

THE CAREER FOUNDATION

Financial Statements

August 31, 2019

	Page
Independent auditor's report	1 - 2
Statement of financial position	3
Statement of changes in net assets	4
Statement of operations	5
Statement of cash flows	6
Notes to financial statements	7-10

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Career Foundation

Opinion

I have audited the financial statements of The Career Foundation, which comprise the statement of financial position as at August 31, 2019 and the statement of operations, the statement of changes in net assets and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Career Foundation as at August 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of The Career Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 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.

In preparing the financial statements, management is responsible for assessing The Career Foundation'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 Career Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Career Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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 Career Foundation's internal control.

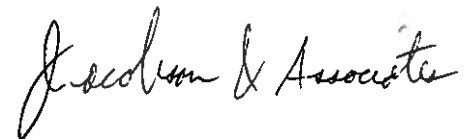
Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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 Career Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause The Career Foundation 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.

I 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 I identify during my audit.

Thornhill, Ontario
February 4, 2020



Jacobson & Associates
Chartered Professional Accountant
Licensed Public Accountant

**The Career Foundation
Statement of Financial Position
As at August 31, 2019**

	2019	2018
ASSETS		
Current		
Cash	\$ 1,899,451	\$ 2,037,506
Marketable securities (Note 2)	280,418	275,274
Accounts receivable	611,614	571,711
Prepaid expenses	<u>145,248</u>	<u>148,298</u>
	2,936,731	3,032,789
Capital assets (Note 3)	35,169	30,609
Leasehold improvements (Note 4)	<u>80,681</u>	<u>63,759</u>
	<u>\$ 3,052,581</u>	<u>\$ 3,127,157</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 275,639	\$ 683,343
Deferred revenue (Note 5)	<u>894,422</u>	<u>1,014,710</u>
	<u>1,170,061</u>	<u>1,698,053</u>
NET ASSETS		
Investment in capital assets	115,850	94,368
Unrestricted net assets	<u>1,766,670</u>	<u>1,334,736</u>
	<u>1,882,520</u>	<u>1,429,104</u>
	<u>\$ 3,052,581</u>	<u>\$ 3,127,157</u>

Approved on behalf of the board:

Director _____

Director _____

See accompanying notes

The Career Foundation
Statement of Changes in Net Assets
For the Year Ended August 31, 2019

	2019	2018
Investment in Capital Assets		
Balance, beginning of year	\$ 94,368	\$ 105,457
Add: Capital asset additions	24,283	6,805
Leasehold improvement additions	<u>55,104</u>	<u>18,206</u>
	173,755	130,468
Less: Amortization of capital assets	(19,723)	(16,458)
Amortization of leasehold improvements	<u>(38,182)</u>	<u>(19,642)</u>
Balance, end of year	<u>\$ 115,850</u>	<u>\$ 94,368</u>
Unrestricted Net Assets		
Balance, beginning of year	\$ 1,334,736	\$ 945,919
Excess of revenues over expenditures	<u>453,416</u>	<u>377,728</u>
	1,788,152	1,323,647
Decrease / (increase) in investment in capital assets	<u>(21,482)</u>	<u>11,089</u>
Balance, end of year	<u>\$ 1,766,670</u>	<u>\$ 1,334,736</u>

