

JUNIOR ACHIEVEMENT OF NOVA SCOTIA
FINANCIAL STATEMENTS
JUNE 30, 2022

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
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JUNE 30, 2022**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:
Junior Achievement of Nova Scotia

Qualified Opinion

We have audited the financial statements of **Junior Achievement of Nova Scotia** ("the Organization"), which comprise the statement of financial position as at June 30, 2022 and the statements of operations and 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, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022, and 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenues from various sources, including contributions, donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these receipts was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, assets and net assets for the years ended June 30, 2022 and June 30, 2021.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Organization 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 the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 the Organization'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 the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.

Baker Tilly Nova Scotia Inc

Dartmouth, Nova Scotia
December 9, 2022

Chartered Professional Accountants

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2022**

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	Unrestricted Funds	Restricted Legacy Fund	2022	2021
	\$	\$	\$	\$
REVENUES				
Government grants (Note 10)	283,404	-	283,404	289,292
Sponsorships and donations	167,452	-	167,452	208,314
Fundraising - Business Hall of Fame (Note 11)	62,098		62,098	-
Amortization of deferred capital contribution (Note 8)	-	18,262	18,262	18,262
In-kind donations (Note 12)	-	18,000	18,000	19,380
Investment income	-	1,558	1,558	1,805
Contributions	-	-	-	2,500
	<u>512,954</u>	<u>37,820</u>	<u>550,774</u>	<u>539,553</u>
OPERATING EXPENSES				
Administration	45,873	-	45,873	30,639
Amortization of capital assets	10,537	29,182	39,719	28,674
Fundraising	9,495	-	9,495	666
In-kind (Note 12)	-	18,000	18,000	18,000
JACAN fees	22,107	-	22,107	27,412
Professional fees	20,951	25,310	46,261	18,748
Program	84,466	-	84,466	18,616
Salaries and benefits	289,581	-	289,581	330,885
Uncollectible donations	11,250	-	11,250	31,734
	<u>494,260</u>	<u>72,492</u>	<u>566,752</u>	<u>505,374</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>18,694</u>	<u>(34,672)</u>	<u>(15,978)</u>	<u>34,179</u>

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

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	Operating Fund \$	Sustainability Reserve Fund \$ (Note 13)	Restricted Legacy Fund \$	2022 \$	2021 \$
NET ASSETS - beginning of year	45,926	125,000	392,893	563,819	529,640
Excess (deficiency) of revenues over expenses	<u>18,694</u>	<u>-</u>	<u>(34,672)</u>	<u>(15,978)</u>	<u>34,179</u>
NET ASSETS - end of year	<u><u>64,620</u></u>	<u><u>125,000</u></u>	<u><u>358,221</u></u>	<u><u>547,841</u></u>	<u><u>563,819</u></u>

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022**

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	Unrestricted Funds \$	Restricted Legacy Fund \$	2022 \$	2021 \$
ASSETS				
CURRENT				
Cash	78,605	202,841	281,446	351,959
Investments (Note 3)	5,429	-	5,429	5,429
Accounts receivable (Note 4)	96,911	40,000	136,911	161,475
Prepays	7,877	-	7,877	10,322
Due from Restricted Legacy Fund (Note 5)	<u>74,804</u>	<u>-</u>	<u>74,804</u>	<u>-</u>
	263,626	242,841	506,467	529,185
CONTRIBUTIONS RECEIVABLE	-	5,000	5,000	25,000
CAPITAL ASSETS (Note 6)	<u>74,754</u>	<u>291,714</u>	<u>366,468</u>	<u>242,115</u>
	<u><u>338,380</u></u>	<u><u>539,555</u></u>	<u><u>877,935</u></u>	<u><u>796,300</u></u>
LIABILITIES				
CURRENT				
Accounts payable and accrued liabilities	101,302	-	101,302	40,856
Deferred revenue (Note 7)	7,458	-	7,458	26,833
Due to Unrestricted Funds (Note 5)	-	74,804	74,804	-
Current portion of deferred capital contribution	<u>-</u>	<u>18,262</u>	<u>18,262</u>	<u>18,262</u>
	108,760	93,066	201,826	85,951
DEFERRED CAPITAL CONTRIBUTION (Note 8)	-	88,268	88,268	106,530
LONG-TERM DEBT (Note 9)	<u>40,000</u>	<u>-</u>	<u>40,000</u>	<u>40,000</u>
	<u>148,760</u>	<u>181,334</u>	<u>330,094</u>	<u>232,481</u>
NET ASSETS				
UNRESTRICTED	64,620	-	64,620	45,926
SUSTAINABILITY RESERVE (Note 13)	125,000	-	125,000	125,000
RESTRICTED	<u>-</u>	<u>358,221</u>	<u>358,221</u>	<u>392,893</u>
	<u>189,620</u>	<u>358,221</u>	<u>547,841</u>	<u>563,819</u>
	<u><u>338,380</u></u>	<u><u>539,555</u></u>	<u><u>877,935</u></u>	<u><u>796,300</u></u>

