

**CAREERS: THE NEXT GENERATION  
FOUNDATION**

**Financial Statements**

**Year Ended September 30, 2012**

**CAREERS: THE NEXT GENERATION FOUNDATION**  
**Index to Financial Statements**  
**Year Ended September 30, 2012**

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	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	2
Statement of Changes in Net Assets	3
Statement of Financial Position	4
Statement of Cash Flow	5
Notes to Financial Statements	6 - 13

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

December 13, 2012  
Edmonton, Alberta

## INDEPENDENT AUDITOR'S REPORT

To the Members of CAREERS: The Next Generation Foundation

We have audited the accompanying financial statements of CAREERS: The Next Generation Foundation, which comprise the statement of financial position as at September 30, 2012 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

### *Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of CAREERS: The Next Generation Foundation as at September 30, 2012 and the results of its operations and its cash flow for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in cursive script that reads 'Kingston Ross Pasnak LLP'. Below the signature is a horizontal line, followed by the printed name 'Kingston Ross Pasnak LLP' and the text 'Chartered Accountants'.

**Kingston Ross Pasnak LLP**  
Chartered Accountants

**CAREERS: THE NEXT GENERATION FOUNDATION**  
**Statement of Revenues and Expenditures**  
**Year Ended September 30, 2012**

	2012	2011
<b>REVENUE</b>		
Provincial Government funding <i>(Note 11)</i>	\$ 1,633,918	\$ 2,062,847
Municipal Government funding <i>(Note 11)</i>	196,410	105,000
Federal Government funding <i>(Note 11)</i>	27,439	26,075
	<b>1,857,767</b>	<b>2,193,922</b>
Industry investment	1,436,607	1,269,976
CAREERS Online project funding	254,523	809,085
Investment income <i>(Note 5)</i>	42,980	53,428
	<b>1,734,110</b>	<b>2,132,489</b>
<b>TOTAL REVENUE</b>	<b>3,591,877</b>	<b>4,326,411</b>
<b>EXPENDITURES</b>		
Operations		
(Program delivery) <i>(Note 4)</i>	1,385,235	1,273,761
Stakeholder relations & growth		
(Investment development, stewardship, events)	644,935	594,102
General & administrative expense	594,710	489,726
Projects		
(Pilot projects, Health projects, contract support)	480,374	625,111
CAREERS Online project	301,016	809,085
Provincial partnership		
(Medicine Hat, Lethbridge, Fort McMurray)	113,054	153,601
Information technology	40,700	40,929
<b>TOTAL EXPENDITURES</b>	<b>3,560,024</b>	<b>3,986,315</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES</b>	<b>\$ 31,853</b>	<b>\$ 340,096</b>

**CAREERS: THE NEXT GENERATION FOUNDATION**  
**Statement of Changes in Net Assets**  
**Year Ended September 30, 2012**

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2012	2011
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 541,304	\$ 30,569	\$ 350,000	\$ 921,873	\$ 581,777
Excess (deficiency) of revenue over expenditures	39,810	(7,957)	-	31,853	340,096
Transfer for property and equipment, net of addition	(5,153)	5,153	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 575,961	\$ 27,765	\$ 350,000	\$ 953,726	\$ 921,873

**CAREERS: THE NEXT GENERATION FOUNDATION**  
**Statement of Financial Position**  
**September 30, 2012**

	2012	2011
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 123,333	\$ 210,181
Marketable securities (Note 5)	661,185	1,531,475
Accounts receivable	806,421	184,593
Prepaid expenses	19,864	27,735
Deferred expenses	17,574	27,616
	<b>1,628,377</b>	<b>1,981,600</b>
MARKETABLE SECURITIES (Note 5)	-	51,030
PROPERTY AND EQUIPMENT (Note 6)	112,182	139,109
	<b>\$ 1,740,559</b>	<b>\$ 2,171,739</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 451,386	\$ 378,662
Deferred contributions (Note 7)	251,030	711,634
	<b>702,416</b>	<b>1,090,296</b>
DEFERRED CONTRIBUTIONS (Note 7)	-	51,030
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 8)	84,417	108,540
	<b>786,833</b>	<b>1,249,866</b>
<b>NET ASSETS</b>		
Unrestricted	575,961	541,304
Invested in property and equipment	27,765	30,569
Internally restricted for contingency fund	350,000	350,000
	<b>953,726</b>	<b>921,873</b>
	<b>\$ 1,740,559</b>	<b>\$ 2,171,739</b>

