

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2019

CAREERS: THE NEXT GENERATION FOUNDATION
Index to Financial Statements
Year Ended September 30, 2019

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Notes to Financial Statements	7 - 15



KINGSTON
ROSS
PASNAK^{LLP}

CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1500, 9888 Jasper Avenue NW
Edmonton, Alberta T5J 5C6
T: 780.424.3000 | F: 780.429.4817 | W: krpgroup.com

December 10, 2019

INDEPENDENT AUDITOR'S REPORT

Edmonton, Alberta

To the Members of CAREERS: The Next Generation Foundation

Opinion

We have audited the financial statements of CAREERS: The Next Generation Foundation (CAREERS), which comprise the statement of financial position as at September 30, 2019, and the statements of revenues and expenditures, changes in net assets and cash flow 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 CAREERS as at September 30, 2019, and the results of its operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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 CAREERS in accordance with 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.

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 ASNPO, 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 CAREERS' 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 CAREERS or to cease operations, or has no realistic alternative but to do so.

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

(continues)

**Independent Auditor's Report to the Members of CAREERS: The Next Generation
Foundation (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 CAREERS' 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 CAREERS' 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 CAREERS 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.



Kingston Ross Parnak LLP
Chartered Professional Accountants

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Revenues and Expenditures****Year Ended September 30, 2019**

	2019	2018
REVENUE		
Provincial Government (Note 14)	\$ 2,180,398	\$ 1,787,594
Municipal Government (Note 14)	70,000	85,000
Federal Government (Note 14)	-	2,672
	2,250,398	1,875,266
Industry (Note 15)	1,575,797	1,545,016
Rebuilding Fort McMurray	304,447	752,500
Investment income (Note 5)	35,309	23,147
	1,915,553	2,320,663
TOTAL REVENUE	4,165,951	4,195,929
EXPENSES		
Operations (Program delivery) (Note 13)	1,848,062	1,794,478
General and administrative	763,888	712,306
Stakeholder relations (Investment development, stewardship, events, marketing)	662,152	627,434
Projects (Rebuilding Fort McMurray, ICT program development)	829,336	1,221,610
	4,103,438	4,355,828
TOTAL EXPENSES	4,103,438	4,355,828
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$ 62,513	\$ (159,899)

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

Year Ended September 30, 2019

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 30,617	\$ 61,989	\$ 420,000	\$ 512,606	\$ 672,505
Excess of revenue over expenditures	93,065	(30,552)	-	62,513	(159,899)
Transfer for property and equipment	(30,775)	30,775	-	-	-
NET ASSETS - END OF YEAR	\$ 92,907	\$ 62,212	\$ 420,000	\$ 575,119	\$ 512,606

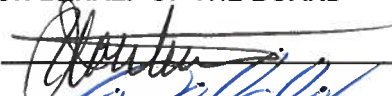
CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Financial Position


September 30, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 3)	\$ 210,975	\$ -
Restricted cash (Note 4)	57,143	394
Marketable securities (Note 5)	497,735	455,374
Accounts receivable (Note 6)	1,885,959	561,970
Goods and Service Tax recoverable	50,862	24,683
Prepaid expenses	40,775	55,607
	2,743,449	1,098,028
PROPERTY AND EQUIPMENT (Note 7)	62,212	69,130
	\$ 2,805,661	\$ 1,167,158
LIABILITIES AND NET ASSETS		
CURRENT		
Bank indebtedness (Note 3)	\$ -	\$ 28,534
Accounts payable and accrued liabilities	221,202	420,008
Deferred contributions (Note 8)	2,009,340	198,869
	2,230,542	647,411
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 9)	-	7,141
	2,230,542	654,552
LEASE COMMITMENTS (Note 11)		
NET ASSETS		
Internally restricted for contingency fund (Note 10)	420,000	420,000
Invested in property and equipment	62,212	61,989
Unrestricted	92,907	30,617
	575,119	512,606
	\$ 2,805,661	\$ 1,167,158