See accompanying notes

The Career Foundation
Statement of Operations
For the Year Ended August 31, 2019

	2019	2018
Revenues		
Government grants (operating)	\$ 8,613,258	\$ 8,182,023
Donations and fundraising	19,103	42,178
Interest income	14,991	11,851
Miscellaneous income	<u>7,399</u>	<u>100,130</u>
	<u>8,654,751</u>	<u>8,336,182</u>
Government grants (flow through)		
Employer incentives	2,747,771	2,497,718
Client support	<u>2,147,572</u>	<u>4,274,121</u>
	<u>4,895,343</u>	<u>6,771,839</u>
Total revenue	13,550,094	15,108,021
Less flow throughs		
Employer incentives	2,747,764	2,496,054
Client support - subsidy	375,551	478,824
Client support - clothing and equipment	93,782	113,797
Client support - training	1,568,492	3,562,615
Client support - travel	<u>109,328</u>	<u>126,579</u>
	<u>4,894,917</u>	<u>6,777,869</u>
Total revenue net of flow throughs	<u>8,655,177</u>	<u>8,330,152</u>
Expenses		
Wages	4,964,821	4,871,657
Rent	1,078,073	1,155,712
Employee benefits	953,048	969,233
Independent contractors	494,448	357,266
Telephone	117,565	102,483
Repairs and maintenance	94,901	89,503
Office and general	91,122	79,337
Advertising and promotion	80,664	69,998
Travel	58,417	53,354
Training	51,868	17,599
Professional fees	42,856	28,785
Insurance	24,387	18,976
Printing and photocopying	23,391	19,368
Equipment rental	18,706	23,240
Meals and entertainment	14,619	24,445
Security	10,461	9,435
Membership fees	9,655	8,990
Interest and bank charges	9,021	8,048
Donations and fundraising	4,158	6,901
Resource materials	1,675	1,994
Amortization	<u>57,905</u>	<u>36,100</u>
	<u>8,201,761</u>	<u>7,952,424</u>
Excess of revenues over expenditures	<u>\$ 453,416</u>	<u>\$ 377,728</u>

See accompanying notes

The Career Foundation
Statement of Cash Flows
For the Year Ended August 31, 2019

	2019	2018
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 453,416	\$ 377,728
Adjustments for items not affecting cash		
Amortization	<u>57,905</u>	<u>36,100</u>
	511,321	413,828
Net changes in non-cash working capital items:		
Increase in marketable securities	(5,144)	(8,407)
Decrease / (increase) in accounts receivable	(39,903)	20,254
Decrease / (Increase) in prepaid expenses	3,050	64,111
Increase / (Decrease) in accounts payable and accrued liabilities	(407,704)	100,396
Increase / (Decrease) in deferred revenue	<u>(120,288)</u>	<u>810,685</u>
	<u>(58,668)</u>	<u>1,400,867</u>
Investing activities		
Acquisition of capital assets	(24,283)	(6,805)
Leasehold improvements	<u>(55,104)</u>	<u>(18,206)</u>
	<u>(79,387)</u>	<u>(25,011)</u>
Increase (decrease) in cash	(138,055)	1,375,856
Cash, beginning of year	<u>2,037,506</u>	<u>661,650</u>
Cash, end of year	<u>\$ 1,899,451</u>	<u>\$ 2,037,506</u>

See accompanying notes

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2019**

The Career Foundation ("the Foundation") is a non-profit organization incorporated under the Corporations Act of Ontario on August 31, 1988 by letters patent as a corporation without share capital. The Foundation is a registered charity under the Income Tax Act and accordingly is not subject to income taxes.

The objective of the Foundation is to integrate the resources of the education, government, business and labour sectors for the purpose of helping all members of the community make effective transitions from education to employment. The name of the Foundation was officially changed from York Region Education Industry Foundation to The Career Foundation by a resolution dated October 22, 2015, updated by the Ministry of Government Services on November 20, 2015.

1. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Measurement uncertainty

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty. The effect of changes in such estimates on the financial statements in future periods could be significant. The most significant estimates in these financial statements include amortization of capital assets and leasehold improvements and accrued liabilities.

(b) Capital Assets

Capital assets are recorded at cost. The Foundation provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates and methods are as follows:

Furniture and fixtures	5 years straight-line
Computer equipment	5 years straight-line

(c) Leasehold improvements

Leasehold improvements are recorded at cost less accumulated amortization over the term of the lease on a straight-line basis.

(d) Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. Marketable securities are subsequently measured at fair value without adjustment for transaction costs that would be incurred on disposal. Changes in fair value are recognized in income in the year. The Foundation subsequently measures all other financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2019**

1. Summary of significant accounting policies (cont.)

(e) Revenue recognition

Funding for programs comes from the Province of Ontario and the Government of Canada primarily in accordance with service contracts established by the Ministry of Advanced Education and Skills Development ("MAESD") and is recorded as revenue in the period to which they relate. Funding approved but not received at the end of the accounting period is accrued. Where a portion of the grant relates to a future period, it is deferred and recognized in that subsequent period. Any excess of program funding over recoverable expenses is refundable to the governments.

The Foundation follows the deferral method of accounting for contributions. Under this method, restricted contributions are recognized in the year the corresponding expenditure is incurred and unrestricted contributions are recognized in the year they are received. Restricted contributions for the purchase of capital assets are deferred when received, and recognized as income as the related capital assets are amortized.

