

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2022

CAREERS: THE NEXT GENERATION FOUNDATION
Index to Financial Statements
Year Ended September 30, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flow	6
Expenses by Category (<i>Schedule 1</i>)	7
Notes to Financial Statements	8 - 14



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December 14, 2022
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 Organization), which comprise the statement of financial position as at September 30, 2022, 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 Organization as at September 30, 2022, 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 Organization 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

(continues)

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 Organization'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 Organization'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 Organization 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, 2022

	2022	2021
REVENUE		
Provincial Government <i>(Note 11)</i>	\$ 6,638,389	\$ 5,500,933
Municipal Government <i>(Note 11)</i>	50,000	50,000
Federal Government <i>(Note 11)</i>	42,264	900,187
	6,730,653	6,451,120
Industry and individual contributions <i>(Notes 10, 12)</i>	1,291,049	1,048,542
Event revenue	334,443	219,821
School division contributions	218,111	-
Rental income	32,417	-
Campaign revenue <i>(Note 12)</i>	15,000	506,608
Investment income <i>(Note 4)</i>	(178,298)	206,325
	1,712,722	1,981,296
TOTAL REVENUE	8,443,375	8,432,416
EXPENSES (Schedule 1)		
Operations (Program delivery)	3,638,540	2,753,988
Youth Internship Incentive Program <i>(Note 12)</i>	1,325,950	1,092,050
General and administrative <i>(Note 12)</i>	1,048,115	915,929
Marketing	1,014,264	783,219
Program research and development	912,510	1,342,428
Stakeholder relations (Fund development and events) <i>(Note 12)</i>	644,642	579,671
	8,584,021	7,467,285
(DEFICIENCY) EXCESS OF REVENUE OVER EXPENSES	\$ (140,646)	\$ 965,131

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

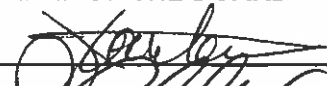
Year Ended September 30, 2022

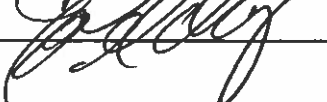
	Unrestricted	Invested in property and equipment	Internally restricted reserve funds (Note 9)	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 1,286,795	\$ 79,825	\$ 1,020,000	\$ 2,386,620	\$ 1,421,489
Deficiency of revenue over expenses	(952,816)	(27,830)	840,000	(140,646)	965,131
Transfer for property and equipment	(40,929)	40,929	-	-	-
NET ASSETS - END OF YEAR	\$ 293,050	\$ 92,924	\$ 1,860,000	\$ 2,245,974	\$ 2,386,620

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 549,945	\$ 3,670,077
Restricted cash	-	2,038
Marketable securities (Note 4)	1,164,406	1,602,798
Accounts receivable (Note 5)	114,219	404,668
Goods and Service Tax recoverable	53,324	35,270
Prepaid and deposits	129,205	24,724
	2,011,099	5,739,575
PROPERTY AND EQUIPMENT (Note 6)	92,924	79,825
MARKETABLE SECURITIES SUPPORTING INTERNALLY RESTRICTED FUNDS (Note 4)	1,860,000	1,020,000
	\$ 3,964,023	\$ 6,839,400
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 986,240	\$ 985,830
Deferred contributions (Note 7)	731,809	3,466,950
	1,718,049	4,452,780
LEASE COMMITMENTS (Note 8)		
NET ASSETS		
Internally restricted reserve funds (Note 9)	1,860,000	1,020,000
Unrestricted	293,050	1,286,795
Invested in property and equipment	92,924	79,825
	2,245,974	2,386,620
	\$ 3,964,023	\$ 6,839,400

