

Jack.org

Financial Statements

June 30, 2022



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, 2022 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, 2022;
- 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 significant accounting policies and other explanatory information.

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.

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



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.

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 judgement and maintain professional scepticism 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 22, 2022

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Statement of Financial Position

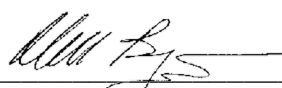
As at June 30, 2022

	2022 \$	2021 \$
Assets		
Current assets		
Cash	603,852	1,064,969
Guaranteed investment certificates (note 3)	5,381,872	5,856,225
Accounts and other receivables	20,591	151,336
Sponsorship receivable	50,000	223,349
HST receivable	149,193	155,902
Prepaid expenses	116,922	174,334
	<u>6,322,430</u>	<u>7,626,115</u>
Investments (note 4)	1,913,449	1,323,458
Tangible capital assets (note 5)	56,741	11,511
Intangible assets (note 5)	40,378	36,902
	<u>8,332,998</u>	<u>8,997,986</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	422,571	102,365
Deferred contributions (note 6)	596,681	1,604,832
	<u>1,019,252</u>	<u>1,707,197</u>
Net Assets		
Unrestricted	4,701,600	4,727,349
Internally restricted – Capital assets	97,119	48,413
Internally restricted – Legacy fund (note 7)	1,265,027	1,265,027
Internally restricted – COVID-19 contingency fund (note 12)	1,250,000	1,250,000
	<u>7,313,746</u>	<u>7,290,789</u>
	<u>8,332,998</u>	<u>8,997,986</u>
Commitments (note 8)		

Approved by the Board of Directors



Director



Director

Blair Cowan

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, 2022

	Balance – Beginning of year \$	Net revenue for the year \$	Transfers \$	Balance – End of year \$
Unrestricted	4,727,349	22,957	(48,706)	4,701,600
Internally restricted – Capital assets	48,413	-	48,706	97,119
Internally restricted – Legacy fund (note 7)	1,265,027	-	-	1,265,027
Internally restricted – COVID-19 contingency fund (note 12)	1,250,000	-	-	1,250,000
	<hr/>			
	7,290,789	22,957	-	7,313,746
	<hr/>			

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

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Statement of Operations

For the year ended June 30, 2022

	2022	2021
	\$	\$
Revenue		
Foundations	3,749,956	2,239,216
Donations	3,924,426	4,052,167
Corporate sponsorship	635,377	526,212
In-kind revenue	93,256	119,861
Event registration	144,144	94,308
Speaker fees	24,000	16,300
Interest	34,809	32,374
Government funding (note 12)	395,436	898,795
Investment income (loss)	(158,423)	247,382
	<hr/> 8,842,981	<hr/> 8,226,615
Expense (note 10)		
National student summit (Jack Summit)	1,542,523	757,396
School and community outreach (Jack Talks)	1,144,743	682,969
Campus-based activities (Jack Chapters)	1,124,239	706,919
Mental health collaboration activities	864,789	581,623
Be There	1,198,474	855,320
Marketing	378,948	236,817
Finance and administration	478,156	454,655
Fundraising	2,088,152	1,385,624
	<hr/> 8,820,024	<hr/> 5,661,323
Net revenue for the year	<hr/> 22,957	<hr/> 2,565,292

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, 2022

	2022 \$	2021 \$
Cash provided by (used in)		
Operating activities		
Net revenue for the year	22,957	2,565,292
Items not affecting cash		
Change in fair value of investments	160,010	(247,382)
Amortization of tangible capital assets	19,939	25,653
Amortization of intangible assets	23,851	60,401
In-kind revenue (net)	(225,944)	(119,861)
Changes in non-cash working capital items		
Accounts and other receivables	130,745	(29,618)
Sponsorship receivable	173,349	20,007
HST receivable	6,709	(17,224)
Prepaid expenses	57,412	20,332
Accounts payable and accrued liabilities	320,206	(44,867)
Deferred contributions	(1,008,151)	498,890
Accrued interest on guaranteed investment certificates	(6,763)	39,368
	<u>(325,680)</u>	<u>2,770,991</u>
Investing activities		
Acquisition of tangible capital assets	(92,496)	(19,408)
Purchase of guaranteed investment certificates	(5,368,885)	(5,850,000)
Proceeds from sale of guaranteed investment certificates	5,850,000	3,607,683
Purchase of listed securities	(750,000)	-
Proceeds from sale of listed securities	225,944	61,430
	<u>(135,437)</u>	<u>(2,200,295)</u>
Change in cash during the year	(461,117)	570,696
Cash – Beginning of year	<u>1,064,969</u>	<u>494,273</u>
Cash – End of year	<u>603,852</u>	<u>1,064,969</u>

