

**Career Trek Inc.**  
**May 31, 2016**

**Audited Financial Statements**

**Career Trek Inc.**  
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**May 31, 2016**

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# Gary Julius, CA

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Career Trek Inc.**

I have audited the accompanying financial statements of the **Career Trek Inc.**, which comprise the statement of financial position as at May 31, 2016, the statements of operations and 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 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.

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 **Career Trek Inc.** as at May 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

The audited financial statements dated November 24, 2015 are hereby withdrawn.

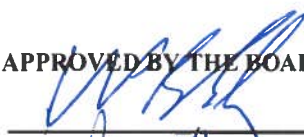



Gary J Julius, Chartered Accountant  
Winnipeg, Manitoba  
October 17, 2016

**Career Trek Inc.**  
**Statement of Financial Position**  
**May 31, 2016**

|  | 2016           | 2015           |
|--|----------------|----------------|
|  | \$             | \$             |
| <b>ASSETS</b>                            |                |                |
| <b>Current</b>                           |                |                |
| Cash                                     | 546,674        | 468,547        |
| Accounts receivable (Note 4)             | 20,881         | 99,187         |
| Prepaid Expenditures                     | <u>-</u>       | <u>19,355</u>  |
|  | 567,555        | 587,089        |
| <b>Capital Assets (Note 5)</b>           | <u>15,565</u>  | <u>16,213</u>  |
|  | <u>583,120</u> | <u>603,302</u> |
| <br><b>LIABILITIES</b>                   |                |                |
| <b>Current</b>                           |                |                |
| Accounts payable and accrued liabilities | 120,333        | 189,514        |
| Employee source deductions               | -              | -              |
| Deferred contributions (Note 7)          | <u>244,350</u> | <u>235,585</u> |
|  | <u>364,683</u> | <u>425,099</u> |
| <br><b>NET ASSETS</b>                    |                |                |
| Unrestricted                             | 161,876        | 121,642        |
| Externally Restricted (Note 8)           | <u>56,561</u>  | <u>56,561</u>  |
|  | <u>218,437</u> | <u>178,203</u> |
|  | <u>583,120</u> | <u>603,302</u> |

APPROVED BY THE BOARD:

  
 \_\_\_\_\_ DIRECTOR

  
 \_\_\_\_\_ DIRECTOR

See Auditor's Report and accompanying notes

**Career Trek Inc.**  
**Statement of Change in Net Assets**  
**May 31, 2016**

|   | Unrestricted   | Externally<br>Restricted<br>(Note 8) | 2016<br>Net Assets<br>\$ | 2015<br>Net Assets<br>\$ |
|---|----------------|--------------------------------------|--------------------------|--------------------------|
|   | \$             | \$                                   |                          |                          |
| <b>BALANCE, beginning of year</b>             | 121,642        | 56,561                               | 181,651                  | 217,922                  |
| Excess (deficiency) of revenues over expenses | <u>40,234</u>  | <u>-</u>                             | <u>40,234</u>            | <u>(26,137)</u>          |
| <b>BALANCE, end of year</b>                   | <u>161,876</u> | <u>56,561</u>                        | <u>221,885</u>           | <u>191,785</u>           |

See Auditor's Report and accompanying notes

**Career Trek Inc.**  
**Statement of Cash Flows**

|  | 2016<br>\$            | 2015<br>\$            |
|--|-----------------------|-----------------------|
| <b>Cash provided by (used in) operating activities</b> |                       |                       |
| Excess (Deficiency) of revenues over expenditures      | 40,234                | (26,137)              |
| Add: Amortization                                      | <u>5,132</u>          | <u>6,226</u>          |
|  | 45,366                | (19,911)              |
| <b>Items not affecting cash</b>                        |                       |                       |
| Accounts receivable                                    | 78,306                | (64,830)              |
| Prepaid expenses                                       | 19,355                | (6,554)               |
| Accounts payable                                       | (69,181)              | 43,491                |
| Deferred contributions                                 | <u>8,765</u>          | <u>(50,431)</u>       |
|  | <u>82,611</u>         | <u>(98,235)</u>       |
| <b>Investing Activities</b>                            |                       |                       |
| Purchase of capital assets                             | (4,484)               | -                     |
|  | <u>(4,484)</u>        | <u>-</u>              |
| <b>Net Increase in cash for the year</b>               | 78,127                | (98,235)              |
| <b>Cash, beginning of year</b>                         | <u>468,547</u>        | <u>566,782</u>        |
| <b>Cash, end of year</b>                               | <u><u>546,674</u></u> | <u><u>468,547</u></u> |
| <b>Represented by</b>                                  |                       |                       |
| Cash and cash equivalents                              | <u>546,674</u>        | <u>468,547</u>        |
|  | <u><u>546,674</u></u> | <u><u>468,547</u></u> |

