

**CAREERS: THE NEXT GENERATION  
FOUNDATION**

**Financial Statements**

**Year Ended September 30, 2011**

**CAREERS: THE NEXT GENERATION FOUNDATION**  
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**Year Ended September 30, 2011**

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December 15, 2011  
Edmonton, Alberta

**INDEPENDENT AUDITOR'S REPORT**

An independent member firm  
of  DFIK

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, 2011, 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, 2011, 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 Pasnak LLP  
Chartered Accountants

**CAREERS: THE NEXT GENERATION FOUNDATION****Statement of Revenues and Expenditures****Year Ended September 30, 2011**

	2011	2010
<b>REVENUE</b>		
Provincial Government funding (Note 11)	\$ 2,062,847	\$ 2,003,161
Municipal Government funding (Note 11)	105,000	65,700
Federal Government funding (Note 11)	26,075	26,773
	<b>2,193,922</b>	<b>2,095,634</b>
Industry investment	1,269,976	1,196,942
NEXTGEN Online project funding	809,085	98,417
Investment income (Note 5)	53,428	48,138
	<b>2,132,489</b>	<b>1,343,497</b>
	<b>4,326,411</b>	<b>3,439,131</b>
<b>EXPENSES</b>		
Operations		
(Program delivery) (Note 4)	1,273,761	1,307,164
NEXTGEN Online project	809,085	98,417
Stakeholder relations & growth		
(Investment development, stewardship, events)	594,102	613,000
Projects		
(Pilot projects, health projects, contract support)	625,111	797,630
Provincial partnership		
(Medicine Hat, Lethbridge, Fort McMurray)	153,601	432,610
Information technology	40,929	75,179
	<b>3,496,589</b>	<b>3,324,000</b>
General & administrative expense	489,726	484,492
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<b>\$ 340,096</b>	<b>\$ (369,361)</b>

**CAREERS: THE NEXT GENERATION FOUNDATION**

**Statement of Changes in Net Assets**

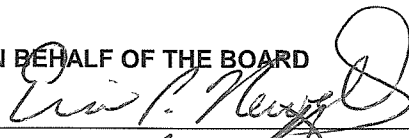
**Year Ended September 30, 2011**


	Unrestricted	Investment in property and equipment	Internally restricted for contingency fund	2011	2010
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 198,990	\$ 32,787	\$ 350,000	\$ 581,777	\$ 951,138
Excess (deficiency) of revenue over expenses	349,628	(9,532)	-	<b>340,096</b>	(369,361)
Transfer for property and equipment, net addition	(7,314)	7,314	-	-	-
<b>NET ASSETS - END OF YEAR</b>	\$ 541,304	\$ 30,569	\$ 350,000	\$ 921,873	\$ 581,777

**CAREERS: THE NEXT GENERATION FOUNDATION**  
**Statement of Financial Position**  
**September 30, 2011**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 210,181	\$ 252,215
Marketable securities (Note 5)	1,531,475	1,087,545
Accounts receivable	184,593	285,943
Prepaid expenses	27,735	19,221
Deferred expenses	27,616	-
	<b>1,981,600</b>	<b>1,644,924</b>
MARKETABLE SECURITIES (Note 5)	<b>51,030</b>	<b>414,363</b>
PROPERTY AND EQUIPMENT (Note 6)	<b>139,109</b>	<b>49,690</b>
	<b>\$ 2,171,739</b>	<b>\$ 2,108,977</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 378,662	\$ 298,864
Deferred contributions (Note 7)	711,634	797,070
	<b>1,090,296</b>	<b>1,095,934</b>
DEFERRED CONTRIBUTIONS (Note 7)	<b>51,030</b>	<b>414,363</b>
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 8)	<b>108,540</b>	<b>16,903</b>
	<b>1,249,866</b>	<b>1,527,200</b>
<b>NET ASSETS</b>		
Unrestricted	541,304	198,990
Investment in property and equipment	30,569	32,787
Internally restricted for contingency fund	350,000	350,000
	<b>921,873</b>	<b>581,777</b>
	<b>\$ 2,171,739</b>	<b>\$ 2,108,977</b>

ON BEHALF OF THE BOARD

  
 \_\_\_\_\_ Director

  
 \_\_\_\_\_ Director

**CAREERS: THE NEXT GENERATION FOUNDATION****Statement of Cash Flow****Year Ended September 30, 2011**

	2011	2010
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenue over expenses	\$ 340,096	\$ (369,361)
Items not affecting cash:		
Amortization of property and equipment	25,877	15,875
Amortization of external capital contribution	(16,345)	(7,244)
Loss on disposal of property and equipment	-	718
(Gain) loss on disposal of marketable securities	(38,689)	3,596
Decrease (increase) in fair market value of marketable securities	33,941	(4,128)
Deferred contribution recognized as revenue in the year	(1,556,631)	(741,327)
	<b>(1,211,751)</b>	<b>(1,101,871)</b>
Changes in non-cash working capital:		
Accounts receivable	101,350	(10,362)
Accounts payable and accrued liabilities	79,797	90,071
Prepaid expenses	(8,514)	10,553
Deferred costs	(27,616)	-
Deferred contributions received	1,215,844	484,653
	<b>1,360,861</b>	<b>574,915</b>
Cash flow from (used by) operating activities	<b>149,110</b>	<b>(526,956)</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(115,296)	(12,660)
Purchase of marketable securities, net of proceeds from disposal and maturities	(75,848)	619,792
Cash flow (used by) from investing activities	<b>(191,144)</b>	<b>607,132</b>
<b>(DECREASE) INCREASE IN CASH</b>	<b>(42,034)</b>	<b>80,176</b>
CASH - BEGINNING OF YEAR	<b>252,215</b>	<b>172,039</b>
<b>CASH - END OF YEAR</b>	<b>\$ 210,181</b>	<b>\$ 252,215</b>
<b>CASH FLOW SUPPLEMENTARY INFORMATION</b>		
Interest received	<b>\$ (33,566)</b>	<b>\$ 36,750</b>

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2011

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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, 2011

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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.

