

FINANCIAL STATEMENTS

JUMP MATH

April 30, 2021



jump math™

MULTIPLYING POTENTIAL.

JUMP Math
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April 30, 2021

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INDEPENDENT AUDITOR'S REPORT

To the directors of **JUMP Math**:

Opinion

We have audited the accompanying financial statements of JUMP Math (the "Organization"), which comprise the statement of financial position as at April 30, 2021 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at April 30, 2021 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.

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 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.

Other Matter

The financial statements for the year ended April 30, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on November 24, 2020.

.....continued

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 Responsibility for the Audit of 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 it 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 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 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.

.....continued

INDEPENDENT AUDITOR'S REPORT (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on 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.

Toronto, Ontario
September 9, 2021

Campbell Lawless LLP

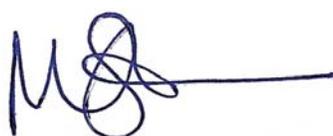
Chartered Professional Accountants
Licensed Public Accountants

JUMP Math
STATEMENT OF FINANCIAL POSITION

April 30	2021 \$	2020 \$
ASSETS		
Current		
Cash and cash equivalents	1,509,289	1,080,674
Harmonized sales tax recoverable	87,847	79,265
Accounts receivable [note 3]	419,740	687,442
Inventory [note 4]	192,433	294,139
Prepaid expenses	<u>30,346</u>	<u>9,172</u>
	2,239,655	2,150,692
Loan receivable	27,062	
Capital assets [note 5]	7,827	687
	2,274,544	2,151,379
LIABILITIES		
Current		
Accounts payable and accrued liabilities	231,104	760,989
Deferred revenue [note 7]	<u>108,446</u>	<u>137,141</u>
	339,550	898,130
Loan payable [note 8]	<u>400,000</u>	<u>400,000</u>
	739,550	1,298,130
NET ASSETS		
Unrestricted	1,534,994	853,249
	2,274,544	2,151,379

see accompanying notes

On behalf of the Board:



Director



Director

JUMP Math
STATEMENT OF CHANGES IN NET ASSETS

Year ended April 30	2021	2020
	\$	\$
Balance , beginning of year	853,249	881,573
Excess (deficiency) of revenue over expenses for the year	681,745	(28,324)
Balance , end of year	1,534,994	853,249

see accompanying notes

JUMP Math
STATEMENT OF OPERATIONS

Year ended April 30	2021 \$	2020 \$
Revenue		
Publication sales	3,819,067	3,387,564
Foundation grants	382,387	699,353
Royalties [note 6]	183,894	193,084
Donations - Corporate	135,275	236,905
Donations - Individual	118,931	100,430
Training	80,479	157,158
Other	78,953	126,402
Investment income	<u>2,902</u>	<u>5,760</u>
	<u>4,801,888</u>	<u>4,906,656</u>
Expenses		
Personnel and contractors	2,527,821	3,272,100
Printing and distribution [note 4]	1,207,111	979,477
Operating [note 6 and 8]	821,138	655,015
Forgiveness of royalties [note 6]	144,624	
Communications and training	13,938	192,118
Amortization of capital assets	1,406	183
Government assistance [note 3]	<u>(595,895)</u>	<u>(163,913)</u>
	<u>4,120,143</u>	<u>4,934,980</u>
Excess (deficiency) of revenue over expenses for the year	681,745	(28,324)

see accompanying notes

JUMP Math
STATEMENT OF CASH FLOWS

Year ended April 30	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	681,745	(28,324)
Adjustment for items not affecting cash -		
Amortization of capital assets	<u>1,406</u>	<u>183</u>
	683,151	(28,141)
Changes in non-cash working capital balances -		
(Increase) decrease in harmonized sales tax recoverable	(8,581)	104,986
(Increase) decrease in accounts receivable	267,702	(491,809)
(Increase) decrease in inventory	101,706	(12,399)
(Increase) decrease in prepaid expenses	(21,174)	(2,904)
Increase (decrease) in accounts payable and accrued liabilities	(529,887)	424,993
Increase (decrease) in deferred revenue	<u>(28,695)</u>	<u>(2,585)</u>
	464,222	(7,859)
INVESTING ACTIVITIES		
Advance of loan receivable	(27,062)	
Purchase of capital assets	<u>(8,545)</u>	
	(35,607)	
Net change in cash and cash equivalents during the year	428,615	(7,859)
Cash and cash equivalents , beginning of year	1,080,674	1,088,533
Cash and cash equivalents , end of year	1,509,289	1,080,674
Cash and cash equivalents consists of -		
Cash	1,250,516	800,507
Short-term investments	<u>258,773</u>	<u>280,167</u>
	1,509,289	1,080,674

see accompanying notes

JUMP Math

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

1. PURPOSE OF THE ORGANIZATION

JUMP Math (the "Organization") is a mathematics education program designed for classroom use, but which also includes a derivative version that is available for non-profit tutoring programs.

