

Junior Achievement of Southern Alberta

Financial Statements
June 30, 2018

Independent Auditors' Report

To the Board of Directors of Junior Achievement of Southern Alberta:

We have audited the accompanying financial statements of Junior Achievement of Southern Alberta, which comprise the statement of financial position as at June 30, 2018, and the statements of operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 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.

Auditors' 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 auditors' 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

The financial statements present fairly, in all material respects, the financial position of Junior Achievement of Southern Alberta as at June 30, 2018 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

The financial statements of Junior Achievement of Southern Alberta as at June 30, 2017 and for the year then ended were audited by another firm of Chartered Professional Accountants who issued an unqualified opinion dated September 20, 2017.

Calgary, Alberta
October 3, 2018

MNP LLP

Chartered Professional Accountants

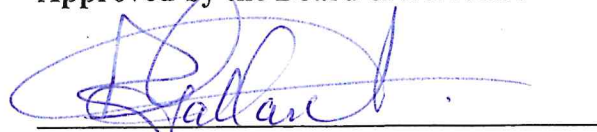
Junior Achievement of Southern Alberta

Statement of Financial Position

As at June 30, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash and cash equivalents	305,393	342,046
Short-term investments	1,217,749	910,000
Accounts receivable	43,293	46,319
Supplies inventory	18,797	16,818
Deposits and prepaid expenses	28,110	20,753
	<u>1,613,342</u>	<u>1,335,936</u>
Capital assets (note 3)	<u>13,078</u>	<u>25,192</u>
	<u>1,626,420</u>	<u>1,361,128</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 10)	135,970	88,890
Deferred revenue	66,500	100,000
Deferred contributions (note 4)	412,049	221,378
	<u>614,519</u>	<u>410,268</u>
Deferred contributions (note 4)	<u>7,154</u>	<u>14,308</u>
	<u>621,673</u>	<u>424,576</u>
Net Assets		
Internally restricted – net assets invested in capital assets	5,924	10,884
Internally restricted (note 8)	460,000	460,000
Unrestricted	538,823	465,668
	<u>1,004,747</u>	<u>936,552</u>
	<u>1,626,420</u>	<u>1,361,128</u>
Commitments (note 5)		

Approved by the Board of Directors



Rick Gallant, Chair
Junior Achievement of Southern Alberta



Clint McNair, Treasurer
Junior Achievement of Southern Alberta

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, 2018

	2018 \$	2017 \$
Revenue		
Fund development	1,190,343	1,284,465
Event revenue	448,500	408,500
Donations-in-kind	265,951	174,179
Government funding	86,004	220,001
Investment income	9,567	9,534
	<hr/> 2,000,365	<hr/> 2,096,679
Expenses		
Program direct	1,035,277	1,038,001
Event	383,689	349,720
General, administrative and marketing	314,232	376,466
Fund development	186,858	239,337
Amortization	12,114	13,390
	<hr/> 1,932,170	<hr/> 2,016,914
Excess of revenue over expenses	<hr/> 68,195	<hr/> 79,765

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, 2018

	Unrestricted \$	Internally restricted – invested in capital assets \$	Internally restricted \$	Total 2018 \$	Total 2017 \$
Balance – Beginning of year	465,668	10,884	460,000	936,552	856,787
Excess of revenue over expenses	68,195	-	-	68,195	79,765
Amortization of capital assets	12,114	(12,114)	-	-	-
Amortization of deferred capital contributions	(7,154)	7,154	-	-	-
Balance – End of year	538,823	5,924	460,000	1,004,747	936,552

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, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses for the year	68,195	79,765
Item not affecting cash		
Amortization	12,114	13,390
Amortization of deferred capital contributions	(7,154)	(7,154)
	<hr/>	<hr/>
	73,155	86,001
Changes in non-cash working capital items	197,941	(131,429)
	<hr/>	<hr/>
	271,096	(45,428)
Investing activities		
Purchase of short-term investments	(2,077,749)	(910,000)
Sale of short-term investments	1,770,000	860,000
	<hr/>	<hr/>
	(307,749)	(50,000)
(Decrease) in cash and cash equivalents	(36,653)	(95,428)
Cash and cash equivalents – Beginning of year	<hr/>	<hr/>
	342,046	437,474
Cash and cash equivalents – End of year	<hr/>	<hr/>
	305,393	342,046
Supplemental information		
Interest received	9,567	9,534

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

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2018

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, 2018

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, 2018, the Society's short-term investments consist of guaranteed investment certificates bearing interest at a rate between 1.60% and 1.95%.

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 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.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2018

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 6).

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.

3 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment and furniture	79,285	72,425	6,860	8,900
Computer equipment	72,900	72,378	525	885
Leasehold improvements	48,587	42,891	5,693	15,407
	<u>200,772</u>	<u>187,694</u>	<u>13,078</u>	<u>25,192</u>

4 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:

	2018 \$	2017 \$
Balance – Beginning of year	235,686	270,592
Add: Contributions	413,221	215,571
Less: Amounts amortized to revenue	<u>(229,704)</u>	<u>(250,477)</u>
Balance – End of year	<u>419,203</u>	<u>235,686</u>

Deferred contributions include \$7,154 (2017 – \$14,308) of deferred capital contributions.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2018

5 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:

	\$
2019	93,319
2020	93,319
2021	93,319
2022	93,319

6 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 2018 fiscal year.

The facility is secured by the Society's capital assets (note 3).

7 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 2018, these purchases totalled \$82,957 (2017 – \$60,203). These transactions were incurred in the normal course of business.

8 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.

9 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	134,867
Total direct expenses incurred for the purpose of soliciting contributions	17,033

10 Government remittances payable

Government remittances payable include amounts payable to federal and provincial government for payroll taxes. At June 30, 2018 \$nil is payable for government remittances (2017 – \$nil).

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Notes to Financial Statements

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11 Comparative figure

Certain comparative figures have been reclassified where necessary to conform to the current year's presentation.