

Junior Achievement USA

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2021 and 2020

Junior Achievement USA

June 30, 2021 and 2020

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Independent Auditor's Report

Board of Directors
Junior Achievement USA
Colorado Springs, Colorado

We have audited the accompanying consolidated financial statements of Junior Achievement USA (the Organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Directors
Junior Achievement USA

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement USA as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BKD, LLP

Colorado Springs, Colorado
November 19, 2021

Junior Achievement USA
Consolidated Statements of Financial Position
June 30, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and cash equivalents	\$ 13,412,400	\$ 9,998,469
Restricted cash	749,748	7,623,579
Investments	16,401,979	11,941,813
Contributions receivable, net	929,993	1,604,149
Affiliates accounts receivable, net of allowance; 2021 - \$75,000 and 2020 - \$153,000	811,073	867,015
Inventory	2,310,597	3,138,977
Prepaid expenses	229,905	277,461
Accounts receivable - other	132,637	16,560
Property held for sale	<u>1,260,730</u>	<u>-</u>
Total current assets	36,239,062	35,468,023
Contributions Receivable, Net	1,131,647	2,513,782
Affiliates Accounts Receivable, Net of Current Portion	-	57,451
Due from Related Party	3,271,491	2,897,816
Fixed Assets, Net	<u>64,452</u>	<u>1,348,987</u>
Total assets	<u><u>\$ 40,706,652</u></u>	<u><u>\$ 42,286,059</u></u>

Junior Achievement USA
Consolidated Statements of Financial Position (continued)
June 30, 2021 and 2020

Liabilities and Net Assets

	<u>2021</u>	<u>2020</u>
Current Liabilities		
Accounts payable - trade	\$ 1,702,621	\$ 1,499,173
Accounts payable - affiliates	10,637	109,684
Accrued liabilities	570,566	700,772
Deferred revenue	1,076,194	188,194
Current maturities of revolving credit agreement	-	3,755,000
Current maturities of capital lease obligations	16,702	21,447
Refundable advances	2,465,779	2,320,579
Funds held for affiliates	870,847	520,426
	<hr/>	<hr/>
Total current liabilities	6,713,346	9,115,275
Revolving Credit Agreement, Net of Current Maturities	-	3,018,722
Capital Lease Obligations, Net of Current Maturities	<hr/>	<hr/>
	-	16,702
	<hr/>	<hr/>
Total liabilities	6,713,346	12,150,699
Net Assets		
Without donor restrictions		
Undesignated	17,958,111	15,849,923
Board-designated	1,889,726	1,576,907
	<hr/>	<hr/>
	19,847,837	17,426,830
With donor restrictions - purpose restrictions	14,145,469	12,708,530
	<hr/>	<hr/>
Total net assets	33,993,306	30,135,360
	<hr/>	<hr/>
Total liabilities and net assets	\$ 40,706,652	\$ 42,286,059
	<hr/>	<hr/>

Junior Achievement USA
Consolidated Statement of Activities
Year Ended June 30, 2021

	Undesignated	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue					
Contributions	\$ 6,602,380	\$ 9,000	\$ 6,611,380	\$ 9,947,363	\$ 16,558,743
In-kind contributions	118,894	-	118,894	1,342,354	1,461,248
Materials sales	477,467	-	477,467	-	477,467
Program and support fees	11,848,186	-	11,848,186	-	11,848,186
Investment return, net	2,422,034	287,279	2,709,313	203,212	2,912,525
Other income	492,438	113,789	606,227	-	606,227
Net assets released from restrictions - purpose restrictions for educational and other programs	10,055,990	-	10,055,990	(10,055,990)	-
Total support and revenue	32,017,389	410,068	32,427,457	1,436,939	33,864,396
Expenses					
Program services					
Field services	17,921,689	10,377	17,932,066	-	17,932,066
Communications and marketing	1,580,666	-	1,580,666	-	1,580,666
Research and development	4,843,660	-	4,843,660	-	4,843,660
Human resources	635,787	-	635,787	-	635,787
Total program services	24,981,802	10,377	24,992,179	-	24,992,179
Support services					
Management and general	2,456,870	86,872	2,543,742	-	2,543,742
Fundraising	2,470,529	-	2,470,529	-	2,470,529
Total support services	4,927,399	86,872	5,014,271	-	5,014,271
Total expenses	29,909,201	97,249	30,006,450	-	30,006,450
Change in Net Assets	2,108,188	312,819	2,421,007	1,436,939	3,857,946
Net Assets, Beginning of Year	15,849,923	1,576,907	17,426,830	12,708,530	30,135,360
Net Assets, End of Year	\$ 17,958,111	\$ 1,889,726	\$ 19,847,837	\$ 14,145,469	\$ 33,993,306

