

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2021

CAREERS: THE NEXT GENERATION FOUNDATION
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Year Ended September 30, 2021

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Edmonton, Alberta

INDEPENDENT AUDITOR'S REPORT

To the Members of CAREERS: The Next Generation Foundation

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, 2021, 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, 2021, 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.

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

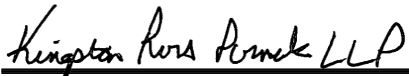
Auditor's Responsibilities for the Audit of the Financial Statements

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 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 Parnak LLP
Chartered Professional Accountants

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Revenues and Expenditures
Year Ended September 30, 2021

	2021	2020
REVENUE		
Provincial Government <i>(Note 12)</i>	\$ 5,500,933	\$ 3,849,866
Federal Government <i>(Notes 7, 12)</i>	900,187	609,497
Municipal Government <i>(Note 12)</i>	50,000	25,000
	6,451,120	4,484,363
Industry and individual contributions <i>(Note 13)</i>	1,048,542	1,120,959
Campaign revenue <i>(Note 13)</i>	506,608	130,146
Event revenue	219,821	131,242
Investment income <i>(Note 5)</i>	206,325	84,873
	1,981,296	1,467,220
TOTAL REVENUE	8,432,416	5,951,583
EXPENSES (Schedule 1)		
Projects (Program research and development)	2,434,478	925,004
Operations (Program delivery)	2,753,989	2,497,493
General and administrative	915,929	741,674
Marketing	783,219	457,092
Stakeholder relations (Fund development and events)	579,670	483,950
	7,467,285	5,105,213
EXCESS OF REVENUE OVER EXPENSES	\$ 965,131	\$ 846,370

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Changes in Net Assets****Year Ended September 30, 2021**

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 624,501	\$ 76,988	\$ 720,000	\$ 1,421,489	\$ 575,119
Excess of revenue over expenditures	689,712	(24,581)	300,000	965,131	846,370
Transfer for property and equipment	(27,418)	27,418	-	-	-
NET ASSETS - END OF YEAR	\$ 1,286,795	\$ 79,825	\$ 1,020,000	\$ 2,386,620	\$ 1,421,489

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2021

	2021	2020
ASSETS		
CURRENT		
Cash (Note 3)	\$ 3,670,077	\$ 704,298
Restricted cash (Note 4)	2,038	3,931
Marketable securities (Note 5)	2,622,798	855,601
Accounts receivable (Note 6)	404,668	299,277
Goods and Service Tax recoverable	35,270	55,096
Prepays and deposits	24,724	38,281
	6,759,575	1,956,484
PROPERTY AND EQUIPMENT (Note 8)	79,825	76,988
	\$ 6,839,400	\$ 2,033,472
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 985,830	\$ 548,100
Deferred contributions (Note 9)	3,466,950	63,883
	4,452,780	611,983
LEASE COMMITMENTS (Note 10)		
NET ASSETS		
Internally restricted for contingency fund (Note 11)	1,020,000	720,000
Unrestricted	1,286,795	624,501
Invested in property and equipment	79,825	76,988
	2,386,620	1,421,489
	\$ 6,839,400	\$ 2,033,472

ON BEHALF OF THE BOARD

_____ Director

_____ Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2021**

	2021	2020
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 965,131	\$ 846,370
Items not affecting cash:		
Amortization of property and equipment	24,581	20,992
Realized (gain) loss on disposal of marketable securities	(10,228)	5,708
Loss on disposal of property and equipment	-	1,318
	979,484	874,388
Changes in non-cash working capital:		
Accounts receivable	(105,391)	1,586,682
Goods and Service Tax recoverable	19,826	(4,234)
Accounts payable and accrued liabilities	437,730	326,898
Prepays and deposits	13,557	2,494
Deferred contributions	3,403,067	(1,945,457)
	3,768,789	(33,617)
Cash flow from operating activities	4,748,273	840,771
INVESTING ACTIVITIES		
Purchase of marketable securities	(6,447,562)	(356,781)
Proceeds on disposal of marketable securities	4,821,177	55,441
Purchase of property and equipment	(27,419)	(37,086)
Reinvested investment income	(130,583)	(62,234)
Cash flow used by investing activities	(1,784,387)	(400,660)
INCREASE IN CASH FLOW	2,963,886	440,111
CASH - BEGINNING OF YEAR	708,229	268,118
CASH - END OF YEAR	\$ 3,672,115	\$ 708,229
CASH CONSISTS OF:		
Cash (Note 3)	\$ 3,670,077	\$ 704,298
Restricted cash (Note 4)	2,038	3,931
	\$ 3,672,115	\$ 708,229

