



CAREERS: The Next Generation Foundation

Annual Financial Statements

Year Ended September 30, 2020

CAREERS: The Next Generation Foundation
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Year Ended September 30, 2020

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December 10, 2020
Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of CAREERS: The Next Generation Foundation

Report on the Financial Statements

Opinion

We have audited the financial statements of CAREERS: The Next Generation Foundation (the Foundation), which comprise the statement of financial position as at September 30, 2020, 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 the Foundation as at September 30, 2020, 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 the Foundation 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 the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

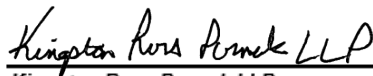
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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 Foundation'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 Foundation'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 Foundation 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 Pasnak LLP
Chartered Professional Accountants

CAREERS: The Next Generation Foundation
Statement of Revenues and Expenditures
Year Ended September 30, 2020

	2020	2019
REVENUE		
Provincial Government (<i>Note 12</i>)	\$ 3,849,866	\$ 2,180,398
Federal Government (<i>Notes 7, 12</i>)	609,497	-
Municipal Government (<i>Note 12</i>)	25,000	70,000
	4,484,363	2,250,398
Industry and contributions donations (<i>Note 13</i>)	1,120,959	1,325,839
Event revenue	131,242	249,958
Campaign revenue (<i>Note 13</i>)	130,146	304,447
Investment income (<i>Note 5</i>)	84,873	35,309
	1,467,220	1,915,553
TOTAL REVENUE	5,951,583	4,165,951
EXPENSES (Schedule 1)		
Operations (Program delivery)	2,497,493	1,848,062
Stakeholder relations (Fund development, events, marketing)	941,042	662,152
Projects (Program research and development)	925,004	829,336
General and administrative	741,674	763,888
	5,105,213	4,103,438
EXCESS OF REVENUE OVER EXPENSES	\$ 846,370	\$ 62,513


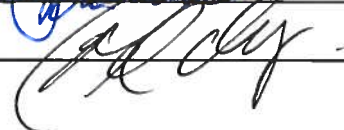
CAREERS: The Next Generation Foundation
Statement of Changes in Net Assets
Year Ended September 30, 2020

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 92,907	\$ 62,212	\$ 420,000	\$ 575,119	\$ 512,606
Excess of revenue over expenditures	568,680	(22,310)	300,000	846,370	62,513
Transfer for property and equipment	(37,086)	37,086	-	-	-
NET ASSETS - END OF YEAR	\$ 624,501	\$ 76,988	\$ 720,000	\$ 1,421,489	\$ 575,119

CAREERS: The Next Generation Foundation
Statement of Financial Position
Year Ended September 30, 2020

	2020	2019
ASSETS		
CURRENT		
Cash (Note 3)	\$ 704,298	\$ 210,975
Restricted cash (Note 4)	3,931	57,143
Marketable securities (Note 5)	855,601	497,735
Accounts receivable (Note 6)	299,277	1,885,959
Goods and Service Tax recoverable	55,096	50,862
Prepays and deposits	38,281	40,775
	1,956,484	2,743,449
PROPERTY AND EQUIPMENT (Note 8)	76,988	62,212
	\$ 2,033,472	\$ 2,805,661
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 548,100	\$ 221,202
Deferred contributions (Note 9)	63,883	2,009,340
	611,983	2,230,542
LEASE COMMITMENTS (Note 10)		
NET ASSETS		
Internally restricted for contingency fund (Note 11)	720,000	420,000
Unrestricted	624,501	92,907
Invested in property and equipment	76,988	62,212
	1,421,489	575,119
	\$ 2,033,472	\$ 2,805,661