ON BEHALF OF THE BOARD


 Director


 Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2022**

	2022	2021
OPERATING ACTIVITIES		
(Deficiency) excess of revenue over expenses	\$ (140,646)	\$ 965,131
Items not affecting cash:		
Amortization of property and equipment	27,830	24,581
Realized loss (gain) on disposal of marketable securities	180,762	(96,317)
Reinvested investment income net of investment fees	(54,181)	(130,583)
Unrealized loss (gain) on marketable securities	71,812	(10,228)
	85,577	752,584
Changes in non-cash working capital:		
Accounts receivable	290,449	(105,391)
Goods and Service Tax (payable) recoverable	(18,054)	19,826
Accounts payable and accrued liabilities	410	437,730
Prepaid and deposits	(104,481)	13,557
Deferred contributions	(2,735,141)	3,403,067
	(2,566,817)	3,768,789
Cash flow from (used by) operating activities	(2,481,240)	4,521,373
INVESTING ACTIVITIES		
Purchase of property and equipment	(40,930)	(27,419)
Proceeds on disposal of marketable securities	700,000	4,821,177
Purchase of marketable securities supporting internally restricted funds	(300,000)	-
Purchase of marketable securities	(1,000,000)	(6,351,245)
Cash flow used by investing activities	(640,930)	(1,557,487)
(DECREASE) INCREASE IN CASH	(3,122,170)	2,963,886
CASH - BEGINNING OF YEAR	3,672,115	708,229
CASH - END OF YEAR	\$ 549,945	\$ 3,672,115
CASH CONSISTS OF:		
Cash	\$ 549,945	\$ 3,670,077
Restricted cash	-	2,038
	\$ 549,945	\$ 3,672,115

CAREERS: THE NEXT GENERATION FOUNDATION

Expenses by Category

(Schedule 1)

Year Ended September 30, 2022

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

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 and when the materials and services are used in the normal course of CAREERS operations and would otherwise have been purchased.

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 revolving line of credit is drawn upon to meet short-term cash needs.

Marketable securities

Marketable securities consists of cash, money market funds, short-term bonds, mutual funds and equity securities and are recorded at fair value.

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CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

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 arm's length financial instruments are initially measured at fair value, and, unless otherwise noted, CAREERS subsequently measures its financial instruments at amortized cost.

The measurement basis for related party financial instruments is disclosed in Note 13.

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 that benefit more than one department are systematically allocated among functions on the basis determined and approved by management at least annually. General support expenses are allocated on the following basis:

- Salary and wages including related benefits, certain consulting fees paid to team members, travel, subsistence and allowances are attributed to the function where the team member's efforts are made.
- Rent costs are allocated to each function based on the estimated proportionate number of team members expected to be assigned to each department throughout the year.

Expenditures allocated to each department are detailed in Schedule 1 to these financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

3. CASH

	2022	2021
Bank balance consists of:		
Bank account balances	\$ 759,130	\$ 3,929,275
Cheques issued and outstanding	(209,185)	(259,198)
	\$ 549,945	\$ 3,670,077

CAREERS has a \$350,000 revolving line of credit of which \$nil (2021- \$nil) was used as at September 30, 2022. Bank advances on the credit line are payable on demand and bear interest at prime plus 0.5% (2021- 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. MARKETABLE SECURITIES

	2022	2021
Cash and money market funds	\$ 708,612	\$ 591,172
Short-term bonds	1,051,722	595,815
Mutual funds	442,044	718,648
Equity securities	822,028	717,163
	3,024,406	2,622,798
Internally restricted funds	(1,860,000)	(1,020,000)
Marketable securities	\$ 1,164,406	\$ 1,602,798

Additional information on the restriction can be found in Note 9.

Investment income is comprised of the following:

Investment income	\$ 74,276	\$ 68,864
Unrealized (loss) gain on investments	(71,812)	41,144
Realized (loss) gain on disposal of investments	(180,762)	96,317
	\$ (178,298)	\$ 206,325

5. ACCOUNTS RECEIVABLE

	2022	2021
Industry donations	\$ 94,094	\$ 143,213
Government of Alberta grant funding	20,125	-
Federal subsidies	-	261,455
	\$ 114,219	\$ 404,668

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Computer equipment	\$ 173,380	\$ 98,532	\$ 74,848	\$ 58,803
Furniture and fixtures	57,980	39,904	18,076	21,022
	\$ 231,360	\$ 138,436	\$ 92,924	\$ 79,825

Amortization provided for in the current period totaled \$27,830; (2021 - \$24,581).

