



Financial Statements

Junior Achievement of Canada

June 30, 2024

DRAFT

Contents

	Page
Independent auditor's report	1 - 2
Statement of operations	3
Statement of changes in fund balances	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7 - 13

DRAFT

Independent Auditor's Report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

DRAFT

DRAFT

Junior Achievement of Canada

Statement of operations

Year ended June 30, 2024

	Operating Fund	Capital Asset Fund	Restricted Fund	2024 Total	2023 Total
Revenue					
Program direct	\$ 729,343	\$ -	\$ 2,300,207	\$ 3,029,550	\$ 2,448,934
Events	1,174,250	-	-	1,174,250	1,515,250
General contributions	1,750,213	-	-	1,750,213	1,168,001
Designated projects	767,967	300,493	-	1,068,460	1,088,982
Charter license fees	527,230	-	-	527,230	488,124
Miscellaneous and interest income	116,920	-	-	116,920	74,314
	<u>5,065,923</u>	<u>300,493</u>	<u>2,300,207</u>	<u>7,666,623</u>	<u>6,783,605</u>
Expenses					
Program direct	2,736,746	-	2,300,207	5,036,953	4,086,814
Marketing and events	1,064,929	-	-	1,064,929	763,482
General and administration	809,282	-	-	809,282	586,924
Resource development	347,171	-	-	347,171	390,700
Depreciation	-	316,477	-	316,477	188,797
Loss on disposal of capital assets	-	-	-	-	178,673
Foreign exchange loss	5,588	-	-	5,588	6,330
	<u>4,963,716</u>	<u>316,477</u>	<u>2,300,207</u>	<u>7,580,400</u>	<u>6,201,720</u>
Excess (deficiency) of revenue over expenses	<u>\$ 102,207</u>	<u>\$ (15,984)</u>	<u>\$ -</u>	<u>\$ 86,223</u>	<u>\$ 581,885</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada

Statement of changes in fund balances

Year ended June 30

	Operating Fund	Capital Asset Fund	Restricted Fund	2024 Total	2023 Total
Fund balances, beginning of the year	\$ 43,500	\$ 2,005,123	\$ 513,428	\$ 2,562,051	\$ 1,980,166
Excess (deficiency) of revenue over expenses	102,208	(15,984)	-	86,224	581,885
Interfund transfer	250	(250)	-	-	-
Capital assets purchased	(8,032)	8,032	-	-	-
Fund balances, end of year	<u>\$ 137,926</u>	<u>\$ 1,996,921</u>	<u>\$ 513,428</u>	<u>\$ 2,648,275</u>	<u>\$ 2,562,051</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada

Statement of financial position

June 30

	Operating Fund	Capital Asset Fund	Restricted Fund	2024 Total	2023 Total
Assets					
Current					
Cash and cash equivalents	\$ 258,796	\$ 939,453	\$ 140,250	\$ 1,338,499	\$ 2,370,618
Receivables					
Affiliated organizations	52,486	-	-	52,486	42,254
Other	509,699	-	30,000	539,699	253,118
Inventory	119,592	-	-	119,592	112,125
Prepays	124,056	-	-	124,056	114,935
	<u>1,064,629</u>	<u>939,453</u>	<u>170,250</u>	<u>2,174,332</u>	<u>2,893,050</u>
Investments (Note 3)	-	486,572	513,428	1,000,000	1,022,965
Capital assets (Note 4)	-	1,144,049	-	1,144,049	1,067,304
	<u>\$ 1,064,629</u>	<u>\$ 2,570,074</u>	<u>\$ 683,678</u>	<u>\$ 4,318,381</u>	<u>\$ 4,983,319</u>
Liabilities					
Current					
Payable and accruals	\$ 565,319	\$ -	\$ 30,000	\$ 595,319	\$ 751,167
Deferred revenue (Note 6)	176,686	-	140,250	316,936	756,705
Loan payable – CEBA (Note 5)	-	-	-	-	40,000
	<u>742,005</u>	<u>-</u>	<u>170,250</u>	<u>912,255</u>	<u>1,547,872</u>
Long-term					
Deferred revenue (Note 6)	184,698	-	-	184,698	-
Deferred capital contributions (Note 7)	-	573,153	-	573,153	873,396
	<u>926,703</u>	<u>573,153</u>	<u>170,250</u>	<u>1,670,106</u>	<u>2,421,268</u>
Fund balances					
Invested in capital assets	-	1,834,005	-	1,834,005	1,605,123
Internally restricted	-	162,916	513,428	676,344	913,428
Unrestricted	137,926	-	-	137,926	43,500
	<u>137,926</u>	<u>1,996,921</u>	<u>513,428</u>	<u>2,648,275</u>	<u>2,562,051</u>
	<u>\$ 1,064,629</u>	<u>\$ 2,570,074</u>	<u>\$ 683,678</u>	<u>\$ 4,318,381</u>	<u>\$ 4,983,319</u>