ON BEHALF OF THE BOARD

 Director
 Director

CAREERS: The Next Generation Foundation

Statement of Cash Flow

Year Ended September 30, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 846,370	\$ 62,513
Items not affecting cash:		
Amortization of property and equipment	20,992	15,524
Amortization of external capital contributions	-	(7,141)
Realized loss (gain) on disposal of marketable securities	5,708	(15,044)
Loss on disposal of property and equipment	1,318	22,168
	874,388	78,020
Changes in non-cash working capital:		
Accounts receivable	1,586,682	(1,323,989)
Goods and Services Tax recoverable	(4,234)	(26,179)
Accounts payable and accrued liabilities	326,898	(198,804)
Prepays and deposits	2,494	14,832
Deferred contributions	(1,945,457)	1,810,471
	(33,617)	276,331
Cash flow from operating activities	840,771	354,351
INVESTING ACTIVITIES		
Purchase of marketable securities	(356,781)	(1,007,388)
Proceeds on disposal of marketable securities	55,441	988,235
Purchase of property and equipment	(37,086)	(30,775)
Reinvested investment income	(62,234)	(8,165)
Cash flow used by investing activities	(400,660)	(58,093)
INCREASE IN CASH	440,111	296,258
CASH (DEFICIENCY) - BEGINNING OF YEAR	268,118	(28,140)
CASH - END OF YEAR	\$ 708,229	\$ 268,118
CASH CONSISTS OF:		
Cash (Note 3)	\$ 704,298	\$ 210,975
Restricted cash (Note 4)	3,931	57,143
	\$ 708,229	\$ 268,118

CAREERS: The Next Generation Foundation
Schedule 1 – Statement of Expenses
Year Ended September 30, 2020

(Schedule 1)

	Operations	General and administrative	Stakeholder relations	Projects	2020	2019
Salary and wages	\$ 1,602,725	\$ 158,578	\$ 664,965	\$ 143,825	\$ 2,570,093	\$ 1,755,084
Consulting and professional services	505,681	256,913	-	394,837	1,157,431	142,355
Research and development	-	-	-	360,766	360,766	97,083
Event, advertising and promotions	117,377	12,296	222,326	-	351,999	481,749
Office and other	70,924	166,738	15,355	194	253,211	220,186
Travel, subsistence and allowances	106,914	15,322	11,492	15,640	149,368	237,054
Rent	72,264	18,540	20,920	9,086	120,810	83,087
Information technology	21,608	85,635	5,984	205	113,432	66,551
Amortization	-	20,541	-	451	20,992	15,524
Bank charges and fees	-	7,111	-	-	7,111	4,765
	\$ 2,497,493	\$ 741,674	\$ 941,042	\$ 925,004	\$ 5,105,213	\$ 3,103,438

CAREERS: The Next Generation Foundation

Notes to Financial Statements

Year Ended September 30, 2020

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.

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

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:

Computer equipment	30% declining balance method
Furniture and fixtures	20% 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 areas of assignment.
- 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, 2020

3. CASH

	2020	2019
Bank balance consists of:		
Bank account balances	\$ 730,569	\$ 201,977
Cheques issued and outstanding	(26,271)	(31,002)
Deposits outstanding	-	40,000
Line of credit bank balance	-	-
	\$ 704,298	\$ 210,975

CAREERS has a \$350,000 revolving line of credit of which \$nil (2019 - \$nil) was used as at September 30, 2020. Bank advances on the credit line are payable on demand and bear interest at prime plus 0.5% (2019 - prime plus 0.5%). The credit line is secured by a general security agreement providing a first security interest over all present and after acquired property to be registered in all appropriate jurisdictions.

4. RESTRICTED CASH

	2020	2019
Cash - casino account	\$ 3,701	\$ 56,893
Cash - raffle account	230	250
	\$ 3,931	\$ 57,143

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, 2020

5. MARKETABLE SECURITIES

	2020	2019
Equity securities	\$ 535,052	\$ 299,771
Mutual funds	282,605	147,065
GIC investment with effective yield of 1.00%	25,500	25,000
Investment cash	12,444	25,899
	\$ 855,601	\$ 497,735

The above marketable securities include \$720,000 that has been internally restricted. Additional information on the restriction can be found in Note 12.

Investment income is comprised of the following:

Unrealized gain on investments	\$ 49,636	\$ 8,165
Investment income	40,945	12,100
Realized (loss) gain on disposal of investments	(5,708)	15,044
	\$ 84,873	\$ 35,309

6. ACCOUNTS RECEIVABLE

	2020	2019
Industry donations	\$ 200,015	\$ 209,553
Federal subsidies	71,661	-
Government of Alberta grant funding	26,061	1,676,000
Other	1,540	406
	\$ 299,277	\$ 1,885,959

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

7. GOVERNMENT ASSISTANCE

During the year, the Government of Canada passed legislation offering subsidies to employers in order to assist with wage costs. CAREERS benefited from the Canadian Emergency Wage Subsidy (CEWS) for remunerations paid between March 15, 2020 - September 26, 2020 in the amount of \$584,497, which has been recorded as income in the year. Of this amount \$71,661 was receivable at year-end.

