

**CAREERS: THE NEXT GENERATION
FOUNDATION**

Financial Statements

Year Ended September 30, 2016

CAREERS: THE NEXT GENERATION FOUNDATION
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Year Ended September 30, 2016

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December 6, 2016
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, 2016 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, 2016 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 Professional Accountants

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Revenues and Expenditures
For the Year Ended September 30, 2016

	2016	2015
REVENUE		
Provincial Government funding <i>(Note 11)</i>	\$ 2,211,080	\$ 1,847,076
Municipal Government funding <i>(Note 11)</i>	180,196	155,480
Federal Government funding <i>(Note 11)</i>	5,896	-
	2,397,172	2,002,556
Industry investment	1,600,647	1,660,802
Investment income <i>(Note 5)</i>	66,120	70,169
CAREERS Online project funding	12,121	12,121
	1,678,888	1,743,092
TOTAL REVENUE	4,076,060	3,745,648
EXPENDITURES		
Operations (Program delivery) <i>(Note 4)</i>	1,632,102	1,854,830
Projects (Shell - Women in Trades, Aboriginal, health camps)	891,565	700,902
Stakeholder relations & growth (Investment development, stewardship, events)	674,682	712,714
General and administrative expense	651,295	670,572
Information technology	162,215	144,500
	4,011,859	4,083,518
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ 64,201	\$ (337,870)

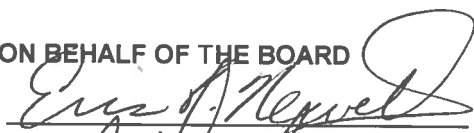
CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Changes in Net Assets****Year Ended September 30, 2016**

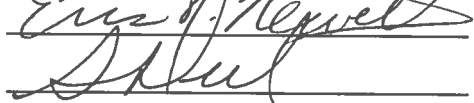
	Unrestricted	Invested in property and equipment	Internally restricted for contingency fund	2016	2015
NET ASSETS - BEGINNING OF YEAR	\$ 115,750	\$ 39,136	\$ 420,000	\$ 574,886	\$ 912,756
Excess (deficiency) of revenue over expenditures	69,599	(5,398)	-	64,201	(337,870)
Transfer for property and equipment	(10,170)	10,170	-	-	-
NET ASSETS - END OF YEAR	\$ 175,179	\$ 43,908	\$ 420,000	\$ 639,087	\$ 574,886

CAREERS: THE NEXT GENERATION FOUNDATION
Statement of Financial Position
September 30, 2016

	2016	2015
ASSETS		
CURRENT		
Cash	\$ 1,254,904	\$ 459,813
Resticted cash (Note 3)	35,274	27,056
Marketable securities (Note 5)	532,073	1,182,578
Accounts receivable	470,035	359,682
Goods and Service tax recoverable	24,458	29,166
Prepaid expenses	39,170	123,111
	2,355,914	2,181,406
PROPERTY AND EQUIPMENT (Note 6)	64,046	72,247
	\$ 2,419,960	\$ 2,253,653
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 308,326	\$ 387,237
Deferred contributions (Note 7)	1,452,409	1,258,419
	1,760,735	1,645,656
UNAMORTIZED EXTERNAL CAPITAL CONTRIBUTION (Note 9)	20,138	33,111
	1,780,873	1,678,767
NET ASSETS		
Unrestricted	175,179	115,750
Invested in property and equipment	43,908	39,136
Internally restricted for contingency fund (Note 10)	420,000	420,000
	639,087	574,886
	\$ 2,419,960	\$ 2,253,653

ON BEHALF OF THE BOARD


 Director


 Director

CAREERS: THE NEXT GENERATION FOUNDATION**Statement of Cash Flow****Year Ended September 30, 2016**

	2016	2015
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenditures	\$ 64,201	\$ (337,870)
Items not affecting cash:		
Amortization of property and equipment (Note 6)	18,371	21,278
Amortization of external capital contributions (Note 9)	(12,973)	(13,339)
Gain on disposal of marketable securities	(39,386)	(26,856)
	30,213	(356,787)
Changes in non-cash working capital:		
Accounts receivable	(110,353)	(23,543)
Goods and services tax recoverable	4,708	3,382
Accounts payable and accrued liabilities	(78,919)	(7,981)
Prepaid expenses	83,941	(103,385)
Deferred contributions (Note 7)	193,990	149,151
	93,367	17,624
Cash flow from (used by) operating activities	123,580	(339,163)
INVESTING ACTIVITIES		
Purchase of property and equipment	(10,170)	(5,334)
Proceeds on disposal of marketable securities, net of reinvestment and maturities	689,899	669,051
Cash flow from investing activities	679,729	663,717
INCREASE IN CASH FLOW	803,309	324,554
CASH - BEGINNING OF YEAR	486,869	162,315
CASH - END OF YEAR	\$ 1,290,178	\$ 486,869
CASH FLOW SUPPLEMENTARY INFORMATION		
Interest received	\$ (26,734)	\$ (43,273)
Interest paid	\$ (2,337)	\$ (7,307)
CASH CONSISTS OF:		
Cash	\$ 1,254,904	\$ 459,813
Restricted cash	35,274	27,056
	\$ 1,290,178	\$ 486,869

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

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 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.

Donations of materials 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. Mutual funds and equities are recorded at fair value.

