

Junior Achievement of Southern Alberta

Financial Statements
June 30, 2021

To the Board of Junior Achievement of Southern Alberta:

Opinion

We have audited the financial statements of Junior Achievement of Southern Alberta (the "Society"), which comprise the statement of financial position as at June 30, 2021, and the statements of revenue and expenses, 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 Society as at June 30, 2021, 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.

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 Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 the 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the 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 Society'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 Society'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 Society 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.

Calgary, Alberta

September 15, 2021

MNP LLP

Chartered Professional Accountants

Junior Achievement of Southern Alberta

Statement of Financial Position

As at June 30, 2021

	2021 \$	2020 \$
Assets		
Current assets		
Cash and cash equivalents	873,040	578,022
Short-term investments	1,000,000	1,000,000
Accounts receivable (Note 4)	20,755	37,205
Supplies inventory	14,990	34,099
Deposits and prepaid expenses	49,398	12,450
	<u>1,958,183</u>	<u>1,661,776</u>
Capital assets (Note 5)	<u>6,550</u>	<u>7,944</u>
	<u>1,964,733</u>	<u>1,669,720</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	152,502	102,840
Deferred revenue	28,100	63,667
Deferred contributions (Note 6)	706,592	443,875
	<u>887,194</u>	<u>610,382</u>
Net Assets		
Internally restricted – net assets invested in capital assets	6,550	7,944
Internally restricted (Note 12)	460,000	460,000
Unrestricted	610,989	591,394
	<u>1,077,539</u>	<u>1,059,338</u>
	<u>1,964,733</u>	<u>1,669,720</u>
Significant event (Note 3)		
Commitments (Note 8)		

DocuSigned by:
Approved by the Board of Directors

Greg Pultz

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Director

DocuSigned by:

Joel Hunter

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Director

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

Junior Achievement of Southern Alberta

Statement of Revenue and Expenses

For the year ended June 30, 2021

	2021 \$	2020 \$
Revenue		
Fund development	728,596	931,847
Government funding (Note 7)	475,368	167,636
Donations-in-kind	46,240	208,464
Event revenue	10,000	473,000
Investment income	7,526	18,728
	<hr/> 1,267,730	<hr/> 1,799,675
Expenses		
Program direct	607,125	960,780
General, administrative and marketing	315,631	313,928
Fund development (Note 13)	200,790	174,545
Event	124,589	324,332
Amortization	1,394	1,688
	<hr/> 1,249,529	<hr/> 1,775,273
Excess of revenue over expenses	<hr/> 18,201	<hr/> 24,402

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

Junior Achievement of Southern Alberta

Statement of Changes in Net Assets

For the year ended June 30, 2021

	Unrestricted \$	Internally restricted – invested in capital assets \$	Internally restricted \$	Total 2021 \$	Total 2020 \$
Balance – Beginning of year	591,394	7,944	460,000	1,059,338	1,034,936
Excess of revenue over expenses	18,201	-	-	18,201	24,402
Amortization of capital assets	1,394	(1,394)	-	-	-
Balance – End of year	610,989	6,550	460,000	1,077,539	1,059,338

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

Junior Achievement of Southern Alberta

Statement of Cash Flows

For the year ended June 30, 2021

	2021 \$	2020 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	18,201	24,402
Item not affecting cash		
Amortization	1,394	1,688
	19,595	26,090
Changes in non-cash working capital items	275,423	(130,901)
	295,018	(104,811)
Investing activities		
Purchase of short-term investments	(1,000,000)	(1,000,000)
Sale of short-term investments	1,000,000	972,356
	-	(27,644)
Increase (decrease) in cash and cash equivalents	295,018	(132,455)
Cash and cash equivalents – Beginning of year	578,022	710,477
Cash and cash equivalents – End of year	873,040	578,022
Supplemental information		
Interest received	7,526	18,728

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

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2021

1 General

Junior Achievement of Southern Alberta (the “Society”) is a not-for-profit organization. The goal of the Society is to inspire and educate young Albertans to succeed in the global economy by providing them with opportunities to experience free enterprise, understand business and economics and develop entrepreneurial and leadership skills. The Society accomplishes this goal through the delivery of relevant programs, facilitated with the active involvement of the business community.

Junior Achievement of Southern Alberta is a charter organization of Junior Achievement of Canada (“JACAN”) and is responsible for delivery of Junior Achievement programs throughout the territory of Southern Alberta.

The Society is headquartered in Calgary and supported through Rural Leadership Councils established throughout Southern Alberta. These committees support a local Program Coordinator by promoting Junior Achievement programs and participating in fundraising activities.

The Society is a registered charitable organization as defined by paragraph 149.1 of the Income Tax Act, and as such, is exempt from income taxes.

2 Summary of significant accounting policies

Basis of presentation

The Society prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from these estimates.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which related expenses are incurred. Contributions restricted for capital assets expenditure are deferred and recognized as revenue as the related assets are amortized. 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.

Event revenue is recognized when services are provided and collection is reasonably assured. Unrestricted investment income is recognized when earned.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2021

2 Summary of significant accounting policies *(Continued from previous page)*

Government assistance

Government assistance is recognized when there is reasonable assurance that the conditions attached to the government assistance will be received. Government assistance is recognized as income over the periods necessary to match it with the related costs that it is intended to compensate.

Allocation of expenses

The Society allocates expenses incurred for personnel costs and premises rent among four primary functions: direct programming, fund development, events, and general, administrative and marketing. Each function incurs costs that are directly related to its operations and common costs are allocated proportionately on the basis of hours incurred by personnel in undertaking each function.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value as at the date of contribution. Amortization is provided on a straight-line basis with 1/2 year amortization taken in the year of acquisition over the following terms:

Equipment and furniture	10 years
Computer equipment	3 years
Leasehold improvements	5 years

Donated goods and services

Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Society, if not donated.

