

**JUNIOR ACHIEVEMENT OF  
CENTRAL ONTARIO**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2016**

# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

June 30, 2016

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
**Junior Achievement of Central Ontario**

We have audited the accompanying financial statements of Junior Achievement of Central Ontario, which comprise the statement of financial position as at June 30, 2016 and the statements of operations, changes in net assets 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 Central Ontario as at June 30, 2016, 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.

*Daurio & Franklin LLP*

Chartered Accountants, Licensed Public Accountants  
August 30, 2016  
Toronto, Ontario

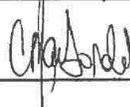


**Junior Achievement of Central Ontario**  
**Statement of Financial Position**  
As at June 30, 2016

	Note	2016	2015
<b>ASSETS</b>			
<b>Current</b>			
Cash	\$	475,731	\$ 338,654
Accounts Receivable		228,947	199,178
HST Receivable		71,437	79,025
Prepaid Expenses		64,658	60,907
		<b>840,773</b>	<b>677,764</b>
<b>Capital Assets</b>	[3]	6,119	9,688
<b>Investments</b>	[4]	1,432,139	1,426,144
		<b>1,438,258</b>	<b>1,435,832</b>
<b>TOTAL ASSETS</b>		<b>2,279,031</b>	<b>2,113,596</b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>Current</b>			
Accounts Payable and Accrued Liabilities		161,156	157,725
Deferred Revenue	[5]	100,875	53,927
<b>Total Liabilities</b>		<b>262,031</b>	<b>211,652</b>
<b>Net Assets</b>			
Unrestricted Net Assets		617,000	501,944
Endowment Fund	[6]	500,000	500,000
Internally Restricted Fund	[8]	900,000	900,000
		<b>2,017,000</b>	<b>1,901,944</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	<b>2,279,031</b>	\$ <b>2,113,596</b>

Approved on Behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

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



# Junior Achievement of Central Ontario

## Statement of Operations

For the year ended June 30, 2016

	Note	2016	2015
<b>Revenue</b>			
Program designated contributions		\$ 1,489,090	\$ 1,572,068
Donations and other contributions	[6] [7]	159,405	152,318
Special events		668,311	599,468
Investment income	[7]	48,318	18,518
		<b>2,365,124</b>	<b>2,342,372</b>
<b>Expenses</b>			
Program and materials		991,975	931,857
Special events		206,650	197,208
Resource development personnel		280,395	330,715
Administrative personnel		409,795	395,155
Office and general		175,967	170,964
Facilities		125,207	138,649
Amortization of capital assets		3,568	13,683
		<b>2,193,557</b>	<b>2,178,231</b>
<b>Excess of Revenues over Expenses Before the Undernoted Item</b>		<b>171,567</b>	<b>164,141</b>
<b>Unrealized loss on investments</b>		<b>(56,511)</b>	<b>(53,945)</b>
<b>Excess of Revenues over Expenses</b>		<b>\$ 115,056</b>	<b>\$ 110,196</b>

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



**Junior Achievement of Central Ontario  
Statement of Changes in Net Assets**

For the year ended June 30, 2016

	Unrestricted Net Assets	Internally Restricted	Endowment Fund	2016	2015
<b>Net Assets, Beginning of the Year</b>	\$ 501,944	\$ 900,000	\$ 500,000	\$ 1,901,944	\$ 1,791,748
<b>Excess of Revenues over Expenses</b>	115,056	-	-	115,056	110,196
<b>Net Assets, End of the Year</b>	\$ 617,000	\$ 900,000	\$ 500,000	\$ 2,017,000	\$ 1,901,944

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



**Junior Achievement of Central Ontario**  
**Statement of Cash Flows**  
For the year ended June 30, 2016

	<b>2016</b>	<b>2015</b>
<b>Net Inflow (Outflow) of Cash Related to the Following Activities:</b>		
<b>Cash Provided by Operating Activities</b>		
Excess of Revenues over Expenses	\$ 115,056	\$ 110,196
Items Not Involving Cash:		
Amortization	3,568	13,683
Unrealized Loss on Investments	56,511	53,945
Changes in:		
Accounts Receivable	(22,180)	47,571
Prepaid Expenses	(3,751)	(5,976)
Accounts Payable and Accrued Liabilities	3,431	92,640
Deferred Revenue	46,948	(17,178)
<b>Net Cash Provided by Operating Activities</b>	<b>199,583</b>	<b>294,881</b>
<b>Cash Flows from Investing Activities</b>		
Investments, Net	(62,506)	(32,799)
Acquisition of Capital Assets	-	(10,704)
<b>Net Cash Used by Investing Activities</b>	<b>(62,506)</b>	<b>(43,503)</b>
<b>Net Increase in Cash</b>	<b>137,077</b>	<b>251,378</b>
<b>Cash, Beginning of the Year</b>	<b>338,654</b>	<b>87,276</b>
<b>Cash, End of the Year</b>	<b>\$ 475,731</b>	<b>\$ 338,654</b>

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



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

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### 1. Purpose of Organization

Junior Achievement of Central Ontario (the "Corporation") was incorporated in Ontario with letters patent as a not-for-profit corporation.

