

Financial Statements of

**CAREERS: THE NEXT
GENERATION FOUNDATION**

Year ended September 30, 2008



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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, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's 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 the Foundation as at September 30, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a long, horizontal, slightly curved line that underlines the text.

Chartered Accountants

Edmonton, Canada
October 31, 2008

CAREERS: THE NEXT GENERATION FOUNDATION

Financial Statements

Year ended September 30, 2008

Financial Statements

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CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Financial Position

September 30, 2008, with comparative figures for 2007

	2008	2007
Assets		
Current assets:		
Cash	\$ 269,474	\$ 112,970
Short-term deposits (note 2)	2,689,041	1,247,811
Accounts receivable	265,973	184,765
Prepaid expenses	118,438	13,420
	<u>3,342,926</u>	<u>1,558,966</u>
Capital assets (note 3)	71,042	78,966
	<u>\$ 3,413,968</u>	<u>\$ 1,637,932</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 200,971	\$ 248,287
Deferred contributions (note 4)	1,985,215	331,098
	<u>2,186,186</u>	<u>579,385</u>
Unamortized external capital contributions	34,905	54,432
Net assets:		
Internally restricted (note 5)	350,000	350,000
Investment in capital assets	36,136	24,533
Unrestricted	806,741	629,582
	<u>1,192,877</u>	<u>1,004,115</u>
Commitments (note 6)		
	<u>\$ 3,413,968</u>	<u>\$ 1,637,932</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Operations

Year ended September 30, 2008, with comparative figures for 2007

	2008	2007
Revenue:		
Alberta government contributions (note 7)	\$ 1,477,290	\$ 1,032,858
Corporate contributions	1,375,696	1,181,152
Health Educational Programs	306,475	250,927
Federal government contributions (note 7)	112,034	105,240
Investment income (note 2)	21,561	48,964
Municipal government contributions (note 7)	32,084	20,500
	<u>3,325,140</u>	<u>2,639,641</u>
Expenses:		
Program costs:		
Professional services and salaries	1,626,068	1,721,239
Health Educational Programs	313,229	250,126
Travel	251,456	283,451
Trade fairs and events	206,401	54,804
Communications	93,818	92,515
Administrative support	74,656	203,315
Production and creative work	57,932	32,036
Publicity, printing and newsletter	52,285	105,235
Rent	32,689	31,897
Professional development	4,203	6,283
	<u>2,712,737</u>	<u>2,780,901</u>
General and administrative expenses	<u>423,641</u>	<u>108,382</u>
Total expenses	3,136,378	2,889,283
Excess (deficiency) of revenue over expenses	\$ 188,762	\$ (249,642)

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

Year ended September 30, 2008, with comparative figures for 2007

				2008	2007
	Internally restricted for contingency fund	Investment in capital assets	Unrestricted	Total	Total
Balance, beginning of year	\$ 350,000	\$ 24,533	\$ 629,582	\$ 1,004,115	\$ 1,193,667
Excess (deficiency) of revenue over expenses	-	(17,239)	206,001	188,762	(249,642)
Adjustment on implementation of financial instrument standards [note 1(a)]	-	-	-	-	60,090
Transfers for capital assets purchased with internal funds	-	28,842	(28,842)	-	-
Balance, end of year	\$ 350,000	\$ 36,136	\$ 806,741	\$ 1,192,877	\$ 1,004,115

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Cash Flows

Year ended September 30, 2008, with comparative figures for 2007

	2008	2007
Cash provided by (used in):		
Operations (note 8):		
Excess (deficiency) of revenue over expenses	\$ 188,762	\$ (249,642)
Items not involving cash:		
Amortization of external capital contributions	(19,527)	(5,120)
Amortization of capital assets	36,766	13,500
Reduction of fair market value of investments	60,619	14,843
Change in non-cash operating working capital:		
Increase in accounts receivable	(81,208)	(39,628)
Decrease (increase) in prepaid expenses	(105,018)	11,645
Increase (decrease) in accounts payable and accrued liabilities	(47,316)	89,228
Increase (decrease) in deferred contributions	1,654,117	(150,560)
	<u>1,687,195</u>	<u>(315,734)</u>
Financing:		
Externally restricted capital contributions	-	53,647
Investments:		
Increase in short-term deposits	(1,501,849)	(25,173)
Capital assets purchased with internal funds	(28,842)	(4,577)
Capital assets purchased with externally restricted funds	-	(53,647)
	<u>(1,530,691)</u>	<u>(83,397)</u>
Increase (decrease) in cash	156,504	(345,484)
Cash, beginning of year	112,970	458,454
Cash, end of year	<u>\$ 269,474</u>	<u>\$ 112,970</u>

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year ended September 30, 2008

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 partnerships 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 projects 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 in Fort McMurray is a project managed and operated within the CAREERS organization and accounted for within these financial statements, but guided by a local board of directors.

1. Significant accounting policies:

(a) Financial assets and financial liabilities:

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in the Statement of Operations. Financial assets classified as available-for-sale are measured at fair value with changes in those fair values recognized in the Statement of Changes in Net Assets until realized, at which time the cumulative changes in fair values are recognized in the Statement of Operations. Loans and Receivables and financial liabilities classified as other financial liabilities are measured at amortized cost using the effective interest method. Unless otherwise noted, the fair value of these investments approximate their carrying value.

