

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Financial Statements

March 31, 2021

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
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For the Year Ended March 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Making Changes Employment Association of Alberta

Opinion

We have audited the financial statements of Making Changes Employment Association of Alberta (the "Association"), which comprise the statement of financial position as at March 31, 2021, and 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 our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at March 31, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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 organization, 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Directors of Making Changes Employment Association of Alberta
(continued)

Auditor's Responsibilities for the Audit of Financial Statements

Our 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 our 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Association'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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association 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.

We 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 we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
June 16, 2021

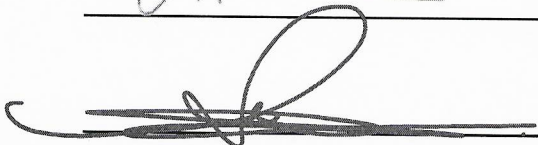
MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Statement of Financial Position
As at March 31

	2021	2020
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 811,190	\$ 456,712
Accounts receivable	81,843	35,293
Goods and services taxes recoverable	5,223	2,816
Prepaid expenses and other current assets	<u>18,648</u>	<u>17,924</u>
	916,904	512,745
Property and equipment (Note 4)	30,036	45,928
Asset conveyance receivable (Note 10)	<u>60,700</u>	<u>-</u>
	<u>\$ 1,007,640</u>	<u>\$ 558,673</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 38,878	\$ 37,538
Deferred contributions related to operations (Note 8)	<u>494,145</u>	<u>112,618</u>
	533,023	150,156
Deferred contributions		
Related to property and equipment (Note 8)	<u>18,983</u>	<u>27,420</u>
	<u>552,006</u>	<u>177,576</u>
Net assets		
Invested in property and equipment	11,053	18,508
Unrestricted	<u>444,581</u>	<u>362,589</u>
	455,634	381,097
	<u>\$ 1,007,640</u>	<u>\$ 558,673</u>

ON BEHALF OF THE BOARD



Director



Director

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Statements of Operations
For the Years Ended March 31

	General	Dress for Success (Note 10)	My Best Friend's Closet	Employment and Life Skills	Women in Technology	2021	2020
Revenue							
Restricted donations and grants	1,724	80,849	99,574	1,647	74,561	258,355	183,650
Immigration, Refugees, and Citizenship Canada (IRCC)	-	-	-	56,914	128,572	185,486	275,121
Donations	35,242	54,268	33,479	14,234	28,173	165,396	178,637
Canada Emergency Subsidy (Note 9)	9,946	30,465	21,910	23,641	30,729	116,691	-
Fundraising	14,638	81,560	15,968	15,393	11,620	139,179	153,553
Donations in kind	840	69,927	34,264	1,274	1,274	107,579	118,672
Casino and bingo revenue	4,313	23,616	8,603	3,367	2,950	42,849	76,664
United Way	-	33,990	-	-	-	33,990	46,865
Property and equipment contributions	-	-	8,437	-	-	8,437	8,437
Interest revenue	549	-	-	-	-	549	289
Other revenue	-	-	-	6,784	-	6,784	-
	67,252	374,675	222,235	123,254	277,879	1,065,295	1,041,888
Expenses							
Salaries and benefits	39,934	133,127	87,921	94,453	115,324	470,759	468,054
Donations in kind	840	69,927	34,264	1,274	1,274	107,579	118,672
Rent and utilities	4,768	30,998	31,958	3,087	10,227	81,038	88,678
General and administrative	8,463	30,585	10,428	3,854	7,068	60,398	56,082
Fundraising and communication	2,678	54,079	5,917	1,573	2,316	66,563	59,371
Program delivery	-	-	-	-	91,125	91,125	45,600
Program expenses	-	10,390	8,015	5,108	4,890	28,403	52,436
Janitorial and maintenance	761	11,295	3,607	692	1,144	17,499	19,204
Amortization	488	3,223	9,072	494	2,615	15,892	16,030
Professional fees	4,290	21,953	7,927	2,750	3,553	40,473	9,010
Insurance	724	2,677	3,501	1,810	2,317	11,029	7,926
	62,946	368,254	202,610	115,095	241,853	990,758	941,063
Excess of revenue over expenses	4,306	6,421	19,625	8,159	36,026	74,537	100,825

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Statement of Changes in Net Assets
For the Year Ended March 31

