

**JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO**

**REPORT AND FINANCIAL STATEMENTS**

**JUNE 30, 2008**



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

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JUNE 30, 2008

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**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, 2008, 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, 2008 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  
August 6, 2008

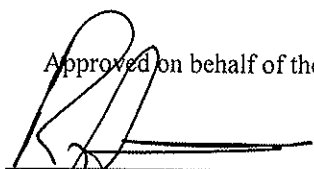
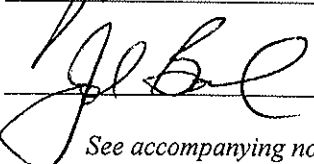
# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## STATEMENT OF FINANCIAL POSITION

As at June 30, 2008

	2008	2007
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	148,992	316,383
Investments - (Note 5)	978,961	969,330
Accounts receivable	350,933	340,088
Prepaid expenses and deposits	47,448	46,119
	1,526,334	1,671,920
<b>Equipment - (Note 6)</b>	17,889	20,024
	1,544,223	1,691,944
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	122,068	196,218
Deferred revenue, current portion - (Note 7)	155,505	136,169
	277,573	332,387
<b>Deferred Revenue, Long-Term Portion - (Note 7)</b>	38,000	65,000
<b>Total Liabilities</b>	315,573	397,387
<b>Fund Balances</b>		
Operating	304,412	369,167
Investment in equipment	17,889	20,024
Internally restricted - (Note 8)	890,052	897,040
Externally restricted - (Note 9)	16,297	8,326
	1,228,650	1,294,557
	1,544,223	1,691,944

Approved on behalf of the Board:

  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director  
*See accompanying notes.*



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## STATEMENT OF OPERATIONS

For the year ended June 30, 2008

	Operating Fund	Equipment and Restricted Funds	Total 2008	Total 2007
	\$	\$	\$	\$
<b>Revenues</b>				
Private sector donations	373,116	13,650	386,766	400,257
Special events	528,158	-	528,158	556,977
Program sponsorship fees	1,217,840	5,321	1,223,161	1,211,397
Interest and other income	40,610	407	41,017	34,950
	2,159,724	19,378	2,179,102	2,203,581
<b>Expenses</b>				
Personnel	860,041	-	860,041	762,749
Facilities	135,189	-	135,189	136,068
Office and general	299,974	-	299,974	239,387
Program and materials	765,714	14,809	780,523	625,514
Special events	144,895	-	144,895	173,849
Amortization	-	14,350	14,350	15,512
	2,205,813	29,159	2,234,972	1,953,079
<b>Excess (Deficiency) of Revenues over Expenses</b>	(46,089)	(9,781)	(55,870)	250,502

*See accompanying notes.*



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## STATEMENT OF CHANGES IN FUND BALANCES

For the year ended June 30, 2008

	Operating Fund	Invested in Equipment	Internally Restricted (Note 8)	Externally Restricted (Note 9)	Total 2008	Total 2007
	\$	\$	\$	\$	\$	\$
Balance - Beginning of the Year	369,167	20,024	897,040	8,326	1,294,557	1,044,055
Opening Balance Adjustment for Adoption of Financial Instruments Standards (Note 3)	(7,941)				(7,941)	-
Equipment Purchases	(8,629)	8,629			-	-
Net Unrealized Loss on Available- for-Sale Financial Assets	(2,096)				(2,096)	-
Excess (Deficiency) of Revenues over Expenses	(46,089)	(10,764)	(6,988)	7,971	(55,870)	250,502
<b>Balance - End of Year</b>	<b>304,412</b>	<b>17,889</b>	<b>890,052</b>	<b>16,297</b>	<b>1,228,650</b>	<b>1,294,557</b>

*See accompanying notes*



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## STATEMENT OF CASH FLOWS

For the year ended June 30, 2008

	2008	2007
	\$	\$
<b>Net Inflow (Outflow) of Cash Related to the Following Activities</b>		
<b>Operating</b>		
Excess (deficiency) of revenues over expenses	(55,870)	250,502
Amortization	14,350	15,512
Changes in:		
Accounts receivable	(10,845)	(24,823)
Prepaid expenses and deposits	(1,329)	(21,387)
Accounts payable and accrued liabilities	(74,150)	49,472
Deferred revenue	(7,664)	(25,338)
	<u>(135,508)</u>	<u>243,938</u>
<b>Investing</b>		
Investments, net	(19,668)	(317,986)
Acquisition of equipment, gifted	(3,586)	(3,602)
Acquisition of equipment for cash	(8,629)	-
	<u>(31,883)</u>	<u>(321,588)</u>
<b>Net Decrease in Cash</b>	<b>(167,391)</b>	<b>(77,650)</b>
<b>Cash - Beginning of the Year</b>	<b>316,383</b>	<b>394,033</b>
<b>Cash - End of Year</b>	<b>148,992</b>	<b>316,383</b>

*See accompanying notes.*



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

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.