*(continues)*

**CAREERS: THE NEXT GENERATION FOUNDATION**

**Notes to Financial Statements**

**Year Ended September 30, 2011**

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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. Management has not yet determined which set of standards the CAREERS will adopt.

4. OPERATING EXPENSES

	2011	2010
<b>Operation expenses consist of:</b>		
Professional fees and salaries	\$ 1,070,578	\$ 1,089,363
Travel and subsistence	203,183	217,801
	<b>\$ 1,273,761</b>	<b>\$ 1,307,164</b>

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2011

#### 5. MARKETABLE SECURITIES

	2011	2010
Guaranteed Investment Certificate with effective yield ranging from 1% to 5.69% and maturity date ranging from February 3, 2012 to June 17, 2014	\$ 689,867	\$ -
Mutual funds	579,156	102,485
Canadian equities	295,677	289,174
Foreign equities	-	145,910
Investment cash	17,805	14,303
Guaranteed Investment Certificate with effective yield ranging from 0.45% to 5.69% and maturity date ranging from January 17, 2014 to June 17, 2014	-	950,036
Subtotal	1,582,505	1,501,908
Restricted to meet obligations beyond one year	(51,030)	(414,363)
	<b>\$ 1,531,475</b>	<b>\$ 1,087,545</b>

Investment income is comprised of the following:

	2011	2010
Decrease in fair market value of investment	(33,941)	(3,668)
Investment income	48,680	52,744
Gain (loss) on disposal of investments	38,689	(938)
	<b>53,428</b>	<b>48,138</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	2011 Net book value	2010 Net book value
Furniture and fixtures	\$ 150,622	\$ 49,224	\$ 101,398	\$ 18,770
Computer equipment	173,374	136,542	36,832	29,162
Computer software	14,068	13,189	879	1,758
	<b>\$ 338,064</b>	<b>\$ 198,955</b>	<b>\$ 139,109</b>	<b>\$ 49,690</b>

Amortization provided for in the current year totalled \$25,877; (2010 - \$15,874), of which \$10,534 (2010 - \$11,183) is included in information technology expense, \$11,274 (2010 - \$nil) is included in NEXTGEN Online project and \$4,069 (2010 - \$4,691) is included in general and administrative expenses.

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2011

#### 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	\$ 816,000	\$ -	\$ 408,000	\$ 408,000
Alberta Employment and Immigration	100,000	-	100,000	-
NEXTGEN Online	271,583	693,844	905,793	59,634
Corporate contributions - various programs	23,850	522,000	250,820	295,030
	<u>\$ 1,211,433</u>	<u>\$ 1,215,844</u>	<u>\$ 1,664,613</u>	<u>\$ 762,664</u>

Balance to be recognized as revenue in 2012	\$ 711,634
Balance to be recognized as revenue in 2013	<u>51,030</u>
	<u>\$ 762,664</u>

#### 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 the NEXTGEN 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	NEXTGEN Online Project	2011	2010
Unamortized external capital contributions, beginning of year	\$ 16,903	\$ -	\$ 16,903	\$ 24,147
Addition	-	107,982	107,982	-
Amounts amortized to revenue	(5,071)	(11,274)	(16,345)	(7,244)
	<u>\$ 11,832</u>	<u>\$ 96,708</u>	<u>\$ 108,540</u>	<u>\$ 16,903</u>

**CAREERS: THE NEXT GENERATION FOUNDATION**

**Notes to Financial Statements**

**Year Ended September 30, 2011**

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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, 2011, CAREERS' net assets was \$921,873.

CAREERS is not subject to any external capital requirements.

## CAREERS: THE NEXT GENERATION FOUNDATION

### Notes to Financial Statements

Year Ended September 30, 2011

#### 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	2011	2010
<u>Alberta government and related agency contributions</u>				
Alberta Advanced Education and Technology and Alberta Education	\$ 1,077,000	\$ -	\$ 1,077,000	\$ 552,000
Alberta Health and Wellness	98,500	408,000	506,500	605,000
Alberta Employment and Immigration	192,000	112,153	304,153	283,410
Alberta Aboriginal Relations	80,000	-	80,000	80,000
Alberta Liquor and Gaming Commission	72,836	-	72,836	73,831
Alberta Finance and Enterprise	-	-	-	35,000
Alberta Culture and Community Spirit	17,287	-	17,287	13,603
Amortization of external capital contributions (Note 8)	-	5,071	5,071	7,244
Alberta Education Programs: Alberta Health Services	-	-	-	353,073
	1,537,623	525,224	2,062,847	2,003,161
<u>Federal government contributions</u>				
Service Canada	26,075	-	26,075	26,773
<u>Municipal government contributions</u>				
Various municipal bodies	105,000	-	105,000	65,700
<b>Grand total</b>	<b>\$ 1,668,698</b>	<b>\$ 525,224</b>	<b>\$ 2,193,922</b>	<b>\$ 2,095,634</b>

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

### **Notes to Financial Statements**

**Year Ended September 30, 2011**

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#### 12. FINANCIAL INSTRUMENTS

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

##### Fair Value

CAREERS' 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.

#### 13. COMPARATIVE FIGURES

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