	Invested in property and equipment	Unrestricted	2021	2020
Net assets - beginning of year	\$ 18,508	\$ 362,589	\$ 381,097	\$ 280,272
Excess (deficiency) of revenue over expenses	(7,455)	81,992	74,537	100,825
			-	-
Net assets - end of year	\$ 11,053	\$ 444,581	\$ 455,634	\$ 381,097

The accompanying notes are an integral part of these financial statements.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Statement of Cash Flows
For the Year Ended March 31, 2021

	2021	2020
Operating activities		
Excess of revenue over expenses	\$ 74,537	\$ 100,825
Items not affecting cash:		
Amortization of property and equipment	15,892	16,030
Recognition of deferred contributions related to property and equipment	(8,437)	(8,437)
	<u>81,992</u>	<u>108,418</u>
Changes in non-cash working capital		
Accounts receivable	(46,550)	44,055
Goods and services taxes recoverable	(2,407)	719
Asset conveyance receivable	(60,700)	-
Accounts payable and accrued liabilities	1,340	(19,989)
Prepaid expenses and other current assets	(724)	(5,718)
Deferred contributions related to operations	381,527	(83,036)
	<u>272,486</u>	<u>(63,969)</u>
Increase in cash flows	354,478	44,449
Cash, beginning of year	<u>456,712</u>	<u>412,263</u>
Cash, end of year	\$ 811,190	\$ 456,712

The accompanying notes are an integral part of these financial statements.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

1. Purpose of the organization

The Making Changes Employment Association of Alberta (the "Association") is incorporated under the Societies Act of Alberta. The objectives of the Association include the provision of programs, information and training to unemployed and under-employed Albertans to enable them to enter the workplace or continue meaningful education. The Association is a registered charity under the Income Tax Act and is exempt from the payment of income taxes under Section 149 (1) of the Act.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Cash and cash equivalents

Cash consists of cash on hand and balances with banks. Cash equivalents, if any, consist of short-term deposits that are fully cashable at any time during the term of the investments.

Revenue recognition

The Association 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 if the amount to be received can be reasonably estimated and collection is reasonably assured.

Program accounting

The Association presents the following programs separately in its statement of operations.

Revenue and expenses related to the distribution of professional clothing to adult clients are reported as Dress for Success, formerly Walk in Closet.

Revenue and expenses related to employment preparedness programs to plan and prepare for employment in Canada are reported as Employment Life Skills (ELS).

Revenue and expenses related to employment preparedness programs for adult clients in the Information and Technology sector are reported as Women in Technology (WIT).

Revenue and expenses related to the distribution of clothing to youth clients are reported as My Best Friend's Closet.

Administrative activities are reported as general operations.

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MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

2. Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are recorded at cost. Property and equipment are amortized over their estimated lives using the following rates and methods:

Furniture and fixtures	20%	declining balance
Computer hardware	4 years	straight-line
Computer software	100%	straight-line
Leasehold improvements	term of the lease	straight-line

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed goods and services

Volunteers contributed approximately 5,588 hours (2020 - 12,570 hours) to assist the Association to carry out its programs. Because of the difficulty in determining their fair value, these contributed services are not recognized in the financial statements.

Donations in kind are recorded at fair market value only when fair market value can be reasonably estimated and when the donated goods or services would otherwise have been purchased by the Association.

Financial instruments

The Association initially measures its financial assets and financial liabilities at fair value. It subsequently measures all of its financial assets and financial liabilities at amortized cost.

The financial assets measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates made include the useful life of property and equipment, the value of donated materials, the attribution of shared revenues and expenses to programs, and the timing of revenue recognition.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

3. Cash and cash equivalents

Cash and cash equivalents included on the statement of financial position are comprised of cash on hand and bank balances of \$460,475 (2020 - \$356,712) and guaranteed investment certificates ("GIC") of \$350,715 (2020 - \$100,000) maturing in June 2021 with interest rates between 0.30% and 0.40%.

