

**JUNIOR ACHIEVEMENT OF
CENTRAL ONTARIO**

REPORT AND FINANCIAL STATEMENTS

JUNE 30, 2007



**JUNIOR ACHIEVEMENT OF
CENTRAL ONTARIO**

INDEX TO FINANCIAL STATEMENTS

JUNE 30, 2007

1. Auditors' Report.
2. Statement of Financial Position.
3. Statement of Operations.
4. Statement of Changes in Fund Balances.
5. Statement of Cash Flows.
6. - 11. Notes to Financial Statements.





DAURIO & FRANKLIN LLP
CHARTERED ACCOUNTANTS

AUDITORS' REPORT

To the Members of
JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

We have audited the statement of financial position of **Junior Achievement of Central Ontario** as at June 30, 2007 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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 corporation as at June 30, 2007 and the results of its operations, changes in fund balances and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Daurio & Franklin LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Ontario
July 24, 2007

JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

STATEMENT OF FINANCIAL POSITION

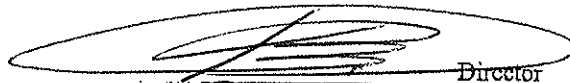
As at June 30, 2007

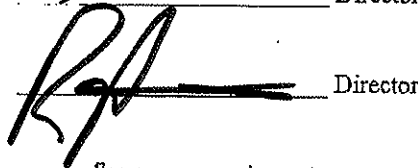
	2007	2006
	\$	\$
ASSETS		
Current Assets		
Cash	316,383	394,033
Investments - (Note 3)	969,330	651,344
Accounts receivable	340,088	315,265
Prepaid expenses and deposits	46,119	24,732
	1,671,920	1,385,374
Equipment - (Note 4)	20,024	31,934
	1,691,944	1,417,308

LIABILITIES AND FUND BALANCES

Current Liabilities		
Accounts payable and accrued liabilities	196,218	146,746
Deferred revenue, current portion - (Note 5)	136,169	151,507
	332,387	298,253
Deferred Revenue, Long-Term Portion - (Note 5)	65,000	75,000
Total Liabilities	397,387	373,253
Fund Balances		
Operating	369,167	505,933
Invested in equipment	20,024	31,934
Internally restricted - (Note 6)	897,040	496,793
Externally restricted - (Note 7)	8,326	9,395
	1,294,557	1,044,055
	1,691,944	1,417,308

On behalf of the Board:


 Director


 Director

See accompanying notes.

JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

STATEMENT OF OPERATIONS

For the year ended June 30, 2007

	Operating Fund	Equipment and Restricted Funds	Total 2007	Total 2006
	\$	\$	\$	\$
Revenues				
Private sector donations	396,655	3,602	400,257	322,160
Special events	556,977	-	556,977	503,573
Program sponsorship fees	1,204,000	7,397	1,211,397	1,151,979
Interest and other income	34,519	431	34,950	31,782
	<u>2,192,151</u>	<u>11,430</u>	<u>2,203,581</u>	<u>2,009,494</u>
Expenses				
Personnel	781,794	-	781,794	677,719
Facilities	136,068	-	136,068	155,560
Office and general	208,483	-	208,483	203,253
Program and materials	628,723	8,650	637,373	599,469
Special events	173,849	-	173,849	153,595
Amortization	-	15,512	15,512	30,832
	<u>1,928,917</u>	<u>24,162</u>	<u>1,953,079</u>	<u>1,820,428</u>
Excess (Deficiency) of Revenues over Expenses	<u>263,234</u>	<u>(12,732)</u>	<u>250,502</u>	<u>189,066</u>

See accompanying notes.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2007

	Operating Fund	Invested in Equipment	Internally Restricted (Note 6)	Externally Restricted (Note 7)	Total 2007	Total 2006
	\$	\$	\$	\$	\$	\$
Balance – Beginning of the Year	505,933	31,934	496,793	9,395	1,044,055	854,989
Excess (Deficiency) of Revenues over Expenses	263,234	(11,910)	247	(1,069)	250,502	189,066
<u>Inter-Fund Transfer</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Balance - End of the Year</u>	<u>369,167</u>	<u>20,024</u>	<u>897,040</u>	<u>8,326</u>	<u>1,294,557</u>	<u>1,044,055</u>