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 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;
- National Jack Summit and Regional and Local Jack Summits – Youth-led summits inspiring change and action at national and local levels;
- Jack Chapters – Trained youth-led groups in every province and territory, working year-round to identify and break down barriers to positive mental health in their communities; and
- Be There – An educational resource to help youth, and those who support them, learn how to support someone who may be struggling (www.BeThere.org).

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 without shares under the Canada Not-for-profit Corporations Act 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 investment in pooled funds, which is designated 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, HST receivable and investment in a private corporation. 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

Tangible 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:

Computers		3 years
Furniture		5 to 7 years
Leasehold improvements	Shorter of expected useful life or the term of lease	
Website		3 years
Systems	Shorter of expected useful life or 5 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, shares 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 \$93,256 (2021 – nil) are recognized as in-kind revenue and expense in the statement of operations.

Contributed shares of certain listed companies amounting to \$225,944 (2021 – \$61,430) are recorded as general donation revenue. The Organization's policy is to dispose of such shares immediately and convert them into cash. Proceeds received from disposal are presented in the statement of cash flows.

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.

Government assistance

The Organization received government assistance under the Canada Emergency Wage Subsidy (CEWS) and Canada Recovery Hiring Program (CRHP). Assistance from the government is recognized where there is a reasonable assurance that such assistance will be received, and the Organization complies with applicable requirements including revenue drop during the defined COVID-19 pandemic claim periods as per the defined rules. The government assistance is recognized as Government funding in the statement of operations in the periods in which the Organization incurs the related employee costs.

Allocated expenses

Personnel, rent and other program expenses are allocated to programs and support categories based on management's best estimate of time spent on each program or support category. Other program expenses incorporate any other expenses, including general office, computer and software and consulting expenses, that are not otherwise attributed to a single program.

3 Guaranteed investment certificates

Guaranteed investment certificates held with Bank of Montreal (BMO) and Canadian Imperial Bank of Commerce (CIBC) mature between 2022 and 2023.

	2022	2021
	\$	\$
Variable at prime less 1.75% to 1.90% (2021 – prime less 2.60%)	5,218,680	10,000
Fixed at 1.60% (2021 – 0.15% to 2.50%)	150,000	5,839,976
Accrued interest	13,192	6,249
	<u>5,381,872</u>	<u>5,856,225</u>

4 Investments

	2022	2021
	\$	\$
Investment in pooled funds (i)	1,855,017	1,265,027
Investment in a private corporation (ii)	58,432	58,431
	<u>1,913,449</u>	<u>1,323,458</u>

(i) Investment in pooled funds

	2022		2021	
	Fair value \$	Cost \$	Fair value \$	Cost \$
Pooled funds	1,855,017	2,026,600	1,265,027	1,137,000

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

	2022 \$	2021 \$
Fixed income	660,390	445,215
Equities	1,158,322	782,563
Others	36,305	37,249
	<u>1,855,017</u>	<u>1,265,027</u>

(ii) Investment in a private corporation

During the year ended June 30, 2021, the Organization received 5,000 common shares of a private corporation as an unrestricted donation. The investment is initially recorded at subscription price of \$58,431 and subsequently measured at amortized cost.

5 Tangible capital and intangible assets

	2022		2021	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Tangible capital assets				
Computers	138,607	86,980	51,627	8,426
Furniture	18,333	13,219	5,114	3,085
Leasehold improvements	5,000	5,000	-	-
	<u>161,940</u>	<u>105,199</u>	<u>56,741</u>	<u>11,511</u>
Intangible assets				
Domain	16,272	-	16,272	16,272
Website	188,531	182,425	6,106	20,630
Systems	20,000	2,000	18,000	-
	<u>224,803</u>	<u>184,425</u>	<u>40,378</u>	<u>36,902</u>
	<u>386,743</u>	<u>289,624</u>	<u>97,119</u>	<u>48,413</u>

