

**MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA**

**Financial Statements**

**March 31, 2023**

**MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA**  
**Index to Financial Statements**  
**For the Year Ended March 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2023, 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, 2023, 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.

Chartered Professional Accountants

Calgary, Alberta  
June 19, 2023

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

	2023	2022
<b>Assets</b>		
Cash and cash equivalents <i>(Note 3)</i>	\$ 793,859	\$ 841,700
Accounts receivable	34,581	56,948
Goods and services taxes recoverable	6,221	4,571
Asset conveyance receivable <i>(Note 9)</i>	-	36,591
Prepaid expenses and other current assets	15,495	18,777
	<u>850,156</u>	958,587
Property and equipment <i>(Note 4)</i>	<u>6,499</u>	19,291
	<u>\$ 856,655</u>	<u>\$ 977,878</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ 57,919	\$ 94,344
Deferred contributions related to operations <i>(Note 8)</i>	369,290	406,213
	<u>427,209</u>	500,557
Deferred contributions		
Related to property and equipment <i>(Note 8)</i>	<u>2,109</u>	10,546
	<u>429,318</u>	511,103
<b>Net assets</b>		
Invested in property and equipment	4,390	8,745
Unrestricted	422,947	458,030
	<u>427,337</u>	466,775
	<u>\$ 856,655</u>	<u>\$ 977,878</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	My Best Friend's Closet	Employment and Life Skills	Women in Technology	2023	2022
<b>Revenue</b>							
Restricted donations and grants	8,892	317,703	50,578	16,909	108,703	502,785	423,113
Immigration, Refugees, and Citizenship Canada (IRCC)	-	-	-	53,511	136,429	189,940	189,996
Donations	46,285	1,830	103,205	13,887	12,232	177,439	155,044
Fundraising	64,083	73,283	9,913	9,663	9,663	166,605	204,924
Donations in kind	-	126,997	-	-	-	126,997	116,755
Casino and bingo	6,462	24,407	7,770	1,931	2,938	43,508	54,920
Property and equipment contributions	-	-	8,437	-	-	8,437	8,437
Interest revenue	4,758	889	-	-	-	5,647	972
Other revenue	-	-	-	-	-	-	6,555
	<b>130,480</b>	<b>545,109</b>	<b>179,903</b>	<b>95,901</b>	<b>269,965</b>	<b>1,221,358</b>	<b>1,160,716</b>
<b>Expenses</b>							
Salaries and benefits	88,517	265,876	77,014	90,235	137,463	659,105	589,410
Donations in kind	-	126,997	-	-	-	126,997	116,755
Rent and utilities	6,134	40,371	44,992	2,929	12,887	107,313	101,534
General and administrative	19,328	32,109	16,239	13,544	16,966	98,186	72,671
Fundraising and communication	10,370	11,939	8,411	7,769	7,866	46,355	50,952
Program delivery	-	-	-	-	97,250	97,250	94,250
Program expenses	-	15,192	10,347	2,233	1,949	29,721	32,206
Janitorial and maintenance	1,208	8,224	8,089	685	2,179	20,385	13,642
Amortization	177	1,060	9,056	174	2,325	12,792	14,747
Professional fees	9,816	11,396	9,716	9,716	9,716	50,360	51,365
Insurance	696	3,185	3,866	1,952	2,633	12,332	12,043
	<b>136,246</b>	<b>516,349</b>	<b>187,730</b>	<b>129,237</b>	<b>291,234</b>	<b>1,260,796</b>	<b>1,149,575</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>(5,766)</b>	<b>28,760</b>	<b>(7,827)</b>	<b>(33,336)</b>	<b>(21,269)</b>	<b>(39,438)</b>	<b>11,141</b>

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

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

	<b>Invested in property and equipment</b>	<b>Unrestricted</b>	<b>2023</b>	<b>2022</b>
Net assets - beginning of year	\$ 8,745	\$ 458,030	\$ 466,775	\$ 455,634
Excess (deficiency) of revenue over expenses	(4,355)	(35,083)	(39,438)	11,141
<b>Net assets - end of year</b>	<b>\$ 4,390</b>	<b>\$ 422,947</b>	<b>\$ 427,337</b>	<b>\$ 466,775</b>

