

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Financial Statements

March 31, 2019

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
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For the Year Ended March 31, 2019

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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, 2019, 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, 2019, 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.

Other Matter

The financial statements of the Association for the year ended March 31, 2018 were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on July 13, 2018.

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 Association, 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 Organization 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
July 11, 2019

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

	2019	2018
Assets		
Current		
Cash	\$ 412,263	\$ 308,372
Accounts receivable	79,348	72,670
Goods and services taxes recoverable	3,535	2,850
Prepaid expenses and other current assets	12,206	16,852
	<u>507,352</u>	400,744
Property and equipment (<i>Note 3</i>)	<u>61,959</u>	38,879
	<u>\$ 569,311</u>	<u>\$ 439,623</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 45,806	\$ 26,143
Payroll deductions payable	11,722	8,114
Deferred contributions related to operations (<i>Note 7</i>)	195,654	209,187
	<u>253,182</u>	243,444
Deferred contributions		
Related to property and equipment (<i>Note 7</i>)	<u>35,857</u>	6,813
	<u>289,039</u>	250,257
Net assets		
Invested in property and equipment	26,101	32,066
Unrestricted	254,171	157,300
	<u>280,272</u>	189,366
	<u>\$ 569,311</u>	<u>\$ 439,623</u>

ON BEHALF OF THE BOARD

_____ *Director*
 _____ *Director*

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

	General	Walk in Closet	Employment and Life Skills	My Best Friend's Closet	Total 2019	Total 2018
Revenue						
Immigration, Refugees and Citizenship Canada (IRCC)	8,825	123,442	94,778	51,878	278,923	246,462
Other restricted revenue	2,122	13,517	96,643	57,238	169,520	190,550
Donations	14,224	88,634	19,591	33,479	155,928	60,962
Donations in kind (Note 4)	-	116,238	1,454	11,342	129,034	72,029
Fundraising	23,297	69,749	14,295	19,347	126,688	123,342
United Way	-	51,500	-	-	51,500	51,500
Casino and bingo revenue	5,246	16,191	228	19,339	41,004	60,650
Community Initiatives Program	4,039	22,211	7,220	6,914	40,384	9,027
Other revenue	107	9,551	107	2,783	12,548	7,043
Amortization of deferred contributions related to property and equipment	181	1,360	272	6,328	8,141	9,582
	58,041	512,393	234,588	208,648	1,013,670	831,146
Expenses						
Salaries and benefits	28,052	202,117	124,440	71,237	425,846	350,207
Donations in kind (Note 4)	-	116,238	1,454	11,342	129,034	72,029
Rent and utilities	4,862	33,755	7,545	49,396	95,558	103,536
General and administrative	6,974	37,587	8,190	10,305	63,056	41,827
Fundraising and communication	9,214	28,769	7,768	6,549	52,300	33,977
Program delivery	-	-	49,614	-	49,614	66,841
Program expenses	213	7,837	16,800	7,327	32,177	33,015
Professional fees	2,020	13,130	2,870	3,030	21,050	8,500
Repairs and maintenance	970	7,603	970	11,099	20,642	15,480
Amortization	565	3,827	838	8,680	13,910	17,301
Volunteer	1,499	7,223	1,041	2,624	12,387	10,873
Insurance	455	2,958	455	3,322	7,190	6,805
Other gain	-	-	-	-	-	(17,479)
	54,824	461,044	221,985	184,911	922,764	742,912
Excess of revenue over expenses	3,217	51,349	12,603	23,737	90,906	88,234

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

	Invested in property and equipment	Unrestricted	2019	2018
Net assets - beginning of year	\$ 32,066	\$ 157,300	\$ 189,366	\$ 101,132
Excess (deficiency) of revenue over expenses	(5,770)	96,676	90,906	88,234
Purchase of property and equipment	36,990	(36,990)	-	-
Contribution during year	(37,185)	37,185	-	-
Net assets - end of year	\$ 26,101	\$ 254,171	\$ 280,272	\$ 189,366

