

## Financial Statements

---

**JUMP Math**

**April 30, 2024**

---

---

# JUMP Math

## Contents

---

April 30, 2024

	Page
<b>Independent auditor's report</b>	1
<b>Financial statements</b>	
Statement of financial position	4
Statement of change in net assets	5
Statement of operations	6
Statement of cash flows	7
Notes to financial statements	8



## Independent auditor's report

October 9, 2024

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, 2024 and the statements of change 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, 2024 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.

### ***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.
- 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.



Chartered Professional Accountants  
Licensed Public Accountants  
Toronto, Ontario



**JUMP Math**  
**Statement of Financial Position**

April 30	2024 \$	2023 \$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	764,132	3,207,217
Harmonized sales tax recoverable	82,058	108,317
Accounts receivable	337,544	379,937
Inventory [note 3]	687,290	722,454
Prepaid expenses	93,140	62,587
	1,964,164	4,480,512
Loans receivable [note 4]	510,802	49,645
Convertible loans receivable [note 4]	-	392,323
Investment in Innovaciones Educativas UpSocial, S.L. [note 4]	876,392	-
Capital assets [note 5]	13,167	5,981
Intangible asset - JUMP Math Lab	244,226	-
Intangible asset - JUMP Math Digital Platform	567,894	102,095
	4,176,645	5,030,556
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	218,209	474,449
Loans payable, current [note 6]	250,000	400,000
Deferred grants [note 7]	671,633	584,616
Deferred licensing fees	260,845	1,821,638
Deferred royalties [note 4]	284,462	-
	1,685,149	3,280,703
Loans payable [note 6]	150,000	-
	1,835,149	3,280,703
<b>NET ASSETS</b>		
Unrestricted	2,341,496	1,749,853
	4,176,645	5,030,556

see accompanying notes

On behalf of the Board:



Martina Doyle, Chair &  
Secretary



David Arbuthnot,  
Treasurer

---

**JUMP Math**  
**Statement of Change in Net Assets**

---

Year ended April 30	2024 \$	2023 \$
<b>Balance</b> , beginning of year	<b>1,749,853</b>	1,462,994
Excess of revenue over expenses for the year	<b>591,644</b>	286,859
<b>Balance</b> , end of year	<b>2,341,497</b>	1,749,853

*see accompanying notes*

# JUMP Math

## Statement of Operations

Year ended April 30	2024 \$	2023 \$
<b>Revenue</b>		
Publication sales	3,618,649	4,396,522
Foundation grants	2,003,534	1,495,929
Licensing fees	1,560,793	1,521,509
Donations - Corporate	239,102	170,883
Training	133,265	168,465
Donations - Individual	122,728	156,937
Royalties [note 4]	91,938	108,007
Other	59,060	72,407
Investment income [note 4]	21,613	18,528
Government grants	-	9,599
	<u>7,850,682</u>	<u>8,118,786</u>
<b>Expenses</b>		
Salaries and benefits	4,344,114	3,754,929
Printing and distribution [note 3]	1,505,848	1,614,979
Operating [note 6]	784,985	818,321
Contractors	395,219	1,403,669
Communications and training	213,028	220,043
Amortization of capital assets	15,844	19,986
	<u>7,259,038</u>	<u>7,831,927</u>
<b>Excess of revenue over expenses for the year</b>	<b>591,644</b>	<b>286,859</b>

*see accompanying notes*



## JUMP Math

### Statement of Cash Flows

Year ended April 30	2024 \$	2023 \$
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	591,644	286,859
Adjustment for items not affecting cash -		
Amortization of capital assets	<u>15,844</u>	<u>19,986</u>
	607,488	306,845
Changes in non-cash working capital balances -		
(Increase) decrease in harmonized sales tax recoverable	26,259	(643)
(Increase) decrease in accounts receivable	42,393	1,762,707
(Increase) decrease in inventory	35,164	(328,207)
(Increase) decrease in prepaid expenses	(30,553)	46,966
Increase (decrease) in accounts payable and accrued liabilities	(256,241)	147,003
Increase (decrease) in deferred grants	87,017	104,466
Increase (decrease) in deferred licensing fee	(1,560,793)	51,691
Increase (decrease) in deferred royalties	<u>284,462</u>	<u>                    </u>
	<u>(764,804)</u>	<u>2,090,828</u>
<b>INVESTING ACTIVITIES</b>		
(Advance) repayment of loan receivable from JUMP Math, Inc.	(91,157)	(8,342)
(Advance) repayment of loan receivable and convertible loans receivable from licensee	22,323	(392,323)
Acquisition of investment in Innovaciones Educativas UpSocial, S.L.	(876,392)	-
Purchase of capital assets	(23,030)	(19,337)
Expenditures for JUMP Math Lab	(244,226)	-
Expenditures for JUMP Math Digital Platform	<u>(465,799)</u>	<u>(102,095)</u>
	<u>(1,678,281)</u>	<u>(522,097)</u>
<b>Net change in cash and cash equivalents</b> during the year	(2,443,085)	1,568,731
<b>Cash and cash equivalents</b> , beginning of year	3,207,217	1,638,486
<b>Cash and cash equivalents</b> , end of year	764,132	3,207,217
<b>Cash and cash equivalents consists of -</b>		
Cash	488,313	2,908,099
Short-term investments	<u>275,819</u>	<u>299,118</u>
	764,132	3,207,217