SIGNIFICANT EVENT (Note 14)

Approved by the Board Paul Janes Director

Bruce young Director

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022**

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	Unrestricted Funds	Restricted Legacy Fund	2022	2021
	\$	\$	\$	\$
CASH PROVIDED BY (USED IN):				
OPERATIONS				
Excess (deficiency) of revenues over expenses	18,694	(34,672)	(15,978)	34,179
Items not affecting cash:				
Amortization of deferred capital contribution	-	(18,262)	(18,262)	(18,262)
Amortization of capital assets	<u>10,537</u>	<u>29,182</u>	<u>39,719</u>	<u>28,674</u>
	29,231	(23,752)	5,479	44,591
Changes in non-cash working capital items				
Accounts receivable	29,564	(5,000)	24,564	42,311
Prepays	2,445	-	2,445	(7,779)
Contributions receivable	-	20,000	20,000	35,000
Accounts payable and accrued liabilities	60,446	-	60,446	8,141
Deferred revenue	<u>(19,375)</u>	<u>-</u>	<u>(19,375)</u>	<u>(56,500)</u>
	<u>102,311</u>	<u>(8,752)</u>	<u>93,559</u>	<u>65,764</u>
FINANCING				
Proceeds on long-term debt	-	-	-	40,000
Inter-fund transfers	<u>(74,804)</u>	<u>74,804</u>	<u>-</u>	<u>-</u>
INVESTING				
Acquisition of capital assets	<u>(10,153)</u>	<u>(153,919)</u>	<u>(164,072)</u>	<u>(44,082)</u>
CHANGE IN CASH	17,354	(87,867)	(70,513)	61,682
CASH - beginning of year	<u>61,251</u>	<u>290,708</u>	<u>351,959</u>	<u>290,277</u>
CASH - end of year	<u>78,605</u>	<u>202,841</u>	<u>281,446</u>	<u>351,959</u>

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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1. OPERATIONS

Junior Achievement of Nova Scotia ("the Organization") is a not-for-profit organization, incorporated by legislation in the Province of Nova Scotia. The purpose of the Organization is to provide business education to students through classes and "hands on" experience.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Cash

Cash consists of bank balances held with financial institutions.

Investments

Investments consist of guaranteed investment certificates measured at amortized cost.

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rates and method over their estimated useful lives as follows:

Computer equipment	3 years	Straight line
Leasehold improvements - Gallery	Term of lease	Straight line
Leasehold improvements - Digital wall	Term of lease	Straight line
Leasehold improvements - Office	Term of lease	Straight line
Website - Legacy Project	3 years	Straight line
Website - General	3 years	Straight line

Income taxes

The Organization is a registered charity under the meaning assigned in Section 149.1 (1) of the Income Tax Act and as such is exempt from income taxes. Accordingly, no provision has been made in the accounts for income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

The Organization follows the restricted fund method of accounting for contributions. These contributions are recognized in the appropriate fund when received or receivable when formal commitments have been made, provided the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received, since pledges are not legally enforceable claims. This includes funds in trust for forthcoming fiscal years.

