



Financial Statements

*Junior Achievement of Canada -
Jeunes Entreprises du Canada*

June 30, 2016

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Independent Auditor's Report

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To the Members of
Junior Achievement of Canada - Jeunes Entreprises du Canada

We have audited the accompanying financial statements of **Junior Achievement of Canada – Jeunes Entreprises du Canada**, which comprise the statement of financial position as at June 30, 2016, and the statements of operations, changes in fund balances 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.

Auditor's 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 auditor's 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

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Junior Achievement of Canada – Jeunes Entreprises du Canada** as at June 30, 2016, and its financial performance for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 3 to the financial statements, which indicates that, a restatement of certain financial statement items in the statements of operations, changes in fund balances, financial position, and cash flows was made as at June 30, 2015.

Toronto, Canada
November 16, 2016



Chartered Professional Accountants
Licensed Public Accountants

Junior Achievement of Canada – Jeunes Entreprises du Canada

Statement of operations

Year ended June 30, 2016

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2016 Total	2015 Total (Restated Note 3)
Revenue								
Contributions	\$ 1,633,187	\$ 113,169	\$ -	\$ -	\$ -	\$ -	\$ 1,746,356	\$ 1,697,824
Grants – other	-	601,848	-	-	-	-	601,848	1,008,706
Charter license fees	468,772	-	-	-	-	-	468,772	454,934
Charter insurance fees	-	-	-	-	-	-	-	21,810
Next Generation Forum	93,944	-	-	-	-	-	93,944	117,825
Unrealized gain or (loss) on investments	-	-	-	-	-	-	-	3,155
Miscellaneous and interest income	19,819	-	-	-	-	13,262	33,081	54,398
	<u>2,215,722</u>	<u>715,017</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,262</u>	<u>2,944,001</u>	<u>3,358,652</u>
Expenses								
Salaries and benefits	1,355,466	-	-	-	-	-	1,355,466	1,499,413
Charter program delivery	-	629,369	-	-	-	-	629,369	1,023,688
CBHF Gala	473,988	-	-	-	-	-	473,988	487,205
Facilities and administration	201,454	-	-	-	-	-	201,454	184,007
Technology	196,251	-	-	-	-	-	196,251	135,836
License fee	172,986	-	-	-	-	-	172,986	132,924
Next Generation Forum	126,014	-	-	-	-	-	126,014	143,016
Depreciation	-	-	-	-	81,914	-	81,914	90,664
Program development	-	58,989	-	-	-	-	58,989	54,592
Digital/RRVS strategy	-	54,180	-	-	-	-	54,180	-
Other events	47,236	-	-	-	-	-	47,236	59,794
Inventory write off	45,982	-	-	-	-	-	45,982	-
Travel	36,130	-	-	-	-	-	36,130	50,737
Awards and scholarships	35,003	-	-	-	-	-	35,003	6,384
JA Canada/JACF Insurance	32,381	-	-	-	-	-	32,381	21,337
Marketing and communications	20,255	-	-	-	-	-	20,255	67,206
Professional fees	16,947	-	-	-	-	-	16,947	40,415
Recovery of bad debts	(14,218)	-	-	-	-	-	(14,218)	-
Fundraising	5,202	-	-	-	-	-	5,202	4,263
Foreign exchange loss (gain)	4,892	-	-	-	-	-	4,892	(24,771)
Other	5,148	-	-	-	-	-	5,148	48,218
National program insurance	-	-	-	-	-	-	-	14,540
	<u>2,761,117</u>	<u>742,538</u>	<u>-</u>	<u>-</u>	<u>81,914</u>	<u>-</u>	<u>3,585,569</u>	<u>4,039,468</u>
Excess (deficiency) of revenue over expenses	\$ <u>(545,395)</u>	\$ <u>(27,521)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(81,914)</u>	\$ <u>13,262</u>	\$ <u>(641,568)</u>	\$ <u>(680,816)</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Statement of changes in fund balances