A proportion of the Society's work is dependent on voluntary services from many members and supporters. Because of the difficulty in determining their value, these contributed services are not recognized in the financial statements.

Short-term investments

Short-term investments consist of highly liquid guaranteed certificates with terms from inception to maturity greater than 90 days, but less than one year. As at June 30, 2021, the Society's short-term investments consist of guaranteed investment certificates bearing interest at a rate between 0.31% and 0.40%.

Supplies inventory

Supplies inventory is valued at the lower of cost and net realizable value. The cost is determined on a first-in, first-out basis.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2021

2 Summary of significant accounting policies *(Continued from previous page)*

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments that have a period from inception less than 90 days that are readily convertible to known amounts of cash and have an insignificant risk of change in value.

Financial instruments

The Society initially measures financial assets and financial liabilities at their fair value. It subsequently measures its financial assets and financial liabilities at amortized cost, other than short-term investments which the Society has elected to record at fair value. Changes in fair value of the short-term investments are recorded on the statement of revenue and expenses.

The financial assets subsequently measured at amortized cost include cash and cash equivalents and accounts receivable. The financial liabilities measured at amortized cost included accounts payable and accrued liabilities. Amortization, if any, is recorded on a straight-line basis.

Financial assets are tested for impairment at the end of each reporting period when there are indications that the assets may be impaired.

a) Interest rate risk

The Society is exposed to interest rate fluctuations on the credit facility (note 9).

b) Credit risk

The Society does not have a concentration of credit exposure with any one donor or member. The Society does not consider that it is exposed to significant credit risk.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2021

3 Significant event

In early 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. COVID-19 has had impacts on the operations of the Society resulting in reduced revenues, additional expenses and reductions in cashflow. Management has assessed the financial impact of COVID-19 as at June 30, 2021 and determined that the current economic challenges have been mitigated with strong expense management and increased government and community support.

At this time, it is unknown the extent of the impact the COVID-19 pandemic may continue to have on the Society as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

4 Accounts receivable

Included in accounts receivable as at June 30, 2021 are Goods and Services Taxes receivable in the amount of \$5,139 (2020 - \$5,432).

5 Capital assets

			2021	2020
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Equipment and furniture	85,282	78,732	6,550	7,944
Computer equipment	72,900	72,900	-	-
Leasehold improvements	48,587	48,587	-	-
	206,769	200,219	6,550	7,944

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2021

6 Deferred contributions

The Society has received contributions for company program scholarships and other specified projects that will be expended in future years.

The changes in deferred contributions are as follows:

	2021	2020
	\$	\$
Balance – Beginning of year	443,875	465,716
Add: Contributions	292,149	222,106
Less: Amounts amortized to revenue	(29,432)	(243,947)
Balance – End of year	<u>706,592</u>	<u>443,875</u>

7 Government assistance

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy (“CEWS”). CEWS generally covers 75% of an employee’s wages (to a maximum) for employers of all sizes and across all sectors who have suffered a drop in gross revenues of at least 15% in March, 30% in April through June, and any decrease for July to December. The Society determined that it would be an eligible CEWS recipient. As at June 30, 2021, the Society has qualified for \$185,546 (2020 - \$nil), which is included in the government funding revenue line item.

In November 2020, the Canada Emergency Rent Subsidy (“CERS”) became effective for the period September 27, 2020 through June 2021. Under this program, an eligible business may apply for a maximum subsidy equal to 65% of eligible expenses depending on certain criteria. The Society determined that it would be an eligible CERS recipient. As at June 30, 2021, the Society has qualified for \$22,327 (2020 - \$nil), which is included in the government funding revenue line item.

8 Commitments

The Society leases rental space with terms expiring through to 2022. The Society also leases office equipment with terms expiring through to 2023. Approximate commitments with respect to these leases, excluding lease operating costs, are as follows:

	\$
2022	96,219
2023	2,175

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9 Credit facility

The Society has a revolving bank demand loan agreement to provide up to \$75,000 bearing interest at the bank's prime rate plus 0.5%. No amounts were drawn on this credit facility during the 2021 (2020 - \$nil) fiscal year.

The facility is secured by the Society's capital assets (note 5).

10 Related party transactions

The Society is a licensee of JACAN, thereby operating under a common name and bound by certain standards and policies of JACAN. The Society receives membership rights and privileges and pays for service fees based on revenue, directors' and officers' insurance, certain employee benefits and certain promotional materials, under agreement, from JACAN. During fiscal 2021, these purchases totalled \$63,607 (2020 - \$62,716). These transactions were incurred in the normal course of business.

11 Sustainability reserve

As a Licensee of JACAN, the Society is required to have a minimum Sustainability Reserve consisting of unrestricted and internally restricted funds. Applying the respective JACAN policy and procedure, the Sustainability Reserve for the Society has been calculated to be 79.0% of its net operating budget for the year ended June 30, 2021.

12 Internally restricted net assets

Internally restricted net assets are to be used for future capital purchases and are not available for unrestricted purposes without approval by the board of directors.

13 Charitable organization endowment fund

Included in fund development expenses is \$10,000 contributed to The Calgary Foundation to establish the Junior Achievement of Southern Alberta Fund (the "Fund"). The Fund is the property of The Calgary Foundation, who will retain ultimate authority and control over the Fund and the income derived therefrom. The purpose of the Fund is to carry out charitable activities and objectives as set forth in the Calgary Foundation Act.

14 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Regulation, the following amounts are disclosed:

	\$
Remuneration to employees whose principal duties involve fundraising	182,734
Total direct expenses incurred for the purpose of soliciting contributions	18,067