



Financial Statements

Junior Achievement of British Columbia

June 30, 2023

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Operations and Comprehensive Income	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 11



Independent Auditor's Report

To the Members of
Junior Achievement of British Columbia

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Junior Achievement of British Columbia ("JABC"), which comprise the statement of financial position as at June 30, 2023, and the statements of operations and comprehensive income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of JABC as at June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of JABC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

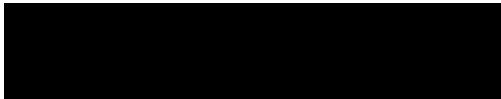
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of JABC'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 JABC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause JABC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.



Chartered Professional Accountants

Junior Achievement of British Columbia

Statement of Operations and Comprehensive Income

Year ended June 30	2023	2022
Revenue		
Contributions	\$ 2,534,536	\$ 2,010,525
Special events	1,152,744	1,429,587
Investment income	<u>103,619</u>	<u>89,483</u>
	<u>3,790,899</u>	<u>3,529,595</u>
Expenditures		
Salaries and benefits	2,387,596	2,177,124
Special events	414,116	494,351
Programs	319,417	305,112
Office	205,537	107,934
National fees	128,321	92,319
Facilities	120,557	115,575
Professional fees	73,211	30,274
Amortization	57,233	19,312
Staff development	20,623	41,650
Other	<u>408</u>	<u>2,305</u>
	<u>3,727,019</u>	<u>3,385,956</u>
Excess of revenue over expenses before the undernoted	63,880	143,639
Unrealized gain (loss) on investments	<u>45,251</u>	<u>(132,360)</u>
Excess of revenue over expenditures	<u>\$ 109,131</u>	<u>\$ 11,279</u>

Junior Achievement of British Columbia Statement of Changes in Net Assets

Year ended June 30

	Endowment Fund	Restricted - Place of Honour	Restricted - Digital Strategy	Unrestricted Fund	Total 2023	Total 2022
Balance, beginning of year	\$ 271,276	\$ 346,153	\$ 750,000	\$ 995,005	\$ 2,362,434	\$ 2,342,798
Excess of revenue over expenditures	-	-	-	109,131	109,131	11,279
Endowment income	<u>11,711</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,711</u>	<u>8,357</u>
Balance, end of year	<u>\$ 282,987</u>	<u>\$ 346,153</u>	<u>\$ 750,000</u>	<u>\$ 1,104,136</u>	<u>\$ 2,483,276</u>	<u>\$ 2,362,434</u>

See accompanying notes to the financial statements.

Junior Achievement of British Columbia

Statement of Financial Position

June 30

2023

2022

Assets

Current

Cash and cash equivalents	\$ 1,067,713	\$ 1,415,678
Investments (Note 3)	899,789	827,181
Interest and other receivables (Note 4)	176,498	66,480
Prepaid expenses	<u>84,916</u>	<u>90,452</u>

2,228,916 2,399,791

Capital assets (Note 5)

693,265 462,040

\$ 2,922,181 **\$ 2,861,831**

Liabilities

Current

Accounts payable and accrued liabilities	\$ 162,069	\$ 116,105
Deferred contributions (Note 6)	51,153	152,653
Current portion of obligation under capital lease	<u>-</u>	<u>3,306</u>

213,222 272,064

Deferred contributions (Note 6)

225,683 227,333

438,905 499,397

Net assets

Endowment Fund	282,987	271,276
Restricted - Place of Honour	346,153	346,153
Restricted - Digital Strategy	750,000	750,000
Unrestricted Fund	<u>1,104,136</u>	<u>995,005</u>

2,483,276 2,362,434

\$ 2,922,181 **\$ 2,861,831**

On behalf of the Board

Director

Director

Junior Achievement of British Columbia

Statement of Cash Flows

Year ended June 30

2023

2022

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 109,131	\$ 11,279
Items not affecting cash		
Amortization	57,233	19,312
(Gain) loss on investments	(45,251)	132,360
Amortization of deferred contributions	<u>(335,650)</u>	<u>(689,454)</u>
	(214,537)	(526,503)
Change in non-cash operating working capital		
Decrease (increase) in interest and other receivables	(110,018)	64,823
Decrease (increase) in prepaid expenses	5,536	(24,518)
Deferred contributions	232,500	248,000
Increase (decrease) in accounts payable and accrued liabilities	<u>45,964</u>	<u>(35,414)</u>
	<u>(40,555)</u>	<u>(273,612)</u>

