

**MAKING CHANGES EMPLOYMENT ASSOCIATION  
OF ALBERTA**

**Financial Statements**

**March 31, 2012**

**Making Changes Employment Association of Alberta**  
**Index to the Financial Statements**  
**For the Year Ended March 31, 2012**

---

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 8

---

## INDEPENDENT AUDITOR'S REPORT

---

**To the Members of Making Changes Employment Association of Alberta:**

### **Report on the financial statements**

We have audited the accompanying financial statements of Making Changes Employment Association of Alberta, which comprise the statement of financial position as at March 31, 2012, 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 financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles 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, 2012, its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

*Thompson Penner & Lo LLP*

Certified General Accountants

August 10, 2012  
Calgary, Alberta, Canada

**Making Changes Employment Association of Alberta**  
**Statement of Financial Position**  
**As at March 31, 2012**

	2012	2011
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 92,128	\$ 95,152
GST recoverable	3,986	2,441
Accounts receivable	17,809	9,410
Prepaid expenses and other current assets	10,399	9,034
	<u>124,322</u>	116,037
<b>Property and equipment (Note 3)</b>	<u>143,140</u>	132,325
	<u>\$ 267,462</u>	<u>\$ 248,362</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 43,539	\$ 22,689
<b>Deferred contributions related to operations (Note 4)</b>	<b>100,433</b>	79,170
<b>Deferred contributions related to property and equipment (Note 4)</b>	<b>96,879</b>	92,857
	<u>240,851</u>	194,716
<b>Net assets</b>		
Invested in property and equipment	46,261	39,468
Unrestricted	(19,650)	14,178
	<u>26,611</u>	53,646
	<u>\$ 267,462</u>	<u>\$ 248,362</u>

Approved on behalf of the Board:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

**Making Changes Employment Association of Alberta**  
**Statement of Operations**  
**For the Year Ended March 31, 2012**

	General	Walk in Closet	Employment and Life Skills	Total 2012	Total 2011
<b>Revenue</b>					
Citizenship and Immigration Canada	\$ 606	\$ 61,929	\$ 75,464	\$ 137,999	\$ 111,246
Donation in kind (Note 4)	5,501	90,409	-	95,910	76,886
Other revenue	-	810	-	810	63,578
Casino revenue	4,400	32,999	6,600	43,999	54,087
Donations	4,516	34,460	2,504	41,480	41,997
United Way	3,962	26,854	-	30,817	23,759
Amortization of deferred contributions related to leasehold improvement	1,569	11,771	2,355	15,694	7,143
Fundraising	10,341	55,095	2,541	67,977	-
Rental	250	-	-	250	-
Community Spirit	561	4,206	841	5,608	4,080
The Calgary Foundation	-	9,265	3,089	12,354	-
Community initiatives program	-	19,422	6,342	25,764	-
	<b>31,706</b>	<b>347,220</b>	<b>99,736</b>	<b>478,662</b>	<b>382,776</b>
<b>Expenses</b>					
Salaries and wages	9,710	130,317	55,094	195,121	159,034
Donations in kind	5,501	90,409	-	95,910	76,886
Rental	3,771	28,526	11,150	43,447	33,630
Amortization	2,672	18,289	3,750	24,711	24,327
Repairs and maintenance	845	7,294	1,363	9,502	8,274
Communication	1,855	16,522	4,579	22,956	6,746
Supplies	-	5,245	1,069	6,314	4,409
Contractors	-	-	17,348	17,348	5,166
Employee benefits	7,003	7,777	2,884	17,664	4,224
General and Administrative	6,780	27,083	6,524	40,387	29,151
Insurance	165	1,330	249	1,744	1,304
Legal	-	-	-	-	6,209
Clothing	-	-	2,348	2,348	3,397
Training	783	233	1,380	2,396	1,628
Outcome evaluation	-	2,600	-	2,600	2,369
Volunteer	174	3,111	515	3,800	1,510
Bookkeeping	-	-	-	-	1,506
Travel expense	417	707	2,693	3,817	838
Equipment and software	-	-	-	-	-
Resource development	456	2,543	5,961	8,960	657
Other operating expenses	-	118	118	236	129
Utilities	619	4,867	950	6,436	-
	<b>40,751</b>	<b>346,971</b>	<b>117,975</b>	<b>505,697</b>	<b>371,394</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (9,045)</b>	<b>\$ 249</b>	<b>\$ (18,239)</b>	<b>\$ (27,035)</b>	<b>\$ 11,381</b>

**Making Changes Employment Association of Alberta**  
**Statement of Changes in Net Assets**  
**For the Year Ended March 31, 2012**

	Invested in property and equipment	Unrestricted	2012	2011
Net assets, beginning of year	\$ 39,468	\$ 14,178	\$ 53,646	\$ 42,265
Excess (deficiency) of revenue over expenses	(9,017)	(18,018)	(27,035)	11,381
Interfund transfer	15,810	(15,810)	-	-
<b>Net assets, end of year</b>	<b>\$ 46,261</b>	<b>\$ (19,650)</b>	<b>\$ 26,611</b>	<b>\$ 53,646</b>

**Making Changes Employment Association of Alberta**  
**Statement of Cash Flows**  
**For the Year Ended March 31, 2012**

