

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Financial Statements

March 31, 2020

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA
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For the Year Ended March 31, 2020

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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, 2020, 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, 2020, 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 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.

(continues)



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

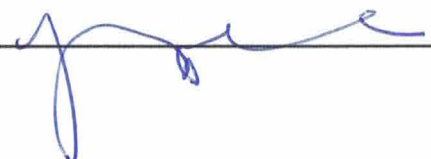
Calgary, Alberta
June 18, 2020

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

	2020	2019
Assets		
Current		
Cash and cash equivalents (Note 3)	\$ 456,712	\$ 412,263
Accounts receivable	35,293	79,348
Goods and services taxes recoverable	2,816	3,535
Prepaid expenses and other current assets	17,924	12,206
	<u>512,745</u>	507,352
Property and equipment (Note 4)	<u>45,928</u>	61,959
	<u>\$ 558,673</u>	<u>\$ 569,311</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 37,538	\$ 45,806
Payroll deductions payable	-	11,722
Deferred contributions related to operations (Note 8)	112,618	195,654
	<u>150,156</u>	253,182
Deferred contributions		
Related to property and equipment (Note 8)	<u>27,420</u>	35,857
	<u>177,576</u>	289,039
Net assets		
Invested in property and equipment	18,508	26,101
Unrestricted	362,589	254,171
	<u>381,097</u>	280,272
	<u>\$ 558,673</u>	<u>\$ 569,311</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	Women in Technology	2020	2019
Revenue							
Immigration, Refugees and Citizenship Canada (IRCC)	17,057	116,012	83,998	58,054	-	275,121	278,923
Donations	19,381	62,401	12,520	56,047	28,288	178,637	155,928
Fundraising	15,967	72,563	22,376	21,377	21,270	153,553	126,688
Other restricted revenue	1,318	19,407	3,274	57,255	76,807	158,061	169,520
Donations in kind (Note 5)	365	107,634	1,386	2,761	6,526	118,672	129,034
Casino and bingo revenue	6,761	20,612	770	15,461	33,060	76,664	41,004
United Way	-	46,865	-	-	-	46,865	51,500
Community Initiatives Program	2,559	12,795	3,838	3,838	2,559	25,589	40,384
Property and equipment contributions	-	-	-	8,437	-	8,437	8,141
Interest revenue	289	-	-	-	-	289	-
Other revenue	-	-	-	-	-	-	12,548
	63,697	458,289	128,162	223,230	168,510	1,041,888	1,013,670
Expenses							
Salaries and benefits	25,798	206,081	69,580	78,883	87,712	468,054	421,536
Donations in kind (Note 5)	365	107,634	1,386	2,761	6,526	118,672	129,034
Rent and utilities	4,752	29,906	3,883	41,996	8,141	88,678	93,958
General and administrative	6,623	32,705	4,446	8,609	3,699	56,082	67,321
Fundraising and communication	5,626	38,461	3,057	9,092	3,135	59,371	52,300
Program delivery	-	-	11,760	-	33,840	45,600	45,133
Program expenses	465	10,750	14,719	9,184	4,755	39,873	38,303
Repairs and maintenance	1,369	8,269	601	5,908	3,057	19,204	20,642
Amortization	501	3,327	710	9,072	2,420	16,030	13,910
Professional fees	901	5,856	476	1,352	425	9,010	21,050
Volunteer	1,837	7,307	594	2,267	558	12,563	12,387
Insurance	541	2,953	509	2,914	1,009	7,926	7,190
	48,778	453,249	111,721	172,038	155,277	941,063	922,764
Excess of revenue over expenses	14,919	5,040	16,441	51,192	13,233	100,825	90,906

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

	Invested in property and equipment	Unrestricted	2020	2019
Net assets - beginning of year	\$ 26,101	\$ 254,171	\$ 280,272	\$ 189,366
Excess (deficiency) of revenue over expenses	(7,593)	108,418	100,825	90,906
Net assets - end of year	\$ 18,508	\$ 362,589	\$ 381,097	\$ 280,272

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, 2020

	2020	2019
Operating activities		
Excess of revenue over expenses	\$ 100,825	\$ 90,906
Items not affecting cash:		
Amortization of property and equipment	16,030	13,910
Recognition of deferred contributions related to property and equipment	<u>(8,437)</u>	<u>(8,141)</u>
	<u>108,418</u>	<u>96,675</u>
Changes in non-cash working capital		
Accounts receivable	44,055	(6,678)
Goods and services taxes recoverable	719	(685)
Accounts payable and accrued liabilities	(8,267)	19,663
Prepaid expenses and other current assets	(5,718)	4,646
Payroll deductions payable	(11,722)	3,608
Deferred contributions related to operations	<u>(83,036)</u>	<u>(13,533)</u>
	<u>(63,969)</u>	<u>7,021</u>
Cash flows from operating activities	<u>44,449</u>	<u>103,696</u>
Investing activity		
Purchase of property and equipment	-	(36,990)
Financing activity		
Contribution for equipment	-	37,185
Increase in cash flows	44,449	103,891
Cash, beginning of year	<u>412,263</u>	<u>308,372</u>
Cash, end of year	<u>\$ 456,712</u>	<u>\$ 412,263</u>

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2020

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 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.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2020

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 12,570 hours (2019 - 12,560 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.

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.

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 \$356,712 (2019 - \$412,263) and guaranteed investment certificates ("GIC") of \$100,000 (2019 - \$nil) maturing on May 8, 2020 with an interest rate of 1.70%.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2020

4. Property and equipment

	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
	<u>\$ 272,083</u>	<u>\$ 226,155</u>	<u>\$ 45,928</u>

	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>

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 \$118,672 in goods and services were donated (2019 - \$129,034).

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

The Association allocated \$34,822 (2019 - \$34,822) as remuneration to employees whose duties involve fundraising in 2020.

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:

2021	\$ 63,921
2022	66,700
2023	<u>55,583</u>
	<u>\$ 186,204</u>

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2020

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	2020
<u>Related to operations</u>				
Casino and bingo	\$ 94,942	\$ 19,050	\$ 76,664	\$ 37,328
Foundation	48,767	85,000	91,273	42,494
Corporate	26,356	32,500	28,560	30,296
Community Initiatives Program	25,589	-	25,589	-
United Way	-	46,865	46,865	-
Clubs and Organization	-	2,500	-	2,500
	<u>195,654</u>	<u>185,915</u>	<u>268,951</u>	<u>112,618</u>
<u>Related to property and equipment</u>				
Community Facility Enhancement Program	23,107	-	5,437	17,670
Foundation	12,750	-	3,000	9,750
	<u>35,857</u>	<u>-</u>	<u>8,437</u>	<u>27,420</u>
	<u>231,511</u>	<u>\$ 185,915</u>	<u>\$ 277,388</u>	<u>\$ 140,038</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 Association prepared an updated 2020-21 fiscal year budget in response to COVID-19 which targets to cut down non-essential expenses and includes confirmed funding for the fiscal year. Management is currently assessing the financial impact; 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.

MAKING CHANGES EMPLOYMENT ASSOCIATION OF ALBERTA

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020.

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 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 interest rate risk by holding investments in fixed rate short-term GIC's.

11. Comparative figures

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