

Jack.org

Financial Statements
June 30, 2020



Independent auditor's report

To the Directors of Jack.org

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Jack.org (the Organization) as at June 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Organization's financial statements comprise:

- the statement of financial position as at June 30, 2020;
- the statement of changes in net assets for the year then ended;
- the statement of operations for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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.

Auditor's 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 auditor's 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 auditor's 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 auditor's 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
September 29, 2020

Jack.org

Statement of Financial Position

As at June 30, 2020

	2020 \$	2019 \$
Assets		
Current assets		
Cash	494,273	908,784
Guaranteed investment certificates (note 3)	3,653,276	1,721,534
Accounts and other receivables	121,718	25,437
Sponsorship receivable	243,356	72,072
HST receivable	138,678	132,993
Prepaid expenses	194,666	56,984
	<hr/>	<hr/>
	4,845,967	2,917,804
Investments (note 4)	1,017,645	1,044,364
Tangible capital assets (note 5)	17,756	40,176
Intangible assets (note 5)	97,303	157,703
	<hr/>	<hr/>
	5,978,671	4,160,047
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	147,232	126,883
Deferred contributions (note 6)	1,105,942	787,416
	<hr/>	<hr/>
	1,253,174	914,299
Net Assets		
Unrestricted	2,316,074	2,003,505
Internally restricted – capital assets	115,059	197,879
Internally restricted – legacy fund (note 7)	1,044,364	1,044,364
Internally restricted – COVID-19 contingency fund (note 12)	1,250,000	-
	<hr/>	<hr/>
	4,725,497	3,245,748
	<hr/>	<hr/>
	5,978,671	4,160,047

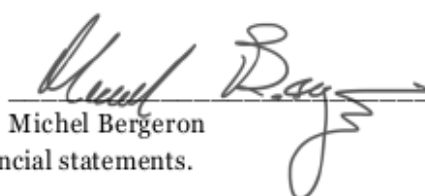
Commitments (note 8)

Approved by the Board of Directors



Director

Blair Cowan



Director

Michel Bergeron

The accompanying notes are an integral part of these financial statements.

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Statement of Changes in Net Assets

For the year ended June 30, 2020

	Balance – Beginning of year \$	Net revenue for the year \$	Transfers \$	Balance – End of year \$
Unrestricted	2,003,505	1,479,749	(1,167,180)	2,316,074
Internally restricted – capital assets	197,879	-	(82,820)	115,059
Internally restricted – legacy fund (note 7)	1,044,364	-	-	1,044,364
Internally restricted – COVID-19 contingency fund (note 12)	-	-	1,250,000	1,250,000
	<hr/>	<hr/>	<hr/>	<hr/>
	3,245,748	1,479,749	-	4,725,497

The accompanying notes are an integral part of these financial statements.

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Statement of Operations

For the year ended June 30, 2020

	2020 \$	2019 \$
Revenue		
Foundations	2,204,778	1,429,452
Donations	2,624,346	2,104,187
Corporate sponsorship	482,457	542,150
In-kind revenue	51,697	67,651
Event registration	147,486	180,657
Speaker fees	86,546	49,031
Interest	64,092	26,782
Government funding	871,481	244,478
Investment (loss) income	(26,719)	44,364
	<hr/> 6,506,164	<hr/> 4,688,752
Expense (note 10)		
National student summit (Jack Summit)	1,006,338	858,840
School and community outreach (Jack Talks)	574,347	516,388
Campus-based activities (Jack Chapters)	717,201	617,507
Mental health collaboration activities	671,211	405,856
Be There	242,363	148,442
Marketing	222,849	190,726
Finance and administration	350,589	290,737
Fundraising	1,241,517	912,712
	<hr/> 5,026,415	<hr/> 3,941,208
Net revenue for the year	<hr/> 1,479,749	<hr/> 747,544

The accompanying notes are an integral part of these financial statements.

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Statement of Cash Flows

For the year ended June 30, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	1,479,749	747,544
Items not affecting cash		
Change in fair value of investments	26,719	(44,364)
Amortization of tangible capital assets	22,420	12,501
Amortization of intangible assets	60,400	39,771
Changes in non-cash working capital items		
Accounts and other receivables	(96,281)	57,512
Sponsorship receivable	(171,284)	10,352
HST receivable	(5,685)	(42,845)
Prepaid expenses	(137,682)	(24,716)
Accounts payable and accrued liabilities	20,349	75,373
Deferred contributions	318,526	337,247
Accrued interest on guaranteed investment certificates	(35,896)	20,487
	<hr/> 1,481,335	<hr/> 1,188,862
Investing activities		
Acquisition of tangible capital assets	-	(26,152)
Acquisition of intangible assets	-	(123,775)
Purchase of guaranteed investment certificates	(3,697,478)	(2,932,272)
Proceeds from sale of guaranteed investment certificates	1,801,632	3,545,479
Purchase of investments	-	(1,020,487)
	<hr/> (1,895,846)	<hr/> (557,207)
Change in cash during the year	(414,511)	631,655
Cash – Beginning of year	<hr/> 908,784	<hr/> 277,129
Cash – End of year	<hr/> <hr/> 494,273	<hr/> <hr/> 908,784

The accompanying notes are an integral part of these financial statements.

