

**MAKING CHANGES EMPLOYMENT ASSOCIATION
OF ALBERTA**

Financial Statements

March 31, 2011

Making Changes Employment Association of Alberta
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For the year ended March 31, 2011

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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, 2011, 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, 2011, 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 15, 2011
Calgary, Alberta, Canada

Making Changes Employment Association of Alberta
Statement of Financial Position
As at March 31, 2011

	2011	2010
ASSETS		
Current		
Cash	\$ 95,152	\$ 101,369
GST recoverable	2,441	-
Accounts receivable	9,410	9,369
Prepaid expenses and other current assets	9,034	4,397
	<u>116,037</u>	115,135
Property and equipment (Note 3)	<u>132,325</u>	23,320
	<u>\$ 248,362</u>	<u>\$ 138,455</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 22,689	\$ 15,330
Deferred contributions related to operations (Note 4)	79,170	80,860
Deferred contributions related to property and equipment (Note 4)	92,857	-
	<u>194,716</u>	96,190
Net assets		
Invested in property and equipment	39,468	23,320
Unrestricted	14,178	18,945
	<u>53,646</u>	42,265
	<u>\$ 248,362</u>	<u>\$ 138,455</u>

Approved on behalf of the Board:

Director: _____

Director: _____

Making Changes Employment Association of Alberta
Statement of Operations
For the year ended March 31, 2011

	General	Walk in Closet	Employment and Life Skills	Total 2011	Total 2010
Revenue					
Citizenship and Immigration Canada	\$ 37,980	\$ 54,619	\$ 18,647	\$ 111,246	\$ 65,292
Donation in kind (Note 5)	2,125	74,074	687	76,886	118,603
Other revenue	51,012	6,970	5,596	63,578	45,067
Casino revenue	5,434	40,323	8,330	54,087	41,926
Donations	6,257	32,399	7,421	46,077	27,201
United Way	15,240	8,519	-	23,759	23,760
Amotization of deferred contributions related to leasehold improvement	714	5,357	1,071	7,143	-
The Calgary Foundation	-	-	-	-	19,491
Calgary Learns	-	-	-	-	10,000
	118,762	222,261	41,752	382,776	351,340
Expenses					
Salaries and wages	89,863	50,410	18,761	159,034	115,708
Donations in kind	2,125	74,074	687	76,886	118,603
Rental	6,308	20,451	6,871	33,630	24,670
Amortization	2,433	18,245	3,649	24,327	5,075
Repairs and maintenance	1,091	8,686	1,637	11,414	6,488
Professional fees	1,071	8,032	1,606	10,709	4,500
Communication	1,405	6,392	1,872	9,669	3,667
Supplies	585	4,669	1,201	6,455	6,625
Childcare	1,421	-	3,745	5,166	3,962
Employee benefits	3,855	-	369	4,224	1,433
Office expenses	406	3,152	609	4,167	-
Insurance	390	2,720	544	3,654	3,415
Clothing	-	3,397	-	3,397	1,431
Printing	585	958	1,686	3,229	1,698
Training	2,085	441	113	2,639	2,375
Outcome evaluation	-	2,369	-	2,369	1,960
GST expense	882	1,266	24	2,172	1,675
Meetings expenses	1,315	156	221	1,692	859
Volunteer	189	1,193	128	1,510	2,600
Bookkeeping	975	-	531	1,506	1,842
Memberships	10	845	145	1,000	205
Travel expense	324	178	336	838	334
Equipment and software	205	400	80	685	2,571
Resource development	-	493	164	657	4,762
Bank charges	86	144	7	237	141
Other operating expenses	42	87	-	129	444
Project expenses	-	-	-	-	14,171
	117,651	208,758	44,986	371,395	331,214
Excess (deficiency) of revenue over expenses	\$ 1,111	\$ 13,503	\$ (3,233)	\$ 11,381	\$ 20,126

Making Changes Employment Association of Alberta
Statement of Changes in Net Assets
For the year ended March 31, 2011

	Invested in property and equipment	Unrestricted	2011	2010
Net assets, beginning of year	\$ 23,320	\$ 18,945	\$ 42,265	\$ 22,139
Excess (deficiency) of revenue over expenses	(24,327)	35,708	11,381	20,126
Interfund transfer	40,475	(40,475)	-	-
Net assets, end of year	\$ 39,468	\$ 14,178	\$ 53,646	\$ 42,265

Making Changes Employment Association of Alberta
Statement of Cash Flows
For the year ended March 31, 2011

	2011	2010
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 11,381	\$ 20,126
Non-cash transactions		
Amortization of property and equipment	24,327	5,075
Recognition of deferred contributions related to property and equipment	(7,143)	-
Change in non-cash working capital		
Increase in GST recoverable	(2,441)	-
Increase in accounts receivable	(41)	(1,069)
Increase in prepaid expenses	(4,637)	(377)
Increase in accounts payable	7,359	8,619
Decrease in deferred contributions related to operations	(1,690)	(52,903)
	<u>27,115</u>	<u>(20,529)</u>
INVESTING ACTIVITY:		
Purchase of property and equipment	<u>(33,332)</u>	<u>(11,562)</u>
Decrease in cash	(6,217)	(32,091)
Cash, beginning of year	<u>101,369</u>	<u>133,460</u>
Cash, end of year	\$ 95,152	\$ 101,369

Making Changes Employment Association of Alberta

Notes to the Audited Financial Statements

For the year ended March 31, 2011

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) 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.

b) Fund accounting

The general fund reports the general and administrative expenses of the Association related to operations. The other funds report activities related to specific programs.

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.

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Making Changes Employment Association of Alberta
Notes to the Audited Financial Statements
For the year ended March 31, 2011

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

e) Contributed services

Volunteers contributed 5,106 hours (2010 - 4,119 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	
	2011	2010	2011	2010	2011	2010
Computer equipment	\$ 13,458	\$ 11,259	\$ 8,090	\$ 6,264	\$ 5,368	\$ 4,995
Computer software	2,159	2,159	2,159	2,159	-	-
Furniture and fixtures	22,697	15,167	10,513	8,408	12,184	6,759
Leasehold improvements	139,755	16,154	24,982	4,588	114,773	11,566
	\$ 178,069	\$ 44,739	\$ 45,744	\$ 21,419	\$ 132,325	\$ 23,320

Making Changes Employment Association of Alberta
Notes to the Audited Financial Statements
For the year ended March 31, 2011

4. 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	\$ 62,366	\$ 70,794	\$ 54,030	\$ 79,130
Others	-	2,540	2,500	40
Anonymous Donor	18,333	42,800	61,133	-
United Way of Calgary and Area	-	23,760	23,760	-
Citizenship and Immigration	161	2,945	3,106	-
	<u>\$ 80,860</u>	<u>\$ 142,839</u>	<u>\$ 144,529</u>	<u>\$ 79,170</u>

Deferred contributions related to property and equipment

	Beginning	Additions	Utilizations	Ending
Albi Homes	-	100,000	7,143	92,857

5. DONATIONS IN KIND

The Association received gifts in kind during the year with a fair market value of \$176,886 (2010 - \$118,603). The balance is reported in the statement of operations and consists of clothing, books, shoes, make-up and accessories.

6. LEASE COMMITMENT

The Association has committed to lease office premises until February 1, 2018. The future lease payments for the next five years are as follows:

2012	30,571
2013	34,462
2014	40,573
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.