Commitments (Note 8)

Line of credit (Note 9)

On behalf of the Board

Gerjon Kalaci

Director



Director

See accompanying notes to the financial statements.

Junior Achievement of Canada

Statement of cash flows

Year ended June 30

	Operating Fund	Capital Asset Fund	Restricted Fund	2024 Total	2023 Total
Increase (decrease) in cash and cash equivalents					
Operating activities					
Excess (deficiency) of revenue over expenses	\$ 102,218	\$ (15,984)	\$ -	\$ 86,224	\$ 581,885
Item not involving cash					
Depreciation of capital assets	-	316,477	-	316,477	188,797
Loss on disposal of capital assets	-	-	-	-	178,673
Unrealized loss (gain) on investments	-	-	-	-	699
Net change in non-cash working capital (Note 10)	(621,662)	(300,243)	(102,657)	(1,024,562)	402,275
	<u>(519,454)</u>	<u>250</u>	<u>(102,657)</u>	<u>(621,861)</u>	<u>1,352,329</u>
Investing activities					
Purchase of capital assets	-	(393,222)	-	(393,222)	(816,171)
Disposition of (purchase of) investments	22,964	280,958	(280,958)	22,964	-
	<u>22,964</u>	<u>(112,264)</u>	<u>(280,958)</u>	<u>(370,258)</u>	<u>(816,171)</u>
Financing activities					
Interfund transfer	(7,782)	7,782	-	-	-
Repayment of CEBA loan	(40,000)	-	-	(40,000)	-
	<u>(47,782)</u>	<u>7,782</u>	<u>-</u>	<u>(40,000)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	(544,272)	(104,232)	(383,615)	(1,032,119)	536,158
Cash and cash equivalents, beginning of year	<u>803,068</u>	<u>1,043,685</u>	<u>523,865</u>	<u>2,370,618</u>	<u>1,834,460</u>
Cash and cash equivalents, end of year	<u>\$ 258,796</u>	<u>\$ 939,453</u>	<u>\$ 140,250</u>	<u>\$ 1,338,499</u>	<u>\$ 2,370,618</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

1. The organization

JA Canada (“JA”) is a registered charity, incorporated without share capital under the Canada Corporations Act. JA’s purpose is to provide practical economic and business education programs and experience for young people by working with the business and education communities. Delivery of the programs is provided by Charter licensed organizations and Program Delivery Affiliates. JA maintains an operating agreement with each of its Canadian Chartered Organization affiliates from which it charges annual license fees of \$527,230 (2023 - \$488,124). In addition, JA has a licensing agreement with its U.S. affiliate, Junior Achievement Worldwide, to which it paid an annual licensing fee of \$186,778 (2023 - \$156,318).

The financial results of the Canadian Chartered Organizations are not included in these financial statements. As JA is a registered charitable organization, it is exempt from income tax and may issue charitable donation receipts for income tax purposes.

2. Summary of significant accounting policies

Basis of presentation

Management of JA has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”).

These financial statements include the accounts of JA only. They do not include assets, liabilities or activities of any of the Canadian Chartered Organizations.

Fund accounting

JA follows the deferral method of accounting for contributions.

Fund balances

JA’s financial statements have been prepared in a manner that segregates the fund balances as follows:

The **Operating Fund** consists of a set of accounts which report all day-to-day activities including the development of new programs and the renewal of programs, the revenues and expenses associated with the Canadian Business Hall of Fame (“CBHF”) Gala, contributions from external sources set out for specific purposes but are part of the operations of the business, and the balance of internally restricted reserve funds and related investment income.

The **Capital Asset Fund** reports the assets, liabilities, revenues and expenses relating to JA’s capital assets.

