

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Financial Statements

March 31, 2015

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

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INDEPENDENT AUDITOR'S REPORT

To the Members of Making Changes Employment Association of Alberta

We have audited the accompanying financial statements of Making Changes Employment Association of Alberta, which comprise the statements of financial position as at March 31, 2015 and the statements of operations, changes in net assets 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Making Changes Employment Association of Alberta as at March 31, 2015 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.

Calgary, Alberta
June 29, 2015

Calvista LLP
Professional Accountants

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

	2015	2014
Assets		
Current		
Cash	\$ 111,793	\$ 99,885
Accounts receivable	60,251	52,873
Goods and services taxes recoverable	4,607	4,059
Prepaid expenses and other current assets	19,436	10,906
	<u>196,087</u>	167,723
Property and equipment (Note 3)	<u>67,834</u>	92,300
	<u>\$ 263,921</u>	<u>\$ 260,023</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 36,640	\$ 25,241
Payroll deductions payable	-	4,872
	<u>36,640</u>	30,113
Deferred contributions		
Related to operations (Note 7)	92,773	99,044
Related to property and equipment (Note 7)	45,082	62,116
	<u>174,495</u>	191,273
Net assets		
Invested in property and equipment	22,752	30,184
Unrestricted	66,674	38,566
	<u>89,426</u>	68,750
	<u>\$ 263,921</u>	<u>\$ 260,023</u>

Approved 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 Friends Closet	2015	2014
Revenue						
Citizenship and Immigration Canada	\$ 5,249	\$ 80,389	\$ 85,588	\$ 40,388	\$ 211,614	\$198,958
Fundraising	16,061	41,004	10,459	27,504	95,028	37,028
Other restricted revenue	-	10,000	24,864	57,961	92,825	55,007
Donations in kind <i>(Note 4)</i>	8,820	57,668	-	1,089	67,577	87,007
Casino/bingo revenue	8,324	42,840	1,620	13,557	66,341	75,378
United Way	1,357	50,518	-	-	51,875	60,000
Donations	1,900	31,180	900	5,881	39,861	38,305
Amortization of deferred contributions related to leasehold improvements	1,704	12,776	2,555	-	17,035	17,237
Community initiatives program	1,667	9,167	2,500	3,333	16,667	-
Community Spirit	-	-	-	-	-	10,710
	45,082	335,542	128,486	149,713	658,823	579,630
Expenses						
Salaries and wages	12,349	141,203	57,636	66,157	277,345	225,810
Rental	5,017	32,602	9,930	37,412	84,961	79,176
Donations in kind <i>(Note 4)</i>	8,820	57,668	-	1,089	67,577	87,007
General and administrative	9,476	27,613	6,846	7,920	51,855	40,118
Amortization	2,446	18,350	3,670	-	24,466	25,432
Contractors	-	-	20,750	-	20,750	18,205
Utilities	934	6,214	1,314	10,292	18,754	15,331
Communication	1,151	12,195	1,798	1,337	16,481	11,467
Repairs and maintenance	1,019	7,077	1,371	6,104	15,571	13,421
Employee benefits	685	4,689	5,773	2,710	13,857	13,645
Clothing	-	3,260	-	8,312	11,572	6,396
Volunteer	385	5,180	485	2,750	8,800	6,071
Travel expense	51	768	5,449	305	6,573	4,746
Outcome evaluation	-	57	4,619	57	4,733	1,796
Supplies	-	2,357	1,212	715	4,284	6,919
Insurance	290	1,902	413	725	3,330	2,578
Training	75	1,136	1,666	213	3,090	3,582
Outreach	-	239	2,243	316	2,798	-
Resource development	300	500	200	200	1,200	1,295
Recruitment	75	-	75	-	150	-
	43,073	323,010	125,450	146,614	638,147	562,995
Excess of revenue over expenses	\$ 2,009	\$ 12,532	\$ 3,036	\$ 3,099	\$ 20,676	\$ 16,635

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

	Invested in property and equipment	Unrestricted	2015	2014
Net assets, beginning of year	\$ 30,184	\$ 38,566	\$ 68,750	\$ 52,115
Excess (deficiency) of revenue over expenses	(7,432)	28,108	20,676	16,635
Net assets, end of year	\$ 22,752	\$ 66,674	\$ 89,426	\$ 68,750

