

Financial Statements of

**JUNIOR ACHIEVEMENT
OF THE WATERLOO
REGION INC.**

And Independent Auditors' Report thereon

Year ended June 30, 2021

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KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Junior Achievement of the Waterloo Region Inc.

Opinion

We have audited the financial statements of Junior Achievement of the Waterloo Region Inc. (the Organization), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2021, and its results of 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 **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Organization 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.



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In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditors' 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 auditors' 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 the 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization to cease to continue as a going concern.



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- 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

November 25, 2021

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JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Statement of Financial Position

June 30, 2021, with comparative information for 2020


	2021	2020
Assets		
Current assets:		
Cash	\$ 299,853	\$ 54,280
Accounts receivable (note 2)	69,597	46,806
Prepaid expenses	9,006	9,793
	378,456	110,879
Capital assets (note 3)	14,131	18,667
	\$ 392,587	\$ 129,546


Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 26,442	\$ 16,015
Deferred revenue	130,300	36,800
Current portion of capital lease obligations (note 6)	812	1,911
	157,554	54,726
Long-term liabilities:		
Long-term portion of capital lease obligations (note 6)	209	1,115
Deferred capital contributions (note 5)	7,004	8,756
Total liabilities	164,767	64,597
Net assets:		
Unrestricted	227,820	64,949
Commitments (note 8)		
Implications due to COVID-19 (note 9)		
Subsequent event (note 10)		
	\$ 392,587	\$ 129,546

See accompanying notes to financial statements.

On behalf of the Board:

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 Mark Russell 12/22/2021 | 11:30 AM PST
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 Luda e Pradyszczuk-Pitt Treasurer

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JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Statement of Operations and Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Grants	\$ 176,304	\$ 33,111
Delivery of programs	62,349	54,531
Major gifts	89,178	9,520
Fundraising events	39,155	126,405
Revenue from Junior Achievement of Waterloo Region Foundation	5,000	52,825
Donations	6,833	12,310
Rental income	4,133	4,509
Amortization of deferred capital contributions (note 5)	1,752	2,188
Interest income	-	12
Summer camp	-	6,355
	384,704	301,766
Expenses:		
Salaries and benefits	65,666	133,490
Management fees	40,060	20,685
Program and event expenses	31,827	78,612
Rent and parking	28,613	21,862
Professional fees	26,737	17,535
Office and general	22,545	26,143
Amortization of capital assets	4,536	6,685
Public relations and fundraising	1,174	4,400
Interest and bank charges	675	1,950
Bad debts	-	900
Volunteer recognition	-	130
	221,833	312,392
Excess (deficiency) of revenue over expenses	162,871	(10,626)
Net assets, beginning of year	64,949	75,575
Net assets, end of year	\$ 227,820	\$ 64,949

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenue over expenses	\$ 162,871	\$ (10,626)
Items not involving cash:		
Amortization of capital assets	4,536	6,685
Amortization of deferred capital contributions	(1,752)	(2,188)
Changes in non-cash operating working capital:		
Accounts receivable	(22,791)	(35,614)
Prepaid expenses	787	4,873
Accounts payable and accrued liabilities	10,427	2,406
Deferred revenue	93,500	25,770
	247,578	(8,694)
Financing:		
Capital lease principal repayments	(2,005)	(3,959)
Increase (decrease) in cash	245,573	(12,653)
Cash, beginning of year	54,280	66,933
Cash, end of year	\$ 299,853	\$ 54,280

See accompanying notes to financial statements.

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JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements

Year ended June 30, 2021

Nature of operations:

Junior Achievement of the Waterloo Region Inc. (the "Organization") serves the regional community by helping to inspire and educate young Canadians to value free enterprise, understand business and economics and develop entrepreneurial and leadership skills. The Organization was incorporated under the laws of the Province of Ontario on September 25, 1970 as a corporation without share capital.

The Organization is a registered charity under the Income Tax Act (Canada) and, as such is exempt from income taxes.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook. The Organization's significant accounting policies are as follows:

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

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.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are recognized. Unrestricted investment income is recognized as revenue when earned.