In the prior year, an additional amount of \$400,000 was internally restricted by the board of directors, and transferred into the Capital Asset Fund out of 2023 proceeds. These funds are earmarked for planned investment in digital capital assets in the upcoming years, including \$237,084 in the current year.

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

2. Summary of significant accounting policies (continued)

The **Restricted Fund** consists of a set of accounts which report contributions externally restricted by donors for specified programs or projects, including flow through to our Chartered organizations in the amount of \$2,300,207 (2023 - \$1,779,147). It also includes internally restricted funds including reserves and endowment contributions, the use of which requires approval from the JA Canada board of directors.

Donations for endowment purposes are recorded as segregated from other restricted amounts and can be invested per the JA Canada investment policy. Income generated from the endowment is recorded separately from the contributed donations.

Financial instruments

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year they are incurred.

Subsequent measurement

At each reporting date, JA measures its financial assets and liabilities at cost or amortized cost less impairment in the case of financial assets except for investment in preferred shares and common shares which are measured at fair value. All changes in fair value are reflected in the statement of operations. JA used the effective interest rate method to amortize any premiums, transaction costs and financing fees in the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, term deposits, receivables, payables and bank overdraft.

For financial assets measured at cost or amortized cost, JA regularly assesses whether there are any indications of impairment. If there is an indication of impairment and JA determines there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Capital assets

Capital assets are recorded at cost less amortization and impairment. Third party and certain internally allocated costs are capitalized under digital assets.

All capital assets are amortized on a straight-line basis over their estimated useful lives at the following annual rates:

Computer hardware	- 3 years
Office equipment	- 5 years
Digital assets	- 5-8 years

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

2. Summary of significant accounting policies (continued)

Capital assets (continued)

When a capital asset no longer has any long-term service potential to JA, the differential of its net carrying amount and any residual value, is recognized as a gain or loss, as appropriate, in the statements of operations.

Investments

Reserve funds and endowment contributions and a portion of unrestricted funds are invested in money market funds and are recorded at fair market value with changes in fair value reported in the statement of operations.

Contributions

Restricted contributions received for the purpose of capital assets are recorded as deferred capital contributions related to capital assets and are amortized on the same basis as the related capital assets.

Revenue recognition

JA follows the deferral method of accounting for contributions.

Donated services or assets are recognized when a fair value can be reasonably estimated and when the services or assets normally would have been acquired if not donated. Advance billings include amounts received in respect of events taking place in the following fiscal year. Unrestricted contributions are recognized as revenue in the year the funds are received or receivable if the amounts to be received can be reasonably estimated. Donor restricted contributions for the purchase of capital assets that will be amortized are deferred and recognized as revenue at the same rate of amortization as the related capital asset. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Endowment income

Endowment income is recorded annually in a separate account to offset research and development costs and scholarship awards. The amount cannot exceed actual research and development costs incurred or scholarships awarded during the year otherwise it is recorded for future use for these purposes.

Cash and cash equivalents

JA considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

2. Summary of significant accounting policies (continued)

Use of estimates

Management reviews the carrying amounts of items in the financial statement on each balance sheet date for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to the Statement of Operations as appropriate in the year they become known.

Items subject to significant management estimates include inventory obsolescence, allowance for doubtful accounts and amortization of capital assets and its estimate of useful lives.

Contributed services

Contributed materials that are used in the normal course of operations and would otherwise have been purchased are recorded in the financial statements at the time of contribution, if a fair value can be reasonably estimated.

JA benefits substantially from services in the form of volunteer time. These invaluable services are not recorded in these financial statements due to the difficulty in determining their fair value.

3. Investments

	<u>2024</u>	<u>2023</u>
Common shares	\$ -	\$ 22,965
Marketable securities	<u>1,000,000</u>	<u>1,000,000</u>
	<u>\$ 1,000,000</u>	<u>\$ 1,022,965</u>

These financial instruments are recorded at fair market value as at June 30, 2024 and 2023. The marketable securities are interest bearing GICs with variable interest rate of prime 4.70% and maturing on May 13, 2025. (2023 - interest rate of prime 4.70% and maturing on May 03, 2024)

