellness	609,000	408,000
Alberta Employment and Immigration	186,888	212,490
Alberta Culture & Community Spirit	8,144	-
Alberta Finance and Enterprise	35,000	-
Livingstone Range School Division #68	15,000	-
Alberta Liquor and Gaming Commission	11,324	-
Alberta Aboriginal Relations	80,000	80,000
Northern Alberta Development Council	-	1,800
Amortization of external capital contributions (note 5)	10,758	19,527
	1,675,814	1,496,817
Health Educational Programs:		
Alberta Health Services	322,535	306,475
Alberta Employment and Immigration	7,590	-
	330,125	306,475
	\$ 2,005,939	\$ 1,803,292
Federal government contributions:		
Human Resources and Skills Development Canada	\$ -	\$ 26,890
Western Economic Diversification Canada	-	85,144
Government of Canada	28,733	-
	\$ 28,733	\$ 112,034
Municipal government contributions:		
The City of Edmonton	\$ -	\$ 20,000
The Regional Municipality of Wood Buffalo	6,000	12,084
	\$ 6,000	\$ 32,084

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2009

9. Comparative figures:

Certain 2008 comparative figures have been reclassified to conform with the financial presentation adopted per the current year.