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

	2015	2014
Operating activities		
Excess of revenue over expenses	\$ 20,676	\$ 16,635
Items not affecting cash:		
Amortization of property and equipment	24,466	25,432
Recognition of deferred contributions related to property and equipment	<u>(17,035)</u>	<u>(17,237)</u>
	<u>28,107</u>	<u>24,830</u>
Changes in non-cash working capital:		
Decrease in accounts receivable	(7,380)	(6,897)
Decrease in goods and services taxes recoverable	(548)	(103)
Increase (decrease) in accounts payable and accrued liabilities	11,402	(3,603)
Increase (decrease) in prepaid expenses and other current assets	(8,530)	7,800
Increase (decrease) in payroll deductions payable	(4,872)	1,125
Increase (decrease) in deferred contributions related to operations	<u>(6,271)</u>	<u>34,175</u>
	<u>(16,199)</u>	<u>32,497</u>
Increase in cash flow	11,908	57,327
Cash, beginning of year	<u>99,885</u>	<u>42,558</u>
Cash, end of year	\$ 111,793	\$ 99,885

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

For the Years Ended March 31, 2015 and 2014

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. 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 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 consist of short-term deposits with original maturities of less than three months.

Revenue recognition

Making Changes Employment Association of Alberta 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 General Fund accounts for the Association's administrative activities.

The Walk in Closet Fund reports revenue and expenses related to the distribution of professional clothing to adult clients.

The Employment and Life Skills Fund reports revenue and expenses related to employment preparedness programs for adult clients.

The My Best Friends Closet Fund reports revenue and expenses related to the distribution of clothing to youth clients.

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MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

For the Years Ended March 31, 2015 and 2014

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 equipment	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 services

Volunteers contributed 12,718 hours (2013 - 9,932 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.

Goods and Services Tax

Goods and services tax are recoverable at 50% as a rebate. The unrecoverable portion is recorded as an expense with the rebate treated as a receivable. The Association is registered to collect GST on taxable supplies.

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

Management estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

For the Years Ended March 31, 2015 and 2014

3. Property and equipment

	Cost	Accumulated amortization	2015 Net book value
Leasehold improvements	\$ 165,482	\$ 108,475	\$ 57,007
Furniture and fixtures	30,030	21,593	8,437
Computer hardware	17,235	14,845	2,390
	\$ 212,747	\$ 144,913	\$ 67,834

	Cost	Accumulated amortization	2014 Net book value
Leasehold improvements	\$ 165,482	\$ 87,142	\$ 78,340
Furniture and fixtures	30,030	19,484	10,546
Computer hardware	17,235	13,821	3,414
	\$ 212,747	\$ 120,447	\$ 92,300

4. Donations in kind

The Association received gifts-in-kind during the year with a fair market value of \$67,577 (2014 - \$87,007). The balance is reported in the statement of operations and consists of computer software, clothing, books, shoes, make-up, accessories and furniture, silent auction donations, and dry cleaning services.

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

The Association allocated \$32,818 (2014 - \$32,818) as remuneration to employees whose duties involve fundraising in 2015.

6. Lease commitments

The Association has committed to lease office premises until January 31, 2018. The future lease payments for the next three years are as follows:

2016	\$ 78,655
2017	82,303
2018	66,568

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

For the Years Ended March 31, 2015 and 2014

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>2015</u>
<u>Related to operations</u>				
Community Initiatives Program	\$ -	\$ 50,000	\$ 16,667	\$ 33,333
United church	-	40,000	7,569	32,431
Casino	58,685	-	45,870	12,815
ARC Resources LTD.	7,500	33,192	32,394	8,298
Accenture	-	17,000	11,114	5,886
Bingo	1,111	19,469	20,570	10
Telus	17,093	-	17,093	-
RBC Foundation	7,535	-	7,535	-
Glasswater Foundation	7,120	-	7,120	-
	<u>99,044</u>	<u>159,661</u>	<u>165,932</u>	<u>92,773</u>
<u>Related to property and equipment</u>				
Albi Homes	49,999	-	14,285	35,714
Superior Investments	7,289	-	1,619	5,670
Citizenship and Immigration Canada	4,828	-	1,130	3,698
	<u>62,116</u>	<u>-</u>	<u>17,034</u>	<u>45,082</u>
	<u>\$ 161,160</u>	<u>\$ 159,661</u>	<u>\$ 182,966</u>	<u>\$ 137,855</u>

8. Financial instruments

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

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