

**Junior Achievement of  
Southern Alberta**

Financial Statements  
**June 30, 2008**

September 11, 2008

## 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, 2008 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, 2008 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, 2008

	2008 \$	2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	544,435	522,777
Accounts receivable	158,099	17,368
Supplies inventory	15,263	16,766
Deposits and prepaid expenses	80,719	44,283
Funds held in trust (note 4)	35,000	61,501
	<u>833,516</u>	<u>662,695</u>
<b>Funds held in trust</b> (note 4)	6,000	4,000
<b>Capital assets</b> (note 6)	<u>42,473</u>	<u>42,779</u>
	<u>881,989</u>	<u>709,474</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (note 9)	58,688	56,993
Scholarship liability (note 4)	35,000	61,501
Deferred revenue	217,095	172,895
Deferred contributions (note 5)	111,500	16,000
	<u>422,283</u>	<u>307,389</u>
<b>Scholarship liability</b> (note 4)	6,000	4,000
<b>Deferred contributions</b> (note 5)	<u>28,500</u>	<u>29,500</u>
	<u>456,783</u>	<u>340,889</u>
<b>Net Assets</b>		
Invested in capital assets	42,473	42,779
Unrestricted	382,733	325,806
	<u>425,206</u>	<u>368,585</u>
	<u>881,989</u>	<u>709,474</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, 2008

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	2008	2007
	\$	\$
<b>Revenue</b>		
Program support	627,518	600,582
Fundraising Business Hall of Fame Dinner	364,187	287,550
Contributions	185,113	176,172
Donations-in-kind	122,315	190,054
Casino revenue	100,117	25,171
Government funding	22,452	44,652
Investment income	15,450	11,825
	<hr/> 1,437,152	<hr/> 1,336,006
<b>Expenses</b>		
General and administrative (schedule 1)	838,090	725,673
Fundraising Business Hall of Fame Dinner	267,403	240,596
Program direct	209,373	238,564
Business development	46,102	15,542
Amortization	12,063	10,636
Scholarships	7,500	10,350
	<hr/> 1,380,531	<hr/> 1,241,361
<b>Excess of revenue over expenses</b>	<hr/> 56,621	<hr/> 94,645

## Junior Achievement of Southern Alberta

Statement of Changes in Net Assets

For the year ended June 30, 2008

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	Unrestricted \$	Invested in capital assets \$	Total 2008 \$	Total 2007 \$
<b>Balance – Beginning of year</b>	325,806	42,779	368,585	273,940
Excess of revenue over expenses	68,684	(12,063)	56,621	94,645
Investment in capital assets	(11,757)	11,757	-	-
<b>Balance – End of year</b>	<u>382,733</u>	<u>42,473</u>	<u>425,206</u>	<u>368,585</u>

# Junior Achievement of Southern Alberta

## Statement of Cash Flows

For the year ended June 30, 2008

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	2008	2007
	\$	\$
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	56,621	94,645
Items not affecting cash		
Amortization	12,063	10,636
Deferred contributions amortized to revenue	(7,500)	(11,350)
	<hr/>	<hr/>
Changes in non-cash working capital items	61,184	93,931
	(129,769)	41,511
	<hr/>	<hr/>
	(68,585)	135,442
<b>Investing and financing activities</b>		
Purchase of capital assets	(11,757)	(5,741)
Funds held in trust	(24,501)	(42,752)
Scholarship liability	24,501	42,752
Deferred contributions, received	102,000	19,850
	<hr/>	<hr/>
	90,243	14,109
<b>Increase in cash</b>	21,658	149,551
<b>Cash and cash equivalents – Beginning of year</b>	522,777	373,226
	<hr/>	<hr/>
<b>Cash and cash equivalents – End of year</b>	544,435	522,777
<b>Cash and cash equivalents consist of</b>		
Cash	216,528	206,480
Government of Canada Treasury Bills	211,170	203,534
Guaranteed Investment Certificates	116,737	112,763
	<hr/>	<hr/>
	544,435	522,777
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# Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2008

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## 1 General

Junior Achievement of Southern Alberta (the “Society”) is a not-for-profit organization. The goal of the Society is to inspire and educate young Albertans to succeed in the global economy by providing them with opportunities to experience free enterprise, understand business and economics and develop entrepreneurial and leadership skills. The Society accomplishes this goal through the delivery of relevant programs, facilitated with the active involvement of the business community.

Junior Achievement of Southern Alberta is a charter organization of Junior Achievement of Canada and is responsible for delivery of Junior Achievement programs throughout the territory of Southern Alberta.

The Society is headquartered in Calgary and supported through Regional Advisory Committees established in the territories of Central Alberta, Lethbridge and Medicine Hat. These committees support a local Program Coordinator by promoting Junior Achievement programs and participating in fundraising activities.