Donations and fundraising are invoiced when services are rendered and are recorded on an accrual basis in the period to which they relate. Pledges are not recognized as revenue until they are received.

(e) Cash and cash equivalents

Cash and cash equivalents consist of immediately available cash that is held for the the purpose of meeting short-term cash commitments rather than for investment or other purposes.

(f) Impairment of long-lived assets

The Foundation evaluates the carrying value of long-lived assets, which comprise of capital assets and leasehold improvements, whenever events or changes in circumstances indicate that a potential impairment has occurred. An impairment loss is considered to have occurred if the carrying value of an asset is not recoverable.

2. Marketable securities

Marketable securities are presented at fair values and are comprised of Canadian bond and equity mutual funds purchased through the Foundation's financial institution. These investments are held for durations of greater than three months and less than one year, and may be readily convertible to cash if required.

3. Capital assets

	Cost	Accumulated Amortization	2019	Cost	Accumulated Amortization	2018
Furniture and fixtures	\$ 445,944	\$ 421,047	\$ 24,897	\$ 423,536	\$ 407,719	\$ 15,817
Computer equipment	<u>464,756</u>	<u>454,484</u>	<u>10,272</u>	<u>462,882</u>	<u>448,090</u>	<u>14,792</u>
	<u>\$ 910,700</u>	<u>\$ 875,531</u>	<u>\$ 35,169</u>	<u>\$ 886,418</u>	<u>\$ 855,809</u>	<u>\$ 30,609</u>

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2019**

4. Leasehold improvements

	Cost	Accumulated Amortization	2019	Cost	Accumulated Amortization	2018
Leaseholds	\$ 1,078,901	\$ 998,220	\$ 80,681	\$ 1,023,796	\$ 960,037	\$ 63,759

5. Deferred revenue

On many government contracts advances are made at the commencement of the contract and are taken into income as the contract progresses. At the end of the fiscal year this totalled \$ 833,320 (2018 - \$ 1,003,958).

6. Remuneration of directors and senior officers

In accordance with the by-laws of the organization, the directors received no remuneration in their capacity as directors.

Remuneration to the five highest paid officers as defined in the Ontario Corporations Act amounted to \$ 556,913 (2018 - \$ 558,060).

7. Commitments

The Foundation rents office space for each of its 12 locations under leases expiring from July 31, 2020 through December 31, 2025. The minimum annual lease payments for the next five years and onwards are as follows:

2020	\$ 620,372
2021	437,556
2022	245,578
2023	143,843
2024 and onwards	<u>253,207</u>
Total	\$ <u>1,700,556</u>

8. Economic dependence

The Foundation receives a substantial amount of its revenue from the provincial government and is financially dependent on MAESD for funding.

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2019**

9. Financial instruments

The Company is exposed to various risks through its financial instruments. The following analysis provides a measure of the Company's risk exposure and concentration at the balance sheet date as follows:

Credit Risk

The Foundation's cash and marketable securities are all held at major financial institutions. The Foundation's accounts receivable is made up of monies owing by government agencies.

Liquidity Risk

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they come due. The Foundation manages its liquidity risk by continuously monitoring forecasted and actual cash flows, as well as anticipated investing and financing activities and to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due and to fund future operations.

As at August 31, 2019, the Foundation had a cash balance of \$ 1,899,541 (August 31, 2018 - \$ 2,037,506), a marketable security balance of \$ 280,418 (August 31, 2018 - \$ 275,274) and working capital of \$ 1,766,670 (August 31, 2018 - \$ 1,334,736). Accordingly, the Foundation will be able to meet its current obligations and has minimal liquidity risk.

10. Bank facility

The Foundation has available a demand overdraft facility provided through the Royal Bank of Canada to a maximum of \$500,000 bearing interest at prime plus 1.0% and is secured by a specific charge over the marketable securities and a general security agreement over all assets of the Foundation. The credit facility is available indefinitely unless cancelled by either party and requires the Foundation to meet certain reporting covenants on an annual basis. At August 31, 2019 the amount outstanding on this facility was \$ NIL (August 31, 2018 - \$ NIL), and the Foundation was in compliance with the reporting covenants.