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:

a) **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.

b) **Investments**

Effective July 1, 2007, the Corporation adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 3855, Financial Instruments - Recognition and Measurement and Section 3861 - Financial Instruments - Disclosure and Presentation (Note 3).

Investments include fixed interest rate and maturity date securities, as well as common and preference equities. All investments are classified as available-for-sale and are recorded at fair value. Subsequent changes in fair value are recognized as a change in the Operating Fund balance.

c) **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 33 1/3 % per annum.

d) **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, 2008

### 2. Summary of Significant Accounting Policies - Continued

#### e) 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. Investment income earned on externally restricted investments is recognized as revenue of the Externally Restricted Fund. All other investment income earned is recognized as revenue of the Operating Fund.

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.

#### f) 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.

### 3. Accounting Changes

On July 1, 2007, the Corporation adopted Section 3855, Financial Instruments – Recognition and Measurement, and Section 3861, Financial Instruments – Disclosure and Presentation, of the CICA Handbook.

All financial instruments are required to be measured at fair value on initial recognition except for certain related party transactions. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, held-to-maturity, loans and receivables, or other financial liabilities. The standards require that all financial assets be measured at fair value, with the exception of loans and receivables and investments intended to be, and classified as, held-to-maturity, which are required to be measured at amortized cost. Investments classified as held-for-trading are measured at fair value with the change in fair value recorded in revenue – Operating Fund in the Statement of Operations. Investments classified as available-for-sale are measured at fair value with the change in fair value recorded directly in the Statement of Changes in Fund Balances – Operating Fund, rather than the Statement of Operations. Financial liabilities are classified either as held-for-trading, which are measured at fair value, or other liabilities, which are measured at amortized cost. Any adjustment to the Corporation's financial statements as a result of adopting Section 3855 is recognized by restating the opening Operating Fund balance. Comparative periods are not permitted to be restated. Transaction costs related to investments are expensed as incurred.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

### 3. Accounting Changes - Continued

Investments are classified as available-for-sale and recorded at fair value. Unrealized gains or losses are recognized as a change in the Operating Fund Balance. Previously, investments were recorded at cost. The effect of the adoption of this standard was a decrease in assets and Operating Fund of \$7,941 on July 1, 2007.

For certain of the Corporation's other financial instruments, including cash, accounts receivable and deposits (which are classified as loans and receivables), and accounts payable and accrued liabilities (which are classified as other liabilities) their carrying values approximate their fair values due to their short-term maturities.

Also, on July 1, 2007, the Corporation adopted CICA Handbook Section 1506, Accounting Changes, which prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and the correction of errors. This standard did not affect the Corporation's financial position, results of operations or cash flows in fiscal 2008. This standard also requires that any new CICA Handbook standards be adopted in future periods and the impact of those new standards be disclosed in the financial statements.

### 4. Recent Pronouncements

The CICA has issued the following new Handbook sections, which will become effective on July 1, 2008 for the Corporation:

Financial instruments – disclosures and presentation: In December 2006, the CICA issued Handbook Section 3862, Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation. Section 3862 modifies the disclosure requirements of Section 3861 and requires entities to provide disclosures in their financial statements that enable users to evaluate the significance of financial instruments on the entity's financial position and performance, and the nature and extent of risks arising from financial instruments and non-financial derivatives.

Section 3863, Financial Instruments – Presentation, carries forward unchanged the presentation requirements for financial instruments of Section 3861, Financial Instruments – Disclosure and Presentation. Sections 3862 and 3863 apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007, specifically July 1, 2008 for the Corporation.