4. Property and equipment

	Cost	Accumulated amortization	2021 Net book value
Leasehold improvements	\$ 222,669	\$ 196,795	\$ 25,874
Furniture and fixtures	30,030	27,818	2,212
Computer hardware	19,384	17,434	1,950
	\$ 272,083	\$ 242,047	\$ 30,036

	Cost	Accumulated amortization	2020 Net book value
Leasehold improvements	\$ 222,669	\$ 185,358	\$ 37,311
Furniture and fixtures	30,030	27,265	2,765
Computer hardware	19,384	13,532	5,852
	\$ 272,083	\$ 226,155	\$ 45,928

5. Donations in kind

Donations in kind during the year were composed of clothing, shoes, make-up, accessories, silent auction donations and services. Donated materials and services are recognized only when the fair value is reasonably determined. During the year \$107,579 in goods and services were donated (2020 - \$118,672).

6. Additional information to comply with the disclosure requirement of the Charitable Fund Raising Act of Alberta

The Association allocated \$41,000 (2020 - \$34,822) as remuneration to employees whose duties involve fundraising in 2021. All other costs incurred for the purposes of soliciting contributions were \$30,958 (2020 - \$Nil).

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
Notes to Financial Statements
Year Ended March 31, 2021

7. Lease commitments

The Association has committed to lease office premises until January 31, 2023. The future lease payments excluding operating costs, are as follows:

2022	\$	66,700
2023		<u>55,583</u>
	\$	<u>122,283</u>

8. Deferred contributions

The deferred contributions relate to funds received in the current and previous periods to be matched with expenses of subsequent periods.

	<u>Beginning</u>	<u>Additions</u>	<u>Utilizations</u>	<u>2021</u>
<u>Related to operations</u>				
Casino and bingo	\$ 37,328	\$ 90,731	\$ 57,461	\$ 70,598
Foundation	42,494	174,000	142,718	73,776
Corporate	30,296	45,000	41,850	33,446
United Way	-	33,990	33,990	-
Clubs and organization	2,500	-	-	2,500
Dress for Success	-	388,740	74,915	313,825
Government	-	23,000	23,000	-
	<u>112,618</u>	<u>755,461</u>	<u>373,934</u>	<u>494,145</u>
<u>Related to property and equipment</u>				
Community Facility Enhancement				
Program	17,670	-	5,437	12,233
Foundation	9,750	-	3,000	6,750
	<u>27,420</u>	<u>-</u>	<u>8,437</u>	<u>18,983</u>
	<u>140,038</u>	<u>\$ 755,461</u>	<u>\$ 382,371</u>	<u>\$ 513,128</u>

9. COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in worldwide emergency measures to combat the spread of the virus. These measures, which include self-quarantine periods, have caused disruption to businesses globally, and resulted in a significant economic slowdown. The duration and impact of the COVID-19 outbreak is unknown at this time, including measures implemented by provincial and federal governments. The financial impact to the Association was not significant as there was no interruption to funding and management was able to continue providing services online. However, it is not possible to reliably estimate the length or effect of these developments, including the impact on the financial results in future periods.

In 2021, the Association claimed \$113,729 for the Canada Emergency Wage Subsidy (CEWS) and \$2,962 for the Canada Emergency Rent Subsidy (CERS), for total subsidy received of \$116,691.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2021

10. Dress for Success

The Association entered into an Asset Assignment and Conveyance Agreement (the Agreement) effective December 31, 2020, with Dress for Success Calgary (DFS), a charitable organization and licensee of Dress for Success Worldwide ("DFS Worldwide") providing similar services to the Association's Walk in Closet program. Pursuant to the Agreement, the net assets of DFS were transferred to the Association, which consisted of cash of \$260,018, the Association became a licensee of DFS Worldwide, and the Walk in Closet program was renamed Dress for Success. As at March 31, 2021, \$60,700 is the estimated amount of remaining cash that will be transferred to the Association on final wind-up of DFS and has been included in accounts receivable. DFS has 18 months from the date of the Agreement to wind-up its operations.

As a result of this Agreement, the Association will deliver the suiting program offered by DFS under the original brand of DFS. The funds received are to be used exclusively for this program.

11. Financial instruments

The Association is exposed to various risks through its financial instruments. The following analysis provides information about the Association's risk exposure and concentration as at March 31, 2021.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting its obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and commitments.

The Association's approach to managing liquidity is to ensure, as much as possible, that it will have sufficient cash flows through fundraising and grant and assistance applications to fund its operations and to meet its liabilities when due, under both normal and stressed conditions. The Association maintains a portion of its invested assets in liquid securities.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Association mitigates market risk and interest rate risk by holding investments in fixed rate short-term GIC's.

12. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year's excess of revenue over expenses from operations.