Year ended June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2016 Total	2015 Total (Restated Note 3)
Fund balances, beginning of year								
As previously stated	\$ 940,885	\$ 328,588	\$ 260,000	\$ 50,000	\$ 520,596	\$ 484,660	\$ 2,584,729	\$ 2,926,014
Prior period adjustment (Note 3)	<u>20,000</u>	<u>(211,070)</u>	<u>-</u>	<u>-</u>	<u>(148,461)</u>	<u>-</u>	<u>(339,531)</u>	<u>-</u>
As restated	960,885	117,518	260,000	50,000	372,135	484,660	2,245,198	2,926,014
Excess (deficiency) of revenue over expenses	(545,395)	(27,521)	-	-	(81,914)	13,262	(641,568)	(680,816)
Capital assets purchased/developed	<u>(369)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ <u>415,121</u>	\$ <u>89,997</u>	\$ <u>260,000</u>	\$ <u>50,000</u>	\$ <u>290,590</u>	\$ <u>497,922</u>	\$ <u>1,603,630</u>	\$ <u>2,245,198</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Statement of financial position

June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2016 Total	2015 Total (Restated Note 3)
Assets								
Current								
Cash and cash equivalents	\$ 55,113	\$ 545,614	\$ 260,000	\$ 50,000	\$ 18,718	\$ 330,110	\$ 1,259,555	\$ 1,851,932
Receivables								
- affiliated organizations	30,120	-	-	-	-	-	30,120	7,972
- JACF (Note 5)	430,667	-	-	-	-	-	430,667	822,151
- other	151,361	-	-	-	-	-	151,361	157,816
Inventory	80,553	-	-	-	-	-	80,553	-
Prepays	121,364	-	-	-	-	-	121,364	8,896
	<u>869,178</u>	<u>545,614</u>	<u>260,000</u>	<u>50,000</u>	<u>18,718</u>	<u>330,110</u>	<u>2,073,620</u>	<u>2,848,767</u>
Investments in preferred shares (Note 4)	-	-	-	-	-	153,471	153,471	313,922
Investment in common shares (Note 4)	-	-	-	-	-	14,341	14,341	12,952
Capital assets (Note 6)	-	-	-	-	1,001,872	-	1,001,872	525,596
	<u>\$ 869,178</u>	<u>\$ 545,614</u>	<u>\$ 260,000</u>	<u>\$ 50,000</u>	<u>\$ 1,020,590</u>	<u>\$ 497,922</u>	<u>\$ 3,243,304</u>	<u>\$ 3,701,237</u>
Liabilities								
Current								
Payable and accruals	335,549	-	-	-	-	-	335,549	356,456
Deferred revenue	98,508	343,487	-	-	-	-	441,995	124,583
	<u>434,057</u>	<u>343,487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>777,544</u>	<u>481,039</u>
Long-term								
Deferred capital contributions (note 7)	-	112,130	-	-	750,000	-	862,130	975,000
	<u>434,057</u>	<u>112,130</u>	<u>-</u>	<u>-</u>	<u>750,000</u>	<u>-</u>	<u>1,639,674</u>	<u>1,456,039</u>
Fund balances								
Invested in capital assets	-	-	-	-	270,590	-	270,590	161,065
Externally restricted	-	-	-	-	-	497,922	497,922	813,248
Internally restricted	-	-	260,000	50,000	-	-	310,000	310,000
Unrestricted	435,121	89,997	-	-	-	-	525,118	960,885
	<u>435,121</u>	<u>89,997</u>	<u>260,000</u>	<u>50,000</u>	<u>270,590</u>	<u>497,922</u>	<u>1,603,630</u>	<u>2,245,198</u>
	<u>\$ 869,178</u>	<u>\$ 545,614</u>	<u>\$ 260,000</u>	<u>\$ 50,000</u>	<u>\$ 1,020,590</u>	<u>\$ 497,922</u>	<u>\$ 3,243,304</u>	<u>\$ 3,701,237</u>

Commitments (Note 8)

Line of credit (Note 9)

On behalf of the Board

Director

Director

See accompanying notes to the financial statements.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Statement of cash flows