Unrestricted contributions are recognized as revenue when received or receivable.

Externally restricted contributions are recognized when received or receivable in the appropriate restricted fund.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue in the appropriate fund on the same basis as the amortization expense. If the capital asset is not to be amortized, the contribution is recorded as a direct increase in fund balances.

Revenue is recognized for fundraising events, including Business Hall of Fame ticket and raffle sales, when the event takes place and collection is reasonably assured.

Contributed goods and services

Contributed goods and services (in-kind donations) are recognized in the financial statements when their fair value can be reasonably determined, they are used in the normal course of the Organization's operations and would otherwise have been purchased.

The Organization benefits from donated services in the form of volunteer time for various programs and objectives of the Organization. Due to the difficulty of determining their fair value, these contributed services are not recognized in these financial statements.

Purpose of funds

Unrestricted funds

The Unrestricted Funds consist of the following:

- The Operating Fund is unrestricted and is used for the Organization's day-to-day ongoing activities and core programming.
- The Sustainability Reserve Fund is internally restricted and is required by JA Canada, as described in Note 13.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Purpose of funds (Continued)

Restricted Legacy fund

The Legacy Fund is used for the Laureate's Legacy Project activities. The Legacy Project is an initiative being led by the Nova Scotia Business Hall of Fame Laureates and stewarded by Junior Achievement of Nova Scotia. The plans involve both a digital strategy and a permanent gallery to host the portraits and history of the Laureates. The Legacy Fund use is directed by a Laureate Advisory Council.

Interfund transfers

Transfers between funds are made when resources of one fund have been authorized by the Board of Directors to finance future activities and acquisitions in another fund.

Financial instruments

Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, investments, accounts receivable and contributions receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long-term debt.

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in excess (deficiency) of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in excess (deficiency) of revenues over expenses.

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

The preparation of financial statements in accordance 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 contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets, the Canada Emergency Wage Subsidy grant claim and certain accrued liabilities. Actual results could differ from those estimates.

3. INVESTMENTS

Investments consist of a guaranteed investment certificate. This is required to be held as collateral against the Organization's credit card facility held with RBC, with a limit of \$9,500.

4. ACCOUNTS RECEIVABLE	2022	2021
	\$	\$
Contributions receivable - Unrestricted fund	72,838	120,899
Contributions receivable - Restricted Legacy fund	40,000	35,000
HST recoverable	<u>24,073</u>	<u>5,576</u>
	136,911	161,475
Allowance for uncollectible donations	<u>-</u>	<u>-</u>
	<u>136,911</u>	<u>161,475</u>

5. DUE FROM/TO FUNDS

The amounts receivable and payable between the Unrestricted Fund and Restricted Legacy Fund are unsecured, non-interest bearing and have no set terms of repayment.

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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6. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net 2022 \$	Net 2021 \$
Computer equipment	27,779	25,443	2,336	2,122
Leasehold improvements				
- Gallery	186,552	9,328	177,224	39,139
Leasehold improvements				
- Digital wall	182,622	76,092	106,530	124,792
Leasehold improvements				
- Office	97,354	34,074	63,280	73,016
Website - Legacy Project	9,552	1,592	7,960	3,046
Website - General	<u>9,138</u>	<u>-</u>	<u>9,138</u>	<u>-</u>
	<u>512,997</u>	<u>146,529</u>	<u>366,468</u>	<u>242,115</u>

During the year, the Organization capitalized \$9,138 of website - general costs for a website that was not available for use at year end, as such, no amortization has been claimed in the year.

