

Junior Achievement of Southern Alberta

Financial Statements
June 30, 2006

August 4, 2006

Auditors' Report

To the Board of Directors of Junior Achievement of Southern Alberta

We have audited the balance sheet of **Junior Achievement of Southern Alberta** as at June 30, 2006 and the statements of revenue and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the society's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the society as at June 30, 2006 and the results of its operations, changes in net assets, and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants

Junior Achievement of Southern Alberta

Balance Sheet

As at June 30, 2006

	2006 \$	2005 \$
Assets		
Current assets		
Cash and cash equivalents	373,226	327,580
Accounts receivable	44,167	50,405
Supplies inventory	15,522	15,122
Prepaid expenses	39,223	28,450
Funds held in trust (note 3)	92,253	104,000
	<u>564,391</u>	<u>525,557</u>
Funds held in trust (note 3)	16,000	34,000
Capital assets (note 6)	<u>47,674</u>	<u>50,174</u>
	<u>628,065</u>	<u>609,731</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (note 9)	53,409	74,350
Scholarship liability (note 3)	92,253	104,000
Deferred revenue	155,463	99,375
Deferred contributions (note 4)	16,500	-
	<u>317,625</u>	<u>277,725</u>
Scholarship liability (note 3)	16,000	34,000
Deferred contributions (note 4)	<u>20,500</u>	<u>-</u>
	<u>354,125</u>	<u>311,725</u>
Net Assets		
Invested in capital assets	47,674	50,174
Internally restricted (note 5)	364,540	359,004
Unrestricted	<u>(138,274)</u>	<u>(111,172)</u>
	<u>273,940</u>	<u>298,006</u>
	<u>628,065</u>	<u>609,731</u>

Commitments (note 7)

Approved by the Board of Directors

Director

Director

Junior Achievement of Southern Alberta

Statement of Revenue and Expenses

For the year ended June 30, 2006

	2006 \$	2005 \$
Revenue		
Program support	398,746	368,163
Fundraising Business Hall of Fame Dinner	320,875	185,635
Donations-in-kind	191,762	114,422
Contributions	110,892	91,516
Government funding	75,725	37,575
Casino revenue	50,637	16,116
Investment income	8,457	8,564
Fundraising Golf Tournament	-	55,957
Fundraising Special Events	-	220,757
	<hr/> 1,157,094	<hr/> 1,098,705
Expenses		
General and administrative (schedule 1)	685,406	721,895
Fundraising Business Hall of Fame Dinner	254,555	150,068
Program direct	205,743	209,740
Business development	24,310	9,079
Amortization	11,146	18,037
Fundraising Golf Tournament	-	34,306
Fundraising Special Events	-	146,936
	<hr/> 1,181,160	<hr/> 1,290,061
Deficiency of revenue over expenses before the following	(24,066)	(191,356)
Loss on sale of assets	-	(449)
	<hr/>	<hr/>
Deficiency of revenue over expenses for the year	(24,066)	(191,805)

Junior Achievement of Southern Alberta

Statement of Changes in Net Assets

For the year ended June 30, 2006

	Internally restricted \$	Unrestricted \$	Invested in capital assets \$	Total 2006 \$	Total 2005 \$
Balance – Beginning of year	359,004	(111,172)	50,174	298,006	489,811
Deficiency of revenue over expenses	-	(12,920)	(11,146)	(24,066)	(191,805)
Investment in capital assets	-	(8,646)	8,646	-	-
Internally imposed restrictions	5,536	(5,536)	-	-	-
Balance – End of year	364,540	(138,274)	47,674	273,940	298,006

Junior Achievement of Southern Alberta

Statement of Cash Flows

For the year ended June 30, 2006

	2006 \$	2005 \$
Cash provided by (used in)		
Operating activities		
Deficiency of revenue over expenses for the year	(24,066)	(191,805)
Items not affecting cash		
Amortization	11,146	18,037
Loss on sale of capital assets	-	449
Donated capital assets	-	(4,176)
	(12,920)	(177,495)
Changes in non-cash working capital items	30,212	50,826
	17,292	(126,669)
Investing and financing activities		
Purchase of capital assets	(8,646)	(7,640)
Proceeds from sale of capital assets	-	2,500
Funds held in trust	29,747	(16,952)
Scholarship liability	(29,747)	16,952
Deferred contributions	37,000	-
	28,354	(5,140)
Increase (decrease) in cash	45,646	(131,809)
Cash and cash equivalents – Beginning of year	327,580	459,389
Cash and cash equivalents – End of year	373,226	327,580
Cash and cash equivalents consist of:		
Cash	112,941	70,432
Government of Canada Treasury Bills	199,156	196,188
Guaranteed Investment Certificates	61,129	60,960
	373,226	327,580

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2006

1 General

Junior Achievement of Southern Alberta (the "Society") is a not-for-profit organization which provides students with a better understanding of the Canadian business system and its free enterprise foundation, through practical education programs, delivered with the active involvement of the business community. Junior Achievement is a charter organization of Junior Achievement of Canada and is responsible for delivery of Junior Achievement programs throughout the charter territory of Southern Alberta.

