

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2010

CAREERS: THE NEXT GENERATION FOUNDATION
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Year Ended September 30, 2010

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2900 Bell Tower

10104-103 Avenue

Edmonton, Alberta

T5J 0H8

Tel: 780.424.3000

Fax: 780.429.4817

www.krpgroup.com

An independent member firm
of  DFK



November 11, 2010
Edmonton, Alberta


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, 2010 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended. These financial statements are the responsibility of CAREERS' 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 CAREERS as at September 30, 2010 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.


Kingston Ross Pask LLP
Chartered Accountants

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Revenues and Expenditures
Year Ended September 30, 2010

	2010	2009
REVENUE		
Provincial Government funding	\$ 2,003,161	\$ 1,990,939
Municipal Government funding	65,700	51,500
Federal Government funding	26,773	28,733
	2,095,634	2,071,172
Industry investment	1,196,942	1,238,009
NEXTGEN Online project funding	98,417	-
Investment income (Note 5)	48,138	117,334
	1,343,497	1,355,343
	3,439,131	3,426,515
EXPENSES		
Operations		
(Program delivery) (Note 4)	1,307,164	1,200,939
Projects		
(Pilot projects, Health projects, contract support)	797,630	759,171
Stakeholder relations & growth		
(Investment development, stewardship, events)	613,000	732,332
Provincial partnership		
(Medicine Hat, Lethbridge, Fort McMurray)	432,610	359,308
NEXTGEN Online project	98,417	-
Information technology	75,179	93,704
	3,324,000	3,145,454
General & administrative expense	484,492	522,800
DEFICIENCY OF REVENUE OVER EXPENSES	\$ (369,361)	\$ (241,739)

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets


Year Ended September 30, 2010


	Unrestricted	Investment in property and equipment	Internally Restricted for Contingency Fund	2010	2009
NET ASSETS - BEGINNING OF YEAR	\$ 571,663	\$ 29,475	\$ 350,000	\$ 951,138	\$ 1,192,877
Deficiency of revenue over expenses	(360,012)	(9,349)	-	(369,361)	(241,739)
Transfers for property and equipment net addition	(12,661)	12,661	-	-	-
NET ASSETS - END OF YEAR	\$ 198,990	\$ 32,787	\$ 350,000	\$ 581,777	\$ 951,138

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2010

	2010	2009
ASSETS		
CURRENT		
Cash	\$ 252,215	\$ 172,039
Marketable securities (Note 5)	1,087,545	1,295,972
Accounts receivable	285,943	275,581
Prepaid expenses	19,221	29,774
	1,644,924	1,773,366
MARKETABLE SECURITIES (Note 5)	414,363	825,197
PROPERTY AND EQUIPMENT (Note 6)	49,690	53,622
	\$ 2,108,977	\$ 2,652,185
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 298,864	\$ 208,793
Deferred contributions (Note 7)	797,070	642,910
	1,095,934	851,703
DEFERRED CONTRIBUTIONS (Note 7)	414,363	825,197
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 8)	16,903	24,147
	1,527,200	1,701,047
COMMITMENTS (Note 9)		
NET ASSETS		
Unrestricted	198,990	571,663
Investment in property and equipment	32,787	29,475
Internally restricted for contingency fund	350,000	350,000
	581,777	951,138
	\$ 2,108,977	\$ 2,652,185

ON BEHALF OF THE BOARD


 _____ Director


 _____ Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2010**

	2010	2009
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (369,361)	\$ (241,739)
Items not affecting cash:		
Amortization of property and equipment	15,875	30,730
Amortization of external capital contribution	(7,244)	(10,758)
Loss on disposal of property and equipment	718	-
Loss on disposal of marketable securities	3,596	16,026
Decrease in fair market value of marketable securities	(4,128)	(106,800)
Deferred contributions recognized as revenue in the year	(741,327)	(865,533)
	(1,101,871)	(1,178,074)
Changes in non-cash working capital:		
Accounts receivable	(10,362)	(9,608)
Accounts payable and accrued liabilities	90,071	7,823
Prepaid expenses	10,553	88,664
Deferred contributions received	484,653	348,425
	574,915	435,304
Cash flow used by operating activities	(526,956)	(742,770)
INVESTING ACTIVITIES		
Purchase of property and equipment	(12,660)	(13,311)
Purchase of marketable securities, net of proceeds from disposal and maturities	619,792	658,646
Cash flow from investing activities	607,132	645,335
INCREASE (DECREASE) IN CASH	80,176	(97,435)
CASH - BEGINNING OF YEAR	172,039	269,474
CASH - END OF YEAR	\$ 252,215	\$ 172,039
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ 36,750	\$ 49,047