See accompanying notes.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

STATEMENT OF CASH FLOWS

For the year ended June 30, 2007

	2007	2006
	\$	\$
Net Inflow (Outflow) of Cash Related to the Following Activities		
Operating		
Excess of revenues over expenses	250,502	189,066
Amortization	15,512	30,832
Changes in:		
Accounts receivable	(24,823)	35,551
Prepaid expenses and deposits	(21,387)	13,328
Accounts payable and accrued liabilities	49,472	8,609
Deferred revenue	(25,338)	(106,068)
	<u>243,938</u>	<u>171,318</u>
Investing		
Investments	(317,986)	(2,687)
Acquisition of equipment, gifted	(3,602)	(5,247)
Acquisition of equipment for cash	-	(14,942)
	<u>(321,588)</u>	<u>(22,876)</u>
Net Increase (Decrease) in Cash	<u>(77,650)</u>	<u>148,442</u>
Cash - Beginning of the Year	<u>394,033</u>	<u>245,591</u>
Cash - End of the Year	<u>316,383</u>	<u>394,033</u>

See accompanying notes.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 1. Purpose of Organization

Junior Achievement of Central Ontario (the "Corporation") was incorporated in Ontario with letters patent as a not-for-profit corporation. The Corporation was continued on February 2, 2004 by letters patent of amalgamation as Junior Achievement of Central Ontario upon the amalgamation of Junior Achievement of Toronto and York Region with Junior Achievement of Peel, Inc. ("Peel").

The Corporation offers a variety of business related educational programs to youth in all school boards across Toronto, York, Peel and Simcoe regions. Support for these programs is obtained from companies, foundations and individuals. The programs are taught by qualified volunteers from the community.

NOTE 2. Summary of Significant Accounting Policies

These financial statements have been prepared in accordance with accounting principles generally accepted in Canada for not-for-profit organizations. The significant accounting policies of the Corporation are summarized below:

Fund Accounting

The Corporation follows the restricted fund method of accounting for contributions.

The Operating Fund accounts for the Corporation's program delivery and administrative activities.

The Restricted Funds represent resources explicitly restricted as to use at the time of contribution and amounts established for future key initiatives as established by the Board of Directors.

Investments

Investments are carried at the lower of cost and market value and comprise fixed interest rate and maturity date securities, all of which are capable of reasonably prompt liquidation.

Equipment

Purchased equipment is recorded at cost. Contributed equipment is recorded at the fair market value at the date of contribution. Amortization is calculated on computer hardware and software on a straight-line basis at 33⅓% per annum.

Leasehold Improvements

Leasehold improvements are recorded at cost and amortized on a straight-line basis over the remaining life of the lease.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 2. Summary of Significant Accounting Policies – Continued

Revenue Recognition

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

Contributions received with the implicit restriction that they fund future year's operating costs, are deferred and matched with the future period's operating costs.

Funds received for special events occurring subsequent to the year-end, are deferred until the special event occurs.

Investment income is recognized as revenue of the appropriate fund on the accrual basis.

Contributions of material and services are recognized as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Services contributed by volunteers as instructors of the programs are not recognized in the financial statements due to the difficulty in determining their fair value.

Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 3. Investments

Investments are made up of the following:

	Months to Maturity				Total
	0-3	3-12	12-36	36-60	
Bankers' acceptances	\$304,988	\$130,853	\$ -	\$ -	\$435,841
GIC's and government bonds	<u>-</u>	<u>117,578</u>	<u>340,648</u>	<u>75,263</u>	<u>533,489</u>
	<u>\$304,988</u>	<u>\$248,431</u>	<u>\$340,648</u>	<u>\$ 75,263</u>	<u>\$969,330</u>
			<u>2007</u>	<u>2006</u>	
Investments			<u>\$969,330</u>	<u>\$651,344</u>	

The corporation has the following funding obligations:

Restricted Funds:			
Externally Restricted		\$ 8,326	\$ 9,395
Internally Restricted			
- Contingency		900,000	500,000
- Achiever Centre		(2,960)	(3,207)
Deferred Revenue, long-term portion		<u>65,000</u>	<u>75,000</u>
		<u>\$970,366</u>	<u>\$581,188</u>

The investment portfolio is held at two major Canadian chartered banks or their subsidiaries which also act as custodian. All investments are held in Canadian dollars.