See Auditor's Report and accompanying notes

**Career Trek Inc.**  
**Statement of Operations**  
**For the Year Ended May 31, 2016**

|  | 2016<br>\$       | 2015<br>\$       |
|--|------------------|------------------|
| <b>Revenues</b>  |                  |                  |
| Government of Canada                                     | 5,901            | 14,992           |
| Province of Manitoba                                     | 1,460,884        | 1,446,189        |
| Foundations  | 103,823          | 117,771          |
| Sponsorship and Program Fees                             | 196,948          | 268,746          |
| Interest   | 1,168            | 1,010            |
| Other  | 3,448            | -                |
|  | <u>1,772,172</u> | <u>1,848,708</u> |
| <b>Expenditures</b>                                      |                  |                  |
| Administration   | 231,864          | 222,797          |
| Amortization   | 5,132            | 6,226            |
| Bad Debt   | -                | 1,000            |
| Board  | -                | -                |
| Development  | -                | -                |
| Office   | -                | -                |
| Professional Fees  | 147,793          | 135,096          |
| Professional development                                 | 40,630           | 10,511           |
| Program  | 149,657          | 231,571          |
| Salaries & Benefits                                      | <u>1,156,862</u> | <u>1,267,644</u> |
|  | <u>1,731,938</u> | <u>1,874,845</u> |
| <b>Excess (deficiency) of revenues over expenditures</b> | <u>40,234</u>    | <u>(26,137)</u>  |

See Auditor's Report and accompanying notes

**Career Trek Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2016**

**1. FORM OF ORGANIZATION**

Career Trek Inc. was incorporated on August 19, 1999 pursuant to the provisions of The Companies Act of Manitoba as a corporation without share capital. It is exempt from income tax pursuant to paragraph 149 (1) of The Income Tax Act. Its mandate is to provide programming to encourage young people, ages 10 - 24, to stay in school and/or pursue a post-secondary education. The ultimate goal of the organization, through the provision of its services, is to assist individuals in breaking the cycle of poverty. The organization is a registered charity under the provisions of The Income Tax Act (# 86-835-0547)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgment. The financial statements have, in management's opinion, been properly prepared within the reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

**Financial instruments**

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are recorded at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred

**Capital assets**

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized annually over their estimated useful lives using the following rates and methods:

|                                |                       |
|--------------------------------|-----------------------|
| Office furniture and equipment | 20% declining balance |
| Computer hardware              | 30% declining balance |

**Deferred contributions**

The excess of revenues over expenses of some programs may require repayment and is recorded as a liability. When approval to retain the funds is received and/or permitted, the excess is recorded as revenue

**Revenue recognition**

The organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the acquisition of capital assets are deferred and amortized into income as the related assets are amortized. Grants from government are recognized in accordance with the funding agreements and when collection is reasonably assured. Foundation, sponsorship & membership revenues are recognized proportionately over the fiscal year to which they relate and when collection is reasonable assured. Other revenues which include fundraising revenues are recognized in the year in which the funds are received.



**Career Trek Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2016**

**3. FINANCIAL INSTRUMENTS**

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate, and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of May 31, 2014.

**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 interest rates. In seeking to minimize risks from interest rate fluctuations, the organization manages exposure through its normal operating and financial activities.

**Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from its funders. Credit risk related to government funders is deemed to be low since receivables are recorded based on the terms of the underlying agreements. Credit risk related to foundations, sponsors, and members is assessed periodically and an allowance for doubtful accounts established where collection is not reasonably assured

**4. ACCOUNTS RECEIVABLE**

|                            | 2016<br>\$    | 2015<br>\$    |
|----------------------------|---------------|---------------|
| Goods and Services Tax     | 20,881        | 8,000         |
| Province of Manitoba       | -             | 35,600        |
| Seven Oaks School Division | -             | 41,600        |
| Other                      | -             | 13,987        |
|                            | <u>20,881</u> | <u>99,187</u> |

**5. CAPITAL ASSETS**

|                         |               |               | 2016          | 2015          |
|-------------------------|---------------|---------------|---------------|---------------|
|                         |               |               | \$            | \$            |
|                         | Cost          | Accumulated   | Net Book      | Net Book      |
|                         | \$            | Amortization  | Value         | Value         |
|                         |               | \$            | \$            | \$            |
| Computer hardware       | 76,556        | 64,227        | 12,329        | 12,168        |
| Furniture and equipment | <u>14,538</u> | <u>11,302</u> | <u>3,236</u>  | <u>4,045</u>  |
|                         | <u>91,094</u> | <u>75,529</u> | <u>15,565</u> | <u>16,213</u> |

**6. DEFERRED CONTRIBUTIONS**

The organization has received restricted contributions from various funders which have been deferred in accordance with the terms of the applicable contribution agreement. These amounts will be recorded as revenue in the year in which the funds are expended in accordance with the agreement.

**Career Trek Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2016**

**7. DEFERRED CONTRIBUTIONS (continued)**

|                                       | 2016<br>\$     | 2015<br>\$     |
|---------------------------------------|----------------|----------------|
| Province of Manitoba - Bright Futures | 244,350        | 235,585        |
|                                       | <u>244,350</u> | <u>235,585</u> |

**8 EXTERNALLY RESTRICTED ASSETS**

The organization established a fund in 2009 to be used for scholarships and bursaries for program participants. Payments into the fund were made for each graduating student from the Province of Manitoba's Bright Futures program and from net proceeds from designated fundraising events. In 2013, the accumulated proceeds from fundraising events were paid to the Winnipeg Foundation. The balance remaining in the fund (\$65,000) was to be used to establish scholarships for qualifying graduates as approved by the organization. Disbursements from the fund are made in accordance with terms agreed upon by the organization and the Province of Manitoba - Bright Futures.

|                 | 2016<br>\$    | 2015<br>\$    |
|-----------------|---------------|---------------|
| Opening balance | 56,521        | 56,521        |
| Closing balance | <u>56,521</u> | <u>56,521</u> |

**9. WINNIPEG FOUNDATION**

By agreement with the Winnipeg Foundation, **Steps in the Right Direction - The Career Trek Scholarship Fund** was established September 14, 2012 for the purpose of generating annual grant making activity to be used to provide educational awards to deserving students. An initial contribution was made by the organization to the Winnipeg Foundation in the amount of \$24,450. The ownership of the funds vests in the Winnipeg Foundation but the annual net income of the fund is available for use by the organization. At May 31, 2016, the market value of the fund held by the Foundation was \$39,910 (May 31, 2015 - \$39,323). The amount of income available for use by the organization was \$1,454.

**10. CONTINGENT LIABILITY**

The organization's funding agencies may disallow certain expenditures with respect to administration or programming. Adjustments, if any, for disallowed expenditures will be accounted for in the year of determination. As at the date of the audit report, the amount, if any, of the disallowed expenditures was unquantifiable.

**Career Trek Inc.**  
**Notes to the Financial Statements**  
**For the Year Ended May 31, 2016**

**11. ECONOMIC DEPENDENCE**

The organization receives the majority of its funding from government. Accordingly, the organization is economically dependent on continuing to receive government grant revenues to fund future operations and programs.

**12. COMMITMENTS**

The organization entered into a Lease Extension Agreement to extend the term of its lease for office space from July 1, 2016 to June 30, 2021. The annual rent during the extension term is \$76,794 per annum (\$6,400 per month) plus applicable goods and services tax.