Revenue from fees are recognized when the services are provided.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Assets acquired under capital leases are amortized over the estimated life of the assets or over the lease term, as appropriate. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

Capital assets are stated at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Furniture and equipment	Declining balance	20%
Leased office equipment	Over lease term	
Computer equipment	Declining balance	30%
Leased computer equipment	Straight-line	5 years

The carrying amount of an item of capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(e) Use of estimates:

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amounts of capital assets; and provisions for impairment of accounts receivable. Actual results could differ from those estimates.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

2. Accounts receivable:

	2021	2020
Due from the Junior Achievement of Waterloo Region Foundation	\$ 65,300	\$ 25,300
Other receivables	4,263	5,111
Canadian Emergency Wage Subsidy receivable	-	14,000
HST receivable	34	2,395
Allowance for doubtful accounts	-	-
	\$ 69,597	\$ 46,806

3. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Furniture and equipment	\$ 19,000	\$ 11,996	\$ 7,004	\$ 8,755
Leased office equipment	10,014	9,255	759	2,579
Computer equipment	21,286	14,918	6,368	7,333
Leased computer equipment	11,595	11,595	-	-
	\$ 61,895	\$ 47,764	\$ 14,131	\$ 18,667

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2020 - \$nil), which includes amounts payable for HST and payroll related taxes.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

5. Deferred capital contributions:

	2021	2020
Balance, beginning of the year	\$ 8,756	\$ 10,944
Amortization of deferred capital contributions	(1,752)	(2,188)
Balance, end of the year	\$ 7,004	\$ 8,756

6. Capital lease obligations:

The Organization has financed certain equipment by entering into capital leasing arrangements. Capital lease repayments are due as follows:

	2021	2020
2021	\$ -	\$ 2,055
2022	1,027	1,027
Total minimum lease payments	1,027	3,082
Less amount representing interest at 2.70%	6	56
Present value of net minimum capital lease payments	1,021	3,026
Less current portion of obligations under capital lease	812	1,911
Long-term portion of obligations under capital lease	\$ 209	\$ 1,115

Interest of \$50 (2020 - \$101) relating to capital lease obligations has been included in interest and bank charges expense.

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

7. Related party transactions:

Junior Achievement of Waterloo Region Foundation (JAWR Foundation) began operating on February 9, 2005. The Board of Directors of the Organization was responsible for JAWR Foundation's creation. JAWR Foundation was formed without share capital. The primary purpose of JAWR Foundation is to raise, maintain and administer the funds of JAWR Foundation in order to support various in-school programs operated by the Organization. Investment held by JAWR Foundation are recorded at fair value.

The accounts of JAWR Foundation have not been consolidated with the accounts of the Organization. JAWR Foundation does not have a formal policy to determine the amount of funding to be provided to the Organization.

8. Lease commitments:

The Organization is committed to minimum annual lease payments under an operating lease for office space as follows:

2022	\$	27,156
2023		27,375
2024		27,531
2025		27,750
2026		27,906
Thereafter		14,063
		\$ 151,781

JUNIOR ACHIEVEMENT OF THE WATERLOO REGION INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

9. Implications due to COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak a pandemic. The pandemic resulted in significant financial, market and societal impacts in Canada and around the world.

During the year, the Organization has experienced the following in relation to the pandemic:

- The Organization met the criteria for the Canada Emergency Wage Subsidy and became eligible for a government subsidy of \$19,904 (2020 - \$18,500) as well as the 10% Temporary Wage Subsidy for Employers reduction of \$nil (2020 - \$2,481). The Canada Emergency Wage Subsidy and Temporary Wage Subsidy for Employers is included in grants in the statement of operations;
- Traditional fundraising efforts were challenged and summer camp and other in-person fundraising events were cancelled;
- In person learning was cancelled and the Organization moved to online campus learning; and
- Closure of office and mandatory working from home for those able to do so.

Financial statements are required to be adjusted for events occurring between the date of the financial statements and the date of the auditors' report which provide additional evidence relating to conditions that existed as at year end. The ultimate duration and magnitude of the COVID-19 pandemic's impact on the Organization's operations and financial position is not known at this time.