ON BEHALF OF THE BOARD



Director



Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 62,513	\$ (159,899)
Items not affecting cash:		
Amortization of property and equipment	15,524	19,158
Amortization of external capital contributions	(7,141)	(3,060)
Realized gain on disposal of marketable securities	(15,044)	(2,785)
Loss on disposal of property and equipment	22,168	-
	78,020	(146,586)
Changes in non-cash working capital:		
Accounts receivable	(1,323,989)	215,001
Goods and Services tax recoverable	(26,179)	40,853
Accounts payable and accrued liabilities	(198,804)	(177,871)
Prepaid expenses	14,832	1,237
Deferred contributions	1,810,471	163,280
	276,331	242,500
Cash flow from operating activities	354,351	95,914
INVESTING ACTIVITIES		
Purchase of marketable securities	(1,007,388)	(248,016)
Proceeds on disposal of marketable securities	988,235	243,486
Purchase of property and equipment	(30,775)	(12,693)
Reinvested investment income	(8,165)	(7,384)
Cash flow used by investing activities	(58,093)	(24,607)
INCREASE IN CASH AND CASH EQUIVALENTS	296,258	71,307
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	(28,140)	(99,447)
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 268,118	\$ (28,140)
CASH (DEFICIENCY) CONSISTS OF:		
Cash (Note 3)	\$ 210,975	\$ -
Restricted cash (Note 4)	57,143	394
Bank indebtedness (Note 3)	-	(28,534)
	\$ 268,118	\$ (28,140)

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

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 enable youth on their path to rewarding careers. CAREERS accomplishes this by providing awareness, exploration and experience to encourage youth to engage in learning, stay in school and discover career passion in trades, technologies, health and occupations in high demand.

CAREERS is registered as a charitable organization under the Income Tax Act (Canada) 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.

2. 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.

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 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 amortization expense of the property and equipment is recorded.

Donations of materials and services are recorded by CAREERS at fair value at the date of the contribution if the fair value can be reasonably estimated.

Interest income is earned as it is received.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding and net of draws on the operating line of credit. On occasion, the operating line of credit is drawn upon to meet short-term cash needs.

Marketable securities

Marketable securities consists of cash, treasury bills, bonds, mutual funds, equities, and guaranteed investment certificates. Mutual funds and equities are recorded at fair value.

(continues)

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

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

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Furniture and fixtures	20% declining balance method
Computer equipment	30% declining balance method
Computer software	50% declining balance method

In the year of purchase, amortization on property and equipment is pro-rated based on the acquisition date.

Property and equipment acquired during the year but not available for use are not amortized until they are available for use.

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 organizations 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. The following amounts are subject to measurement uncertainty: the useful lives of property and equipment, collectibility of accounts receivable, accruals for expenses and the allocations of general expenses, administrative expenses and deferred contributions. These estimates are periodically reviewed and any necessary adjustments are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Allocated expenditures

Expenditures which benefit more than one program of CAREERS are allocated among the functions. CAREERS estimates the allocation of certain project expenses that are applied to individual projects or multiple projects, based on the share of the resources expended. The allocations are approved by the leadership team and are reviewed regularly and adjusted accordingly based on project changes and actual cost information recorded. General support expenses are allocated on the following basis:

- Administrative expenses are allocated as agreed to within a specific funding agreement. If administration costs are not identified in a specific agreement the allocation is determined by calculating the percentage weighted value of the funding versus all income.
- Salaries and benefits are allocated amongst programs based on hours spent.
- Stakeholder relations and administration expenses are allocated as determined by calculating the percentage weighted value of the funding versus all income.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

3. CASH

	2019	2018
Bank balance (Indebtedness) consists of:		
Bank account balances	\$ 201,977	\$ 5,624
Line of credit bank balance	-	(9,864)
Cheques issued and outstanding	(31,002)	(24,294)
Deposits outstanding	40,000	-
	\$ 210,975	\$ (28,534)

CAREERS has a \$350,000 revolving line of credit of which \$nil (2018 - \$9,864) was used as at September 30, 2019. Bank advances on the credit line are payable on demand and bear interest at 4.45% (2018 - 4.20%). The credit line is secured by a general security agreement providing a first security interest over all property owned by CAREERS.