Junior Achievement of Southern Alberta is directly responsible for the delivery of its programs in the City of Calgary and throughout all of Southern Alberta. As a result, Junior Achievement supports through regional committees of the Board, the activities of Junior Achievement in the cities of Red Deer, Lethbridge and Medicine Hat, the Foothills region and in the many communities and regions making up their regional territories. These committees are individually tasked and are responsible for fund raising in each of their respective areas of jurisdiction in support of the programs of Junior Achievement.

Junior Achievement is a registered charitable organization as defined by paragraph 149.1 of the Income Tax Act, and as such, is exempt from income taxes.

2 Summary of significant accounting policies

Basis of accounting

These financial statements include the assets, liabilities and results of operations of the regions described above.

Use of estimates

The preparation of the financial statements in accordance with generally accepted accounting principles 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 period. Actual results could differ from these estimates.

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognized in the year in which 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.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2006

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value as at the date of contribution. Amortization is provided on a straight-line basis with ½ year amortization taken in the year of acquisition over the following terms:

Equipment and furniture	10 years
Computer equipment	3 years

Donated goods and services

A proportion of the Society's work is dependent on voluntary services and donated goods from many members and supporters. Donated goods and services are recorded as both revenue and expense when the fair market value is reasonably determinable and when they would normally be purchased and paid for by the Society, if not donated.

Cash and cash equivalents

Cash and cash equivalents consist of cash, treasury bills and guaranteed investment certificates that are highly liquid and are readily convertible into known amounts of cash.

Supplies inventory

Inventory is valued at cost determined on a first-in, first-out basis.

Financial instruments

The Society's financial instruments are cash and cash equivalents, accounts receivable, funds held in trust, accounts payable and accrued liabilities and scholarship liability.

a) Interest rate risk

The Society is exposed to interest rate fluctuations on the demand loan (note 8).

b) Credit risk

The Society does not have a concentration of credit exposure with any one donor or member. The Society does not consider that it is exposed to undue credit risk.

c) Fair values

The fair values of financial instruments approximate their carrying values at June 30, 2006 due to the short-term nature of the instruments.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2006

Comparative figures

Certain comparative balances have been reclassified to conform with the presentation adopted in the current year.

3 Scholarship liability

The Society is custodian of two Shell Scholarship Funds called the Read Learn and Win Program and Spirit of the Future.

The Funds are maintained in a designated account. Interest from the deposit may be used by the Society to defray the administrative costs associated with the Program.

The distribution of the Funds is expected to be as follows:

	Read Learn and Win \$	Spirit of the Future \$	Total 2006 \$
2007	57,253	35,000	92,253
2008	12,000	-	12,000
2009	4,000	-	4,000
	<hr/>	<hr/>	<hr/>
	73,253	35,000	108,253

As there is a five year limitation on eligibility, any funds remaining after that time become the property of the Society to be used in a manner to be mutually agreed upon between Shell Canada Limited and the Society.

4 Deferred contributions

The Society has received contributions for company program scholarships that will be awarded in future years.

5 Internally restricted funds

In prior years, the Board of Directors restricted funds for use only upon authorization of the Board. During fiscal 2006, the Board further restricted \$5,536 for future use.

Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2006

6 Capital assets

	2006		2005	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment and furniture	58,889	18,958	39,931	40,051
Computer equipment	50,477	42,734	7,743	10,123
	109,366	61,692	47,674	50,174

7 Commitments

The Society leases rental space with terms expiring through to 2007. The Society also leases office equipment with terms expiring through to 2008. Approximate commitments with respect to these leases are as follows:

	\$
2007	62,600
2008	300

8 Credit facility

The Society has a bank demand loan agreement to provide up to \$75,000. The loan bears interest at the bank's prime rate plus ½%. The loan is of a revolving nature and the balance outstanding during the year varies with the timing of contribution receipts. Repayments are based solely on available cash flows.

9 Related party transactions

Program fees, program materials, certain employee benefits and certain promotional materials are acquired, under agreement, from Junior Achievement of Canada. During fiscal 2006, these purchases totalled \$59,218 (2005 – \$47,983). Included in accounts payable at June 30, 2006 are amounts totalling \$2,717 (2005 – \$1,998) that are payable to Junior Achievement of Canada for the expenses stated above.

10 Fundraising expenses

As required under Section 7(2) of the Charitable Fundraising Regulation, the following amounts are disclosed:

	\$
Remuneration to employees whose principal duties involve fundraising	81,892
Total direct expenses incurred for the purpose of soliciting contributions	15,548

Junior Achievement of Southern Alberta

Schedule 1

Schedule of General and Administrative Expenses

For the year ended June 30, 2006

	2006 \$	2005 \$
Salaries and benefits	497,207	528,654
Occupancy and premises	85,644	87,246
Regional administrative	32,668	35,932
Travel	24,431	20,949
Office equipment and supplies	9,586	8,362
Communications	7,871	10,060
Audit and legal	6,213	7,761
Contracted services	5,752	4,016
Professional development	4,141	3,459
Board	2,931	4,641
Memberships, dues and fees	2,823	2,848
Interest and bank charges	2,447	2,421
Postage and courier	1,900	1,868
Miscellaneous	1,792	3,678
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	685,406	721,895
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