10. Subsequent event:

The Boards of Directors of Junior Achievement Southwestern Ontario and Junior Achievement Waterloo Region have approved the amalgamation of their two organizations and have combined their Boards, with the plan to continue operations as an amalgamated entity called Junior Achievement of Southwestern Ontario. The amalgamation is effective July 1, 2021.

Financial Statements of

**JUNIOR ACHIEVEMENT
OF SOUTH WESTERN
ONTARIO INC.**

And Independent Auditors' Report thereon

Year ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Directors of Junior Achievement of South Western Ontario Inc.

Opinion

We have audited the financial statements of Junior Achievement of South Western Ontario Inc. (the Entity), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies and schedules

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2021 and its results of operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity 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.



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In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

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- 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

November 30, 2021

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JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Statement of Financial Position

June 30, 2021, with comparative information for 2020

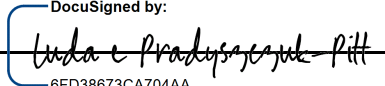
	2021	2020
Assets		
Current assets:		
Cash	\$ 519,623	\$ 349,526
Accounts receivable	29,087	32,022
Prepaid expenses	7,000	6,000
	<u>555,710</u>	<u>387,548</u>
Capital assets (note 2)	46,138	48,401
	<u>\$ 601,848</u>	<u>\$ 435,949</u>

Liabilities, Deferred Contributions and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 6)	\$ 51,332	\$ 23,711
Deferred revenue	85,313	47,650
	<u>136,645</u>	<u>71,361</u>
Deferred contributions related to capital assets (note 3)	20,882	24,633
	<u>157,527</u>	<u>95,994</u>
Net assets:		
Unrestricted	317,605	214,727
Internally restricted (note 10)	101,460	101,460
Investment in capital assets (note 4)	25,256	23,768
	<u>444,321</u>	<u>339,955</u>
Subsequent event (note 12)		
	<u>\$ 601,848</u>	<u>\$ 435,949</u>

See accompanying notes to financial statements.

On behalf of the Board:

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Director

Treasurer

DocuSigned by:

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 Mark Russell

Director

Chair

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Revenues:		
Programs (Schedule)	\$ 447,264	\$ 368,767
Special events (Schedule)	109,571	307,737
Other revenue (note 8)	167,489	9,140
Annual giving	25,169	50,252
Nevada tickets	14,630	23,708
Amortization of deferred contributions related to capital assets	3,751	3,751
	<u>767,874</u>	<u>763,355</u>
Expenses:		
Programs (Schedule)	55,048	75,854
Special events (Schedule)	14,880	107,675
	<u>69,928</u>	<u>183,529</u>
	697,946	579,826
General expenses (Schedule):		
Staff	456,653	413,201
Administration and development	119,449	131,870
Facilities	17,478	19,869
	<u>593,580</u>	<u>564,940</u>
Excess of revenues over expenses	\$ 104,366	\$ 14,886

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	Investment in capital assets	Internally restricted	Unrestricted	2021	2020
Net assets, beginning of year \$	23,768 \$	101,460 \$	214,727 \$	339,955 \$	307,129
Excess of revenues over expenses (note 4)	1,488	-	102,878	104,366	14,886
Amalgamation	-	-	-	-	17,940
Net assets, end of year	\$ 25,256 \$	101,460 \$	317,605 \$	444,321 \$	339,955

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 104,366	\$ 14,886
Items not involving cash:		
Amortization of capital assets	6,647	6,157
Amortization of deferred contributions related to capital assets	(3,751)	(3,751)
Changes in non-cash operating working capital (note 7)	67,219	(13,827)
	174,481	3,465
Investing activities:		
Purchase of capital assets	(4,384)	-
Net change due to amalgamation (note 11)	-	43,794
	(4,384)	43,794
Increase in cash	170,097	47,259
Cash, beginning of year	349,526	302,267
Cash, end of year	\$ 519,623	\$ 349,526

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements

Year ended June 30, 2021

Junior Achievement of South Western Ontario Inc. (the "Organization"), formerly Junior Achievement of London & District Inc. is incorporated without share capital under the Ontario Corporations Act. It is a not-for-profit organization which provides quality business education programs to youth in order to promote and preserve the free enterprise system. Junior Achievement of South Western Ontario, Inc. operates in the counties of Elgin, Oxford, Middlesex, Huron, Perth, Kent, and Lambton.