6 Deferred contributions

	Balance – Beginning of year \$	Funds received \$	Amounts recognized as revenue \$	Balance – End of year \$
Private				
Donations	1,601,765	3,326,226	4,334,377	593,614
Donations of capital assets	3,067	-	-	3,067
Government funding	-	13,518	13,518	-
	<u>1,604,832</u>	<u>3,339,744</u>	<u>4,347,895</u>	<u>596,681</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 has rental agreements for office premises. Future payments under the agreements for the next five years are as follows:

	\$
2023	175,166
2024	139,914
2025	139,914
2026	147,687
2027	<u>150,278</u>
	<u>752,959</u>

The current rental agreement (192 Spadina Avenue) expires in December 2022. A new rental agreement (243 College Street) begins in October 2022 and expires in September 2025. Under the rental agreement (243 College St.), the Organization has two consecutive options to extend the Term, each for a further period of one year, exercisable through a written notice at least six months prior to the end of the Term or the first extension term.

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Notes to Financial Statements

June 30, 2022

The Organization also has agreements for the ERP implementation and licensing for the next year as follows:

	\$
System Implementation	20,000
Licensing	<u>27,000</u>
	<u>47,000</u>

9 Related party balances and transactions

Donation revenue includes \$40,471 (2021 – \$49,706) from management and board members.

10 Allocation of expenses

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

	2022			
	Personnel	Rent	Other program expenses	Total
	\$	\$	\$	\$
National student summit (Jack Summit)	859,065	29,815	653,643	1,542,523
School and community outreach (Jack Talks)	873,854	28,526	242,363	1,144,743
Campus-based activities (Jack Chapters)	745,518	27,238	351,483	1,124,239
Mental health collaboration activities	620,500	21,717	222,572	864,789
Be There	489,907	18,772	689,795	1,198,474
Marketing	312,059	8,650	58,239	378,948
Finance and administration	384,464	11,226	82,466	478,156
Fundraising	1,119,706	38,096	930,350	2,088,152
	<u>5,405,073</u>	<u>184,040</u>	<u>3,230,911</u>	<u>8,820,024</u>

	2021			
	Personnel	Rent	Other program expenses	Total
	\$	\$	\$	\$
National student summit (Jack Summit)	541,438	18,655	197,303	757,396
School and community outreach (Jack Talks)	522,023	16,541	144,405	682,969
Campus-based activities (Jack Chapters)	464,710	18,406	223,803	706,919
Mental health collaboration activities	446,019	14,924	120,680	581,623
Be There	295,254	11,566	548,500	855,320
Marketing	184,637	9,203	42,977	236,817
Finance and administration	296,677	7,213	150,765	454,655
Fundraising	816,508	27,858	541,258	1,385,624
	3,567,266	124,366	1,969,691	5,661,323

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, 2022, allowance for doubtful accounts amounted to \$1,000 (2021 – \$34,000).

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 all three types of market risk.

- Interest rate risk

Interest rate risk is the risk arising from fluctuations in interest rates and their degree of volatility. The 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, 2022, 35% (2021 – 34%) 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 investment in pooled funds (note 4).

12 Implication of COVID-19 pandemic

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. Governments and local public health authorities have implemented shutdowns and emergency measures to combat the global pandemic.

Although the majority of the emergency measures and restrictions had been removed by the governments and the Organization's program delivery and fundraising events had gradually been transitioned to the pre-pandemic level when the financial statements were drafted, the long-term impact of the pandemic on the Organization remains uncertain. Management is closely monitoring the economic situation and any potential impacts there may be on the Organization's operations. The ultimate duration and magnitude of COVID-19's impact on the Organization's operations and financial position are not known at this time. These impacts could include a decline in future cash flows, changes to the value of assets and liabilities and new borrowings to sustain the operations. However, the Board and management are in the process of establishing a contingency plan and monitoring process to mitigate risks and maintain youth-facing program activities. The Organization has restricted net assets amounting to \$1.25 million for any potential impact there may be on operations, as a COVID-19 contingency fund.

Government assistance

During the year ended June 30, 2022, the Organization qualified for assistance under CEWS and CRHP set up by the Government of Canada to assist local businesses during the COVID-19 pandemic. The Organization received \$357,974 (2021 – \$303,837) of CEWS and CRHP assistance which has been recognized as Government funding revenues in the statement of operations. There is no outstanding CEWS and CRHP amount at year-end (2021 – \$136,160).