

**Junior Achievement of Southern Alberta**  
**Financial Statements**  
*June 30, 2023*

To the members 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, 2023, and the statements of operations, 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, 2023, 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 12, 2023

*MNP LLP*

Chartered Professional Accountants

# Junior Achievement of Southern Alberta Statement of Financial Position

*As at June 30, 2023*

## Assets

### Current

Cash and cash equivalents	979,478	866,345
Short-term investments	1,825,949	1,800,454
Marketable securities	25,000	-
Accounts receivable (Note 3)	136,588	17,510
Prepaid expenses and deposits	32,209	52,439
Supplies inventory	17,415	17,640

**3,016,639**      2,754,388

### Capital assets (Note 4)

**3,762**      5,156

**3,020,401**      2,759,544

## Liabilities

### Current

Accounts payable and accrued liabilities	176,376	146,984
Deferred contributions (Note 5)	1,309,972	1,392,725
Deferred revenue	132,500	122,000

**1,618,848**      1,661,709

## Commitments

### Net Assets

Unrestricted	937,791	632,679
Internally restricted (Note 11)	460,000	460,000
Internally restricted – invested in capital assets	3,762	5,156

**1,401,553**      1,097,835

**3,020,401**      2,759,544

Approved on behalf of the Board of Directors



Director Clint Warkentin



Director Clint McNair

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

**Junior Achievement of Southern Alberta**  
**Statement of Operations**  
*For the year ended June 30, 2023*

<b>Revenue</b>		
Fund development	1,096,182	870,615
Government funding	727,880	434,908
Event revenue	364,000	333,100
Donations-in-kind	125,741	114,166
Investment income	63,037	9,979
	<b>2,376,840</b>	1,762,768
<b>Gain on sale of shares</b>		
	<b>329</b>	-
	<b>2,377,169</b>	1,762,768
<b>Expenses</b>		
Program direct (Note 13)	1,104,098	840,000
Event	357,247	325,544
General, administration and marketing (Note 13)	435,383	398,776
Fund development	175,329	176,758
Amortization	1,394	1,394
	<b>2,073,451</b>	1,742,472
<b>Excess of revenue over expenses</b>		
	<b>303,718</b>	20,296

*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, 2023*

	<i>Unrestricted</i>	<i>Internally restricted – invested in capital assets</i>	<i>Internally restricted</i>		
<b>Net assets beginning of year</b>	<b>632,679</b>	<b>5,156</b>	<b>460,000</b>	<b>1,097,835</b>	1,077,539
<b>Excess of revenue over expenses</b>	<b>303,718</b>	-	-	<b>303,718</b>	20,296
<b>Amortization of capital assets</b>	<b>1,394</b>	<b>(1,394)</b>	-	-	-
<b>Net assets, end of year</b>	<b>937,791</b>	<b>3,762</b>	<b>460,000</b>	<b>1,401,553</b>	1,097,835

*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, 2023*

**Cash provided by (used for) the following activities**

**Operating**

Excess of revenue over expenses	<b>303,718</b>	20,296
Amortization	<b>1,394</b>	1,394
	<b>305,112</b>	21,690
Changes in working capital accounts		
Accounts receivable	<b>(119,078)</b>	3,245
Inventory	<b>225</b>	(2,650)
Prepaid expenses and deposits	<b>20,230</b>	(3,041)
Accounts payable and accrued liabilities	<b>29,392</b>	(5,518)
Deferred revenue	<b>10,500</b>	93,900
Deferred contributions (Note 5)	<b>(107,753)</b>	686,133
	<b>138,628</b>	793,759
<b>Investing</b>		
Purchase of short-term investments	<b>(1,825,949)</b>	(1,800,454)
Proceeds on disposal of short-term investments	<b>1,800,454</b>	1,000,000
	<b>(25,495)</b>	(800,454)
<b>Increase (decrease) in cash resources</b>	<b>113,133</b>	(6,695)
<b>Cash resources, beginning of year</b>	<b>866,345</b>	873,040
<b>Cash resources, end of year</b>	<b>979,478</b>	866,345

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

# Junior Achievement of Southern Alberta

## Notes to the Financial Statements

For the year ended June 30, 2023

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### 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 under the Income Tax Act ("Act") and accordingly is exempt from income taxes under section 149(1) of the Act. To maintain its status as a tax-exempt entity under the Act, the Society must meet certain requirements. It is management's opinion that these requirements have been met.

### 2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

#### ***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.

#### ***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, 2023, the Society's short-term investments consist of guaranteed investment certificates bearing interest at a rate between 4.60% and 5.15%.

#### ***Marketable securities***

Marketable securities with prices quoted in an active market are measured at fair value while those that are not quoted in an active market are measured at cost less impairment.

#### ***Supplies inventory***

Supplies inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method.

#### ***Capital assets***

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line basis with half year amortization taken in the year of acquisition over the following terms:

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

# Junior Achievement of Southern Alberta Notes to the Financial Statements

For the year ended June 30, 2023

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## 2. Significant accounting policies (Continued from previous page)

### **Revenue recognition**

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

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred.