ON BEHALF OF THE BOARD

  
 Director

  
 Director

**CAREERS: THE NEXT GENERATION FOUNDATION****Statement of Cash Flow****Year Ended September 30, 2012**

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ 31,853	\$ 340,096
Items not affecting cash:		
Amortization of property and equipment	32,080	25,877
Amortization of external capital contribution	(24,122)	(16,345)
Gain on disposal of property and equipment	(5,174)	-
Gain on disposal of marketable securities	(1,504)	(38,689)
(Increase) decrease in fair market value of marketable securities	(6,859)	33,941
Deferred contribution recognized as revenue in the year	(711,634)	(1,556,631)
	<b>(685,360)</b>	<b>(1,211,751)</b>
Changes in non-cash working capital:		
Accounts receivable	(621,828)	101,350
Accounts payable and accrued liabilities	72,724	79,797
Prepaid expenses	7,871	(8,514)
Deferred expenses	10,042	(27,616)
Deferred contributions received	200,000	1,215,844
	<b>(331,191)</b>	<b>1,360,861</b>
Cash flow (used by) from operating activities	<b>(1,016,551)</b>	<b>149,110</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of equipment	(7,929)	(115,296)
Proceeds on disposal of equipment	7,949	-
Disposal (purchase) of marketable securities, net of proceeds from disposal and maturities	929,683	(75,848)
Cash flow from (used by) investing activities	<b>929,703</b>	<b>(191,144)</b>
<b>DECREASE IN CASH</b>	<b>(86,848)</b>	<b>(42,034)</b>
CASH - BEGINNING OF YEAR	<b>210,181</b>	<b>252,215</b>
<b>CASH - END OF YEAR</b>	<b>\$ 123,333</b>	<b>\$ 210,181</b>

## **CAREERS: THE NEXT GENERATION FOUNDATION**

### **Notes to Financial Statements**

**Year Ended September 30, 2012**

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#### **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.

#### **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 unless the fair value of the donation is supported as per the Canada Revenue Agency requirement regarding in-kind donations.

##### Marketable securities

Marketable securities consists of mutual funds, equities, and guaranteed investment certificates.

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## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2012

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#### 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 rates:

Furniture and fixtures	20%
Computer equipment	30 - 55%
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 or 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, CAREERS will continue to apply Section 3861 instead of adopting 3862 and 3863 Handbook Sections.

##### Statement of Cash Flow

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

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## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2012

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#### 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.

#### 3. FUTURE ACCOUNTING STANDARDS

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

##### *Developments in Not-for-Profit Accounting Standards*

In December 2010, the Accounting Standards Board (AcSB) issued Part III of the CICA Handbook entitled "Accounting Standards for Not-for-Profit Organizations." These new accounting standards are available for early adoption and carry forward the Section 4400 series and relevant material relating specifically to not-for-profit organizations in other sections of the current Handbook, including Sections 1000, 1100, 1400 and 3031, largely without change. For years beginning on or after January 1, 2012, not-for-profit enterprises must choose to adopt either the Accounting Standards for Not-for-Profit Organizations or International Financial Reporting Standards. CAREERS will adopt the Accounting Standards for Not-For-Profit Organizations. Management has not yet determined the numerical impact of applying the new standards.

#### 4. OPERATING EXPENSES

	2012	2011
<b>Operation expenses consist of:</b>		
Professional fees and salaries	\$ 1,182,590	\$ 1,070,578
Travel and subsistence	202,645	203,183
	<b>\$ 1,385,235</b>	<b>\$ 1,273,761</b>

**CAREERS: THE NEXT GENERATION FOUNDATION**

**Notes to Financial Statements**

**Year Ended September 30, 2012**

5. MARKETABLE SECURITIES	2012	2011
Canadian equities	\$ 313,278	\$ 295,677
Guaranteed Investment Certificate with effective yield ranging from 1% to 5.69% and maturity date ranging from June 30, 2013 to June 3, 2018	268,145	689,867
Mutual funds	71,657	579,156
Investment cash	8,105	17,805
Subtotal	661,185	1,582,505
Restricted to meet obligations beyond one year	-	(51,030)
	<b>\$ 661,185</b>	<b>\$ 1,531,475</b>

Investment income is comprised of the following:

	2012	2011
Increase (decrease) in fair market value of investment	6,859	(33,941)
Investment income	34,616	48,680
Gain on disposal of investments	1,504	38,689
	<b>42,979</b>	<b>53,428</b>

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.