CAREERS: THE NEXT GENERATION FOUNDATION
Expenses by Category
Year Ended September 30, 2021

(Schedule 1)

	Operations	General and administrative	Stakeholder relations	Marketing	Projects	2021	2020
Salary and wages	\$ 2,025,392	\$ 127,126	\$ 484,291	\$ 257,032	\$ 297,903	\$ 3,191,744	\$ 2,570,093
Consulting and professional services	437,160	520,105	-	490,203	1,011,765	2,459,234	1,157,431
Research and development	263	55,991	-	-	1,093,179	1,149,432	360,766
Event, advertising and promotions	45,734	16,333	64,912	2,614	-	129,594	351,999
Office and other	76,121	78,646	6,940	17,410	12,369	191,487	253,211
Travel, subsistence and allowances	100,815	10,522	4,911	9,006	7,356	132,610	149,368
Rent	68,504	7,096	18,616	6,954	11,905	113,075	120,810
Information technology	-	52,117	-	-	-	52,117	113,432
Amortization	-	24,581	-	-	-	24,581	20,992
Bank charges and fees	-	23,412	-	-	-	23,412	7,111
	\$ 2,753,989	\$ 915,929	\$ 579,671	\$ 783,219	\$ 2,434,478	\$ 7,467,285	\$ 5,105,213

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2021

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.

Event revenue is recognized into income when an event has occurred and the dollar amount is measurable.

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.

Marketable securities

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

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CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2021

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:

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

In the year available for use, amortization on property and equipment is pro-rated based on the available for use 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, 2021

3. CASH

	2021	2020
Bank balance consists of:		
Bank account balances	\$ 3,929,275	\$ 730,569
Cheques issued and outstanding	(259,198)	(26,271)
	\$ 3,670,077	\$ 704,298

CAREERS has a \$350,000 revolving line of credit of which \$nil (2020 - \$nil) was used as at September 30, 2021. Bank advances on the credit line are payable on demand and bear interest at prime plus 0.5% (2020 - 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

	2021	2020
Cash - casino account	\$ 1,758	\$ 3,701
Cash - raffle account	280	230
	\$ 2,038	\$ 3,931

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

5. MARKETABLE SECURITIES

	2021	2020
Mutual funds	\$ 718,648	\$ 282,605
Equity securities	717,163	535,052
GIC investment with effective yield of 1.00%	595,815	25,500
Investment cash	591,172	12,444
	\$ 2,622,798	\$ 855,601

The above marketable securities include \$1,020,000 that has been internally restricted. Additional information on the restriction can be found in Note 11.

Investment income is comprised of the following:

Unrealized gain on investments	\$ 96,317	\$ 49,636
Investment income	68,864	40,945
Realized gain (loss) on disposal of investments	41,144	(5,708)
	\$ 206,325	\$ 84,873

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2021

6. ACCOUNTS RECEIVABLE

	2021	2020
Federal subsidies	\$ 261,455	\$ 71,661
Industry donations	143,213	200,015
Government of Alberta grant funding	-	26,061
Other	-	1,540
	\$ 404,668	\$ 299,277

7. GOVERNMENT ASSISTANCE

During the year, the Government of Canada passed legislation offering subsidies to employers in order to assist with wage costs and rent costs. CAREERS benefited from the Canada Emergency Wage Subsidy (CEWS) for remunerations for the entire year in the amount of \$883,640 (2020-\$584,497), which has been recorded as Federal Government revenue in the year. Of this amount, \$261,455 was receivable at year-end. CAREERS also benefited from Canada Emergency Rent Subsidy (CERS) for remunerations in the amount of \$16,547, which has been recorded as Federal Government revenue and received in full at year-end.

8. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 133,749	\$ 74,946	\$ 58,803	\$ 50,711
Furniture and fixtures	56,681	35,659	21,022	26,277
	\$ 190,430	\$ 110,605	\$ 79,825	\$ 76,988

Amortization provided for in the current period totaled \$24,581; (2020 - \$20,992).

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2021

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	\$ -	\$ 6,185,000	\$ 3,185,000	\$ 3,000,000
Integrated Internship Model	-	350,000	350,000	-
Building Capacity	-	2,365,000	1,955,300	409,700
Canada-Alberta job grants	10,633	-	10,633	-
<u>Industry contributions</u>				
Various programs	3,250	7,250	3,250	7,250
Anonymous grant	-	75,000	75,000	-
EPCOR	-	100,000	50,000	50,000
RBC Foundation	50,000	-	50,000	-
	\$ 63,883	\$ 9,082,250	\$ 5,679,183	\$ 3,466,950

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.

Future minimum lease payments are as follows:

2022	\$ 138,223
2023	104,919
2024	95,315
2025	96,029
2026	110,418
	<u>\$ 544,904</u>

11. INTERNALLY RESTRICTED FOR CONTINGENCY FUND

The Board of Directors have internally restricted \$1,020,000 (2020 - \$720,000) 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, 2021

12. GOVERNMENT CONTRIBUTIONS

	2021	2020
<u>Provincial government contributions</u>		
Alberta Government CORE agreement funding		
Advanced Education	\$ -	\$ 1,000,000
Education	-	125,000
Health	-	200,000
Indigenous Relations	-	140,000
Labour	-	300,000
Core Program	3,185,000	-
Building Capacity	1,955,300	-
Integrated Internship Model	350,000	-
Alberta Advanced Education		
Tech Grant	-	448,140
Scaling-up Experiential Learning	-	1,614,308
Alberta Labour STEP	-	6,990
Government of Alberta - Job Grant	10,633	15,428
	\$ 5,500,933	\$ 3,849,866
<u>Municipal government contributions</u>		
Various municipal bodies	\$ 50,000	\$ 25,000
<u>Federal government contributions</u>		
Canadian Emergency Wage Subsidy Program (CEWS)	\$ 883,640	\$ 584,497
Canadian Emergency Rent Subsidy (CERS)	16,547	-
Temporary Wage Subsidy for Employers (TWS)	-	25,000
	\$ 900,187	\$ 609,497

13. RELATED PARTY TRANSACTIONS

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

	2021	2020
Directors and management contributions		
<i>(included in industry contributions and campaign revenue)</i>	\$ 599,867	\$ 232,006

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.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2021

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, 2021. 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, 2021, three accounts made up 83% of accounts receivable. In order to mitigate their risk, accounts receivable is reviewed regularly to verify collectibility. Subsequent to the year end, \$336,418 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 \$717,163 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.

15. COVID-19

The Coronavirus Disease 2019, or COVID-19 has spread across the globe and continues to impact worldwide economic activity. This global pandemic poses the risk that the CAREERS or its clients, employees, contractors, suppliers, and other partners may experience periodic interruptions to their regular business activities. While it is not possible at this time to estimate the impact that COVID-19 will have on the CAREERS' business in the coming fiscal year, the continued spread of COVID-19 and the measures taken by the federal, provincial and municipal governments to contain its impact could adversely impact the CAREERS' business, financial condition and/or the results of its operations. However, CAREERS has proven their ability to pivot to weather COVID-19. The enhanced use of technology, marketing tools and processes have enabled the organization to reach their targets and prepare for significant target increases for 2021/22.

16. COMPARATIVE FIGURES

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