The Society 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 Change in accounting policies

### Current year

Effective July 1, 2007, the Society adopted the new recommendation of the Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3855, *Financial Instruments – Recognition and Measurement*. This section provides guidance on when a financial instrument is recognized on the statement of financial position and how it is to be measured. It also provides guidance on the presentation of gains and losses on financial instruments.

The financial instruments must initially be recognized at fair value on the balance sheet. The Society has classified each instrument into the following categories:

- Loans or receivables
- Financial liabilities

Subsequent measurement of the financial instruments is based on their classification. Loans or receivables and financial liabilities are measured at cost or amortized cost.

The adoption of the standard has not had an impact on the financial statements of the Society either as a transitional adjustment or in the reporting of the current year’s balances.

# Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2008

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## Effective in future years

### *Financial Instruments – Presentation and Disclosure*

The CICA has issued two new accounting standards – Section 3862, *Financial Instruments – Disclosures*, and Section 3863, *Financial Instruments Presentation*. These sections will replace Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing disclosure requirements while carrying forward its presentation requirements. These new sections will place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the Society manages those risks. The Society's mandatory implementation date is for the fiscal year ending June 30, 2009. This new requirement is for disclosure only and will not impact the financial results of the Society.

### *Inventories*

The CICA issued Section 3031 *Inventories*, which will replace Section 3030 *Inventories*. This new standard is effective for fiscal years beginning on or after January 1, 2008 and the Society will adopt this section effective July 1, 2008. Section 3031 provides more extensive guidance on measurement and expands disclosure requirements to increase transparency. The Society's accounting policy for inventories is consistent with measurement requirements of the new standard and therefore it is not anticipated that the financial results of the Society will be impacted; however, additional disclosures will be required in relation to inventories carried at net realizable value, the amount of inventories recognized as an expense and the amount of any write downs of inventories.

## 3 Summary of significant accounting policies

### **Basis of accounting**

These financial statements include the assets, liabilities and results of operations 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, 2008

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## 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, 2008 due to the short-term nature of the instruments.

# Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2008

## 4 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 2008 \$
2009	20,000	15,000	35,000
2010	6,000	-	6,000
	26,000	15,000	41,000

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.

## 5 Deferred contributions

The Society has received contributions for company program scholarships and the rural expansion initiative that will be expended in future years.

The changes in deferred contributions are as follows:

	2008 \$	2007 \$
Balance – Beginning of year	45,500	37,000
Add: Contributions	102,000	19,850
Less: Amounts amortized to revenue	(7,500)	(11,350)
Balance – End of year	140,000	45,500

## 6 Capital assets

	2008		2007	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Equipment and furniture	68,741	31,228	37,513	34,042
Computer equipment	58,123	53,163	4,960	8,737
	126,864	84,391	42,473	42,779

# Junior Achievement of Southern Alberta

Notes to Financial Statements

June 30, 2008

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## 7 Commitments

The Society leases rental space with terms expiring through to 2012. The Society also leases office equipment with terms expiring through to 2014. Approximate commitments with respect to these leases excluding lease operating costs are as follows:

	\$
2009	59,161
2010	67,689
2011	70,013
2012	59,003
2013	3,315
Thereafter	276

## 8 Credit facility

The Society has a revolving bank demand loan agreement to provide up to \$75,000 bearing interest at the bank's prime rate plus ½%. No amounts were drawn on this credit facility during the 2008 fiscal year.

## 9 Related party transactions

Service fees based on revenue, directors' and officers' insurance, volunteer activities, certain employee benefits and certain promotional materials are acquired, under agreement, from Junior Achievement of Canada. During fiscal 2008, these purchases totalled \$56,811 (2007 – \$56,421). Included in accounts payable at June 30, 2008 are amounts totalling \$2,287 (2007 – \$2,492) 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	59,117
Total direct expenses incurred for the purpose of soliciting contributions	1,577

**Junior Achievement of Southern Alberta**  
Schedule of General and Administrative Expenses  
For the year ended June 30, 2008

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Schedule 1

	2008	2007
	\$	\$
Salaries and benefits	611,121	541,020
Occupancy and premises	92,949	81,290
Regional administrative	52,094	40,246
Office equipment and supplies	16,979	6,944
Travel	15,601	15,443
Contracted services	14,041	6,701
Communications	11,012	8,811
Audit and legal	9,013	7,213
Memberships, dues and fees	3,724	3,371
Interest and bank charges	3,159	2,064
Board	3,074	5,487
Miscellaneous	2,717	2,932
Postage and courier	1,811	1,346
Professional development	795	2,805
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	838,090	725,673