**6. PROPERTY AND EQUIPMENT**

	Cost	Accumulated amortization	2012 Net book value	2011 Net book value
Furniture and fixtures	\$ 151,522	\$ 69,594	\$ 81,928	\$ 101,398
Computer equipment	173,740	143,926	29,814	36,832
Computer software	14,068	13,628	440	879
	<b>\$ 339,330</b>	<b>\$ 227,148</b>	<b>\$ 112,182</b>	<b>\$ 139,109</b>

Amortization provided for in the current period totaled \$32,080; (2011 - \$25,877), of which \$7,847 (2011 - \$10,534) is included in information technology expense, \$20,573 (2011 - \$11,274) is included in CAREERS Online project and \$3,660 (2011 - \$4,069) is included in general and administrative expenses.

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2012

#### 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	\$ 408,000	\$ -	\$ 408,000	\$ -
CAREERS Online	59,634	-	59,634	-
Corporate contributions				
- various programs	295,030	200,000	244,000	251,030
	<b>\$ 762,664</b>	<b>\$ 200,000</b>	<b>\$ 711,634</b>	<b>\$ 251,030</b>

Balance to be recognized as revenue in 2013 \$ 251,030

#### 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 and from various organization regarding CAREERS Online project, with which some of CAREERS' property and equipment were purchased. The changes in the unamortized contributions balance over the year are as follows:

	Alberta Gaming and Liquor Commission	CAREERS Online Project	2012	2011
Unamortized external capital contributions, beginning of year	\$ 11,832	\$ 96,708	\$ 108,540	\$ 16,903
Addition	-	-	-	107,982
Amounts amortized to revenue	(3,550)	(20,573)	(24,123)	(16,345)
	<b>\$ 8,282</b>	<b>\$ 76,135</b>	<b>\$ 84,417</b>	<b>\$ 108,540</b>

## **CAREERS: THE NEXT GENERATION FOUNDATION**

### **Notes to Financial Statements**

**Year Ended September 30, 2012**

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#### **9. 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.

#### **10. 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, 2012, CAREERS' net assets was \$953,726.

CAREERS is not subject to any external capital requirements.

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2012

#### 11. 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	2012	2011
<u>Alberta government and related agency contributions</u>				
Alberta Advanced Education and Technology and Alberta Education	\$ 787,000	\$ -	\$ 787,000	\$ 1,077,000
Alberta Health and Wellness	143,695	408,000	551,695	506,500
Alberta Employment and Immigration	239,000	-	239,000	304,153
Alberta Aboriginal Relations	40,000	-	40,000	80,000
Alberta Liquor and Gaming Commission	2,079	-	2,079	72,836
Alberta Culture and Community Spirit	10,594	-	10,594	17,287
Amortization of external capital contributions (Note 8)	-	3,550	3,550	5,071
	1,222,368	411,550	1,633,918	2,062,847
<u>Federal government contributions</u>				
Service Canada	27,439	-	27,439	26,075
<u>Municipal government contributions</u>				
Various municipal bodies	196,410	-	196,410	105,000
<b>Grand total</b>	<b>\$ 1,446,217</b>	<b>\$ 411,550</b>	<b>\$ 1,857,767</b>	<b>\$ 2,193,922</b>

## **CAREERS: THE NEXT GENERATION FOUNDATION**

### **Notes to Financial Statements**

**Year Ended September 30, 2012**

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#### 12. FINANCIAL INSTRUMENTS

##### 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 investment in bonds and money market funds.

#### 13. COMPARATIVE FIGURES

During the year, CAREERS has renamed the project previously known as the NEXTGEN Online project as the CAREERS Online project.