Financial Statements of

CAREERS: THE NEXT GENERATION FOUNDATION

Year ended September 30, 2007

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AUDITORS' REPORT

To the Members of CAREERS: The Next Generation Foundation

We have audited the statement of financial position of CAREERS: The Next Generation Foundation as at September 30, 2007 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at September 30, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Edmonton, Canada
October 26, 2007

CAREERS: THE NEXT GENERATION FOUNDATION

Financial Statements

Year ended September 30, 2007

Financial Statements

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CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Financial Position

September 30, 2007, with comparative figures for 2006

	2007	2006
Assets		
Current assets:		
Cash	$ 112,970	$ 458,454
Short-term deposits (note 2)	1,247,811	1,177,391
Accounts receivable	184,765	145,137
Prepaid expenses	13,420	25,065
	1,558,966	1,806,047
Capital assets (note 3)	78,966	34,242
	$ 1,637,932	$ 1,840,289
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 248,287	$ 159,059
Deferred contributions (note 4)	331,098	481,658
	579,385	640,717
Unamortized external capital contributions	54,432	5,905
Net assets:		
Internally restricted (note 5)	350,000	350,000
Investment in capital assets	24,533	28,337
Unrestricted	629,582	815,330
	1,004,115	1,193,667
Commitments (note 6)		
	$ 1,637,932	$ 1,840,289

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Operations

Year ended September 30, 2007, with comparative figures for 2006

	2007	2006
Revenue:		
Corporate contributions	$ 1,181,152	$ 1,235,304
Alberta government contributions (note 7)	1,032,858	925,848
Health Educational Programs	250,927	205,708
Federal government contributions (note 7)	105,240	58,021
Municipal government contributions (note 7)	20,500	36,000
Investment income	48,964	63,330
	2,639,641	2,524,211
Expenses:		
Program costs:		
Professional services and salaries	1,721,239	1,386,398
Travel	283,451	212,241
Health Educational Programs	250,126	202,052
Administrative support	203,315	195,428
Publicity, printing and newsletter	105,235	80,339
Communications	92,515	48,867
Trade fairs and events	54,804	49,486
Production and creative work	32,036	39,912
Rent	31,897	31,896
Professional development	6,283	1,105
	2,780,901	2,247,724
General and administrative expenses	108,382	132,718
Total expenses	2,889,283	2,380,442
Excess (deficiency) of revenue over expenses	$ (249,642)	$ 143,769

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Changes in Net Assets

Year ended September 30, 2007, with comparative figures for 2006

				2007	2006
	Internally restricted for contingency fund	Investment in capital assets	Unrestricted	Total	Total
Balance, beginning of year	$ 350,000	$ 28,337	$ 815,330	$ 1,193,667	$ 1,049,898
Excess (deficiency) of revenue over expenses	-	(8,380)	(241,262)	(249,642)	143,769
Adjustment on implementation of financial instrument standards [note 1(a)]			60,090	60,090	-
Transfers for capital assets purchased with internal funds	-	4,576	(4,576)	-	-
Balance, end of year	$ 350,000	$ 24,533	$ 629,582	$ 1,004,115	$ 1,193,667

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Statement of Cash Flows

Year ended September 30, 2007, with comparative figures for 2006

		2007		2006
Cash provided by (used in):				
Operations (note 8):				
Excess (deficiency) of revenue over expenses	$	(249,642)	$	143,769
Items not involving cash:				
Amortization of external capital contributions		(5,120)		(684)
Amortization of capital assets		13,500		9,714
Change in non-cash operating working capital:				
Increase in accounts receivable		(39,628)		(73,351)
Decrease (increase) in prepaid expenses		11,645		(4,505)
Increase in accounts payable and accrued liabilities		89,228		1,863
Increase (decrease) in deferred contributions		(150,560)		29,787
		(330,577)		106,593
Financing:				
Externally restricted capital contributions		53,647		6,589
Investments:				
Increase (decrease) in short-term deposits		(10,330)		304,792
Capital assets purchased with internal funds		(4,577)		(9,904)
Capital assets purchased with externally restricted funds		(53,647)		(6,589)
		(68,554)		288,299
Increase (decrease) in cash		(345,484)		401,481
Cash, beginning of year		458,454		56,973
Cash, end of year	$	112,970	$	458,454

See accompanying notes to financial statements.

CAREERS: THE NEXT GENERATION FOUNDATION

Notes to Financial Statements

Year ended September 30, 2007

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 partnerships 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 projects in three regions of the province. In certain regions, CAREERS funds a portion of the salaries and expenses of the project. The Community Careers Cooperative in Fort McMurray is a project managed and operated within the CAREERS organization and accounted for within these financial statements, but guided by a local board of directors.

1. Significant accounting policies:

(a) Changes in accounting policy:

On October 1, 2006, the Foundation adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3855 "Financial Instruments - Recognition and Measurement" and Section 3861 "Financial Instruments - Disclosure and Presentation" recommendations. Under these standards, all financial instruments are required to be measured at fair value on initial recognition. Measurement in subsequent periods is dependent upon the classification of the financial instrument as held-for-trading, held-to-maturity, available-for-sale, loans and receivables, or other financial liabilities. The held-for-trading classification is applied when an entity is "trading" in an instrument or alternatively the standard permits that any financial instrument be irrevocably designated as held-for-trading. The held-to-maturity classification is applied only if the asset has specified characteristics and the entity has the ability and intent to hold the asset until maturity. An asset can be classified as available-for-sale when it has not been classified as held-for-trading or held-to-maturity. Transaction costs are expensed as incurred for financial instruments classified or designated as held-for-trading. For other financial instruments, transaction costs are capitalized on initial recognition.