These new standards will impact the disclosures provided in the financial statements, but will not affect the Corporation's financial position.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

5. **Investments**

Investments are made up of the following:

	Months to Maturity				2008	2007
	0-3	3-12	12-36	36-60	Total	Total
Bankers' Acceptances	\$ 6,070	\$ -	\$ -	\$ -	\$ 6,070	\$ 435,841
GIC's and government bonds	-	310,818	82,804	81,092	474,714	533,489
Corporate bonds	-	-	-	72,691	72,691	-
	<u>6,070</u>	<u>310,818</u>	<u>82,804</u>	<u>153,783</u>	<u>553,475</u>	<u>969,330</u>
Short term investment fund					309,548	-
Equities					115,938	-
					<u>\$ 978,961</u>	<u>\$ 969,330</u>

	2008	2007
Investments	<u>\$ 978,961</u>	<u>\$ 969,330</u>

The Corporation has the following funding obligations:

Restricted Funds:

Externally Restricted	16,297	8,326
Internally Restricted		
- Contingency	900,000	900,000
- Achiever Centre	(9,948)	(2,960)
Deferred Revenue, Long-Term Portion	<u>38,000</u>	<u>65,000</u>
	<u>\$ 944,349</u>	<u>\$ 970,366</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.

6. **Equipment**

Equipment is made up of the following:

	Accumulated		Net Book Value	
	Cost	Amortization	2008	2007
Computer hardware and software	\$ 42,507	\$ 28,040	\$ 14,467	\$ 14,203
Leasehold improvements	8,317	4,895	3,422	5,822
	<u>\$ 50,824</u>	<u>\$ 32,935</u>	<u>\$ 17,889</u>	<u>\$ 20,025</u>



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

### 7. Deferred Revenue

Deferred revenue is made up of the following:

	<u>2008</u>	<u>2007</u>
Heroes' Campaign	\$ 69,000	\$ 95,000
Deferred contributions	32,582	43,548
Deferred grants	91,923	62,621
	<hr/> 193,505	<hr/> 201,169
Less: Current portion of deferred revenue	155,505	136,169
Long-term portion of deferred revenue	<hr/> \$ 38,000	<hr/> \$ 65,000

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.

### 8. 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 operating expenses (less amortization and special events expenses) 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 2007, the Corporation's operating expenses, less amortization and special events expenses, totaled \$1,764,000, resulting in a reserve requirement under the JACAN policy of \$882,000. At June 30, the Contingency Fund is fully funded in investible assets. For fiscal 2009, the Corporation's reserve requirement based on fiscal 2008 operating expenses is \$1,038,000, a shortfall of \$138,000 compared to the Contingency Fund balance at June 30, 2008 of \$900,000.

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, 2008 the Achiever Centre Fund had a shortfall of \$9,948 (2007 – shortfall of \$2,960).

### 9. Externally Restricted Funds

The Ralph Gerhardt Fund was established by donations to provide for an annual award under the Company Program until 2012. At June 30, 2008, the Ralph Gerhardt Fund had a balance of \$7,233 (2007 - \$8,326).

The Achiever of the Year Fund was established in the current year to fund an annual scholarship until 2018. At June 30, 2008, the Achiever of the Year Fund had a balance of \$9,064.

The Externally Restricted Funds are fully invested in investible assets.



# JUNIOR ACHIEVEMENT OF CENTRAL ONTARIO

## NOTES TO FINANCIAL STATEMENTS

June 30, 2008

10. **Lease Commitments**

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

2009	\$	54,200
2010		<u>1,600</u>
	\$	<u>55,800</u>

There are no lease commitments after 2010.

11. **Contributions of Services and Materials**

During the fiscal year ended June 30, 2008, the Operating Fund recorded revenues amounting to \$42,182 (2007 - \$27,682) from contributed services and materials. Contributions of equipment amounted to \$3,586 in 2008 (2007 - \$3,602) as certain corporate sponsors provided contributions of computer equipment in lieu of cash contributions.

12. **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 \$80,948 (2007 - \$73,290) for supplies, services and charter fees. Included in accounts payable at June 30, 2008 is \$Nil (2007 - \$4,177) owed to Junior Achievement of Canada and \$7,000 (2007 - \$Nil) owed to Junior Achievement of Eastern Ontario.

13. **Income Tax Status**

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

14. **Risk Assessments**

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 value of the Corporation's investment portfolio. The Corporation 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 Corporation 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 banks and corporations.

15. **Comparative Figures**

Certain amounts from the prior year have been reclassified to conform with the current year's financial statement presentation.