7. DEFERRED REVENUE

	2022	2021
<i>Deferred revenue consists of:</i>	\$	\$
Business Hall of Fame ticket and table sales	-	18,875
Colson Memorial Fund scholarships	<u>7,458</u>	<u>7,958</u>
	<u>7,458</u>	<u>26,833</u>
	2022	2021
<i>Changes in deferred revenue are as follows:</i>	\$	\$
Balance - beginning of year	26,833	83,333
Amount recognized as revenue	<u>(19,375)</u>	<u>(56,500)</u>
	<u>7,458</u>	<u>26,833</u>

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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8. DEFERRED CAPITAL CONTRIBUTION

In fiscal 2018, \$182,623 was contributed and used towards the construction of the Business Hall of Fame Digital Wall located at the Halifax Convention Centre ("HCC"). These contributions have been deferred and will be recognized over the estimated ten year life of the Digital Wall.

The space hosting the Digital Wall has been leased to the Organization for a ten year term ending in April 2028.

	2022	2021
	\$	\$
Deferred capital contribution - beginning of year	124,792	143,054
Recognized	<u>(18,262)</u>	<u>(18,262)</u>
Deferred capital contribution - end of year	106,530	124,792
Less current portion	<u>(18,262)</u>	<u>(18,262)</u>
	<u>88,268</u>	<u>106,530</u>

9. LONG-TERM DEBT

Royal Bank of Canada, Canada Emergency Benefit Account loan of \$40,000 represents a \$60,000 advance net of a \$20,000 forgivable portion to be used to pay non-deferrable operating expenses. This loan is non-revolving and non-interest bearing until December 31, 2023, with \$20,000 forgivable if the balance is repaid by December 31, 2023. On January 1, 2024, any outstanding balance will automatically convert to a non-revolving term loan bearing interest at 5% and maturing on December 31, 2025. It is the Organization's intent to repay the balance before December 31, 2023, therefore the balance has been presented net of the forgivable portion.

	2022	2021
	\$	\$
	<u>40,000</u>	<u>40,000</u>

**JUNIOR ACHIEVEMENT OF NOVA SCOTIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022**

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10. GOVERNMENT GRANTS	2022	2021
	\$	\$
Nova Scotia Development of Education and Early Childhood Development	200,000	110,000
Canada Emergency Wage Subsidy	26,154	159,292
Nova Scotia Department of Labour and Advanced Education	50,000	-
Other	<u>7,250</u>	<u>20,000</u>
	<u>283,404</u>	<u>289,292</u>

11. FUNDRAISING - BUSINESS HALL OF FAME

During the year, the Organization held their Business Hall of Fame fundraising event. The donations raised from this event have been presented on a net basis, with \$124,125 (2021 - \$NIL) in donations offset by \$62,027 (2021 - \$NIL) in expenses incurred to run the event.

12. IN-KIND DONATIONS

In-kind donations consisting of branding, creative and production services, as well as hosting, printing and promotion goods and services are measured at fair market value at the time the donation is made.

The leased space has been provided to the Organization through an in-kind donation from HCC valued at \$18,000 annually.

13. SUSTAINABILITY RESERVE

As a Licensee of JA Canada, the Organization 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 the Organization has been calculated as \$125,000 (2021 - \$125,000) to be 25% of its net operating budget for the fiscal year ended 2022.

14. SIGNIFICANT EVENT

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. During the 11 days that followed, the federal and provincial government issued many orders and restrictions on businesses and travel, leading up to the Province of Nova Scotia declaring a State of Emergency on March 22, 2020. This state of emergency was in place until March 2022. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies and financial markets globally, potentially leading to an economic downturn. Management continues to monitor the effects of the pandemic on the future state of program delivery.

15. FINANCIAL INSTRUMENTS

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at June 30, 2022.

It is management's opinion that the Organization is not exposed to significant market, interest rate, currency or price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash, investments, accounts receivable and contributions receivable. The Organization deposits its cash in and purchases its investments from reputable financial institutions and therefore believes the risk of loss to be remote. The Organization is exposed to credit risk from supporter accounts receivable and contributions receivable. The Organization believes this credit risk is minimized as the Organization has a large and diverse contributor base. A provision for impairment of receivables is established when there is objective evidence that the Organization will not be able to collect all amounts due.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and long-term debt. Management closely monitors cash flow requirements to ensure that it has sufficient cash on demand to meet operational and financial obligations.