4. RESTRICTED CASH

	2019	2018
Cash - casino account	\$ 56,893	\$ 144
Cash - raffle account	250	250
	\$ 57,143	\$ 394

The cash in the casino account represents casino proceeds that are externally restricted by the Alberta Gaming and Liquor Commission to assist in the payments of approved expenses.

CAREERS: THE NEXT GENERATION FOUNDATION**Notes to Financial Statements****Year Ended September 30, 2019****5. MARKETABLE SECURITIES**

	2019	2018
Equity securities	\$ 299,771	\$ 220,445
Mutual funds	147,065	-
Investment cash	25,899	10,970
GIC investment with effective yield of 2.00%	25,000	-
Interest bearing securities with effective yield ranging from 1.15% to 7.10%	-	221,779
Accrued interest	-	2,180
	\$ 497,735	\$ 455,374

The above marketable securities include \$420,000 that has been internally restricted. Additional information on the restriction can be found in Note 10.

Investment income is comprised of the following:

Realized gain on disposal of investments	\$ 15,044	\$ 2,785
Investment income	12,100	12,978
Unrealized gain on investments	8,165	7,384
	\$ 35,309	\$ 23,147

6. ACCOUNTS RECEIVABLE

Accounts receivable includes \$1,655,000 (2018 - \$nil) that is due from Alberta Advanced Education as a result of a signed contract covering the period from September, 2019 to September, 2020. Note 8 identifies the portion of this contract that has been reported as deferred revenue.

Accounts receivable also includes \$83,973 (2018 - \$325,000) that is due from the Canadian Red Cross to cover expenditures for respective projects made by CAREERS prior to September 30, 2019.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and fixtures	\$ 57,179	\$ 25,532	\$ 31,647	\$ 45,813
Computer equipment	89,566	59,001	30,565	23,310
Computer software	-	-	-	7
	\$ 146,745	\$ 84,533	\$ 62,212	\$ 69,130

Amortization provided for in the current period totaled \$15,524; (2018 - \$19,158), of which \$631 (2018 - \$5,603) is included in CAREERS online project included in information and technology and \$14,893 (2018 - \$13,555) included in general and administrative expenses.

During the year, CAREERS wrote off \$250,068 of capital assets and \$227,900 of accumulated amortization arising from CAREERS no longer using these assets. The disposal of capital assets resulted in a loss of \$22,168.

During the year, CAREERS received no donated furniture and fixtures (2018 - \$nil).

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

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 in which the related program expenditures are incurred.

Deferred contributions in the year include \$2,180,000 contributed by Alberta Advanced Education of which \$1,787,447 has been deferred as the revenue relates to the 2019 - 2020 fiscal year.

	Balance, beginning of year	Contributions in year	Amounts recognized as revenue in year	Balance, end of year
<u>Government contributions</u>				
Alberta Government CORE Agreement				
Advanced Education	\$ -	\$ 1,000,000	\$ 1,000,000	\$ -
Education	-	250,000	125,000	125,000
Health	-	200,000	200,000	-
Indigenous Relations	-	140,000	140,000	-
Labour	-	300,000	300,000	-
Casino and gaming proceeds	-	80,179	23,286	56,893
Alberta Advanced Education grants	-	2,180,000	392,553	1,787,447
<u>Industry contributions</u>				
Various programs	8,734	-	8,734	-
The Canadian Red Cross Society	42,528	251,918	294,446	-
Carthy Foundation	62,500	-	62,500	-
EPCOR	42,857	-	42,857	-
RBC Foundation	40,000	50,000	50,000	40,000
Millar Western Forest Products Ltd.	2,250	180,067	182,317	-
	\$ 198,869	\$ 4,632,164	\$ 2,821,693	\$ 2,009,340

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2019

9. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

Unamortized external capital contributions related to property and equipment represent restricted contributions regarding the CAREERS online project. The changes in the unamortized contributions balance over the year are as follows:

	2019	2018
Unamortized external capital contributions, beginning of year	\$ 7,141	\$ 10,201
Amortization	(974)	(3,060)
Adjustment for completion of capital project	(6,167)	-
	\$ -	\$ 7,141

10. INTERNALLY RESTRICTED FOR CONTINGENCY FUND

The Board of Directors have internally restricted \$420,000 to establish 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.

