

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2014

CAREERS: THE NEXT GENERATION FOUNDATION

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Year Ended September 30, 2014

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December 10, 2014
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, 2014 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 Accounting Standards for Not-for-Profit Organizations, 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, 2014 and the results of its operations and its cash flow for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.


Kingston Ross Pasnak LLP
Chartered Accountants

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Revenues and Expenditures****Year Ended September 30, 2014**

	2014	2013
REVENUE		
Provincial Government funding (Note 9)	\$ 1,868,739	\$ 2,164,725
Municipal Government funding (Note 9)	103,865	74,679
	1,972,604	2,239,404
Industry investment	1,500,169	1,671,144
Investment income (Note 4)	125,230	51,829
CAREERS Online project funding	15,788	17,955
	1,641,187	1,740,928
TOTAL REVENUE	3,613,791	3,980,332
EXPENDITURES		
Operations (Program delivery) (Note 3)	1,634,336	1,638,016
Stakeholder relations & growth (Investment development, stewardship, events)	938,513	910,686
General and administrative expense	638,363	566,805
Projects (Pilot projects, Health projects, contract support)	270,583	587,323
Information technology	100,120	131,492
Provincial partnership	95,916	84,176
CAREERS Online project	15,788	22,976
TOTAL EXPENDITURES	3,693,619	3,941,474
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENDITURES	\$ (79,828)	\$ 38,858

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

Year Ended September 30, 2014

	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 597,725	\$ 44,859	\$ 350,000	\$ 992,584	\$ 953,726
Deficiency of revenue over expenditures	(70,660)	(9,168)	-	(79,828)	38,858
Transfer for property and equipment	(6,051)	6,051	-	-	-
NET ASSETS - END OF YEAR	\$ 521,014	\$ 41,742	\$ 350,000	\$ 912,756	\$ 992,584

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 162,315	\$ 155,569
Marketable securities (Note 4)	1,824,764	1,535,721
Accounts receivable	368,687	1,317,331
Prepaid expenses	19,726	19,190
	2,375,492	3,027,811
MARKETABLE SECURITIES (Note 4)	-	747,000
PROPERTY AND EQUIPMENT (Note 5)	88,191	108,837
	\$ 2,463,683	\$ 3,883,648
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 395,209	\$ 446,056
Deferred contributions (Note 6)	1,109,268	1,634,030
	1,504,477	2,080,086
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 7)	46,450	63,978
DEFERRED CONTRIBUTIONS (Note 6)	-	747,000
	1,550,927	2,891,064
NET ASSETS		
Unrestricted	521,014	597,725
Invested in property and equipment	41,742	44,859
Internally restricted for contingency fund (Note 8)	350,000	350,000
	912,756	992,584
	\$ 2,463,683	\$ 3,883,648

ON BEHALF OF THE BOARD


 Director


 Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2014**

	2014	2013
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (79,828)	\$ 38,858
Items not affecting cash:		
Amortization of property and equipment (Note 5)	25,915	28,768
Amortization of external capital contribution (Note 7)	(17,528)	(20,440)
Loss on disposal of property and equipment (Note 5)	782	1,015
Gain on disposal of marketable securities (Note 4)	(69,974)	(42,459)
Decrease (increase) in fair market value of marketable securities	534	13,908
Deferred contribution recognized as revenue in the year	(1,877,667)	(244,000)
	(2,017,766)	(224,350)
Changes in non-cash working capital:		
Accounts receivable	948,644	(510,910)
Accounts payable and accrued liabilities	(50,855)	(5,329)
Prepaid expenses	(536)	674
Deferred expenses	-	17,574
Deferred contributions	605,904	2,374,000
	1,503,157	1,876,009
Cash flow (used by) from operating activities	(514,609)	1,651,659
INVESTING ACTIVITIES		
Purchase of equipment	(6,051)	(26,438)
Disposal (purchase) of marketable securities, net of proceeds from disposal and maturities	527,406	(1,592,985)
Cash flow from (used by) investing activities	521,355	(1,619,423)
INCREASE IN CASH	6,746	32,236
CASH - BEGINNING OF YEAR	155,569	123,333
CASH - END OF YEAR	\$ 162,315	\$ 155,569
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest paid	\$ 2,884	\$ 2,192

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2014

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

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 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.

Cash

Cash and cash equivalents consist of cash on deposit less cheques issued and outstanding.