	2012	2011
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ (27,035)	\$ 11,381
Non-cash transactions		
Amortization of property and equipment	24,711	24,327
Recognition of deferred contributions related to property and equipment	(15,694)	(7,143)
Change in non-cash working capital		
Increase in GST recoverable	(1,545)	(2,441)
Increase in accounts receivable	(8,399)	(41)
Increase in prepaid expenses	(1,365)	(4,637)
Increase in accounts payable	20,850	7,359
Decrease in deferred contributions related to operations	21,264	(1,690)
	<u>12,787</u>	<u>27,115</u>
<b>INVESTING ACTIVITY:</b>		
Purchase of property and equipment	(35,526)	(33,332)
<b>FINANCING ACTIVITY:</b>		
Contributions received for property and equipment	19,716	-
	<u>(3,023)</u>	<u>(6,217)</u>
<b>Decrease in cash</b>		
Cash, beginning of year	95,151	101,369
<b>Cash, end of year</b>	<u>\$ 92,128</u>	<u>\$ 95,151</u>

# Making Changes Employment Association of Alberta

## Notes to the Financial Statements For the Year Ended March 31, 2012

---

### 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 of the Act.

---

### 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Association have been prepared in accordance with Canadian generally accepted accounting principles. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximation. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

#### a) Cash and cash equivalents

The Association classifies the following as cash and cash equivalents: cash on deposit at banks or other financial institutions in these accounts.

#### b) 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.

#### c) 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 method
Computer equipment	30%	declining balance method
Leasehold improvements	term of the lease	straight-line method
Computer software	100%	straight-line method

#### d) Management estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles 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.

.../Continues

---



**Making Changes Employment Association of Alberta**  
**Notes to the Financial Statements**  
**For the Year Ended March 31, 2012**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**e) Contributed services**

Volunteers contributed 8,757 hours (2011 - 5,106 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.

**f) Goods and services tax**

Goods and Services Tax is recoverable at 50% as a rebate. The unrecoverable 50% is recorded as part of the expenditure with the rebate treated as a receivable. The Association is registered to collect GST on taxable supplies.

**g) Financial instruments**

The Association classifies all financial instruments as trading and they are therefore carried at their fair value. Unrealized gains and losses on trading assets, if any, are recognized as part of the excess of revenue over expenses.

The fair value of financial instruments reported at fair value is based on current interest rates, market values, and pricing of financial instruments with comparative terms. Because the fair value of financial instruments held by the Association approximates their carrying value, the adoption of this new accounting standard did not have a significant effect on the Association's financial statements.

**h) Accounting standards changes**

In 2010, the Accounting Standards Board issued new accounting standards for Not for Profit organizations which must be adopted for years beginning on or after January 1, 2012. Management is currently reviewing the standards to determine the potential effect of their adoption on the financial statements of the Association, but it currently appears that the changes will not be significant.

**3. PROPERTY AND EQUIPMENT**

	Cost		Accumulated Amortization		Net Book Value	
	2012	2011	2012	2011	2012	2011
Computer equipment	\$ 17,235	\$ 13,458	10,267	\$ 8,090	\$ 6,968	\$ 5,368
Computer software	2,159	2,159	2,159	2,159	-	-
Furniture and fixtures	28,719	22,697	13,552	10,513	15,167	12,184
Leasehold improvements	165,482	139,755	44,477	24,982	121,005	114,773
	<b>\$ 213,595</b>	<b>\$ 178,069</b>	<b>\$ 70,455</b>	<b>\$ 45,744</b>	<b>\$ 143,140</b>	<b>\$ 132,325</b>

**4. DONATIONS IN KIND**

The Association received gifts in kind during the year with a fair market value of \$95,910 (2011 - \$176,886). The balance is reported in the statement of operations and consists of clothing, books, shoes, make-up and accessories.

**Making Changes Employment Association of Alberta**  
**Notes to the Financial Statements**  
**For the Year Ended March 31, 2012**

**5. DEFERRED CONTRIBUTIONS**

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

**Deferred contributions related to operations**

	Beginning	Additions	Utilizations	Ending
Casino	\$ 79,130	\$ -	\$ 44,000	\$ 35,130
Telus	40	15,000	40	15,000
Community Initiatives Program	-	60,000	25,764	34,236
The Calgary Foundation	-	14,750	12,354	2,396
Glasswater Foundation	-	13,671	-	13,671
United Way of Calgary and Area	-	30,796	30,796	-
	<u>\$ 79,170</u>	<u>\$ 134,217</u>	<u>\$ 112,954</u>	<u>\$ 100,433</u>

**Deferred contributions related to property and equipment**

	Beginning	Additions	Utilizations	Ending
Citizenship and Immigration Canada	\$ -	\$ 8,377	\$ 598	\$ 7,779
Superior investments		\$ 11,339	\$ 810	10,529
Albi Homes	92,857	-	14,286	78,571
	<u>\$ 92,857</u>	<u>\$ 19,716</u>	<u>\$ 15,694</u>	<u>\$ 96,879</u>

**6. LEASE COMMITMENT**

The Association has committed to lease office premises until February 1, 2018. On May 28, 2012 the Association signed a 2 year lease for additional space commencing July 1, 2012. The future lease payments for the next four years are as follows:

2013	\$ 56,962
2014	70,573
2015	43,335
2016	43,335

**7. FINANCIAL INSTRUMENTS**

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, all of which are reported at fair value. Due to their short term nature, the carrying value of these financial instruments approximate their fair value.

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