The Corporation offers a variety of business related educational programs to youth in all school boards across Toronto, York, Peel, Halton, Dufferin, Durham and Simcoe regions. Support for these programs is obtained from companies, foundations and individuals. The programs are taught by qualified volunteers from the community. The Corporation is a licensee of Junior Achievement of Canada ("JACAN").

Pursuant to the Income Tax Act (Canada) the Corporation is a tax-exempt registered charity.

### 2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The significant policies are:

#### a) Revenue Recognition

The Corporation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions received for restricted purposes are recognized into revenue in the year when the related expense is incurred.

The Internally Restricted Fund represents resources explicitly appropriated by the Board of Directors for purposes described in Note 8.

Restricted interest income is deferred and recognized as revenue in the year in which the related expenses are incurred. Unrestricted interest income is recognized as revenue when earned.

The Endowment Fund represents resources where external and/or internal restrictions require that the principal must be maintained permanently. The investment income generated from the assets held in the Endowment Fund must be used in accordance with the various purposes established by the donor. Where the investment income is to be used for operations, including the delivery of programs, the investment income is recognized as part of Unrestricted net assets.

Contributions received for the Endowment Fund are recognized directly into the Endowment Fund in the Statement of Changes in Net Assets in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

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### **b) Contributed Materials and Services**

Contributions of material and services are recorded as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Additionally, the Corporation would not be able to carry out its administrative activities without the services of volunteers who donate a considerable number of hours, including business professionals who directly deliver classroom programs as instructors. Because of the difficulty of determining their fair value, the value of these contributed services are not recognized in the financial statements.

### **c) Financial Instruments**

The Corporation initially measures its financial assets and financial liabilities at fair value. The Corporation subsequently measures all of its financial assets and liabilities at amortized cost, except for its investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations. Transaction costs associated with the acquisition of these investments are recognized in the Statement of Operations in the period incurred. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at fair value include investments.

### **d) Capital Assets**

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair market value at the date of contribution. Amortization is calculated on computer hardware and software, and furniture and fixtures, on a straight-line basis at 33 1/3 % per annum.

### **e) Use of Estimates**

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used when accounting for allowance for doubtful accounts, and the carrying amount of capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

### 3. Capital Assets

Capital assets comprises the following:

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2016</u>
Computer hardware and software	\$ 162,531	\$ 157,515	\$ 5,016
Furniture and fixtures	6,522	5,419	1,103
	<b>\$ 169,053</b>	<b>\$ 162,934</b>	<b>\$ 6,119</b>

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net 2015</u>
Computer hardware and software	\$ 162,531	\$ 154,554	\$ 7,977
Furniture and fixtures	6,522	4,811	1,711
	<b>\$ 169,053</b>	<b>\$ 159,365</b>	<b>\$ 9,688</b>

### 4. Investments

Investments, which are all measured at fair value, are made up of the following:

	<u>2016 Operations</u>	<u>2016 Endowment</u>	<u>2016 Total</u>	<u>2015 Total</u>
Cash and fixed income	\$ (13,084)	\$ 103,131	\$ 90,047	\$ 138,566
Canadian money market funds	209,340	-	209,340	362,602
Mutual funds	613,464	377,710	991,174	649,155
Equities	104,642	36,936	141,578	275,821
	<b>\$ 914,362</b>	<b>\$ 517,777</b>	<b>\$ 1,432,139</b>	<b>\$ 1,426,144</b>

Investments held for the Endowment Fund total \$517,777 (2015 - \$511,465) (Note 6). This represents the fair value of the investments, which includes an accumulated unrealized loss on the investments held in the Endowment Fund of \$21,853 (2015 - \$13,525), and the portion of investment income not distributed to the operating bank account of \$39,630 (2015 - \$24,990). The investment income and unrealized loss on investments have been recognized in the Statement of Operations as part of Unrestricted Net Assets.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

### 5. Deferred Revenue

Deferred revenue is made up of the following:

Deferred contributions:		<u>2016</u>		<u>2015</u>
- Program Sponsorship	\$	51,393	\$	6,000
- Governors' Dinner		30,000		30,000
- Other		17,302		14,802
Restricted contributions		<u>2,180</u>		<u>3,125</u>
	\$	<u>100,875</u>	\$	<u>53,927</u>

Deferred contributions are funds received in advance of the year to which they relate, and are recognized in their entirety in the following fiscal year.

Restricted contributions represent donations received to specifically fund awards and scholarships presented at the annual Company Program Event.

### 6. Endowment Fund

The Endowment Fund consists of externally restricted contributions received by the Corporation where the endowment principal is required to be invested by the Corporation in perpetuity. The Endowment Fund may also include internal amounts transferred by the Board to the Endowment Fund, with the intention that the principal be invested in perpetuity. The investment income generated from the assets held in the Endowment Fund must be used in accordance with the various purposes established by the donor.