Year ended June 30

	Operating Fund	Restricted and Special Purpose Fund	Operating Reserve Fund	Priorities Fund	Capital Asset Fund	Endowment Fund	2016 Total	2015 Total (Restated Note 3)
Increase (decrease) in cash and cash equivalents								
Operating activities								
Excess (deficiency) of revenue over expenses	\$ (545,395)	\$ (27,521)	\$ -	\$ -	\$ (81,914)	\$ 13,262	\$ (641,568)	\$ (680,817)
Depreciation of capital assets	-	-	-	-	81,914	-	81,914	90,664
Unrealized gain on investments	-	-	-	-	-	-	-	3,026
Net change in non-cash working capital (Note 10)	<u>549,275</u>	<u>(148,940)</u>	<u>-</u>	<u>-</u>	<u>(34,229)</u>	<u>-</u>	<u>366,106</u>	<u>(427,357)</u>
	<u>3,880</u>	<u>(176,461)</u>	<u>-</u>	<u>-</u>	<u>(34,229)</u>	<u>13,262</u>	<u>(193,548)</u>	<u>(1,014,484)</u>
Investing activities								
Deferred capital contributions (Note 7)	-	-	-	-	-	-	-	975,000
Purchase of capital assets	-	-	-	-	(557,891)	-	(557,891)	(554,930)
Disposition of investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>159,062</u>	<u>159,062</u>	<u>116,796</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(557,891)</u>	<u>-</u>	<u>(398,829)</u>	<u>536,866</u>
Net increase (decrease) in cash and cash equivalents	3,880	(176,461)	-	-	(592,120)	172,324	(592,377)	(477,618)
Cash and cash equivalents, beginning of year	395,089	378,588	260,000	50,000	610,469	157,786	1,851,932	2,329,550
Inter fund transfers	<u>(343,856)</u>	<u>343,487</u>	<u>-</u>	<u>-</u>	<u>369</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents, end of year	\$ <u>55,113</u>	\$ <u>545,614</u>	\$ <u>260,000</u>	\$ <u>50,000</u>	\$ <u>18,718</u>	\$ <u>330,110</u>	\$ <u>1,259,555</u>	\$ <u>1,851,932</u>

See accompanying notes to the financial statements.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

1. The organization

Junior Achievement of Canada - Jeunes Entreprises du Canada ("JA/JE") is a non-profit organization incorporated without share capital under the Canada Corporations Act. JA/JE'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 through the Canadian Chartered Organizations. JA/JE maintains an operating agreement with each of its Canadian Chartered Organization affiliates from which it charges annual license fees of \$468,772 (2015 - \$454,934). In addition, JA/JE has a licensing agreement with its U.S. affiliate, Junior Achievement Worldwide, to which it paid an annual licensing fee of \$172,986 (2015 - \$132,924).

The financial results of the Canadian Chartered Organizations are not included in these financial statements. As JA/JE 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

The organization 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/JE only. They do not include assets, liabilities or activities of any of the Canadian Chartered Organizations.

Fund accounting

The organization follows the deferral method of accounting for contributions.

Fund balances

JA/JE's financial statements have been prepared in a manner which segregates the fund balances as follows:

The **Operating Fund** consists of a set of accounts which report all day-to-day activities and in the current year all the revenues and expenses associated with the Gala.

The **Restricted and Special Purpose Fund** consists of a set of accounts which report contributions from external sources restricted for use relating primarily to strategic initiatives of JA/JE, the development of new programs, and the redevelopment of existing programs.

The **Operating Reserve Fund** was established by the Board of Directors of JA/JE to internally restrict funds to mitigate current and future risks (e.g. revenue shortfalls and unanticipated expenditures). The base target level of this reserve is an amount equal to six months of operating expenses of JA/JE.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

2. Summary of significant accounting policies (continued)

The **Priorities Fund** was established by the Board of Directors of JA/JE to internally restrict funds for the implementation of priority projects identified by the Board of Directors.

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

The **Endowment Fund** consists of a set of accounts which report endowment contributions and related investment income. An endowment contribution stipulates that the resources contributed be permanently maintained. The Endowment Fund includes two separate funds that have two specific purposes. Donations are placed in a segregated account and invested in preferred shares or money market funds. The first fund was established in 1987. Income from this fund may only be used for research and development activities of JA/JE. The second fund was established in 1996 and is administered by the Organization's management. Income from this fund may only be used for scholarships.

Financial instruments

JA/JE 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/JE 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/JE 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/JE regularly assesses whether there are any indications of impairment. If there is an indication of impairment and JA/JE 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 internal allocated costs are capitalized under internally developed software in connection with the development of the Virtual School project, including associated digital intangible assets.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

2. Summary of significant accounting policies (continued)

Capital assets (continued)

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

Computer hardware	- 3 years
Computer software	- 3 years
Furniture	- 5 years
Office equipment	- 5 years
Leasehold improvements	- 5 years
Internally developed software	- 5 years

When a capital asset no longer has any long-term service potential to the Organization, 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

The Endowment Fund investments in common and preferred shares are recorded at fair market value with changes in fair value reported in the statement of operations.

Contributions

Unrestricted 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

The Organization follows the deferral method of accounting for contributions as described in Note 3.