Financing

Repayment of obligation under capital lease	<u>(3,306)</u>	<u>(4,181)</u>
---	----------------	----------------

Investing

Change in investments	(27,357)	(40,233)
Purchase of capital assets	(288,458)	(90,080)
Endowment income	<u>11,711</u>	<u>8,357</u>
	<u>(304,104)</u>	<u>(121,956)</u>

Decrease in cash and cash equivalents (347,965) (399,749)

Cash and cash equivalents

Beginning of year 1,415,678 1,815,427

End of year \$ 1,067,713 \$ 1,415,678

Junior Achievement of British Columbia

Notes to the Financial Statements

June 30, 2023

1. Nature of operations

The purpose of Junior Achievement of British Columbia (“JABC”) is to provide young people in British Columbia with practical economic education programs and experiences in the competitive private enterprise system through a partnership with the business and education communities.

JABC is a charter organization of Junior Achievement of Canada and is responsible for delivery of Junior Achievement programs within the Province of British Columbia. In compliance with the Charter Operating Agreement from Junior Achievement Canada, JABC has the rights to use the name “Junior Achievement” and Junior Achievement programs, materials, methods, trademarks and trade names.

JABC is dependent upon contributions and donations for its continued operations. JABC is incorporated under the Societies Act of British Columbia and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

Statement of compliance with Canadian accounting standards for not-for-profit organizations

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

JABC 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 related to depreciable capital assets are deferred and amortized over the economic life of the asset. Contributions related to corporate gala sponsorships are recognized when the gala the associated benefit is derived from takes place. Endowment contributions and contributions related to non-depreciable capital assets are recognized as direct increases in net assets.

Fund accounting

The Place of Honour fund are amounts internally restricted for the maintenance of the Place of Honour wall.

The Capital Campaign - Digital Strategy fund are amounts internally restricted for the implementation of the Junior Achievement Canada Digital Strategy which includes the purchase of computers and other hardware, transition to new digital platforms, creation of digital assets and staff training.

Donations-in-kind

Donations of equipment, materials, office space and services used in the normal course of operations are recorded at their fair value where such values are available.

Donations-in-kind for the current year were \$20,000 (2022 - \$20,000).

Junior Achievement of British Columbia

Notes to the Financial Statements

June 30, 2023

2. Summary of significant accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents include cash in bank and all highly liquid investments with maturity terms of three months or less.

Financial instruments

JABC initially measures its financial assets and financial liabilities at fair value. JABC subsequently measures all of its financial assets and financial liabilities at amortized cost, except for mutual funds, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and cash equivalents and interest and other receivables.

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

Financial instruments measured at fair value include mutual funds. Fair values are based on quoted market values where available from active markets; otherwise, fair values are estimated using a variety of valuation techniques and models. Purchase and sales of mutual funds are recorded on the trade date.

Capital assets

Capital assets are stated at cost. Amortization commences when the capital asset is put in use. Amortization is provided at the following annual rates and methods:

Computer software	3-5 years Straight-line
Computer hardware	30% Declining balance
Equipment and fixtures	20% Declining balance
Equipment under capital lease	5 years Straight-line

The *Place of Honour* is not depreciated as it has an indefinite useful life.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

3. Investments

	<u>2023</u>	<u>2022</u>
Mutual funds	<u>\$ 899,789</u>	<u>\$ 827,181</u>

Junior Achievement of British Columbia

Notes to the Financial Statements

June 30, 2023

4. Interest and other receivables

Included in interest and other receivables are pledges receivable of \$18,886 as at June 30, 2023 (2022 - \$49,911).

5. Capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer software	\$ 450,837	\$ 136,685	\$ 314,152	\$ 71,386
Computer hardware	177,321	150,585	26,736	34,728
Equipment and fixtures	164,096	157,872	6,224	7,780
Equipment under capital lease	38,601	38,601	-	1,993
Place of Honour	346,153	-	346,153	346,153
	<u>\$ 1,177,008</u>	<u>\$ 483,743</u>	<u>\$ 693,265</u>	<u>\$ 462,040</u>