The Endowment Fund currently consists of The Gary and Joanne Reamey Family Endowment, which was established during fiscal 2013, by the contribution of \$500,000 to the Corporation. Its purpose is to fund and support the Corporation's financial literacy, entrepreneurial, and work readiness programs, for the benefit of grades 3 to 12 students attending school in the region covered by the Corporation's charter. The investment income generated by The Gary and Joanne Reamey Family Endowment is to be used by the Corporation for these programming purposes.

Investment income of \$14,945 (2015 - \$14,223) and an unrealized loss on the Endowment Fund investments of \$8,327 (2015 - \$24,166) have been recognized in the Statement of Operations, in Donations and other contributions, and Unrealized loss on investments, respectively.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

### 7. Investment Income

Investment income is made up of the following:

	<u>2016</u>	<u>2015</u>
<b>Investment income from Operations</b>		
Dividend income	\$ 16,327	\$ 12,724
Interest income	4,128	6,187
Gain (loss) on sale of investments	27,863	(393)
	<b>48,318</b>	<b>18,518</b>
<b>Investment income from Endowment Fund</b>		
(included in Donations and other contributions on the Statement of Operations)		
Dividend income	\$ 12,613	\$ 8,614
Interest income	4,299	5,609
Loss on sale of investments	(1,967)	-
	<b>14,945</b>	<b>14,223</b>
<b>Total investment income</b>	<b>\$ 63,263</b>	<b>\$ 32,741</b>

### 8. Internally Restricted Fund

Junior Achievement of Canada ("JACAN") has a guideline specifying that each Junior Achievement charter should maintain a minimum of 50% of the prior fiscal year's operating expenses (less amortization and special events expenses) in a Contingency Fund, to ensure the charters' continuity in the event of adverse economic conditions or emergencies. In response to the JACAN guideline, the Corporation's Board of Directors established a Contingency Fund to provide a reserve to be used in emergency situations and also to fund any operating shortfalls, specific projects or other contingencies. The Board of Directors reviews and determines the appropriate fund balance annually based on economic conditions and the JACAN guideline. In fiscal 2015, the Corporation's operating expenses, less amortization and special events expenses, totaled \$1,928,000 (2014 - \$1,789,000), resulting in an indicated Contingency Fund balance at June 30, 2016 of \$964,000 (2015 - \$895,000) under the JACAN guideline. At June 30, 2016, the Contingency Fund balance was \$900,000 (2015 - \$900,000) and is invested in investible assets. There are no consequences to the Corporation when the Contingency Fund balance is less than the JACAN guideline amount - at June 30, 2016, the Corporation is \$64,000 under (2015 - \$5,000 over) the JACAN guideline.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

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### 9. Lease Commitments

The Corporation is committed under operating lease agreements for equipment and premises to base rental payments as follows:

2017	82,681
2018	41,849
	<hr/>
	\$ 124,530

### 10. Contributions of Services and Materials

During the fiscal year ended June 30, 2016, the Unrestricted Net Assets recorded revenues amounting to \$7,000 (2015 - \$10,000) from contributed services and materials. Contributions of capital assets amounted to \$Nil in 2016 (2015 - \$Nil).

### 11. Related Party Transactions

The Corporation is a separate charter acting under an operating agreement with JACAN. During the year, the Corporation paid \$101,008 (2015 - \$98,200) for charter fees, and \$nil (2015 - \$5,491) for supplies, services and other expenditures. These transactions were measured at the exchange amount, and were in the normal course of operations.

Included in accounts receivable at June 30, 2016 is \$133,151 (2015 - \$91,119) owed from JACAN.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## Notes to the Financial Statements

June 30, 2016

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### 12. Financial Instrument Risk Disclosure

The significant financial risks to which the Corporation is exposed are:

a) **Interest rate risk:**

Interest rate risk is the sensitivity of the investment portfolio to fluctuations in market interest rates. The Corporation mitigates its interest rate risk by an investment policy to vary the maturity dates of its investments.

b) **Credit risk:**

Credit risk is the ability of the issuer of the investment to make interest payments and repay the principal. The Corporation manages its credit risk on its investment portfolio by limiting its investments to those issued or guaranteed by federal or provincial governments along with major Canadian banks and corporations.

Financial instruments which potentially subject the Corporation to concentrations of credit risk consist primarily of accounts receivable. Management has reviewed the collectibility of its accounts receivable, and has provided an allowance for doubtful accounts of approximately \$13,000 (2015 - \$15,000).

c) **Liquidity risk:**

Liquidity risk is the risk that the Corporation will not be able to meet its obligations associated with the financial liabilities. The Corporation manages its liquidity risk by monitoring its operating requirements, and prepares budgets to ensure it has sufficient funds to fulfill its obligations. Additionally, the Corporation maintains a Contingency Fund in the event of adverse economic conditions or emergencies.

There have been no changes in the Corporation's risk exposures from the prior year.

### 13. Comparative Figures

Certain reclassifications of the prior year's amounts have been made to facilitate comparison with the current year's presentation.