1 Description of organization

Jack.org (the Organization) was created in memory of Jack Windeler, a student at Queen's University (Queen's) who tragically and unexpectedly died by suicide. Co-founded by Jack's parents, Eric Windeler and Sandra Hanington, the Organization trains and empowers young leaders who are working to revolutionize mental health for their generation and beyond. To Jack.org, revolution means a Canada where every young person is comfortable talking about their mental health, and those that need it get the help they deserve. The Organization puts youth at the centre of all its programs, which include, but are not limited to:

- Jack Talks – Informed by youth and delivered by professionally trained young speakers, Jack Talks initiate conversations on mental health in schools and communities across Canada;
- Jack Summit and Regional Summits – Youth led summits inspiring change and action at national and local levels;
- Jack Chapters – Trained youth-led groups working year-round to identify and break down barriers to positive mental health in their communities; and
- Be There – An educational resource launched during the fiscal year to help youth, and those who support them, learn how to support someone who may be struggling.

Through these programs, Jack.org is working towards a Canada where all young people:

- are comfortable talking about mental health;
- prioritize their own mental health;
- are informed and equipped to take care of themselves and look out for their peers; and
- receive the community support or professional help they deserve.

The Organization is a charitable organization registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes.

2 Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The significant accounting policies are as follows.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

Financial instruments

- Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain instruments originated or acquired in related party transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, guaranteed investment certificates, accounts and other receivables, sponsorship receivable and HST receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

- Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. If there are indicators of impairment, and the Organization determines there has been a significant adverse change in the expected amount or timing of future cash flows, the carrying amount of the asset is reduced to the higher of the expected cash flows expected to be generated by holding the asset, discounted using a current market rate of interest, and the amount that could be realized by selling the asset at the statement of financial position date.

Tangible capital and intangible assets

Capital and intangible assets are initially recorded at cost. Amortization of tangible capital assets and intangible assets with finite useful lives are recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Computer		3 years
Furniture		5 to 7 years
Leasehold improvements	shorter of expected useful life or the term of lease	
Website		3 years

The Organization's domain name is not amortized until its life is determined to be no longer indefinite.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposal. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value. Impairments of long-lived assets are not reversed.

Revenue recognition

The Organization uses the deferral method of accounting for contributions. Unrestricted contributions and pledges are recognized as revenue when received. Unrestricted corporate sponsorships are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Restricted contributions, arising primarily from grants, are initially deferred and recognized as revenue in the year in which the related expenses are incurred.

Contributed materials and services

The Organization recognizes contributed materials and services greater than \$5,000 to the extent that fair value can be reasonably estimated, and the materials and services are used in the normal course of the Organization's operations and would have otherwise been purchased. Contributed materials and services of \$51,697 (2019 – \$67,651) are recognized as in-kind revenue and expense in the statement of operations.

Volunteers make a substantial contribution of time each year to assist the Organization in carrying out its activities. Due to the difficulty in determining the fair value of such services, they are not recognized in these financial statements.

Allocated expenses

Personnel and rent are allocated to programs and support categories based on management's best estimate of time spent on each program or support category.

3 Guaranteed investment certificates

Guaranteed investment certificates held with Bank of Montreal mature between 2020 and 2021.

	2020	2019
	\$	\$
Variable at prime less 2.6% (2019 – prime less 2.6%)	10,000	10,000
Fixed at 0.7% to 2.5% (2019 – 1.95%)	3,597,478	1,701,632
Accrued interest	45,798	9,902
	<u>3,653,276</u>	<u>1,721,534</u>

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Notes to Financial Statements

June 30, 2020

4 Investments

	2020		2019	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Pooled funds	1,017,645	1,084,815	1,044,364	1,020,487

The Organization's investments in pooled funds is as follows:

	2020	2019
	\$	\$
Fixed income	357,023	388,352
Equities	635,159	630,572
Others	25,463	25,440
	<u>1,017,645</u>	<u>1,044,364</u>

Unrealized losses of \$26,719 (2019 – unrealized gain of \$44,364) are recorded on such investments in the statement of operations.