On October 4, 2019, Junior Achievement of London & District Inc. was amalgamated with Junior Achievement of South Western Ontario Inc. and the combined organization has continued operations under the name of Junior Achievement of South Western Ontario Inc. The current year revenues and expenses include the combined activities from the date of the amalgamation.

1. Significant accounting policies:

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook - Accounting.

(a) Revenue recognition:

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight line basis, at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expense. Betterments, which extend the estimated life of an asset, are capitalized. When capital assets no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

(b) Capital assets (continued):

Capital assets are amortized on a straight-line basis using the following annual rates:

Asset	Rate
Computer equipment	3 years
Furniture and fixtures	10 years
Leasehold improvements	10 years
Building	Lesser of 10 years or remaining leaseterm
Computer software	3 years

(c) Contributed services:

A substantial number of volunteers contribute a significant amount of their time to the Organization each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of the 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 periods. Actual results could differ from those estimates.

(f) Government funding:

Government funding is recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the funding occur, performance criteria are met, and a reasonable estimate of the amount can be made. Government funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenditures are incurred or services performed.

2. Capital assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Computer equipment	\$ 69,996	\$ 66,107	\$ 3,889	\$ 1,883
Furniture and fixtures	21,823	18,355	3,468	3,945
Leasehold improvements	54,569	37,115	17,454	19,754
Land	12,863	-	12,863	12,863
Building (note 2(a))	102,612	94,148	8,464	9,956
Computer software	11,355	11,355	-	-
	\$ 273,218	\$ 227,080	\$ 46,138	\$ 48,401

(a) Building:

The building used by the Organization in London, for its operations, is owned by The Corporation of the City of London and was constructed by the Organization from the proceeds of grants and donations. The Organization has exclusive use of the property, without charge, as long as it continues to provide business education programs for youth.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

3. Deferred contributions related to capital assets:

Deferred contributions related to capital assets represent the unamortized amount and unspent amount of donations and grants received for the purchase of capital assets. The amortization of capital contributions is recorded as revenue in the statement of operations.

	2021	2020
Balance, beginning of year	\$ 24,633	\$ 16,625
Capital contribution due to amalgamation	-	11,759
Amortization of deferred contributions related to capital assets	(3,751)	(3,751)
Balance, end of year	\$ 20,882	\$ 24,633

4. Investment in capital assets:

(a) Investment in capital assets is calculated as follows:

	2021	2020
Capital assets	\$ 46,138	\$ 48,401
Amount financed by deferred contributions	(20,882)	(24,633)
	\$ 25,256	\$ 23,768

(b) Change in net assets invested in capital assets is calculated as follows:

	2021	2020
Deficiency of revenues over expenses:		
Amortization of capital assets	\$ (6,647)	\$ (6,157)
Amortization of deferred contributions	3,751	3,751
	(2,896)	(2,406)
Net change in investment in capital assets:		
Purchase of capital assets	4,384	-
Capital contribution - Amalgamation	-	15,049
	\$ 1,488	\$ 12,643

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

5. Credit facility:

The Organization has an arrangement with its banker providing for an unsecured line of credit facility in the amount of \$20,000. At year end, the Organization has drawn \$nil (2020 - \$nil) on this facility.

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$nil (2020 - \$nil).

7. Changes in non-cash operating working capital:

	2021	2020
Accounts receivable	\$ 2,935	\$ 17,102
Prepaid expenses	(1,000)	4,000
Accounts payable and accrued liabilities	27,621	(32,475)
Deferred revenue	37,663	(2,454)
	<u>\$ 67,219</u>	<u>\$ (13,827)</u>

8. Government funding:

During the year, the Organization applied for and received \$162,710 of Canada Emergency Wage Subsidy ("CEWS") funding. Amounts received were recorded as revenue in the Statement of Operations.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

9. Financial risk:

(a) Liquidity risk:

Liquidity risk is the risk that the Organization will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Organization manages its liquidity risk by monitoring its operating requirements. The Organization prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to this risk exposure from 2020.