The Organization was founded in 1998 by mathematician and writer John Mighton. The Organization was incorporated on August 24, 2001 under the Ontario Corporations Act as an organization without share capital. The Organization is classified as a registered charity as defined in paragraph 149(1)(f) of the Income Tax Act (Canada) [the "Act"] and, therefore, is exempt from income tax providing that it complies with donation and certain other requirements as specified by the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenue from royalties, training, and sales of publications is recognized when the services are provided or the goods are sold.

Interest income is recognized as revenue when earned.

Cash and cash equivalents

Cash and cash equivalents consist of deposits in banks and short-term investments with an initial maturity term of three months or less at the date of acquisition.

Inventory

Inventory is comprised of teacher materials and student Assessment & Practice books in the field of mathematics. The books are developed and published by the Organization primarily for resale to schools and individuals at the elementary level and middle school level.

Inventory is stated at the lower of cost and selling price, net of distribution costs. Cost includes the direct costs to typeset, print and bind the books and is determined using weighted average cost method.

JUMP Math
NOTES TO FINANCIAL STATEMENTS

April 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is provided at the following annual rates which are designed to charge operations with the cost of assets over their estimated useful lives.

Computer equipment	33% declining balance
Leasehold improvements	Straight-line over lease term

When capital assets no longer contribute to the Organization's ability to provide services, its carrying amount is written down to the residual value.

Investments

Investments in other companies are accounted for at cost. Investments are assessed individually for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Organization determines if there is a significant adverse change in the expected amount or timing of future cash flows from the investment. If there is a significant adverse change in the expected cash flows, the carrying amount of the investment is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the investment or the amount the Organization expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement.

Contributed materials and services

A number of volunteers contribute a significant amount of their time each year. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements. In addition, the value of contributed materials is not recognized in the financial statements.

Financial instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and liabilities at amortized cost with the exception of investments in equity instruments that are quoted in an active market which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets and liabilities measured at amortized cost include cash, accounts receivable, loan receivable, accounts payable and accrued liabilities and loan payable.

JUMP Math

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment

Financial assets measured at amortized cost are assessed for indicators of impairment. When there is indication of an impairment, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized in the statement of operations. A 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 the reversal is recognized in the statement of operations.

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the year end date. Revenue and expenses in foreign currencies are translated at the exchange rates prevailing on the transaction date. Exchange gains or losses resulting from these translations are included in the statement of operations.

Use of estimates

The preparation of the financial statements in conformity 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 contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant items subject to such estimates and assumptions include the carrying amount of investments, valuation of receivables and accrued liabilities and the estimated useful lives of capital assets. Actual results could differ from these estimates.

3. GOVERNMENT ASSISTANCE

During the year, the Organization received assistance from the Canadian federal government in response to the outbreak of the novel coronavirus ("COVID-19"). The Organization is entitled to \$560,247 (2020 - \$163,913) of Canada Emergency Wage Subsidy ("CEWS") for salaries paid based on the Organization's drop in revenue beginning March 15, 2020. The Organization is also entitled to \$35,648 (2020 - \$NIL) of Canada Emergency Rent Subsidy ("CERS") based on the Organization's drop in revenue beginning November 22, 2020.

Both CEWS and CERS are recognized as government assistance in the statement of operations when receivable. The Organization has recognized the aggregate government assistance of \$595,895 (2020 - \$163,913) in the statement of operations as an expense recovery. Accounts receivable includes a balance of government assistance receivable in relation to CEWS and CERS of \$286,464 (2020 - \$143,225) as at April 30, 2021. The Organization is in compliance with the requirements of the CEWS and CERS programs and no repayment is required.

JUMP Math

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

4. INVENTORY

Inventory is comprised of teacher materials and student Assessment & Practice books in the field of mathematics. The cost of publication sales recognized as printing and distribution expense during the year totaled \$721,250 (2020 - \$570,421).

5. CAPITAL ASSETS

	Cost \$	Accumulated amortization \$	Net book value	
			2021 \$	2020 \$
Computer equipment	15,303	7,977	7,326	62
Leasehold improvements	2,918	2,417	501	625
	18,221	10,394	7,827	687

6. INVESTMENT

The Organization has a long-term licensing agreement dated May 26, 2015 with a Spanish social enterprise ("Spain"). Under the terms of the agreement, the Organization agreed to forgo its royalties for the first two years in return for a 10% equity interest. The Organization has ascribed a nominal value to these shares and as such there is no value reported in the statement of financial position. No additional shares were issued to the Organization in the current year.