see accompanying notes

---

## JUMP Math

# Notes to Financial Statements

---

April 30, 2024

### 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. Effective August 8, 2024, the Organization continued under the Canada Not-for-profit Corporations Act.

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.

Licensing fees are recognized over the term of the licensing agreement.

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, 2024

#### 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	55% declining balance
Leasehold improvements	Straight-line over lease term

In the year a capital asset is acquired, half of the annual amortization rate is applied. When capital assets no longer contribute to the Organization's ability to provide services, its carrying amount is written down to the residual value.

##### **Intangible asset - JUMP Math Lab**

The Organization has completed the development of an online platform for the delivery of curriculum-aligned, interactive math assessment and practice for students in grades 1 to 8 to help strengthen and accelerate their math learning. Expenditures related to the development of the JUMP Math Lab are recorded at cost and are capitalized as an intangible asset. Management is of the opinion that the useful life is indefinite. The carrying value of the JUMP Math Lab is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

##### **Intangible asset - JUMP Math Digital Platform**

The Organization is in the process of developing a digital platform for the delivery of educational services. Expenditures related to the development of the digital platform are recorded at cost and are capitalized as an intangible asset. Management is in the process of assessing its useful life to determine amortization policy which will commence once the digital platform is in use. The carrying value of the digital platform is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

##### **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.

##### **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.

---

**JUMP Math**  
**Notes to Financial Statements**

---

April 30, 2024

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments**

The Organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. 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 and cash equivalent, accounts receivable, loans receivable, convertible loans receivable, accounts payable and accrued liabilities and loans payable.

Financial assets and liabilities relating to related party transactions in the normal course of operations are measured at the exchange amount which is the consideration established and agreed to by the related parties. The investment in Innovaciones Educativas UpSocial, S.L., is recorded at cost.

*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.

**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 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, the repayment principal of loans payable to UTI, the estimated useful lives of capital and intangible assets and the internal allocation of salaries and overhead to projects for the purposes of recognizing restricted contributions and capitalizing intangible assets. Actual results could differ from these estimates.

**3. INVENTORY**

Inventory is comprised of teacher materials and student Assessment & Practice books in the field of mathematics. Inventory totaling \$985,949 (2023 - \$993,759) was expensed during the year and has been included under printing and distribution expense in the statement of operations.

---

## JUMP Math

### Notes to Financial Statements

---

April 30, 2024

#### 4. RELATED PARTY TRANSACTIONS

##### **Innovaciones Educativas UpSocial, S.L. ("JUMP Math Spain")**

###### *Licensing agreements and royalties*

The Organization had a 10-year licensing agreement dated May 26, 2015 with JUMP Math Spain, a Spanish low-profit social enterprise. Throughout the period of this agreement, the Organization agreed to defer a third of royalties owing to the Organization that were converted in 2020 to an equity interest in JUMP Math Spain.

Effective July 14, 2022, the Organization entered into a new superseding licensing agreement with JUMP Math Spain. On June 26, 2023, pursuant to an amendment to the licensing agreement, the Organization received upfront royalties totaling \$344,903. Of this amount, \$69,556 (2023 - \$88,003) of royalties were earned as of April 30, 2024 and the balance of \$284,462 is recorded as deferred royalties on the statement of financial position.

###### *Loan receivable*

During the year, the Organization entered into a loan agreement with JUMP Math Spain totaling \$450,000 of which \$370,000 was advanced as of April 30, 2024. The remaining \$80,000 was advanced subsequent to year end. The loan bears interest at 3.6% per annum and is repayable in full at maturity date on February 28, 2026. Interest revenue of \$1,500 was accrued as investment income during the year and has been reflected in the statement of operations.

###### *Convertible loans*

The Organization entered into convertible loan agreements with JUMP Math Spain totaling \$531,488 (2023 - \$385,000). The convertible loans bore interest at 5% per annum and were converted to shares of JUMP Math Spain in June 2023.