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 106,331	\$ 55,620	\$ 50,711	\$ 30,565
Furniture and fixtures	56,681	30,404	26,277	31,647
	\$ 163,012	\$ 86,024	\$ 76,988	\$ 62,212

Amortization provided for in the current period totaled \$20,992; (2019 - \$15,524).

During the year, CAREERS wrote off \$20,819 of capital assets and \$19,501 of accumulated amortization arising from CAREERS no longer using these assets. The disposal of capital assets resulted in a loss of \$1,318.

During the year, CAREERS received no donated furniture and fixtures (2019 - \$nil).

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

9. 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.

	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	125,000	-	125,000	-
Health	-	200,000	200,000	-
Indigenous Relations	-	140,000	140,000	-
Labour	-	300,000	300,000	-
Casino and gaming proceeds	56,892	-	56,892	-
Alberta Advanced Education grants	1,787,448	275,000	2,062,448	-
Canada-Alberta job grants	-	26,061	15,428	10,633
STEP program	-	6,991	6,991	-
<u>Industry contributions</u>				
Various programs	-	3,250	-	3,250
Carthy Foundation	-	75,000	75,000	-
EPCOR	-	50,000	50,000	-
RBC Foundation	40,000	50,000	40,000	50,000
Forest Resource Improvement Association of Alberta.	-	232,093	232,093	-
	\$ 2,009,340	\$ 2,358,395	\$ 4,303,852	\$ 63,883

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

10. LEASE COMMITMENTS

CAREERS has long term lease obligations with respect to its premises in Edmonton, Calgary and Fort McMurray. The Edmonton lease began on November 25, 2018 with an expiry date of March 31, 2027. The Calgary lease began on November 5, 2019 with an expiry date of February 28, 2026. The Fort McMurray lease began on April 1, 2020 with an expiry date of December 31, 2022, as the pre-existing Fort McMurray lease was terminated during the year.

Future minimum lease payments are as follows:

2021	\$	130,200
2022		138,223
2023		104,919
2024		95,315
2025		96,029
Thereafter		<u>110,418</u>
	\$	<u>675,104</u>

11. INTERNALLY RESTRICTED FOR CONTINGENCY FUND

The Board of Directors have internally restricted \$720,000 (2019 - \$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.

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

12. GOVERNMENT CONTRIBUTIONS

	2020	2019
Provincial government contributions		
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	448,140	351,860
Scaling-up Experiential Learning	1,614,308	40,692
Amortization of external capital contributions	-	974
Alberta Labour STEP	6,990	20,734
Government of Alberta - Job Grant	15,428	1,138
	\$ 3,849,866	\$ 2,180,398
Municipal government contributions		
Various municipal bodies	\$ 25,000	\$ 70,000
Federal government contributions		
Canadian Emergency Wage Subsidy Program (CEWS)	\$ 584,497	\$ -
Temporary Wage Subsidy for Employers (TWS)	25,000	-
	\$ 609,497	\$ -

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

13. RELATED PARTY TRANSACTIONS

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

	2020	2019
Directors and management contributions <i>(included in industry contributions and campaign revenue)</i>	\$ 232,006	\$ 164,802

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.

14. 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, 2020. 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, 2020, three accounts made up 73% of accounts receivable. In order to mitigate their risk, accounts receivable is reviewed regularly to verify collectibility. Subsequent to the year end, \$217,174 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 \$535,052 invested in equity securities.

(c) Currency risk

Currency risk is the risk to 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.

CAREERS: The Next Generation Foundation
Notes to Financial Statements
Year Ended September 30, 2020

15. SUBSEQUENT EVENTS

Subsequent to year-end, CAREERS entered into a long term grant agreement with Alberta Advanced Education entitled *Work Integrated Learning: Connecting Alberta Youth to the Skilled Workforce*. The agreement will provide core funding for the period beginning on October 1, 2020 with an expiry date of September 30, 2023.

16. COVID-19

The recent outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that CAREERS or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. While it is not possible at this time to estimate the impact that COVID-19 could have on CAREERS's business, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact CAREERS's business, financial condition or results of operations. Specifically, there has been a reduction to industry funding and additional restrictions to the delivery of several programs. The extent to which the COVID-19 outbreak impacts CAREERS's results will depend on future developments that are highly uncertain and cannot be predicted, including new information that may emerge concerning the spread of the virus and government actions.

17. COMPARATIVE FIGURES

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