4. Capital assets

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2024 Net Book Value</u>	<u>2023 Net Book Value</u>
Computer – hardware	\$ 64,355	\$ (54,876)	\$ 9,479	\$ 9,967
Equipment	-	-	-	-
Digital assets	<u>1,805,974</u>	<u>(671,404)</u>	<u>1,134,570</u>	<u>253,537</u>
	1,870,329	(726,280)	1,144,049	263,504
Construction in Progress				
Digital assets	-	-	-	803,800
	<u>\$ 1,870,329</u>	<u>\$ (726,280)</u>	<u>\$ 1,144,049</u>	<u>\$ 1,067,304</u>

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

5. Loan payable – CEBA

In 2021, JA had obtained the Canada Emergency Business Account (CEBA) loan of \$60,000. The loan is interest free and due no later than December 31, 2022. If JA is able to pay \$40,000 on or before December 31, 2023, the remaining \$20,000 will be forgiven. As JA has determined it will likely meet the conditions required to achieve forgiveness of the loan, the forgivable amount was recorded as government assistance in the statement of operations and changes in fund balances in 2021. JA repaid \$40,000 before December 31, 2023, therefore, the remaining \$20,000 was forgiven.

6. Deferred revenues

JA entered into an agreement with a third party for fees of \$360,000 which covers a period of eight years commencing August 2023. During the current fiscal year, \$135,556 of the \$360,000 was recognized as general contributions and the remaining \$224,444 was recognized as deferred contributions. Of the deferred amount, \$28,055 was recognized as revenues during the year and the remainder is to be recognized over the remaining 7 years of the 8-year agreement. As part of this agreement, JA developed digital assets which were capitalized for \$148,106 and are being amortized over the eight year period.

7. Deferred capital contributions

Deferred capital contributions related to capital assets and restricted for programs represent the unamortized amount of funds received for the purchase/development of capital assets and restricted program funding respectively.

8. Commitments

JA leases office facilities under an operating lease agreement. As at June 30, 2024, the future minimum annual lease commitment remaining under this lease is as follows:

2025	\$	15,948
2026		<u>2,658</u>
	\$	<u>18,606</u>

9. Line of credit

JA has available an operating line of credit to the maximum of \$300,000 at prime plus 0.5% and is unsecured. At year end June 30, 2024, the maximum facility remains available.

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

10. Change in non-cash operating working capital

	Operating Fund	Capital Asset Fund	Restricted Fund	<u>2024</u>	<u>2023</u>
Receivables from affiliated Organizations	\$ (10,231)	\$ -	\$ -	\$ (10,231)	\$ (11,161)
Other receivables	(256,581)	-	(30,000)	(286,581)	(133,362)
Prepays	(9,121)	-	-	(9,121)	(11,983)
Payables and accruals	(185,516)	-	29,668	(155,848)	249,223
Inventory	(7,467)	-	-	(7,467)	56,102
Deferred revenue	(152,747)	-	(102,325)	(255,071)	265,011
Deferred capital contributions	-	(300,243)	-	(300,243)	(11,555)
	<u>\$ (621,663)</u>	<u>\$ (300,243)</u>	<u>\$ (102,657)</u>	<u>\$ (1,024,562)</u>	<u>\$ 402,275</u>

11. Capital

JA's main objective when managing capital is to safeguard its ability to operate as a going concern, so that it can continue to provide services and benefits to its benefactors and stakeholders, including Charters, as well as meet donor obligations and any third-party service commitments.

The capital structure of JA consists of cash and cash equivalents and net assets comprised of accumulated fund balances in operating funds, capital asset funds, and restricted funds as described in Note 2. JA manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. JA is not subject to any externally imposed capital requirements; however, endowment contributions, some grants, and some donations have conditions setting out the activities or other expenditures for which the funds may be used.

12. Financial instrument risk

JA's main financial instrument risk exposure is detailed as follows:

Credit risk

JA has determined that the financial assets with credit risk exposure are receivables since failure from any of these parties to fulfil their obligations would result in significant financial losses for JA. JA has included a provision for their receivables of \$Nil (2023 - \$Nil). JA is also exposed to concentration risk in that all of its cash is held with two financial institution and the balances held are in excess of Canadian Deposit Insurance Corporation limits.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. JA is exposed to interest rate risk in respect to investments in term deposits.

Junior Achievement of Canada

Notes to the financial statements

June 30, 2024

12. Financial instrument risk (continued)

Liquidity risk

Liquidity risk is the risk of being unable to settle or meet commitments as they come due. Liquidity risk is managed by ensuring the invests in high quality investments easily disposed of in an active market.

DRAFT