

Junior Achievement of Southern Alberta

Financial Statements
June 30, 2022

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, 2022, 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, 2022, 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

October 18, 2022

MNP **LLP**

Chartered Professional Accountants

Junior Achievement of Southern Alberta

Statement of Financial Position

As at June 30, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash and cash equivalents	866,345	873,040
Short-term investments	1,800,454	1,000,000
Accounts receivable (Note 3)	17,510	20,755
Supplies inventory	17,640	14,990
Deposits and prepaid expenses	52,439	49,398
	<u>2,754,388</u>	<u>1,958,183</u>
Capital assets (Note 4)	<u>5,156</u>	<u>6,550</u>
	<u>2,759,544</u>	<u>1,964,733</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	146,984	152,502
Deferred revenue	122,000	28,100
Deferred contributions (Note 5)	1,392,725	706,592
	<u>1,661,709</u>	<u>887,194</u>
Net Assets		
Internally restricted – net assets invested in capital assets	5,156	6,550
Internally restricted (Note 11)	460,000	460,000
Unrestricted	632,679	610,989
	<u>1,097,835</u>	<u>1,077,539</u>
	<u>2,759,544</u>	<u>1,964,733</u>
Commitments (Note 7)		

Approved by the Board of Directors

e-Signed by Clint McNair

2022-10-18 16:37:14:14 MDT

Director

e-Signed by Clint Warkentin

2022-11-08 15:54:22:22 MST

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, 2022

	2022 \$	2021 \$
Revenue		
Fund development	870,615	728,596
Government funding (Note 6)	434,908	475,368
Event revenue	333,100	10,000
Donations-in-kind	114,166	46,240
Investment income	9,979	7,526
	<hr/> 1,762,768	<hr/> 1,267,730
Expenses		
Program direct	840,000	607,125
General, administrative and marketing	398,776	315,631
Event	325,544	124,589
Fund development (Note 12)	176,758	200,790
Amortization	1,394	1,394
	<hr/> 1,742,472	<hr/> 1,249,529
Excess of revenue over expenses	<hr/> 20,296	<hr/> 18,201

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, 2022

	Unrestricted \$	Internally restricted – invested in capital assets \$	Internally restricted \$	Total 2022 \$	Total 2021 \$
Balance – Beginning of year	610,989	6,550	460,000	1,077,539	1,059,338
Excess of revenue over expenses	20,296	-	-	20,296	20,296
Amortization of capital assets	1,394	(1,394)	-	-	-
Balance – End of year	632,679	5,156	460,000	1,097,835	1,077,539

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, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	20,296	18,201
Item not affecting cash		
Amortization	1,394	1,394
	<hr/>	<hr/>
	21,690	19,595
Changes in non-cash working capital items	772,069	275,423
	<hr/>	<hr/>
	793,759	295,018
Investing activities		
Purchase of short-term investments	(1,800,454)	(1,000,000)
Sale of short-term investments	1,000,000	1,000,000
	<hr/>	<hr/>
	(800,454)	-
(Decrease) Increase in cash and cash equivalents	(6,695)	295,018
Cash and cash equivalents – Beginning of year	873,040	578,022
Cash and cash equivalents – End of year	<hr/>	<hr/>
	866,345	873,040
Supplemental information		
Interest received	9,979	7,526

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

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2022

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.

As of the date of the combined financial statements, the measures taken to contain the spread of COVID-19 continue to impact the jurisdictions in which the Society operates. All of the Society’s activities continue to function with the implementation of enhanced health related safeguards. Management continues to assess the impact of COVID-19 and governments’ responses to it on the Society. Portions of the financial results incorporate estimates from management that are subject to increased uncertainty due to market disruptions caused by the COVID-19 pandemic. The amounts recorded in these financial statements are based on the latest reliable information available to management at the time the financial statements were prepared where that information reflects conditions as at the date of the financial statements. However, there is inherent uncertainty about these assumptions and estimates which could result in outcomes that require adjustments to the carrying amount of the affected assets or liabilities in the future.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2022

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

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.

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.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2022

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

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, 2022, the Society's short-term investments consist of guaranteed investment certificates bearing interest at a rate between 0.6% and 1.43%.

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.

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 recognizes financial instruments when the Society becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Society may irrevocably elect to subsequently measure any arm's length financial instrument at fair value. The Society has not made such an election during the year.

Financial asset impairment

At each statement of financial position date, the Society is required to evaluate whether there are any indications that its financial assets measured at cost and amortized cost are impaired, resulting in a significant adverse change in the expected timing or amount of future cash flows to be generated from the financial assets.

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, 2022

3 Accounts receivable

Included in accounts receivable as at June 30, 2022 are Goods and Services Taxes receivable in the amount of \$7,532 (2021 - \$5,139).

4 Capital assets

			2022	2021
	Cost	Accumulated	Net	Net
	\$	amortization	\$	\$
		\$		
Equipment and furniture	85,282	80,126	5,156	6,550
Computer equipment	72,900	72,900	-	-
Leasehold improvements	48,587	48,587	-	-
	<u>206,769</u>	<u>201,613</u>	<u>5,156</u>	<u>6,550</u>

5 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:

	2022	2021
	\$	\$
Balance – Beginning of year	706,592	443,875
Add: Contributions	1,030,519	292,149
Less: Amounts amortized to revenue	<u>(344,386)</u>	<u>(29,432)</u>
Balance – End of year	<u>1,392,725</u>	<u>706,592</u>

6 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 any decrease in gross revenues for April to June 2021, and a decrease in revenue of at least 10% in July 2021 through January 2022. The Society determined that it would be an eligible CEWS recipient. As at June 30, 2022, the Society has qualified for \$133,068 (2021 - \$185,546), which is included in the government funding revenue line item.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2022

6 Government assistance (Continued from previous page)

In November 2020, the Canada Emergency Rent Subsidy (“CERS”) became effective for the period September 27, 2020 through October 2021. Under this program, an eligible business may apply for a maximum subsidy equal to 65% of eligible expenses depending on certain criteria. The Government of Canada replaced CERS with the Tourism and Hospitality Recovery Project (“THRP”) effective October 24, 2021. Under the THRP Rent Subsidy, a non-profit organization that has experienced a drop in revenue or was subject to a qualifying public health restriction may be eligible for rent support. The Society determined that it would be an eligible CERS and THRP recipient. As at June 30, 2022, the Society has qualified for \$25,616 (2021 - \$22,327), which is included in the government funding revenue line item.

7 Commitments

The Society leases rental space with terms expiring through to 2027. The Society also leases office equipment with terms expiring through to 2025. Approximate commitments with respect to these leases, excluding lease operating costs, are as follows:

	\$
2023	88,942
2024	86,042
2025	86,042
2026	86,042
2027	86,042
	<u>\$433,110</u>

8 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 2022 (2021 - \$nil) fiscal year.

The facility is secured by the Society’s capital assets (note 4).

9 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 2022, these purchases totalled \$54,478 (2021 – \$63,607). These transactions were incurred in the normal course of business.

10 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 57.7% of its net operating budget for the year ended June 30, 2022.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2022

11 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.

12 Charitable organization endowment fund

Included in fund development expenses is \$nil (2021- \$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.

13 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	173,931
Total direct expenses incurred for the purpose of soliciting contributions	4,772