Event revenue is recognized when services are provided and collection is reasonably assured.

### **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.

### **Use of estimates**

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 revenues and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Provisions are made for slow moving and obsolete inventory as well as warranty and after sales service costs. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

### **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 the Financial Statements

For the year ended June 30, 2023

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### 2. Significant accounting policies (Continued from previous page)

#### **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.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in excess of revenues over expenses. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

#### **Related party financial instruments**

The Society initially measures financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at cost on initial recognition. When the financial instrument has repayment terms, cost is determined using the undiscounted cash flows, excluding interest, dividend, variable and contingent payments, less any impairment losses previously recognized by the transferor. When the financial instrument does not have repayment terms, but the consideration transferred has repayment terms, cost is determined based on the repayment terms of the consideration transferred. When the financial instrument and the consideration transferred both do not have repayment terms, the cost is equal to the carrying or exchange amount of the consideration transferred or received (refer to Note 10).

Financial instruments that were initially measured at cost are subsequently measured using the cost method less any reduction for impairment.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenues over expenses.

#### **Financial asset impairment**

The Society assesses impairment of all its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Society determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Society reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenues over expenses in the year the reversal occurs.

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

### 3. Accounts receivable

Included in accounts receivable as at June 30, 2023 are Goods and Services Taxes receivable in the amount of \$9,870 (2022 - \$7,532).

## Junior Achievement of Southern Alberta Notes to the Financial Statements

*For the year ended June 30, 2023*

### 4. Capital assets

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>2023 Net book value</b>	<b>2022 Net book value</b>
Computer equipment	72,900	72,900	-	-
Equipment and furniture	85,281	81,519	3,762	5,156
Leasehold improvements	48,587	48,587	-	-
	<b>206,768</b>	<b>203,006</b>	<b>3,762</b>	<b>5,156</b>

### 5. Deferred contributions

The Society has received contributions for company program scholarships and other specified projects that will be expended in future years. Recognition of these amounts as revenue is deferred to periods when the specified expenditures are made.

During the year, the Society received marketable securities with an adjusted cost base of \$25,000. The Society is required to hold the securities for one year and the revenue will be recognized when the shares are sold.

Changes in the deferred contribution balance are as follows:

	<b>2023</b>	<b>2022</b>
Balance, beginning of year	1,392,725	706,592
Amount received during the year	607,734	1,030,519
Donated securities	25,000	-
Less: Amount recognized as revenue during the year	(715,487)	(344,386)
Balance, end of year	<b>1,309,972</b>	<b>1,392,725</b>

### 6. Government assistance

In March 2020, the Government of Canada announced the introduction of the Canada Emergency Wage Subsidy ("CEWS"). CEWS generally covered 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, 2023, the Society has qualified for and received \$nil (2022 - \$133,068), 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 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, 2023, the Society has qualified for \$nil and received (2021 - \$25,616), which is included in the government funding revenue line item.

# Junior Achievement of Southern Alberta

## Notes to the Financial Statements

For the year ended June 30, 2023

### 7. Commitments

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

2024	50,476
2025	50,476
2026	50,476
2027	50,476

### 8. Credit facility

The Society has a revolving bank demand loan 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 2023 fiscal year (2022 - \$nil).

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 2023, these purchases totalled \$64,517 (2022 - \$54,478), of which \$58,968 (2022 - \$51,287) is recorded in Program direct and \$5,549 (2022 - \$3,191) is recorded in General, administration and marketing. These transactions were in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

### 10. Fundraising expenses

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

	2023	2022
Remuneration to employees whose principal duties involve fundraising	211,300	173,931
Total direct expenses incurred for the purpose of soliciting contributions	13,696	4,772

### 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. 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 58.2% (2022 - 57.7%) of its net operating budget for the year ended June 30, 2023.

## Junior Achievement of Southern Alberta Notes to the Financial Statements

*For the year ended June 30, 2023*

### 13. Allocation of expenses

Salaries and rent expense are allocated as follows:

	<i>Salaries</i>	<i>Rent</i>	<i>June 30 2023</i>
Program direct	584,509	49,723	634,232
Event	99,258	9,180	108,438
General, administration and marketing	172,449	20,909	193,358
Fund development	149,649	11,985	161,634
	1,005,865	91,797	1,097,662
	<i>Salaries</i>	<i>Rent</i>	<i>June 30 2022</i>
Program direct	535,379	57,256	592,635
Event	93,680	10,570	104,250
General, administration and marketing	162,619	24,077	186,696
Fund development	158,185	13,800	171,985
	949,863	105,703	1,055,566

### 14. Financial instruments

The Society, as part of its operations, carries a number of financial instruments. It is management's opinion that the Society is not exposed to significant interest rate, currency, or other price risks arising from these financial instruments except as otherwise disclosed.

#### ***Interest rate risk***

The Society is exposed to interest rate fluctuations on the credit facility (Note 8).

#### ***Credit risk***

Financial instruments that potentially subject the Society to concentrations of credit risk consist primarily of trade accounts receivable. Management is of the opinion that its trade accounts receivable credit risk exposure at June 30, 2023 is nominal.