NOTE 4. Equipment

Equipment is made up of the following:

	Cost	Accumulated Amortization	Net Book Value	
			2007	2006
Computer hardware and software	\$ 30,292	\$ 16,090	\$14,202	\$24,449
Leasehold improvements	<u>8,317</u>	<u>2,495</u>	<u>5,822</u>	<u>7,485</u>
	<u>\$ 38,609</u>	<u>\$ 18,585</u>	<u>\$20,024</u>	<u>\$31,934</u>

During the year, fully amortized assets of \$89,948 were written off.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 5. Deferred Revenue

Deferred revenue is made up of the following:	<u>2007</u>	<u>2006</u>
Heroes' Campaign	\$ 95,000	\$100,000
Deferred contributions	43,548	86,156
Deferred grants	<u>62,621</u>	<u>40,351</u>
	201,169	226,507
Less: Current portion of deferred revenue	<u>136,169</u>	<u>151,507</u>
Long-term portion of deferred revenue	<u>\$ 65,000</u>	<u>\$ 75,000</u>

The Heroes' Campaign comprises multi-year donations by individuals over a five year period. When these donations are fully funded in advance, the contribution for future years is deferred. Pledges for the Heroes' Campaign which have not yet been received have not been recognized in these financial statements.

Deferred contributions and deferred grants are funds received in advance of the year to which they relate.

NOTE 6. Internally Restricted Funds

Junior Achievement of Canada ("JACAN") has a policy specifying that each Junior Achievement charter is to maintain a minimum of 50% of the prior fiscal year's operation expenses (less amortization and special events) in a Contingency Fund. The Contingency Fund was established by the Corporation's Board of Directors to provide for this JACAN policy, in order to provide a reserve to be used in emergency situations and also to fund any operating shortfalls, specific projects or other contingencies. The Board of Directors reviews and determines the appropriate fund balance on an annual basis. In fiscal 2006, the corporation's operating expenses less amortization and special events expenses totaled \$1,636,000, resulting in a reserve requirement under the JACAN policy of \$818,000. At June 30, the Contingency Fund is fully funded in investible assets. For fiscal 2008, the Corporation continues to be fully funded as the reserve requirement based on fiscal 2007 operating results is \$882,000.

The Achiever Centre Fund accumulates profits earned by the Junior Achievement Company Program. The funds are used to cover conference and seminar expenses for students. At June 30, 2007 the Achiever Centre Fund had a shortfall of \$2,960 (2006 - shortfall of \$3,207)

NOTE 7. Externally Restricted Funds

The externally restricted funds were established by donations to provide for an annual award under the Company Program until 2012. The remaining fund is fully funded in investible assets.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 8. Lease Commitments

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

2008	\$108,300
2009	54,200
2010	<u>1,600</u>
	<u>\$164,100</u>

There are no lease commitments after 2010.

NOTE 9. Contributions of Services and Materials

During the fiscal year ended June 30, 2007, the Operating Fund recorded revenues amounting to \$27,682 (2006 - \$19,271) from contributed services and materials. Contributions of equipment amounted to \$3,602 in 2007 (2006 - \$5,247) as certain corporate sponsors provided contributions of computer equipment in lieu of cash contributions.

NOTE 10. Related Party Transactions

The Corporation is a separate charter acting under an operating agreement with Junior Achievement of Canada. During the year, the Corporation paid \$73,290 (2006 - \$67,457) for supplies, services and charter fees. Included in accounts receivable at June 30, 2007 is \$Nil (2006 - \$5,000) owed from Junior Achievement of Canada. Included in accounts payable at June 30, 2007 is \$4,177 (2006 - \$3,203) owed to Junior Achievement of Canada.

NOTE 11. Income Tax Status

The Corporation is a registered charity and as such is exempt from income taxes.



JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

NOTE 12. Financial Instruments

It is management's opinion that the corporation is not exposed to significant currency risk arising from its financial instruments.

Interest rate risk is the sensitivity of the investment portfolio to fluctuations in market interest rates. There is an inverse relationship between interest rates and the Company's investment portfolio. The Company mitigates its interest rate risk by an investment policy to vary the maturity dates of its investments.

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

NOTE 13. Comparative Figures

Certain reclassifications of 2006 amounts have been made to facilitate comparison with the current year.