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 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	\$ 1,530,000	\$ 2,520,000	\$ 4,050,000	\$ -
Integrated Internship Model	245,000	-	245,000	-
Building Capacity	475,000	475,000	950,000	-
Youth Internship Incentive Program	1,159,700	750,000	1,325,950	583,750
Canada Revenue Agency	-	42,264	42,264	-
The City of Edmonton	-	50,000	50,000	-
Canada-Alberta job grants	-	67,439	67,439	-
School division funding	-	218,111	218,111	-
<u>Industry contributions</u>				
Various corporations	57,250	1,201,877	1,234,127	25,000
Various foundations	-	182,500	107,500	75,000
Forest Resource Improvement Association of Alberta	-	319,112	271,053	48,059
	\$ 3,466,950	\$ 5,826,303	\$ 8,561,444	\$ 731,809

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

8. 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:

2023	\$	103,936
2024		89,907
2025		97,717
2026		82,472
2027		24,571
		<hr/>
	\$	<u>398,603</u>

9. RESERVES

The internally restricted reserve funds consist of:

Board Reserve

The Board of Directors have internally restricted \$960,000 (2021 - \$420,000) to establish a fund to meet the obligations of the organization required to wind down CAREERS in an orderly manner if dissolution were required. The targeted Board Reserve fund balance is calculated annually based on the estimated costs to extinguish all obligations including one month of personnel costs.

Sustainability & Opportunity Fund (S&O)

The Board of Directors have internally restricted \$900,000 (2021 - \$600,000) to establish and ensure the organization has resources available to weather unexpected losses, or take advantage of unplanned opportunities requiring investment. The targeted S&O fund balance is approximately 3 months of operating expenses, reviewed annually.

10. DONATIONS OF MATERIALS AND SERVICES

In the current year, donations of materials and services were provided to CAREERS. Of these transactions, the most significant donations included transportation in the amount of \$33,530, a Calgary office sublease of \$83,882 and Red Deer meeting space of \$13,600.

Donations are only recognized in the financial statements when the fair value can be reasonably estimated and when the materials would otherwise have been purchased. In the year, there were other smaller unidentified donations where fair value could not be determined, such donated materials are not recognized in the financial statements.

Volunteers contribute numerous hours in carrying out the activities for CAREERS. Due to the difficulty in determining the fair value, such donated services are not recognized in the financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

11. GOVERNMENT CONTRIBUTIONS

	2022	2021
<u>Provincial government contributions</u>		
Alberta Government CORE agreement funding		
Core Program	\$ 4,050,000	\$ 3,185,000
Youth Internship Incentive Program	1,325,950	1,092,050
Building Capacity	950,000	863,250
Integrated Internship Model	245,000	350,000
Alberta Advanced Education Government of Alberta - Job Grant	67,439	10,633
	6,638,389	5,500,933
<u>Municipal government contributions</u>		
City of Edmonton	50,000	50,000
<u>Federal government contributions</u>		
Canadian Emergency Wage Subsidy Program (CEWS)	-	883,640
Canadian Emergency Rent Subsidy (CERS)	-	16,547
Job Grants	42,264	-
	42,264	900,187
	\$ 6,730,653	\$ 6,451,120

12. RELATED PARTY TRANSACTIONS

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

	2022	2021
<i>Directors and management contributions</i>		
(included in industry and individual contributions)	\$ 87,209	\$ 599,867
(included in campaign revenue)	5,000	-
<i>Director and management consulting fees</i>		
(included in general and administrative)	\$ (124,240)	\$ (122,098)
(included in stakeholder relations)	(123,548)	(124,671)
<i>Incentive funding provided by a director</i>		
(included in incentive program)	\$ (9,000)	\$ -

The transactions with related parties are measured at cost, which is equal to the undiscounted cash flows received, or expected to be received, not including expected interest and dividends, less any previously recognized impairment losses.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2022

13. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments. The following analysis provides information about the Organization's risk exposure and concentration as of September 30, 2022. Unless otherwise noted, the Organization's 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. The Organization has a concentration of credit risk due to the fact that 3 accounts represent 97% of accounts receivable at year-end (2021 - 3 accounts made up 83% of accounts receivable).

(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. The Organization is mainly exposed to price risk and currency rate risk.

(c) Currency risk

Currency risk is the risk to the Organization's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Organization is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Organization does not use derivative instruments to reduce its exposure to foreign currency risk. In the year, CAREERS recorded a foreign exchange expense of \$68,844 (2021 - \$38,775).

(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. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

14. COMPARATIVE FIGURES

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