###### *Investment and influence*

The Organization's equity interest in JUMP Math Spain totals 22.1% on a fully-diluted basis and two directors of the Organization serve as directors of JUMP Math Spain.

##### **JUMP Math, Inc. ("JUMP Math U.S.")**

###### *Loan receivable*

The Organization advanced \$140,802 (2023 - \$49,645) to JUMP Math U.S., an independent 501(c)(3) charitable organization in the United States with congruent objectives. The advance bears no interest and was repaid in full subsequent to year end.

###### *Service agreement and influence*

The Organization operates under a service agreement with JUMP Math U.S. whereby the Organization assists with administration, accounting services, marketing services and financial loans. One director of the Organization serves as a director of JUMP Math U.S.

---

**JUMP Math**  
**Notes to Financial Statements**

---

April 30, 2024

**5. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated amortization</b>	<b>Net book value</b>	
	<b>\$</b>	<b>\$</b>	<b>2024</b>	<b>2023</b>
			<b>\$</b>	<b>\$</b>
Leasehold improvements	2,918	2,662	<b>256</b>	320
Computer equipment	61,717	48,806	<b>12,911</b>	5,661
	64,635	51,468	<b>13,167</b>	5,981

**6. LOANS PAYABLE**

The Organization holds an 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 and bears interest at 3% per annum, payable annually on each anniversary date of the loan. The balance outstanding as of April 30, 2024 totaled \$200,000 and was repaid in full subsequent to year end. Interest expense incurred during the year in relation to this loan totaled \$6,000 (2023 - \$12,000) and has been included in operating expenses.

During the year, the Organization received \$200,000 under a revenue-based funding arrangement with University Technologies International Inc. ("UTI") for the purpose of the development of the Organization's digital platform. The Organization is required to repay a total of \$300,000 to UTI at the earlier of semi-annual sales-based payment calculated at rate of 1.75% of adjusted gross revenue or December 14, 2033. Management estimates the current portion of the loan to be \$50,000 based on projected revenue-based payments over the next 12 months. Interest of 18% may accrue on principal portion of calculated revenue-based payment if unpaid at its respective repayment date.

The principal repayments are required as follows:

	<b>\$</b>
<b>Cash repayment required within 12 months</b>	<b>250,000</b>
<b>Long term</b>	
2026	<b>50,000</b>
2027	<b>50,000</b>
2028	<b>50,000</b>
	<b>150,000</b>
	<b>400,000</b>

---

**JUMP Math**  
**Notes to Financial Statements**

---

April 30, 2024

**7. DEFERRED GRANTS**

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

	Balance, beginning of year \$	Amounts received \$	Amounts recognized as revenue \$	Balance, end of year \$
<i>Project</i>				
School Board Pilots	273,623	314,876	234,970	<b>353,529</b>
Pre-Calculus Booster	-	145,000	2,750	<b>142,250</b>
Tutoring Project	134,924	250,000	279,130	<b>105,794</b>
Preschool Program	36,822	135,000	144,617	<b>27,205</b>
Indigenous Outreach	22,907	75,000	75,221	<b>22,686</b>
Winnipeg Pilot	-	85,000	66,330	<b>18,670</b>
Digital Resources Development	-	30,000	28,501	<b>1,499</b>
JM Lab Canada	-	240,050	240,050	-
US Tutoring	71,340	159,259	230,599	-
Investment Readiness Program	-	74,906	74,906	-
TC Energy Math for Success Fund	45,000	-	45,000	-
	584,616	1,509,091	1,422,074	<b>671,633</b>

**8. LEASE COMMITMENT**

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

	\$
2025	<b>150,151</b>
2026	<b>131,640</b>
2027	<b>131,346</b>
2028	<b>131,346</b>
Thereafter	<b>218,910</b>
	<b>763,393</b>

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

---

## JUMP Math

### Notes to Financial Statements

---

April 30, 2024

#### 9. 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 loans receivables. 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 loans 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.

##### **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.

##### *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.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its loans payable and loans receivable. The Organization does not use derivative financial instruments to mitigate the effects of this risk.



---

**JUMP Math**  
**Notes to Financial Statements**

---

April 30, 2024

**9. FINANCIAL INSTRUMENTS RISK EXPOSURE (continued)**

**Market risk (continued)**

*Other price risk*

Other price risk results from changes in market prices (other than those arising from currency risk or interest rate risk). The Organization is exposed to other price risk through its investments. The investments are exposed to economic changes and other fluctuations in domestic and global markets, as well as risks specific to issuers that may affect the market value of their securities. The Organization does not use derivative financial instruments to mitigate the effects of this risk.