11. LEASE COMMITMENTS

CAREERS has a long term lease with respect to its premises in both Edmonton and Fort McMurray. The Edmonton lease began on November 25, 2018 with an expiry date of March 31, 2027. The Fort McMurray lease began on March 1, 2017 with an expiry of February 29, 2022, with an option of renewal. Future minimum lease payments are as follows:

2020	\$ 60,144
2021	70,147
2022	66,868
2023	61,041
2024	63,287
Thereafter	161,074
	<u>\$ 482,561</u>

12. SUBSEQUENT EVENTS

Subsequent to year-end, CAREERS entered into a long term lease agreement with respect to a premise in Calgary. The lease will begin on March 1, 2020 with an expiry date of February 28, 2026. For the period from March 1, 2020 to and including February 28, 2026, the annual sum of \$32,028, payable in equal consecutive monthly installments of \$2,669, based upon an annual rate of \$12.00 per square foot of the floor area of the leased premise.

CAREERS: THE NEXT GENERATION FOUNDATION**Notes to Financial Statements****Year Ended September 30, 2019****13. OPERATIONS (PROGRAM DELIVERY)**

	2019	2018
Operating expenses consist of:		
Professional fees and salaries	\$ 1,548,874	\$ 1,471,100
Travel and subsistence	299,188	323,378
	\$ 1,848,062	\$ 1,794,478

14. GOVERNMENT CONTRIBUTIONS

	2019	2018
<u>Provincial government contributions</u>		
Alberta Government CORE agreement funding		
Advanced Education	\$ 1,000,000	\$ 1,000,000
Education	125,000	125,000
Health	200,000	200,000
Indigenous Relations	140,000	140,000
Labour	300,000	300,000
Alberta Advanced Education		
Tech Grant	351,860	-
Scaling-up Experiential Learning	40,692	-
Amortization of external capital contributions	974	417
Alberta Labour STEP	20,734	22,177
Government of Alberta - Job Grant	1,138	-
	\$ 2,180,398	\$ 1,787,594
<u>Municipal government contributions</u>		
Various municipal bodies	\$ 70,000	\$ 85,000
<u>Federal government contributions</u>		
Various federal bodies	\$ -	\$ 2,672

CAREERS: THE NEXT GENERATION FOUNDATION
Notes to Financial Statements
Year Ended September 30, 2019

15. RELATED PARTY TRANSACTIONS

The following is a summary of the CAREERS's related party transactions:

	2019	2018
Directors and management contributions (included in industry revenue)	\$ 164,802	\$ 89,589

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

16. FINANCIAL INSTRUMENTS

CAREERS is exposed to various risks through its financial instruments. The following analysis provides information about CAREERS' risk exposure and concentration as of September 30, 2019. Unless otherwise noted, CAREERS' risk exposure has not changed from the prior year.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. CAREERS is exposed to credit risk from contributors. CAREERS has a significant number of contributors which minimizes concentration of credit risk throughout the year. As of September 30, 2019, the largest contributor made up 88% of accounts receivable. In order to mitigate their risk, accounts receivable is reviewed regularly to verify collectibility. Subsequent to the year end, \$1,721,500 of accounts receivable has been collected.

(b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. CAREERS is exposed to other price risk as a result of its \$299,771 invested in equity securities.

(c) Currency risk

Currency risk is the risk to the CAREERS's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. CAREERS is exposed to foreign currency exchange risk on investments held in U.S. dollars.

(d) 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 interest rates. CAREERS is exposed to interest rate risk primarily through its interest bearing marketable securities and line of credit.

17. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.