Financial assets and financial liabilities classified as held-for-trading are measured at fair value with changes in those fair values recognized in the Statement of Operations. Financial assets classified as held-to-maturity, loans and receivables, or other financial liabilities are measured at amortized cost using the effective interest method of amortization.

1. Significant accounting policies (continued):

(a) Changes in accounting policy (continued):

The Foundation has implemented the following classifications:

- Cash and short term deposits are classified as held-for-trading and any period change in fair value is recorded in the Statement of Operations.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost using the effective interest rate method.
- Accounts payable are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

In accordance with the transitional provisions of the standards, prior periods have not been restated for the adoption of these new accounting standards.

The transition adjustments attributable to the re-measurement of financial assets were recognized in the Net Assets of the Foundation as at October 1, 2006. As a result of adopting these new standards, the Foundation recorded a non-cash credit of $60,091 to increase the assets for the change in accounting policy for financial assets.

(b) 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 capital assets. Amounts invested represented externally funded capital assets 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 capital asset is recorded.

Donation of material and services are not recorded by CAREERS. Management estimates the fair value of donated materials and services was approximately $65,050 (2006 - $219,167).

1. Significant accounting policies (continued):

(c) Capital assets:

Capital assets are recorded at cost. Amortization is provided over their estimated useful lives using the declining balance method at the following annual rates:

Asset	Rate
Office equipment and furniture	20%
Computer equipment	30%
Computer software	30%

(d) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Short-term deposits:

	2007	2006	
	Market	Cost	Market
Money market funds	$ 199,248	$ 91,927	$ 91,927
Income funds	974,531	1,014,226	1,074,316
Guaranteed investment certificate with effective yield of 3.40% and maturity date of January 3, 2008	74,032	71,238	71,238
	$ 1,247,811	$ 1,177,391	$ 1,237,481

The Foundation does not use derivative instruments to alter the effects on interest or market risks.

3. Capital assets:

			2007	2006
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment and furniture	$ 54,134	$ 18,190	$ 35,944	$ 11,919
Computer equipment	105,332	63,631	41,701	20,551
Computer software	10,212	8,892	1,320	1,772
	$ 169,678	$ 90,713	$ 78,965	$ 34,242

Amortization expense for the year was $13,500 (2006 - $9,714), of which $10,883 (2006 - $7,069) is included in administrative support expense and $2,667 (2006 - $2,645) is included in general and administrative expenses.

4. 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	$ 40,280	$ 149,000	$ (189,280)	$ -
Corporate contributions - various programs	104,590	83,404	(142,707)	45,287
Community Careers Cooperative	305,188	281,879	(383,756)	203,311
Alberta Finance	31,600	-	(31,600)	-
Alberta Advanced Education and Technology	-	167,000	(84,500)	82,500
	$ 481,658	$ 681,283	$ (831,843)	$ 331,098

5. 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.

6. Commitments:

CAREERS leases its office premises under an operating lease that expires in 2011. In addition, CAREERS has a security system operating lease that expires in 2009. The estimated lease and security costs by year are as follows:

2008	$ 34,428
2009	35,010
2010	35,196
2011	27,400
	$ 132,034

7. 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, as described in notes 1(b) and 4.

		2007		2006
Alberta government contributions:				
Alberta Advanced Education and Alberta Education	$	525,000	$	545,000
Alberta Health and Wellness		189,280		156,985
Alberta Advanced Education and Technology		84,500		-
Alberta Employment, Immigration and Industry		75,097		-
Alberta Human Resources and Employment		61,872		137,456
Alberta Finance		31,600		33,400
Alberta Aboriginal Affairs and Northern Development		42,580		20,000
Alberta Liquor and Gaming Commission		22,929		3,007
Alberta Economic Development		-		20,000
Alberta Learning Information Service		-		10,000
	$	1,032,858	$	925,848
Federal government contributions:				
Human Resources and Skills Development Canada	$	54,198	$	6,211
Western Economic Diversification Canada		51,042		51,810
	$	105,240	$	58,021
Municipal government contributions:				
The City of Edmonton	$	20,000	$	20,000
District of Opportunity No. 17		500		6,000
The Regional Municipality of Wood Buffalo		-		10,000
	$	20,500	$	36,000

8. Supplementary information to the statement of cash flows:

	2007	2006
Interest received	$ 63,643	$ 57,829
Interest paid	-	7

9. Financial instruments:

The carrying value of cash, accounts receivable and accounts payable and accrued liabilities approximate their fair values due to the relatively short periods to maturity of these items. The fair value of short-term deposits is based on the last bid price quoted on public exchanges.

10. Comparative figures:

Certain 2006 comparative figures have been reclassified to conform with the financial presentation adopted per the current year.