5 Tangible capital and intangible assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Computers	59,595	47,478	12,117	31,983
Furniture	12,769	7,130	5,639	8,193
Leasehold improvements	5,000	5,000	-	-
	<u>77,364</u>	<u>59,608</u>	<u>17,756</u>	<u>40,176</u>
Intangible assets				
Domain	16,272	-	16,272	16,272
Website	181,203	100,172	81,031	141,431
	<u>197,475</u>	<u>100,172</u>	<u>97,303</u>	<u>157,703</u>
	<u>274,839</u>	<u>159,780</u>	<u>115,059</u>	<u>197,879</u>

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Notes to Financial Statements

June 30, 2020

6 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Private				
Donations	595,025	933,377	(595,025)	933,377
Donations of capital assets	4,667	-	(1,600)	3,067
Government funding	187,724	169,498	(187,724)	169,498
	<u>787,416</u>	<u>1,102,875</u>	<u>(784,349)</u>	<u>1,105,942</u>

7 Internally restricted net assets – legacy fund

The Organization internally restricts net assets to support the expansion of the Organization’s work in the area of community, parent and caregiver engagement in youth mental health.

8 Commitments

The Organization is committed to an existing operating lease for business premises and other operating activities amounting to \$38,982 as at June 30, 2020. The lease expires in September 2020.

9 Related party balances and transactions

Donations revenue includes \$61,190 (2019 – \$120,841) from management and board members.

10 Allocation of expenses

Personnel and rent expenses were allocated by the Organization as follows:

	2020		
	Personnel \$	Rent \$	Total \$
Jack Summit (national student summit)	419,504	23,723	443,227
Jack Talks (school and community outreach)	404,285	22,645	426,930
Jack Chapters (campus-based activities)	417,042	23,107	440,149
Mental health collaboration activities	444,251	26,650	470,901
Marketing	165,275	9,551	174,826
Finance and administration	206,028	11,708	217,736
Fundraising	672,599	36,664	709,263
	<u>2,728,984</u>	<u>154,048</u>	<u>2,883,032</u>

	2019		
	Personnel	Rent	Total
	\$	\$	\$
Jack Summit (national student summit)	225,132	15,597	240,729
Jack Talks (school and community outreach)	350,105	23,395	373,500
Jack Chapters (campus-based activities)	338,549	18,939	357,488
Mental health collaboration activities	299,481	16,711	316,192
Marketing	127,445	6,684	134,129
Finance and administration	138,827	6,684	145,511
Fundraising	414,932	23,395	438,327
	1,894,471	111,405	2,005,876

11 Financial instruments and financial risk factors**Financial risk management**

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.

Liquidity risk

The Organization's objective is to have sufficient liquidity to meet its liabilities when they come due. The Organization manages liquidity risk by monitoring, on a regular basis, that sufficient funds are generated from donations and investments to meet the Organization's future commitments. The significant financial liabilities at year-end are accounts payable and accrued liabilities.

Credit risk

The Organization's credit risk arises on cash, guaranteed investment certificates, investments, accounts and other receivables, sponsorship receivable and HST receivable. The Organization does not have significant concentration risk. The Organization's cash and guaranteed investment certificates are maintained at major financial institutions; therefore, the Organization considers the risk of non-performance of these instruments to be remote. Accounts and other receivables and sponsorship receivable are closely monitored for recovery. Allowance for doubtful accounts is recognized for receivables that are not expected to be recovered. As at June 30, 2020, allowance for doubtful accounts amounted to \$24,000 (2019 – \$24,000).

Market risk

Market risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. The Organization is exposed to interest rate and currency risk.

- Interest rate risk

Interest risk is the risk arising from fluctuations in interest rates and their degree of volatility. Organization's exposure to interest rate risk arises from cash and guaranteed investment certificates (note 3).

- Currency risk

Currency risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises when financial assets or financial liabilities are denominated in a currency other than Canadian dollars. The Organization is primarily exposed to currency risk on equity investments held in US dollars.

As at June 30, 2020, 33% (2019 – 31%) of investments in equity holdings are denominated in US dollars.

- Other price risk

Other price risk is the risk the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization's exposure to this risk arises from its investments in pooled funds (note 4).

12 Implication of COVID-19 pandemic

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of infections. Measures taken by the authorities to contain the virus have affected global and local economic activity. The long-term impact of the outbreak remains uncertain. The Organization is closely monitoring the economic developments and has restricted net assets amounting to \$1.25 million during the year for any potential impact there may be on operations, as a COVID-19 contingency fund.

During the year ended June 30, 2020, management applied for assistance under Canada Emergency Wage Subsidy (CEWS) set up by the government of Canada to assist local businesses during the COVID-19 pandemic. Revenue recognized under CEWS amounts to \$499,836, out of which \$113,130 remains outstanding as at year-end.