(b) Other risk:

On March 11, 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, Junior Achievement of South Western Ontario has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic.

- Closure of the facilities on March 18, 2020 based on government and public health recommendations.
- Program deliveries remained entirely virtual during the year.
- Collaboration within the industry to ensure a safe environment for employees upon the return.

At this time these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

10. Internally restricted and unrestricted funds:

The Board of Directors has internally restricted certain funds for the purpose of maintaining an operating contingency.

As a Licensee of JA Canada, Junior Achievement of South Western Ontario Inc. ("JA SWO") is required to have a minimum Sustainability Reserve consisting of unrestricted and internally restricted funds. Applying the respective JA Canada policy and procedure, the Sustainability Reserve for JA SWO has been calculated to be \$362,096, which represents 55% of the operating expenses for the year ended June 30, 2021.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Notes to Financial Statements (continued)

Year ended June 30, 2021

11. Amalgamation:

On October 4, 2019, Junior Achievement of London & District Inc. was amalgamated with Junior Achievement of South Western Ontario Inc. and the combined organization has continued operations under the name of Junior Achievement of South Western Ontario Inc. The comparative information includes the combined activities from the date of amalgamation. The table shows the pre-amalgamation balances of Junior Achievement of South Western Ontario Inc. (pre-amalgamation) and Junior Achievement of London & District Inc.

Pre- Amalgamation balances

	Junior Achievement South Western Ontario	Junior Achievement London & District	Total
Assets	\$ 79,051	\$ 405,413	\$ 484,464
Liabilities	61,111	52,436	113,547
Net assets	17,940	352,977	370,917

12. Subsequent event:

The Boards of Directors of Junior Achievement Southwestern Ontario and Junior Achievement Waterloo Region have approved the amalgamation of their two organizations and have combined their Boards, with the plan to continue operations as an amalgamated entity called Junior Achievement of Southwestern Ontario. The amalgamation is effective July 1, 2021.

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Schedule - Programs

Year ended June 30, 2021, with comparative information for 2020

	Revenues	Expenses	2021	2020
Economics for Success (EFS)	\$ 144,464	\$ 1,543	\$ 142,921	\$ 97,923
Our Business World (OBW)	11,250	688	10,562	(4,706)
Dollars with Sense	74,332	1,767	72,565	54,287
Personal Finance	40,517	(36)	40,553	88,045
Company program	38,848	22,759	16,089	15,788
Summer camp	13,343	-	13,343	2,822
Financial literacy	5,000	-	5,000	5,000
Student Run Companies	13,293	-	13,293	7,886
WOC Conference	78,167	27,415	50,752	19,525
More Than Money	17,250	686	16,564	6,614
Other	5,800	83	5,717	(271)
Investment Strategy Plan	5,000	143	4,857	-
	\$ 447,264	\$ 55,048	\$ 392,216	\$ 292,913

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Schedule - Special Events

Year ended June 30, 2021, with comparative information for 2020

	Revenues	Expenses	2021	2020
London Business Hall of Fame	\$ 99,148	\$ 12,720	\$ 86,428	173,150
Golf tournament	5,903	417	5,486	(160)
Miscellaneous	4,520	1,743	2,777	27,072
	\$ 109,571	\$ 14,880	\$ 94,691	200,062

JUNIOR ACHIEVEMENT OF SOUTH WESTERN ONTARIO INC.

Schedule - General Expenses

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
Staff		
Salaries	\$ 416,882	\$ 370,105
Benefits	39,323	39,750
Automobile	448	3,346
	\$ 456,653	\$ 413,201
Administration and development:		
Administration	\$ 55,687	\$ 70,608
Legal and accounting	40,603	36,816
Insurance	12,588	10,789
Development	984	5,282
Amortization of capital assets	6,647	6,157
Realty taxes	2,940	2,218
	\$ 119,449	\$ 131,870
Facilities:		
Maintenance	\$ 8,360	\$ 9,364
Utilities	9,118	10,505
	\$ 17,478	\$ 19,869

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