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 Fund income

Endowment Fund income is transferred annually to the operating fund to offset research and development costs and to the restricted fund to offset scholarship awards. The transfer cannot exceed actual research and development costs incurred or scholarships awarded during the year.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

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

Use of estimates

Management reviews the carrying amounts of items in the financial statement in 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 allowance for doubtful account and amortization of capital assets and its estimate of useful lives.

Volunteer services

JA/JE 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. Prior period adjustment

During the current year, JA/JE has changed its revenue recognition policy relating to contributions received for capital purposes from the restricted fund method to the deferral method whereby these amounts will now be deferred and recognized as revenue on the same basis as the amortization expense related to the capital assets. In the prior year, a grant of \$1,000,000 was made of which \$750,000 was a contribution for internally developed software \$225,000 was for programs and \$25,000 for general operating purposes. Under the previous method, the amounts spent on the development of software were recognized as revenue with a corresponding decrease in deferred revenue. Under the deferral method, the \$750,000 is to be deferred until the project is complete and \$225,000 was deferred and recognized as revenue when the program costs are incurred. Amortization will begin when the software is in use with a corresponding recognition of revenue. The \$25,000 was restated to be recognized as revenue in the Operating Fund in the year the expenses occurred which is 2015. There was an inter fund transfer between the Capital Asset Fund and the Operating Fund for \$5,000 which accounts for a capital asset purchased. The details of the adjustments and their effect on the June 30, 2015 financial statements are outlined below:

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

3. Prior period adjustment (continued)

	Previously <u>Reported</u>	<u>Adjustments</u>	<u>Restated</u>
Statement of operations			
Revenue recognized as contributions			
Operating fund	\$ 1,612,824	\$ 25,000	\$ 1,637,824
Restricted and special purpose fund	60,000	-	60,000
Capital asset fund	<u>364,531</u>	<u>(364,531)</u>	<u>-</u>
	<u>2,037,355</u>	<u>(339,531)</u>	<u>1,697,824</u>
Total revenue			
Operating fund	\$ 2,227,044	\$ 25,000	\$ 2,252,044
Restricted and special purpose fund	1,068,643	-	1,068,643
Capital asset fund	364,531	(364,531)	-
Endowment fund	<u>37,965</u>	<u>-</u>	<u>37,965</u>
	<u>\$ 3,698,183</u>	<u>\$ (339,531)</u>	<u>\$ 3,358,652</u>
Excess (deficiency) of revenue over expenses			
Operating fund	\$ (485,657)	\$ 25,000	\$ (460,657)
Restricted and special purpose fund	(72,460)	-	(72,460)
Priorities fund	(95,000)	-	(95,000)
Capital asset fund	273,867	(364,531)	(90,664)
Endowment fund	<u>37,965</u>	<u>-</u>	<u>37,965</u>
	<u>\$ (341,285)</u>	<u>\$ (339,531)</u>	<u>\$ (680,816)</u>
Statement of fund balances			
Operating fund	\$ 940,885	\$ 20,000	\$ 960,885
Restricted and special purpose fund	328,588	(211,070)	117,158
Operating reserve fund	260,000	-	260,000
Priorities fund	50,000	-	50,000
Capital asset fund	520,596	(148,461)	372,135
Endowment fund	<u>484,660</u>	<u>-</u>	<u>484,660</u>
	<u>\$ 2,584,729</u>	<u>\$ (339,531)</u>	<u>\$ 2,245,198</u>
Statements of financial position and cash flows			
Cash and cash equivalents			
Operating fund	\$ 375,089	\$ 20,000	\$ 395,089
Restricted and special purpose fund	378,588	-	378,588
Operating reserve fund	260,000	-	260,000
Priorities fund	50,000	-	50,000
Capital asset fund	630,469	(20,000)	610,469
Endowment fund	<u>157,786</u>	<u>-</u>	<u>157,786</u>
	<u>\$ 1,851,932*</u>	<u>\$ -</u>	<u>\$ 1,851,932</u>
Deferred capital contributions	<u>\$ 635,469</u>	<u>\$ 339,531</u>	<u>\$ 975,000</u>

* Note that the prior year term deposits of \$1,050,000 has been reclassified and is now included as part of the cash and cash equivalents previously reported of \$801,932.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

4. Investments

At the year end June 30, 2016 the fair market value of the preferred shares was \$153,471 (2015 - \$313,922) the original purchase price of these shares amounted to \$98,285 (2015 - \$197,953). Certain preferred shares matured in the year and are now included in year end cash and cash equivalents balance within the Endowment Fund.