6. Deferred contributions

	<u>Balance June 30, 2022</u>	<u>Contributions</u>	<u>Recognized as Revenue</u>	<u>Balance June 30, 2023</u>
Capital assets - Place of Honour	\$ 226,233	\$ -	\$ (1,650)	\$ 224,583
Capital assets - other	503	-	-	503
Contributions for future programs	148,000	32,500	(131,500)	49,000
██████████ for Women's Leadership	5,250	-	(2,500)	2,750
BC Gaming Grant	-	200,000	(200,000)	-
	<u>379,986</u>	<u>232,500</u>	<u>(335,650)</u>	<u>276,836</u>
Less: current portion	<u>(152,653)</u>	<u>(232,500)</u>	<u>334,000</u>	<u>(51,153)</u>
	<u>\$ 227,333</u>	<u>\$ -</u>	<u>\$ (1,650)</u>	<u>\$ 225,683</u>

7. Financial instruments

Fair values

The carrying amounts of financial assets measured at amortized cost are \$1,244,211 as at June 30, 2023 (2022 - \$1,482,158).

The carrying amounts of financial assets measured at fair value are \$899,789 as at June 30, 2023 (2022 - \$827,181).

The carrying amounts of financial liabilities measured at amortized cost are \$162,069 as at June 30, 2023 (2022 - \$116,105).

Junior Achievement of British Columbia

Notes to the Financial Statements

June 30, 2023

7. Financial instruments (continued)

(a) Market risk

Market risk is the potential for financial loss to JABC from changes in the values of its financial instruments due to changes in interest rates or equity prices. The investments of JABC are subject to normal market fluctuations and to the risk inherent in investment in capital markets.

JABC actively manages market risk through its investment policy that outlines the objectives, constraints and parameters related to its investment activities. The Board of Directors and management regularly review JABC's investments to ensure all activities adhere to the investment policy.

Credit risk

JABC is exposed to the risk that a counterparty defaults or becomes insolvent. Financial instruments that potentially subject JABC to concentrations of credit risk are receivables.

The maximum exposure to credit risk in terms of receivables is \$176,498 (2022 - \$66,480). Management believes that JABC does not have a significant credit risk on their receivables as all receivables are current and amounts due are historically received as expected.

(b) Liquidity risk

Liquidity risk is the risk that JABC cannot meet a demand for cash or fund its obligations as they come due.

Liquidity risk is managed by investing the majority of JABC's assets in investments that are traded in an active market and can be readily liquidated. In addition, JABC aims to retain sufficient cash positions to maintain liquidity.

8. Commitment

Office lease

JABC has a lease for office space in Vancouver for a term ending on December 31, 2023. The estimated annual minimum lease payments for the remainder of the term are \$62,839.

Junior Achievement of British Columbia

Notes to the Financial Statements

June 30, 2023

9. Endowment income

JABC earns endowment income from two sources:

(a) Contributions by a family foundation (the "Endowment") in 2010 to 2013 are recorded in net assets and are held in perpetuity to support scholarship awards to JABC students. As at June 30, 2023, the contributed capital held in the Endowment, including reinvested income, is \$282,988 (2022 - \$271,277).

(b) In February 1986 JABC established a Foundation Endowment Fund (the "Fund") with the Vancouver Foundation. The investment income earned by the Fund is paid quarterly to JABC.

The Fund, which is not an asset of JABC, is held permanently by the Vancouver Foundation and invested in accordance with the provisions of the Vancouver Foundation Act. As at June 30, 2023, the contributed capital held in the Fund by the Vancouver Foundation is \$610,000 (2022 - \$610,000) and has a fair market value of \$1,060,114 (2022 - \$1,002,033).

The investment income earned by the Endowment and by the Fund is recorded on an accrual basis.

10. Related party transactions

During the year, JABC paid Junior Achievement of Canada ("JACAN") \$112,844 (2022 - \$95,413) in national fees and \$108,310 (2022 - \$93,749) relating to program fees, materials, and other program related costs. These costs are incurred pursuant to an operating agreement dated January 25, 2017.

As a Licensee of JA Canada, JABC 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 JABC has been calculated to be 25% of its net operating budget for the year ended June 30, 2023.

11. Disclosure required under the Societies Act

On November 28, 2016 the new British Columbia Societies Act came into force. Included in the new Act is a requirement to disclose the remuneration paid to all directors, and the ten highest paid employees and all contractors who are paid at least \$75,000 annually.

During the year, JABC paid \$687,162 (2022 - \$658,877) in remuneration to five people (2022 - five) who are employees. There were no contractors whose remuneration during the applicable period was at least \$75,000. JABC did not pay any amounts to directors.