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

1. PURPOSE OF THE ORGANIZATION

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

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

Community mobilization is a key strategy for market penetration and growth. To accomplish this objective, CAREERS has entered into partnerships in three regions of the province. In certain regions, CAREERS funds a portion of the salaries and expenses of the project. The Community Careers Cooperative (CCC) in Fort McMurray is a partnership managed and operated within CAREERS organization and accounted for within these financial statements but guided by a local board of directors. The CCC organization ceased to exist as of July 2, 2010 and is now embodied in the CAREERS organization.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies observed in the preparation of the financial statements are summarized below. These policies are in accordance with Canadian generally accepted accounting principles.

Revenue recognition

CAREERS follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable and collection of the receivable is reasonably assured.

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

Donation of material and services are not recorded by CAREERS.

Marketable securities

Marketable securities are classified as held for trading and carried at fair value which approximates cost.

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CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

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

Property and equipment

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

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

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

Financial instruments

Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments are measured in the Balance Sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost using the effective interest method. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in excess of revenue over expenditures. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in the statement of revenue and expenditures until the instrument is derecognized or impaired.

CAREERS has made the following classifications:

Cash and marketable securities are classified as financial assets held for trading and are measured at fair value.

Accounts receivable are classified as loans and receivables and are recorded at amortized cost using the effective interest method.

Accounts payable and accrued liabilities are classified as other liabilities and are measured at amortized cost using the effective interest method.

The CICA has issued Section 3862 "Financial Instruments - Disclosures", and Section 3863 "Financial Instruments - Presentation", which apply to annual and interim periods beginning on our after October 1, 2007. These Sections revise and enhance the disclosure requirements and carry forward unchanged the presentation requirements set out in Section 3861 "Financial Instruments - Disclosure and Presentation". In the current year, the CAREERS will continue to apply Section 3861 instead of adopting 3862 and 3863 Handbook Sections.

Statement of Cash Flow

The CAREERS is using the indirect method in its presentation of the Statement of Cash Flow.

(continues)

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Significant management estimates pertain to the estimated useful lives of property and equipment.

Changes in accounting policies

During the 2009 fiscal year, CAREERS has chosen to continue to apply CICA Handbook Section 4400 "Financial Statement Presentation by Not-for-Profit Organizations" presentation of net assets invested in capital assets as a component of net assets separately from the unrestricted net assets balance.

Effective for year ends commencing after January 1, 2009 the Canadian Institute of Chartered Accountants Handbook requires that not for profit organizations who raise funds from the public separately disclose the related fundraising costs and general expenses. There was no impact to the financial statements of CAREERS as a result of this change in policy.

The Institute of Chartered Accountants has announced amendments to Handbook Section 1000 "Financial Statement Concepts" and the definition of an asset. The amendments disallow the recognition of assets and liabilities solely based on the principle of matching revenues and expenses. This change in accounting policy has been applied retroactively. There was no impact to the financial statements of CAREERS as a result of this change in policy.

3. FUTURE ACCOUNTING STANDARDS

The Canadian Institute of Chartered Accountants (CICA) has issued new accounting standards which will affect the CAREERS' financial statements in subsequent fiscal years.

Developments in Not-for-Profit Accounting Standards

The Accounting Standards Board (AcSB) has issued a March 2010 exposure draft of accounting standards for not-for-profit organizations. The proposed changes to these standards include using the existing section 4400 as the primary source of accounting standards for not-for-profit organizations and material relating specifically to not-for-profit organizations in certain sections of the existing handbook. Not-for-profit organizations may select to either adopt International Financial Reporting Standards (IFRS) or the proposed new set of accounting standards with application required to fiscal years beginning on or after January 1, 2012 with the option to early adopt.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

4. OPERATING EXPENSES

	2010	2009
Operation expenses consist of:		
Professional fees/salaries	\$ 1,089,363	\$ 1,000,112
Travel and subsistence	217,801	200,827
	\$ 1,307,164	\$ 1,200,939

5. MARKETABLE SECURITIES

	2010	2009
Money market funds	\$ 1,065,743	\$ 1,690,444
Canadian equities	289,174	283,705
Foreign equities	145,910	145,939
Guaranteed Investment certificate with effective yield of 0.45% and maturity date of June 30, 2011	1,081	-
Guaranteed Investment certificate with effective yield of 0.20% and maturity date of June 30, 2010	-	1,081
Subtotal	1,501,908	2,121,169
Restricted to meet obligations beyond one year	(414,363)	(825,197)
	\$ 1,087,545	\$ 1,295,972