As part of the licensing agreement, Spain has the right to defer payments up to one third of the royalties owing to the Organization. Spain exercised the deferral option, applicable to years 3 to 5 of the agreement. The deferred royalties are repayable at any time before the end of the tenth year after January 30, 2016. Interest on the amount deferred accrues at a rate of Harmonised Index Consumer Prices ("HICP") plus 3%, compounding monthly. Any amounts outstanding subsequent to the end of the tenth year will be converted to debt bearing interest at HICP plus 3%, compounding monthly.

During the year, the Organization earned royalties under this licensing agreement in the amount of \$144,624 (2020 - \$156,348), which is included in royalties revenue in the statement of operations. The Organization agreed to forgive its royalties for the current year in support of the development of a digital platform for the Organization's program.

As at April 30, 2021, the Organization had deferred royalties of \$135,464 (2020 - \$135,464) recorded as a long-term receivable. A reserve of \$135,464 (2020 - \$135,464) has been taken against this deferred royalties balance.

JUMP Math
NOTES TO FINANCIAL STATEMENTS

April 30, 2021

7. DEFERRED REVENUE

Deferred revenue represents grants received for a specific purpose. This revenue will be recognized when grant specifications have been met. The continuity of deferred revenue is as follows:

	2021	2020
	\$	\$
Balance, beginning of year	137,141	139,726
Amounts received	420,654	862,858
Amounts recognized as revenue	(449,349)	(865,443)
	108,446	137,141

8. LOANS PAYABLE

The Organization holds a six-year impact investment loan from a Canadian charitable foundation in the amount of \$400,000 to be specifically used towards pursuing the Organization's growth strategy. The loan is unsecured, bears interest at 3% per annum and is due May 2024. Interest is payable annually over the six-year term. Interest expense incurred during the year in relation to this loan totaled \$12,000 (2020 - \$12,000) and has been included in operating expenses.

The Organization also entered into an impact loan agreement with a second Canadian charitable foundation to obtain a loan in the amount of \$100,000 to be specifically used towards pursuing the Organization's growth strategy. The proceeds will be advanced upon management's request. The loan will be unsecured, bear interest at 3% per annum and carry a six-year term, following which the principal and any unpaid interest will become due. Interest will be payable annually over the six-year term. Management has not made the request to advance the loan as at the date of the financial statements.

JUMP Math
NOTES TO FINANCIAL STATEMENTS

April 30, 2021

9. LEASE COMMITMENT

The Organization's total obligations under various operating leases for premises and equipment are as follows:

	\$
2022	155,540
2023	150,426
2024	150,171
2025	95,412
	551,549

The Organization is also committed to its share of building operating and maintenance costs, including property taxes, over the term of the lease.

10. CONTINGENT LIABILITY

On March 4, 2021, a claim for wrongful dismissal was filed against the Organization. The Organization has contested this claim and, in management's opinion, neither the outcome nor the amount of possible settlement can be foreseen. Therefore, no provision has been recognized in the financial statements.

11. FINANCIAL INSTRUMENTS RISK EXPOSURE

The Organization is exposed to various risks through its financial instruments including credit risk, liquidity risk and market risk. The Organization has no changes in its risk exposure from the previous period.

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. The Organization's financial assets that are exposed to credit risk consist primarily of accounts receivable and loan receivable. The Organization assesses, on a continuous basis, all amounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts.

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 liquidity risk primarily arising from its accounts payable and accrued liabilities and loan payable. The Organization expects to meet these obligations as they come due by generating sufficient cash flows from operations and by preparing budgets and cash forecasts to ensure it has sufficient funds to fulfill obligations.

JUMP Math

NOTES TO FINANCIAL STATEMENTS

April 30, 2021

11. FINANCIAL INSTRUMENTS RISK EXPOSURE (continued)

Market risk

Market risk is the risk that 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: currency risk, interest rate risk and other price risk. The Organization is primarily exposed to currency risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. In the normal course of operations, the Organization receives grants and donations and incurs operating expenses dominated in U.S. dollars and Euros. Consequently, certain assets, liabilities and cash flows are exposed to foreign exchange fluctuations. The Organization has not hedged its exposure to foreign currency fluctuations.

12. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a global pandemic, which continues to spread in Canada and around the world. Management is continuously monitoring the outbreak of COVID-19 and its potential impact on the Organization. To mitigate the potential impact of COVID-19, the Organization has applied for government assistance [note 3]. Management is unable to further estimate its potential impact on the Organization as at the date of these financial statements.

13. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's method of presentation.