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, 2019

	2019	2018
Operating activities		
Excess of revenue over expenses	\$ 90,906	\$ 88,234
Items not affecting cash:		
Amortization of property and equipment	13,910	17,301
Recognition of deferred contributions related to property and equipment	(8,141)	(9,582)
	<u>96,675</u>	<u>95,953</u>
Changes in non-cash working capital		
Accounts receivable	(6,678)	(605)
Goods and services taxes recoverable	(685)	(493)
Accounts payable and accrued liabilities	19,663	(15,332)
Prepaid expenses and other current assets	4,646	(1,178)
Payroll deductions payable	3,608	2,008
Deferred contributions related to operations	(13,533)	109,731
	<u>7,021</u>	<u>94,131</u>
Cash flows from operating activities	<u>103,696</u>	<u>190,084</u>
Investing activities		
Purchase of property and equipment	(36,990)	(35,805)
Proceeds on disposal of assets	-	538
Cash flows used by investing activities	<u>(36,990)</u>	<u>(35,267)</u>
Financing activity		
Contribution for equipment	37,185	5,000
Increase in cash flows	<u>103,891</u>	<u>159,817</u>
Cash, beginning of year	<u>308,372</u>	<u>148,555</u>
Cash, end of year	<u>\$ 412,263</u>	<u>\$ 308,372</u>

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2019

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 with original maturities of less than three months.

Revenue recognition

The Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the general fund 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.

The Association's administrative activities are reported as general operations.

Revenue and expenses related to the distribution of professional clothing to adult clients are reported as Walk in Closet.

Revenue and expenses related to employment preparedness programs for adult clients, including Women in Technology (WIT) are reported as Employment and Life Skills.

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

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MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2019

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	30%	declining balance
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 12,560 hours (2018 - 12,800 hours) to assist the Association to carry out its programs. Because of the difficulty in determining their fair value, 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.

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, 2019

3. Property and equipment

	Cost	Accumulated amortization	2019 Net book value
Leasehold improvements	\$ 222,669	\$ 173,920	\$ 48,749
Furniture and fixtures	30,030	26,574	3,456
Computer hardware	19,384	9,630	9,754
	<u>\$ 272,083</u>	<u>\$ 210,124</u>	<u>\$ 61,959</u>

	Cost	Accumulated amortization	2018 Net book value
Leasehold improvements	\$ 185,679	\$ 165,154	\$ 20,525
Furniture and fixtures	30,030	25,710	4,320
Computer hardware	19,384	5,350	14,034
	<u>\$ 235,093</u>	<u>\$ 196,214</u>	<u>\$ 38,879</u>

4. Donations in kind

Donated materials during the year were composed of carpet and flooring, clothing, shoes, make-up, accessories and silent auction donations. Donated materials are recognized only when the fair value is reasonably determined. During the year \$129,034 in goods were donated (2018 - \$72,029).

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

The Association allocated \$34,822 (2018 - \$30,000) as remuneration to employees whose duties involve fundraising in 2019.

6. Lease commitments

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

2020	\$ 60,586
2021	63,921
2022	66,700
2023	<u>55,583</u>
	<u>\$ 246,790</u>

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2019

7. 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>2019</u>
<u>Related to operations</u>				
Casino and Bingo	\$ 50,405	\$ 85,542	\$ 41,005	\$ 94,942
Foundation	37,593	130,560	119,386	48,767
Corporate	42,890	20,000	36,534	26,356
Community Initiatives Program	65,973	-	40,384	25,589
IRCC	-	278,926	278,926	-
United Way	-	51,500	51,500	-
St. Andrews United Church	12,326	-	12,326	-
	<u>209,187</u>	<u>566,528</u>	<u>580,061</u>	<u>195,654</u>
<u>Related to property and equipment</u>				
Community Facility Enhancement Program	-	27,185	4,078	23,107
Foundation	5,000	10,000	2,250	12,750
IRCC	1,003	-	1,003	-
Corporate	810	-	810	-
	<u>6,813</u>	<u>37,185</u>	<u>8,141</u>	<u>35,857</u>
	<u>216,000</u>	<u>\$ 603,713</u>	<u>\$ 588,202</u>	<u>\$ 231,511</u>

8. Financial instruments

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, all of which are reported at amortized cost.

Management has determined that the Association is not exposed to significant credit, market or interest rate risk.

9. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.