Investment income is comprised of the following:

	2010	2009
(Decrease) increase in fair market value of investment	(3,668)	106,800
Investment income	52,744	26,560
Loss on disposal of investments	(938)	(16,026)
	48,138	117,334

CAREERS does not use derivative instruments to alter the effect 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

Year Ended September 30, 2010

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Computer equipment	\$ 154,058	\$ 124,896	\$ 29,162	\$ 28,535
Furniture and fixtures	54,642	35,872	18,770	23,462
Computer software	14,068	12,310	1,758	1,625
	\$ 222,768	\$ 173,078	\$ 49,690	\$ 53,622

Amortization provided for in the current year totaled \$15,874; (2009 - \$36,766), of which \$11,183 (2009 - \$24,584) is included in administrative support expense and \$4,691 (2009 - \$6,146) is included in general and administrative expenses.

7. 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	\$ 1,224,000	\$ -	\$ 408,000	\$ 816,000
Alberta Employment and Immigration	12,420	100,000	12,420	100,000
NextGen Online	-	370,000	98,417	271,583
Corporate contributions				
- various programs	31,231	14,653	22,034	23,850
Community Careers Cooperative	128,709	-	128,709	-
Alberta Liquor and Gaming Commission	71,747	-	71,747	-
	\$ 1,468,107	\$ 484,653	\$ 741,327	\$ 1,211,433

Balance to be recognized as revenue in 2011	\$ 797,070
Balance to be recognized as revenue in 2012	414,363
	<u>\$ 1,211,433</u>

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

8. UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTIONS

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

	2010	2009
Unamortized external capital contributions, beginning of year	\$ 24,147	\$ 34,905
Amounts amortized to revenue	(7,244)	(10,758)
	\$ 16,903	\$ 24,147

9. COMMITMENTS

CAREERS leases its office premises under an operating lease that expires in 2011. The estimated lease costs for 2011 is \$27,400.

10. INTERNALLY RESTRICTED NET ASSETS

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

11. CAPITAL DISCLOSURES

CAREERS' objectives when managing capital are to protect its ability to meet its ongoing financial obligations. Protecting the ability to pay current and future liabilities includes maintaining a prudent base of capital, ensuring adequate liquidity and financial flexibility and satisfying internally determined capital guidelines based on risk management policies.

Capital is comprised of CAREERS' net assets balances. As at September 30, 2010, CAREERS' net assets was \$581,777.

CAREERS is not subject to any external capital requirements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

12. GOVERNMENT CONTRIBUTIONS

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

	Received in year	Received in previous years	2010	2009
<u>Alberta government and related agency contributions</u>				
Alberta Health and Wellness	\$ 197,000	\$ 408,000	\$ 605,000	\$ 609,000
Alberta Advanced Education and Technology and Alberta Education	552,000	-	552,000	719,700
Alberta Employment and Immigration	270,990	12,420	283,410	194,478
Alberta Aboriginal Relations	80,000	-	80,000	80,000
Alberta Liquor and Gaming Commission	2,084	71,747	73,831	11,324
Alberta Finance and Enterprise	35,000	-	35,000	35,000
Alberta Culture and Community Spirit	13,603	-	13,603	8,144
Amortization of external capital contributions (Note 8)	-	7,244	7,244	10,758
Alberta Education Programs: Alberta Health Services	353,073	-	353,073	322,535
	1,503,750	499,411	2,003,161	1,990,939
<u>Federal government contributions</u>				
Service Canada	26,773	-	26,773	28,733
<u>Municipal government contributions</u>				
Various municipal bodies	65,700	-	65,700	51,500
Grand total	\$ 1,596,223	\$ 499,411	\$ 2,095,634	\$ 2,071,172

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2010

13. FINANCIAL INSTRUMENTS

CAREERS's financial instruments consist of cash, marketable securities, accounts receivable, and accounts payable and accrued liabilities.

Fair Value

CAREERS's carrying value of cash and marketable securities are at fair value. The carrying value of accounts receivable, and accounts payable and accrued liabilities approximate their fair value due to the immediate or short term maturity of these instruments.

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 amounts due from corporate sponsors. Funds on deposits are maintained with Schedule 1 institutions. Accordingly, CAREERS is not exposed to significant credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, CAREERS manages exposure through its normal operating and financing activities. CAREERS is exposed to interest rate risk primarily through its investments in bonds and money market funds.

14. COMPARATIVE FIGURES

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

The comparative figures were audited by another firm of Chartered Accountants.