

Career Trek Inc.
May 31, 2020

Audited Financial Statements

Career Trek Inc.
Index to Financial Statements
May 31, 2020

Independant Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Change in Net Assets	4
Statement of Cash Flow	5
Statement of Operations	6
Notes to the Financial Statements	7 - 10

Gary J Julius, Chartered Professional Accountant

15 Carmarthen Blvd. Winnipeg, MB. R3POB3 Phone(204)791-6458 Fax:(204)896-6874

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Career Trek Inc.

Opinion

I have audited the financial statements of **Career Trek Inc.**, which comprise the statement of financial position as at May 31, 2020, the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of **Career Trek Inc.** as at May 31, 2020 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.

Basis for Opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. I am independent of the Organization 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 those 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

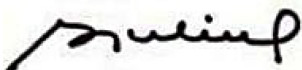
Independent Auditor's Report to the Board of Directors of **Career Trek Inc.** (continued)

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 Organization'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 Organization'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 Organization 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. I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards



Gary Julius, CPA, CA

Winnipeg, Manitoba
August 19, 2020

Career Trek Inc.
Statement of Financial Position
Year ended May 31, 2020

	2020	2019
	\$	\$
ASSETS		
Current		
Cash	1,068,289	951,067
Accounts receivable (Note 4)	<u>61,060</u>	<u>35,644</u>
	1,129,349	986,711
Capital Assets (Note 5)	<u>4,298</u>	<u>5,918</u>
	<u>1,133,647</u>	<u>992,629</u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities	80,926	92,186
Deferred contributions (Note 7)	<u>326,041</u>	<u>412,996</u>
	<u>406,967</u>	<u>505,182</u>
NET ASSETS		
Unrestricted	676,619	437,386
Externally Restricted (Note 8)	<u>50,061</u>	<u>50,061</u>
	<u>726,680</u>	<u>487,447</u>
	<u>1,133,647</u>	<u>992,629</u>

APPROVED BY THE BOARD:

Victor P. Bellay

 DIRECTOR

B. Bower

 DIRECTOR

Career Trek Inc.
Statement of Change in Net Assets
Year ended May 31, 2020

	Unrestricted	Externally Restricted (Note 8)	2020 Net Assets	2019 Net Assets
	\$	\$	\$	\$
BALANCE , beginning of year	437,386	50,061	487,447	261,707
Excess (deficiency) of revenues over expenses	<u>239,233</u>	<u>-</u>	<u>239,233</u>	<u>225,740</u>
BALANCE , end of year	<u>676,619</u>	<u>50,061</u>	<u>726,680</u>	<u>487,447</u>

See Auditor's Report and accompanying notes

Career Trek Inc.
Statement of Cash Flows
Year ended May 31, 2020

	2020 \$	2019 \$
OPERATING ACTIVITIES		
Cash provided by (used in) operating activities		
Excess (Deficiency) of revenues over expenditures	239,233	225,740
Add: Amortization	<u>1,620</u>	<u>2,259</u>
	240,853	227,999
Items not affecting cash		
Accounts receivable	(25,416)	(25,889)
Prepaid expenses	-	-
Accounts payable	(11,260)	986
Deferred contributions	<u>(86,955)</u>	<u>62,996</u>
NET INCREASE IN CASH FOR THE YEAR	117,222	266,092
Cash, beginning of year	<u>951,067</u>	<u>684,975</u>
CASH, END OF YEAR	<u>1,068,289</u>	<u>951,067</u>
Represented by		
Cash and cash equivalents	<u>1,068,289</u>	<u>951,067</u>

See Auditor's Report and accompanying notes

Career Trek Inc.
Statement of Operations
Year Ended May 31, 2020

	2020 \$	2019 \$
Revenues		
Government of Canada	147,370	15,962
Province of Manitoba	1,385,184	1,446,002
Foundations	188,167	133,667
Sponsorship and Program Fees	116,774	296,180
NIB Trust	72,000	100,000
Other	<u>24,888</u>	<u>39,648</u>
	<u>1,934,383</u>	<u>2,031,459</u>
Expenditures		
Administration	240,122	259,609
Amortization	1,620	2,259
NIB Trust expenses	70,110	100,000
Professional Fees	80,154	110,119
Professional development	13,562	9,049
Program expenses	110,720	128,786
Salaries & Benefits	<u>1,178,862</u>	<u>1,195,897</u>
	<u>1,695,150</u>	<u>1,805,719</u>
Excess (deficiency) of revenues over expenditures	<u>239,233</u>	<u>225,740</u>

Career Trek Inc.
Notes to the Financial Statements
Year Ended May 31, 2020

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 (charitable registration # 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 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 and/or expend 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 reasonably 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, 2020

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, 2020.

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

	2020 \$	2019 \$
Goods and Services Tax	11,060	13,144
NIB Trust	-	10,000
Seven Oaks School Division	-	12,500
Winnipeg Foundation	<u>50,000</u>	<u>-</u>
	<u><u>61,060</u></u>	<u><u>35,644</u></u>

5. CAPITAL ASSETS

	2020 \$		2019 \$	
	Cost \$	Accumulated Amortization \$	Net Book Value \$	Net Book Value \$
Computer hardware	76,557	73,502	3,055	4,364
Furniture and equipment	<u>14,538</u>	<u>13,295</u>	<u>1,243</u>	<u>1,554</u>
	<u>91,095</u>	<u>86,797</u>	<u>4,298</u>	<u>5,918</u>

6. DEFERRED CONTRIBUTIONS

The organization received contributions from various funders which were unexpended as at May 31, 2020. 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, 2020

7. DEFERRED CONTRIBUTIONS (continued)

	2020	2019
	\$	\$
Government of Canada - Canada Service Corps	125,000	82,996
Manitoba Education and Training	115,000	300,000
Royal Bank of Canada Foundation	30,000	30,000
Thomas Sill Foundation	20,000	-
Winnipeg Foundation	<u>36,041</u>	<u>-</u>
	<u>326,041</u>	<u>412,996</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.

	2020	2019
	\$	\$
Opening balance	50,061	51,061
Expended during the year	<u>-</u>	<u>(1,000)</u>
Closing balance	<u>50,061</u>	<u>50,061</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, 2020 total capital received into the fund was \$31,580. The ownership of the fund vests in the Winnipeg Foundation but the annual net income of the fund is available for use by the organization. At May 31, 2020, the market value of the fund held by the Foundation was \$40,198 (May 31, 2019 - \$40,640). The amount of income available for use by the organization was \$3,710 (May 31, 2019 \$3,907).

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 \$10,362. As at May 31, 2020 total capital received into the fund was \$10,362. The ownership of the fund vests in the Winnipeg Foundation but the annual net income of the fund is available for use by the organization. At May 31, 2020, the market value of the fund held by the Foundation was \$9,784 (May 31, 2019 - \$9,900). The amount of income available for use by the organization was \$615 (May 31, 2019 \$511).

Career Trek Inc.
Notes to the Financial Statements
For the Year Ended May 31, 2020

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.

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.

The organization's Service Purchase Master Agreement with Manitoba Education and Training expires on September 30, 2020. The organization has submitted its proposal to renew the agreement. As at the date of the audit report, the organization's proposal to renew the agreement has not been approved.

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.

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