(continues)

CAREERS: THE NEXT GENERATION FOUNDATION
Notes to Financial Statements
Year Ended September 30, 2014

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

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 organization 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. Significant management estimates pertain to the useful lives of property and equipment, collectibility of accounts receivable, accruals for expenses and allocations of general and administrative expenses. Actual results could differ from these estimates.

3. OPERATING EXPENSES

	2014	2013
Operation expenses consist of:		
Professional fees and salaries	\$ 1,389,997	\$ 1,354,726
Travel and subsistence	244,339	283,290
	\$ 1,634,336	\$ 1,638,016

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2014

4. MARKETABLE SECURITIES

	2014	2013
Interest bearing securities with effective yield ranging from 0.90% to 11.77%	\$ 1,394,349	\$ 2,027,821
Equity securities	407,646	241,756
Investment cash	11,762	5,963
Accrued interest	10,998	7,181
Subtotal	1,824,755	2,282,721
Restricted to meet obligations beyond one year	-	(747,000)
	\$ 1,824,755	\$ 1,535,721

Marketable securities include \$997,000 of investment whose use is restricted under the term of a provincial government funding agreement.

Investment income is comprised of the following:

	2014	2013
(Decrease) increase in fair market value of investment	(534)	(13,908)
Investment income	55,790	23,278
Gain on disposal of investments	69,974	42,459
	125,230	51,829

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2014 Net book value	2013 Net book value
Furniture and fixtures	\$ 161,005	\$ 101,378	\$ 59,627	\$ 74,534
Computer equipment	192,654	164,200	28,454	34,083
Computer software	14,068	13,958	110	220
	\$ 367,727	\$ 279,536	\$ 88,191	\$ 108,837

Amortization provided for in the current period totaled \$25,915; (2013 - \$28,768), of which \$6,148 (2013 - \$6,908) is included in information technology expense, \$15,788 (2013 - \$17,956) is included in CAREERS Online project and \$3,979 (2013 - \$3,905) is included in general and administrative expenses. Also included in general and administrative expenses is a loss on disposal of computer equipment of \$782 (2013 - 1,015).

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2014

6. 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
<u>Alberta government contributions</u>				
Alberta Innovation and Advanced Education	\$ 1,414,000	\$ -	\$ 707,000	\$ 707,000
Alberta Education	250,000	500,000	500,000	250,000
Alberta Gaming and Liquor Commission	-	80,904	-	80,904
Aboriginal Relations	80,000	-	40,000	40,000
Alberta Human Services	620,000	-	620,000	-
<u>Corporate contributions</u>				
Various programs	17,031	25,000	10,667	31,364
	\$ 2,381,031	\$ 605,904	\$ 1,877,667	\$ 1,109,268

7. 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	2014	2013
Unamortized external capital contributions, beginning of year	\$ 5,798	\$ 58,180	\$ 63,978	\$ 84,418
Amounts amortized to revenue	(1,739)	(15,789)	(17,528)	(20,440)
	\$ 4,059	\$ 42,391	\$ 46,450	\$ 63,978

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2014

8. 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.

9. 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	2014	2013
<u>Alberta government and related agency contributions</u>				
Alberta Innovation and Advanced Education	\$ -	\$ 707,000	\$ 707,000	\$ 1,157,000
Alberta Human Services	-	620,000	620,000	625,000
Alberta Health	-	-	-	253,100
Alberta Liquor and Gaming Commission	-	-	-	76,691
Alberta Aboriginal Relations	-	40,000	40,000	40,000
Alberta Education	250,000	250,000	500,000	-
Alberta Culture and Community Spirit	-	-	-	10,449
Amortization of external capital contributions (Note 7)	-	1,739	1,739	2,485
	\$ 250,000	\$ 1,618,739	\$ 1,868,739	\$ 2,164,725
<u>Municipal government contributions</u>				
Various municipal bodies	\$ -	\$ 103,865	\$ 103,865	\$ 74,679

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Notes to Financial Statements
Year Ended September 30, 2014

10. FINANCIAL INSTRUMENTS

CAREERS is exposed to various risks through its financial instruments. The following analysis provides information about CAREERS's risk exposure and concentration as of September 30, 2014.

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, and the maximum exposure to this risk is the carrying value of accounts receivable on the balance sheet. CAREERS has a significant number of customers which minimizes concentration of credit risk. As September 30, 2014, one contributor made up 20% of accounts receivable.

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.

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 its marketable securities held in U.S. dollars.

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 market interest rates. CAREERS is exposed to interest rate risk primarily through its interest bearing marketable securities.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. CAREERS is exposed to other price risk through its investment in quoted shares.