

Career Trek Inc.
May 31, 2018

Audited Financial Statements

Career Trek Inc.
Index to Financial Statements
May 31, 2018

Auditor's Report	3
Statement of Financial Position	4
Statement of Change in Net Assets	5
Statement of Cash Flow	6
Statement of Operations	7
Notes to the Financial Statements	8 - 11

Gary J Julius, Chartered Professional Accountant

15 Carmarthen Blvd. Winnipeg, MB. R3P0B3 Phone:(204)791-6458 Fax:(204)896-6874

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, 2018, 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, 2018 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.



Gary Julius, CPA, CA
Winnipeg, Manitoba
September 24, 2018

Career Trek Inc.
Statement of Financial Position
May 31, 2018

	2018	2017
	\$	\$
ASSETS		
Current		
Cash	654,281	456,310
Accounts receivable (Note 4)	<u>9,756</u>	<u>30,478</u>
	664,037	486,788
Capital Assets (Note 5)	<u>8,177</u>	<u>11,219</u>
	<u>672,214</u>	<u>498,007</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	60,507	92,118
Deferred contributions (Note 7)	<u>350,000</u>	<u>166,833</u>
	<u>410,507</u>	<u>258,951</u>
NET ASSETS		
Unrestricted	210,646	187,995
Externally Restricted (Note 8)	<u>51,061</u>	<u>51,061</u>
	<u>261,707</u>	<u>239,056</u>
	<u>672,214</u>	<u>498,007</u>

APPROVED BY THE BOARD:



 DIRECTOR



 DIRECTOR

Career Trek Inc.
Statement of Change in Net Assets
May 31, 2018

	Unrestricted	Externally Restricted (Note 8)	2018 Net Assets	2017 Net Assets
	\$	\$	\$	\$
BALANCE, beginning of year	187,995	51,061	239,056	218,438
Excess (deficiency) of revenues over expenses	<u>22,651</u>	<u>-</u>	<u>22,651</u>	<u>20,618</u>
BALANCE, end of year	<u>210,646</u>	<u>51,061</u>	<u>261,707</u>	<u>239,056</u>

See Auditor's Report and accompanying notes

Career Trek Inc.
Statement of Cash Flows

	2018	2017
	\$	\$
OPERATING ACTIVITIES		
Cash provided by (used in) operating activities	22,651	20,618
Excess (Deficiency) of revenues over expenditures	3,042	4,346
Add: Amortization	<u>25,693</u>	<u>24,964</u>
	25,693	24,964
Items not affecting cash		
Accounts receivable	20,722	(9,597)
Prepaid expenses	-	-
Accounts payable	(31,611)	(28,213)
Deferred contributions	<u>183,167</u>	<u>(77,517)</u>
	<u>197,971</u>	<u>(90,363)</u>
	197,971	(90,363)
INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(4,484)</u>
	-	(4,484)
NET INCREASE IN CASH FOR THE YEAR		
	197,971	(90,363)
Cash, beginning of year	<u>456,310</u>	<u>546,673</u>
	456,310	546,673
CASH, END OF YEAR	<u>654,281</u>	<u>456,310</u>
	654,281	456,310
Represented by		
Cash and cash equivalents	<u>654,281</u>	<u>456,310</u>
	654,281	456,310

See Auditor's Report and accompanying notes

Career Trek Inc.
Statement of Operations
For the Year Ended May 31, 2018

	2018	2017
	\$	\$
Revenues		
Government of Canada	22,590	5,901
Province of Manitoba	1,209,642	1,298,858
Foundations	148,940	158,450
Sponsorship and Program Fees	182,402	196,735
Other	63,520	60,872
Fund Development	<u>14,118</u>	<u>-</u>
	<u>1,641,212</u>	<u>1,720,816</u>
Expenditures		
Administration	238,792	254,584
Amortization	3,042	4,346
Professional Fees	82,508	92,257
Professional development	19,875	10,545
Program expenses	114,457	132,236
Salaries & Benefits	<u>1,159,887</u>	<u>1,206,230</u>
	<u>1,618,561</u>	<u>1,700,198</u>
Excess (deficiency) of revenues over expenditures	<u>22,651</u>	<u>20,618</u>

Career Trek Inc.
Notes to the Financial Statements
For the Year Ended May 31, 2018

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 with a cost greater than \$3,000 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, 2018

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, 2018.

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

	2018	2017
	\$	\$
Goods and Services Tax	<u>9,756</u>	<u>30,478</u>

5. CAPITAL ASSETS

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
	\$	\$	\$	\$
Computer hardware	76,556	70,968	5,588	7,983
Furniture and equipment	<u>14,538</u>	<u>11,949</u>	<u>2,589</u>	<u>3,236</u>
	<u>91,094</u>	<u>82,917</u>	<u>8,177</u>	<u>11,219</u>

6. DEFERRED CONTRIBUTIONS

The organization has received contributions from the Province of Manitoba which are unexpended as at May 31, 2018. The unexpended contributions 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, 2018

7. DEFERRED CONTRIBUTIONS (continued)

	2018 \$	2017 \$
Province of Manitoba - Bright Futures	<u>350,000</u>	<u>166,833</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.

	2018 \$	2017 \$
Opening balance	51,021	56,521
Expended during the year	<u>-</u>	<u>(5,500)</u>
Closing balance	<u>51,021</u>	<u>51,021</u>

9. WINNIPEG FOUNDATION

By agreement with the Winnipeg Foundation, the organization has established the following Funds:

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. As at May 31, 2018 total capital received into the fund was \$31,580. 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, 2018, the market value of the fund held by the Foundation was \$44,882 (May 31, 2017 - \$41,510). The amount of income available for use by the organization was \$3,408.

Betty Cole Memorial Scholarship Fund was established May 12, 2017 for the purpose of generating annual grant making activity to be used to provide educational awards to female graduates of the Career Trek program who intend to pursue a post-secondary education. An initial contribution was made by the organization to the Winnipeg Foundation in the amount of \$10,482. As at May 31, 2018 total capital received into the fund was \$10,482. 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, 2018, the market value of the fund held by the Foundation was \$10,525 (May 31, 2017 - \$10,501). The amount of income available for use by the organization was \$281.

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, 2018

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 mmonth) plus applicable goods and services tax.

The organization entered into a lease agreement with Xerox to lease equipment for 48 months at a monthly cost of \$1,195.23