

THE CAREER FOUNDATION

Financial Statements

August 31, 2018

	Page
Independent auditor's report	1
Statement of financial position	2
Statement of changes in net assets	3
Statement of operations	4
Statement of cash flows	5
Notes to financial statements	6-9

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Career Foundation

Report on the Financial Statements

I have audited the accompanying financial statements of The Career Foundation, which comprise the statement of financial position as at August 31, 2018 and the statement of operations, the statement of changes in net assets and statement of cash flows 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

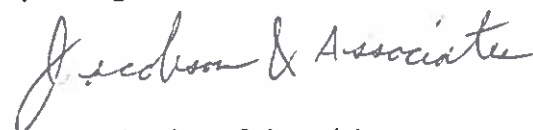
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of The Career Foundation as at August 31, 2018, 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.

Thornhill, Ontario
January 29, 2019



Jacobson & Associates
Chartered Professional Accountant
Licensed Public Accountant

**The Career Foundation
Statement of Financial Position
As at August 31, 2018**

	2018	2017
ASSETS		
Current		
Cash	\$ 2,037,506	\$ 661,650
Marketable securities (Note 2)	275,274	266,867
Accounts receivable	571,711	591,965
Prepaid expenses	<u>148,298</u>	<u>212,409</u>
	3,032,789	1,732,891
Capital assets (Note 3)	30,609	40,262
Leasehold improvements (Note 4)	<u>63,759</u>	<u>65,195</u>
	<u>\$ 3,127,157</u>	<u>\$ 1,838,348</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 683,343	\$ 582,947
Deferred revenue (Note 5)	<u>1,014,710</u>	<u>204,025</u>
	<u>1,698,053</u>	<u>786,972</u>
NET ASSETS		
Investment in capital assets	94,368	105,457
Unrestricted net assets	<u>1,334,736</u>	<u>945,919</u>
	<u>1,429,104</u>	<u>1,051,376</u>
	<u>\$ 3,127,157</u>	<u>\$ 1,838,348</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, 2018

	2018	2017
Investment in Capital Assets		
Balance, beginning of year	\$ 105,457	\$ 120,566
Add: Capital asset additions	6,805	8,617
Leasehold improvement additions	<u>18,206</u>	<u>21,528</u>
	130,468	150,711
Less: Amortization of capital assets	(16,458)	(17,766)
Amortization of leasehold improvements	<u>(19,642)</u>	<u>(27,488)</u>
Balance, end of year	<u>\$ 94,368</u>	<u>\$ 105,457</u>
Unrestricted Net Assets		
Balance, beginning of year	\$ 945,919	\$ 729,401
Excess of revenues over expenditures	<u>377,728</u>	<u>201,409</u>
	1,323,647	930,810
Decrease / (increase) in investment in capital assets	<u>11,089</u>	<u>15,109</u>
Balance, end of year	<u>\$ 1,334,736</u>	<u>\$ 945,919</u>

See accompanying notes

**The Career Foundation
Statement of Operations
For the Year Ended August 31, 2018**

	2018	2017
Revenues		
Government grants (operating)	\$ 8,182,023	\$ 7,634,148
Donations and fundraising	42,178	39,659
Interest income	11,851	11,615
Miscellaneous income	<u>100,130</u>	<u>8,802</u>
	<u>8,336,182</u>	<u>7,694,224</u>
Government grants (flow through)	2,497,718	2,921,159
Employer incentives	<u>4,274,121</u>	<u>3,829,291</u>
Client support	<u>6,771,839</u>	<u>6,750,450</u>
	15,108,021	14,444,674
Total revenue		
Less flow throughs		
Employer incentives	2,496,054	2,930,259
Client support - subsidy	478,824	298,200
Client support - clothing and equipment	113,797	218,013
Client support - training	3,562,615	3,121,192
Client support - travel	<u>126,579</u>	<u>181,665</u>
	<u>6,777,869</u>	<u>6,749,329</u>
	<u>8,330,152</u>	<u>7,695,345</u>
Total revenue net of flow throughs		
Expenses		
Wages	4,871,657	4,714,763
Rent	1,155,712	1,088,082
Employee benefits	969,233	798,972
Independent contractors	357,266	336,873
Repairs and maintenance	89,503	46,979
Advertising and promotion	69,998	55,910
Telephone	102,483	89,067
Office and general	79,337	84,202
Travel	53,354	53,098
Professional fees	28,785	45,940
Printing and photocopying	19,368	19,834
Equipment rental	23,240	17,209
Insurance	18,976	18,064
Training	17,599	16,446
Meals and entertainment	24,445	15,512
Security	9,435	8,687
Interest and bank charges	8,048	9,449
Membership fees	8,990	9,105
Resource materials	1,994	1,798
Donations and fundraising	6,901	18,692
Amortization	<u>36,100</u>	<u>45,254</u>
	<u>7,952,424</u>	<u>7,493,936</u>
Excess of revenues over expenditures	<u>\$ 377,728</u>	<u>\$ 201,409</u>