At the year end June 30, 2016 the fair market value of the common shares was \$14,341 (2015 - \$12,952) the original purchase price of these shares amounted to \$18,382 (2015 - \$18,382).

5. Related party transactions

Junior Achievement of Canada Foundation ("JACF") was established to raise funds for Junior Achievement, including for JA/JE. JA/JE and JACF are related by virtue of the fact that they share some of the same common management and board members.

Contributions received in the year from JACF were \$1,405,036 of which \$1,405,036 was included in the Operating Fund and \$nil in the Restricted and Special Purpose Fund. In 2015, JACF made contributions of \$1,296,828 of which \$ 1,296,828 was included in the Operating Fund.

Transactions between related parties were in the normal course of operations and were measured at the exchange amounts.

6. Capital assets

			2016 Net <u>Book Value</u>	2015 Net Book Value
	<u>Cost</u>	Accumulated <u>Depreciation</u>		
Computer – hardware	\$ 99,166	\$ 87,780	\$ 11,386	\$ 21,728
Computer – software	299,675	240,228	59,447	127,356
Furniture	43,332	37,130	6,202	8,271
Equipment	3,664	2,917	747	996
Internally developed software (a)	922,053	-	922,053	364,531
Leasehold improvements	<u>3,394</u>	<u>1,357</u>	<u>2,037</u>	<u>2,714</u>
	<u>\$ 1,371,284</u>	<u>\$ 369,412</u>	<u>\$ 1,001,872</u>	<u>\$ 525,596</u>

(a) Included in internally developed software relates to contributions received for the Virtual School project of \$711,282. The computer platform will be amortized, and deferred contributions recognized as revenue, once the project is completed.

Junior Achievement of Canada - Jeunes Entreprises du Canada

Notes to the financial statements

June 30, 2016

7. Deferred contributions

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

8. Commitments

- (i) JA/JE leases office facilities and equipment under operating lease agreements. As at June 30, 2016 the future minimum annual lease commitment remaining under these leases is as follows:

2017	\$	89,304
2018		43,796
2019		<u>5,454</u>
	\$	<u>138,554</u>

- (ii) In May 2016, JA/JE paid approximately \$115,000 as down payment for the purchase of print product inventory costing approximately \$175,500. The delivery of the inventory is expected in September 2016.

9. Line of credit

JA/JE 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, 2016 the maximum facility remains available.

10. Change in non-cash operating working capital

	Operating Fund	Restricted and Special Purpose Fund	Capital Asset Fund	<u>2016</u>	<u>2015</u>
Receivables from affiliated Organizations and JACF	\$ 439,336	\$ -	-	\$ 439,336	\$ (409,282)
Other receivables	(43,544)	-	-	(43,544)	18,806
Prepays	(112,468)	-	-	(112,468)	3,983
Payables and accruals	(20,907)	-	-	(20,907)	62,781
Due to affiliated organizations	-	-	-	-	(282,728)
Advance billings	-	-	-	-	74,583
Inventory	(80,553)	-	-	(80,553)	-
Other	<u>367,411</u>	<u>(148,940)</u>	<u>(34,229)</u>	<u>184,242</u>	<u>104,500</u>
	<u>\$ 549,275</u>	<u>\$ (148,940)</u>	<u>\$ (34,229)</u>	<u>\$ 366,106</u>	<u>\$ (560,885)</u>

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Notes to the financial statements

June 30, 2016

11. Capital

JA/JE'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 Charters, as well as meet donor obligations and any third party service commitments.

The capital structure of JA/JE consists of cash and cash equivalents and net assets comprised of accumulated fund balances in operating funds, capital asset funds, endowment funds and special purpose funds as described in Note 2. JA/JE 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/JE is not subject to any externally imposed capital requirements; however, endowment funds, some grants, and donations have conditions setting out the activities or other expenditures for which the funds may be used.

12. Financial instrument risk

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

Credit risk

The Organization has determined that the financial assets with credit risk exposure are receivables since failure from any of these parties to fulfill their obligations would result in significant financial losses for the Organization.

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. The Organization is exposed to interest rate risk in respect to investments in term deposits.

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 investment manager invests in high quality investments easily disposed of in an active market.

Other price risk

The Organization is exposed to other price risk on its investment in common shares and preferred shares since changes in market prices could result in changes in the fair value of the instruments.