Upon implementation of the new standards, the Foundation has classified its significant financial assets and financial liabilities as follows:

- Cash and term deposits are classified as held-for-trading.
- Accounts receivable are classified as loans and receivables; and
- Accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs are recognized immediately in the statement of revenue and expenditures. Trade-date basis of accounting is used for financial instruments. The Foundation has elected to exclude the application of Section 3855 of CICA Handbook for contracts to buy or sell non-financial items and embedded derivatives within these contracts and for embedded derivatives within lease and insurance contracts.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

1. Significant accounting policies (continued):

(a) Financial assets and financial liabilities (continued):

The Foundation has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include credit risk, liquidity risk and price risk. Price risk arises from changes in interest rates, foreign currency exchange rates and market prices. The Foundation does not use derivative financial instruments to alter the effects of these risks. The Foundation invests surplus funds in guaranteed investments certificates and other similar investments.

The Foundation's accounts receivable are substantially comprised of amounts due from corporate sponsors. Funds on deposit are maintained with Schedule 1 institutions. Accordingly, the Foundation is not exposed to significant credit risk. The Foundation has no long term debt which eliminates liquidity and price risk.

(b) 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 capital assets. Amounts invested representing externally funded capital assets 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 capital asset is recorded.

Donation of material and services are not recorded by CAREERS. Management estimates the fair value of donated materials and services was approximately \$23,383 (2007 - \$65,050).

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided over their estimated useful lives using the declining balance method at the following annual rates:

Asset	Rate
Office equipment and furniture	20%
Computer equipment	55%
Computer software	50%

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

2. Short-term deposits:

	2008	2007
Money market funds	\$ 27,833	\$ 199,248
Income funds	463,977	974,531
Guaranteed investment certificate with effective yield of 2.75% and maturity date of May 13, 2009	2,122,151	-
Guaranteed investment certificate with effective yield of 3.4% and maturity date of January 3, 2009	74,040	74,032
Guaranteed investment certificate with effective yield of 3.25% and maturity date of June 30, 2009	1,040	-
	<u>\$ 2,689,041</u>	<u>\$ 1,247,811</u>

Investment income is comprised of the following:

	2008	2007
Reduction of fair market values of investments	\$ (60,619)	\$ (14,843)
Interest	82,180	63,807
	<u>\$ 21,561</u>	<u>\$ 48,964</u>

The Foundation does not use derivative instruments to alter the effects of interest or market risks.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

3. Capital assets:

			2008		2007	
	Cost	Accumulated amortization	Net book value		Net book value	
Office equipment and furniture	\$ 54,135	\$ 25,379	\$ 28,756	\$	\$ 35,946	
Computer equipment	133,493	91,588	41,905		41,701	
Computer software	10,894	10,513	381		1,319	
	\$ 198,522	\$ 127,480	\$ 71,042	\$	\$ 78,966	

Amortization expense for the year was \$36,766 (2007 - \$13,500), of which \$29,577 (2007 - \$10,883) is included in administrative support expense and \$7,189 (2007 - \$2,667) is included in general and administrative expenses.

4. 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	\$ -	\$ 2,040,000	\$ (408,000)	\$ 1,632,000
Corporate contributions - various programs	45,287	48,500	(5,666)	88,121
Community Careers Cooperative	203,311	369,353	(390,070)	182,594
Alberta Advanced Education and Technology	82,500	165,000	(165,000)	82,500
	\$ 331,098	\$ 2,622,853	\$ (968,736)	\$ 1,985,215

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

5. 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.

6. Commitments:

CAREERS leases its office premises under an operating lease that expires in 2011. In addition, CAREERS has a security system operating lease that expires in 2009. The estimated lease and security costs by year are as follows:

2009	\$	35,010
2010		35,196
2011		27,400
	\$	97,606

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements (continued)

Year ended September 30, 2008

7. 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, as described in notes 1(b) and 4.

	2008	2007
Alberta government contributions:		
Alberta Advanced Education and Technology and Alberta Education (note 4)	\$ 775,000	\$ 609,500
Alberta Health and Wellness (note 4)	408,000	189,280
Alberta Employment, Immigration and Industry	212,490	75,097
Alberta Human Resources and Employment	-	61,872
Alberta Finance	-	31,600
Alberta Aboriginal Affairs and Northern Development	-	42,580
Alberta Liquor and Gaming Commission	-	22,929
Alberta International, Intergovernmental and Aboriginal Relations	80,000	-
Northern Alberta Development Council	1,800	-
	\$ 1,477,290	\$ 1,032,858
Federal government contributions:		
Human Resources and Skills Development Canada	\$ 26,890	\$ 54,198
Western Economic Diversification Canada	85,144	51,042
	\$ 112,034	\$ 105,240
Municipal government contributions:		
The City of Edmonton	\$ 20,000	\$ 20,000
District of Opportunity No. 17	-	500
The Regional Municipality of Wood Buffalo	12,084	-
	\$ 32,084	\$ 20,500