See accompanying notes

**The Career Foundation
Statement of Cash Flows
For the Year Ended August 31, 2018**

	2018	2017
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 377,728	\$ 201,409
Adjustments for items not affecting cash		
Amortization	<u>36,100</u>	<u>45,254</u>
	413,828	246,663
Net changes in non-cash working capital items:		
Increase in marketable securities	(8,407)	(11,575)
Decrease in accounts receivable	20,254	495,875
Decrease / (Increase) in prepaid expenses	64,111	(141,541)
Increase / (Decrease) in accounts payable and accrued liabilities	100,396	(239,569)
Increase / (Decrease) in deferred revenue	<u>810,685</u>	<u>(656,292)</u>
	<u>1,400,867</u>	<u>(306,439)</u>
Investing activities		
Acquisition of capital assets	(6,805)	(8,617)
Leasehold improvements	<u>(18,206)</u>	<u>(21,528)</u>
	<u>(25,011)</u>	<u>(30,145)</u>
Increase (decrease) in cash	1,375,856	(336,584)
Cash, beginning of year	<u>661,650</u>	<u>998,234</u>
Cash, end of year	<u>\$ 2,037,506</u>	<u>\$ 661,650</u>

See accompanying notes

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2018**

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, 2018**

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	2018	Cost	Accumulated Amortization	2017
Furniture and fixtures	\$ 423,536	\$ 407,719	\$ 15,817	\$ 420,021	\$ 398,482	\$ 21,539
Computer equipment	<u>462,882</u>	<u>448,090</u>	<u>14,792</u>	<u>459,592</u>	<u>440,869</u>	<u>18,723</u>
	<u>\$ 886,418</u>	<u>\$ 855,809</u>	<u>\$ 30,609</u>	<u>\$ 879,613</u>	<u>\$ 839,351</u>	<u>\$ 40,262</u>

**The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2018**

4. Leasehold improvements

	Cost	Accumulated Amortization	2018	Cost	Accumulated Amortization	2017
Leaseholds	\$ 1,023,796	\$ 960,037	\$ 63,759	\$ 1,005,590	\$ 940,395	\$ 65,195

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 \$ 1,003,958 (2017 - \$ 165,639).

During the 2014 fiscal year, a one-time advance was made to assist the Foundation with the initial set-up of five full-service hubs. These advances had been set up as deferred revenue, and are being amortized over the life of the related assets. As at August 31, 2018, the unamortized portion totalled \$ 10,752 (2017 - \$ 38,386).

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 \$ 558,060 (2017 - \$ 553,247).

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 are as follows:

2019	\$ 598,016
2020	602,000
2021	429,991
2022	245,578
2023 and onwards	<u>397,050</u>
Total	\$ <u>2,272,635</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, 2018**

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, 2018, the Foundation had a cash balance of \$ 2,037,506 (August 31, 2017 - \$ 661,650), a marketable security balance of \$ 275,274 (August 31, 2017 - \$ 266,867) and working capital of \$ 1,334,736 (August 31, 2017 - \$ 945,919). 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, 2018 the amount outstanding on this facility was \$ NIL (August 31, 2017 - \$ NIL), and the Foundation was in compliance with the reporting covenants.