(continues)

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Furniture and fixtures	20%	declining balance method
Computer equipment	30 - 55%	declining balance method
Computer software	50%	declining balance method

In the year of purchase, amortization on property and equipment is pro-rated based on the acquisition date.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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 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. 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. RESTRICTED CASH

	2016	2015
Cash - Raffle Account	\$ 34,855	\$ -
Cash - Casino Account	419	27,056
	<hr/>	<hr/>
	\$ 35,274	\$ 27,056

The cash in the raffle and casino accounts contains the proceeds from the Casino and the Raffle. The funds are externally restricted by the Alberta Gaming and Liquor Commission.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

4. OPERATIONS (PROGRAM DELIVERY)

	2016	2015
Operating expenses consist of:		
Professional fees and salaries	\$ 1,463,080	\$ 1,649,630
Travel and subsistence	169,022	205,200
	\$ 1,632,102	\$ 1,854,830

5. MARKETABLE SECURITIES

	2016	2015
Interest bearing securities with effective yield ranging from 1.25% to 11.77%	\$ 296,129	\$ 1,032,738
Equity securities	229,887	135,136
Investment cash	3,917	7,483
Accrued interest	2,140	7,221
	\$ 532,073	\$ 1,182,578

Investment income is comprised of the following:

	2016	2015
Investment income	\$ 26,734	\$ 43,272
Unrealized gain (loss) on investment	21,539	(41,851)
Gain on disposal of investments	17,847	68,748
	\$ 66,120	\$ 70,169

6. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Furniture and fixtures	\$ 161,774	\$ 116,215	\$ 45,559	\$ 48,394
Computer equipment	207,389	188,930	18,459	23,798
Computer software	14,068	14,040	28	55
	\$ 383,231	\$ 319,185	\$ 64,046	\$ 72,247

Amortization provided for in the current period totaled \$18,371; (2015 - \$21,278), of which \$nil (2015 - \$5,710) is included in information technology expense, \$9,340 (2015 - \$12,121) is included in CAREERS Online project and \$9,031 (2015 - \$3,447) is included in general and administrative expenses.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

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
<u>Government contributions</u>				
Alberta Government CORE Agreement				
Advanced Education	\$ -	\$ 707,000	\$ -	\$ 707,000
Education	-	125,000	-	125,000
Health	-	200,000	-	200,000
Human Service	-	20,000	-	20,000
Indigenous Relations	-	40,000	-	40,000
Labour	-	200,000	-	200,000
Labour (Career Expos)	120,000	-	120,000	-
Alberta Advanced Education Aboriginal Initiative	780,000	-	780,000	-
Casino and gaming proceeds	27,055	51,700	43,900	34,855
<u>Corporate contributions</u>				
Various programs	6,364	65	-	6,429
Syncrude	10,000	-	10,000	-
Shell - Women in the Trades	190,000	100,000	170,875	119,125
Pacific Western Transportation	25,000	-	25,000	-
College of Alberta School Superintendents	100,000	-	100,000	-
	\$ 1,258,419	\$ 1,443,765	\$ 1,249,775	\$ 1,452,409

8. SHORT TERM DEBT

CAREERS has a \$350,000 revolving line of credit of which \$nil (2015 - \$nil) was used as at September 30, 2016. Bank advances on the credit line are payable on demand and bears interest at 0.5% over prime. The credit line is secured by a general security agreement providing a first security interest over all property owned by CAREERS.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

9. 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. The changes in the unamortized contributions balance over the year are as follows:

	Alberta Gaming and Liquor Commission	CAREERS Online Project	2016	2015
Unamortized external capital contributions, beginning of year	\$ 2,841	\$ 30,270	\$ 33,111	\$ 46,450
Addition	(852)	(12,121)	(12,973)	(13,339)
	\$ 1,989	\$ 18,149	\$ 20,138	\$ 33,111

10. INTERNALLY RESTRICTED FOR CONTINGENCY FUND

The Board of Directors internally restricted \$420,000 (2015- \$420,000) 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.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

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	Deferred to 2017	Received in previous years	2016	2015
<u>Provincial government contributions</u>					
Alberta Government CORE agreement funding					
Advanced Education	707,000	707,000	707,000	707,000	707,000
Education	125,000	125,000	125,000	125,000	250,000
Health	200,000	200,000	200,000	200,000	-
Human Services	20,000	20,000	20,000	20,000	315,000
Indigenous Relations	40,000	40,000	40,000	40,000	40,000
Labour	200,000	200,000	200,000	200,000	-
Labour - Career Expos	120,000	-	-	120,000	60,000
Alberta Liquor and Gaming Commission	-	-	-	-	53,858
Advanced Education - Aboriginal Initiative					
Advanced Education	130,000	-	-	130,000	70,000
Education	130,000	-	-	130,000	70,000
Health	130,000	-	-	130,000	70,000
Human Services	130,000	-	-	130,000	70,000
Indigenous Relations	130,000	-	-	130,000	70,000
Labour	130,000	-	-	130,000	70,000
Amortization of external capital contributions (Note 9)	852	-	-	852	1,218
Alberta Labour STEP	18,228	-	-	18,228	-
	2,211,080	1,292,000	1,292,000	2,211,080	1,847,076
<u>Municipal government contributions</u>					
Various municipal bodies	24,716	-	155,480	180,196	155,480
<u>Federal government contributions</u>					
Various federal bodies	5,896	-	-	5,896	-

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year Ended September 30, 2016

12. 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, 2016.

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, 2016, the five largest contributors made up 62% 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. CAREERS is exposed to market risk as a result of its \$135,000 invested in equities.

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.