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, 2023**

	2023	2022
<b>Operating activities</b>		
Excess (deficiency) of revenue over expenses	\$ (39,438)	\$ 11,141
Items not affecting cash:		
Amortization of property and equipment	12,792	14,747
Recognition of deferred contributions related to property and equipment	(8,437)	(8,437)
	<u>(35,083)</u>	<u>17,451</u>
<b>Changes in non-cash working capital</b>		
Accounts receivable	22,367	24,895
Goods and services taxes recoverable	(1,650)	652
Asset conveyance receivable	36,591	24,109
Accounts payable and accrued liabilities	(36,425)	55,466
Prepaid expenses and other current assets	3,282	(129)
Deferred contributions related to operations	(36,923)	(87,932)
	<u>(12,758)</u>	<u>17,061</u>
Cash flows from operating activities	<u>(47,841)</u>	<u>34,512</u>
<b>Investing activity</b>		
Purchase of property and equipment	-	(4,002)
<b>Increase (decrease) in cash flows</b>	<b>(47,841)</b>	<b>30,510</b>
Cash, beginning of year	<u>841,700</u>	<u>811,190</u>
<b>Cash, end of year</b>	<b>\$ <u>793,859</u></b>	<b>\$ <u>841,700</u></b>



# MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended March 31, 2023

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### 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.

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### 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, 2023

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### 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
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 11,375 hours (2022 - 9,880 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.

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# MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended March 31, 2023

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### 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 \$436,972 (2022 - \$489,925) and treasury bill ("T-Bill") of \$356,887 with interest rates between 3.25% and 3.32%.

The Association held guaranteed investment certificates ("GIC") of \$351,775 which matured on July 2022 with interest rates between 0.20% and 0.45%

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### 4. Property and equipment

	Cost	Accumulated amortization	2023 Net book value
Leasehold improvements	\$ 222,669	\$ 219,670	\$ 2,999
Furniture and fixtures	30,030	28,614	1,416
Computer hardware	23,386	21,302	2,084
	<u>\$ 276,085</u>	<u>\$ 269,586</u>	<u>\$ 6,499</u>

	Cost	Accumulated amortization	2022 Net book value
Leasehold improvements	\$ 222,669	\$ 208,232	\$ 14,437
Furniture and fixtures	30,030	28,260	1,770
Computer hardware	23,386	20,302	3,084
	<u>\$ 276,085</u>	<u>\$ 256,794</u>	<u>\$ 19,291</u>

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### 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 \$126,997 in goods and services were donated (2022 - \$116,755).

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

The Association allocated \$42,000 (2022 - \$36,000) as remuneration to employees whose duties involve fundraising in 2022. All other costs incurred for the purposes of soliciting contributions were \$10,000 (2022 - \$27,443).

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# MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

## Notes to Financial Statements

Year Ended March 31, 2023

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### 7. Lease commitments

The Association has committed to lease office premises until January 31, 2028. The future lease payments excluding operating costs, are as follows:

2024	\$	66,700
2025		61,420
2026		70,035
2027		64,477
2028		61,142
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	\$	323,774

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### 8. Deferred Contributions

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

	Beginning	Additions	Utilizations	2023
<u>Related to operations</u>				
Casino, bingo, and raffle	\$ 32,827	\$ 36,602	\$ 52,045	\$ 17,384
Foundation	9,674	78,500	87,908	266
Corporate	14,057	90,000	59,632	44,425
Clubs and organization	6,607	18,000	18,001	6,606
Dress for Success	304,630	392,498	400,510	296,618
Government	38,418	-	34,427	3,991
	<hr/>	<hr/>	<hr/>	<hr/>
	406,213	615,600	652,523	369,290
<u>Related to property and equipment</u>				
Community Facility Enhancement				
Program	6,796	-	5,437	1,359
Foundation	3,750	-	3,000	750
	<hr/>	<hr/>	<hr/>	<hr/>
	10,546	-	8,437	2,109
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 416,759	\$ 615,600	\$ 660,960	\$ 371,399

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### 9. 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, 2023, all cash has been transferred to the Association.

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.

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**MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA**  
**Notes to Financial Statements**  
**Year Ended March 31, 2023**

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**10. 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, 2023.

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 T-bills.

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