

THE CAREER FOUNDATION

Financial Statements

August 31, 2022

	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, 2022 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 material accounting policy 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, 2022, and its financial performance 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
January ??, 2023

Jacobson & Associates
Chartered Professional Accountant
Licensed Public Accountant

The Career Foundation
Statement of Financial Position
As at August 31, 2022

	2022	2021 (Note 11)
ASSETS		
Current		
Cash	\$ 2,157,646	\$ 2,955,227
Marketable securities (Note 2)	305,643	335,090
Accounts receivable	2,009,456	840,130
Prepaid expenses	<u>360,845</u>	<u>320,319</u>
	4,833,590	4,450,766
Capital assets (Note 3)	18,952	39,526
Leasehold improvements (Note 4)	<u>11,328</u>	<u>13,136</u>
	<u>\$ 4,863,870</u>	<u>\$ 4,503,428</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 534,876	\$ 426,329
Deferred revenue (Note 5)	<u>1,740,021</u>	<u>1,942,153</u>
	<u>2,274,897</u>	<u>2,368,482</u>
NET ASSETS		
Investment in capital assets	30,280	52,662
Unrestricted net assets	<u>2,558,693</u>	<u>2,082,284</u>
	<u>2,588,973</u>	<u>2,134,946</u>
	<u>\$ 4,863,870</u>	<u>\$ 4,503,428</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, 2022

	2022	2021 (Note 11)
Investment in Capital Assets		
Balance, beginning of year	\$ 52,662	\$ 89,467
Add: Capital asset additions	<u>-</u>	<u>1,079</u>
	52,662	90,546
Less: Amortization of capital assets	(20,574)	(9,599)
Amortization of leasehold improvements	<u>(1,808)</u>	<u>(28,285)</u>
Balance, end of year	<u>\$ 30,280</u>	<u>\$ 52,662</u>
 Unrestricted Net Assets		
Balance, beginning of year	\$ 2,082,284	\$ 1,813,322
Excess of revenues over expenditures	<u>454,027</u>	<u>232,157</u>
	2,536,311	2,045,479
Decrease / (increase) in investment in capital assets	<u>22,382</u>	<u>36,805</u>
Balance, end of year	<u>\$ 2,558,693</u>	<u>\$ 2,082,284</u>

See accompanying notes

The Career Foundation
Statement of Operations
For the Year Ended August 31, 2022

	2022	2021 (Note 11)
Revenues		
Government grants	\$ 19,507,307	\$ 16,005,033
Donations and fundraising	1,191	-
Interest income	(19,972)	49,130
Miscellaneous income	<u>65,965</u>	<u>27,674</u>
Total revenues	<u>19,554,491</u>	<u>16,081,837</u>
Expenses		
Client support and subsidies	7,132,645	6,045,063
Wages	6,499,877	5,420,616
Rent	1,180,156	1,163,169
Independent contractors	1,175,039	814,626
Employee benefits	1,084,733	1,020,749
Telephone	617,997	548,131
Advertising and promotion	499,508	144,172
Repairs and maintenance	275,612	301,847
Office and general	269,141	143,712
Training	130,599	84,065
Professional fees	109,874	51,162
Membership fees	52,990	34,419
Insurance	41,834	29,691
Interest and bank charges	8,077	10,374
Amortization	<u>22,382</u>	<u>37,884</u>
Total expenses	<u>19,100,464</u>	<u>15,849,680</u>
Excess of revenues over expenditures	<u>\$ 454,027</u>	<u>\$ 232,157</u>

See accompanying notes

The Career Foundation
Statement of Cash Flows
For the Year Ended August 31, 2022

	2022	2021 (Note 11)
Cash provided by (used in):		
Operating activities		
Excess of revenues over expenditures	\$ 454,027	\$ 232,157
Adjustments for items not affecting cash		
Amortization	<u>22,382</u>	<u>37,884</u>
	476,409	270,041
Net changes in non-cash working capital items:		
Decrease / (increase) in marketable securities	29,447	(49,129)
Increase in accounts receivable	(1,169,326)	(476,463)
Increase in prepaid expenses	(40,526)	(98,284)
Increase / (decrease) in accounts payable and accrued liabilities	108,547	(38,540)
Increase / (decrease) in deferred revenue	<u>(202,132)</u>	<u>709,874</u>
	<u>(797,581)</u>	<u>317,499</u>
Investing activities		
Acquisition of capital assets	<u>-</u>	<u>(1,079)</u>
Increase (decrease) in cash	(797,581)	316,420
Cash, beginning of year	<u>2,955,227</u>	<u>2,638,807</u>
Cash, end of year	<u>\$ 2,157,646</u>	<u>\$ 2,955,227</u>

See accompanying notes

The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2022

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, 2022

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	2022	Cost	Accumulated Amortization	2021
Furniture and fixtures	\$ 446,167	\$ 439,480	\$ 6,687	\$ 446,167	\$ 436,367	\$ 9,800
Computer equipment	<u>495,468</u>	<u>483,203</u>	<u>12,265</u>	<u>495,468</u>	<u>465,742</u>	<u>29,726</u>
	<u>\$ 941,635</u>	<u>\$ 922,683</u>	<u>\$ 18,952</u>	<u>\$ 941,635</u>	<u>\$ 902,109</u>	<u>\$ 39,526</u>

The Career Foundation
Notes to Financial Statements
For the Year Ended August 31, 2022

4. Leasehold improvements

	Cost	Accumulated Amortization	2022	Cost	Accumulated Amortization	2021
Leaseholds	\$ 1,078,900	\$ 1,067,572	\$ 11,328	\$ 1,078,900	\$ 1,065,764	\$ 13,136

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 \$1,729,912 (2021 - \$1,932,043).

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 \$ 679,354 (2021 - \$ 743,604).

7. Commitments

The Foundation rents office space for each of its 12 locations under leases expiring from July 31, 2020 through May 31, 2027. The minimum annual lease payments for the next five years and onwards are as follows:

2023	\$ 471,305
2024	331,486
2025	276,491
2026	97,403
2027 and onwards	<u>45,476</u>
Total	\$ <u>1,222,161</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, 2022

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, 2022, the Foundation had a cash balance of \$ 2,157,646 (August 31, 2021 - \$ 2,955,227), a marketable security balance of \$ 305,643 (August 31, 2021 - \$ 335,090) and working capital of \$ 2,558,693 (August 31, 2021 - \$ 2,082,284). 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, 2022 the amount outstanding on this facility was \$ NIL (August 31, 2021 - \$ NIL), and the Foundation was in compliance with the reporting covenants.

11. Comparative figures

Certain figures for the year ended August 31, 2021 have been reclassified to conform to the financial statement presentation adopted in the current year.