Junior Achievement USA
Consolidated Statement of Activities
Year Ended June 30, 2020

	Undesignated	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue					
Contributions	\$ 5,941,783	\$ 9,000	\$ 5,950,783	\$ 11,888,050	\$ 17,838,833
Grants	134,471	-	134,471	-	134,471
In-kind contributions	337,114	-	337,114	1,018,723	1,355,837
Materials sales	3,354,624	-	3,354,624	-	3,354,624
Program and support fees	13,032,318	-	13,032,318	-	13,032,318
Investment return, net	242,774	34,566	277,340	619	277,959
Other income	432,334	-	432,334	-	432,334
Net assets released from restrictions - purpose restrictions for educational and other programs	10,255,962	-	10,255,962	(10,255,962)	-
Total support and revenue	33,731,380	43,566	33,774,946	2,651,430	36,426,376
Expenses					
Program services					
Field services	15,364,602	744	15,365,346	-	15,365,346
Communications and marketing	2,462,139	-	2,462,139	-	2,462,139
Research and development	7,347,235	-	7,347,235	-	7,347,235
Human resources	2,065,227	-	2,065,227	-	2,065,227
Total program services	27,239,203	744	27,239,947	-	27,239,947
Support services					
Management and general	4,064,201	7,664	4,071,865	-	4,071,865
Fundraising	2,489,809	-	2,489,809	-	2,489,809
Total support services	6,554,010	7,664	6,561,674	-	6,561,674
Total expenses	33,793,213	8,408	33,801,621	-	33,801,621
Change in Net Assets	(61,833)	35,158	(26,675)	2,651,430	2,624,755
Net Assets, Beginning of Year	15,911,756	1,541,749	17,453,505	10,057,100	27,510,605
Net Assets, End of Year	\$ 15,849,923	\$ 1,576,907	\$ 17,426,830	\$ 12,708,530	\$ 30,135,360

Junior Achievement USA
Consolidated Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services					Support Services			Total Expenses
	Field Services	Communications & Marketing	Research & Development	Human Resources	Total Program Services	Management and General	Fundraising	Total Support Services	
Compensation	\$ 10,503,212	\$ 698,822	\$ 1,355,546	\$ 277,845	\$ 12,835,425	\$ 1,142,190	\$ 1,201,472	\$ 2,343,662	\$ 15,179,087
Occupancy	461,876	32,358	62,767	12,865	569,866	51,726	55,088	106,814	676,680
Product development	2,832,710	380,869	1,644,594	154,728	5,012,901	589,156	541,548	1,130,704	6,143,605
Program support	3,533,241	422,219	1,609,711	171,527	5,736,698	653,121	600,343	1,253,464	6,990,162
Office services	581,847	43,195	164,829	17,548	807,419	103,690	67,215	170,905	978,324
Depreciation and amortization	19,180	3,203	6,213	1,274	29,870	3,859	4,863	8,722	38,592
Total expenses	<u>\$ 17,932,066</u>	<u>\$ 1,580,666</u>	<u>\$ 4,843,660</u>	<u>\$ 635,787</u>	<u>\$ 24,992,179</u>	<u>\$ 2,543,742</u>	<u>\$ 2,470,529</u>	<u>\$ 5,014,271</u>	<u>\$ 30,006,450</u>

Junior Achievement USA
Consolidated Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services					Support Services			Total Expenses
	Field Services	Communications & Marketing	Research & Development	Human Resources	Total Program Services	Management and General	Fundraising	Total Support Services	
Compensation	\$ 6,142,202	\$ 1,562,993	\$ 2,715,315	\$ 1,287,910	\$ 11,708,420	\$ 1,901,389	\$ 1,529,270	\$ 3,430,659	\$ 15,139,079
Occupancy	358,805	81,944	197,312	73,907	711,968	79,627	39,080	118,707	830,675
Product development	4,354,673	495,389	2,215,500	435,924	7,501,486	917,331	431,685	1,349,016	8,850,502
Program support	3,521,751	226,734	1,722,706	184,576	5,655,767	813,500	382,824	1,196,324	6,852,091
Office services	967,462	93,806	486,375	81,836	1,629,479	355,283	104,722	460,005	2,089,484
Depreciation and amortization	20,453	1,273	10,027	1,074	32,827	4,735	2,228	6,963	39,790
Total expenses	<u>\$ 15,365,346</u>	<u>\$ 2,462,139</u>	<u>\$ 7,347,235</u>	<u>\$ 2,065,227</u>	<u>\$ 27,239,947</u>	<u>\$ 4,071,865</u>	<u>\$ 2,489,809</u>	<u>\$ 6,561,674</u>	<u>\$ 33,801,621</u>

Junior Achievement USA
Consolidated Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 3,857,946	\$ 2,624,755
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	38,592	39,790
Charge-offs of obsolete inventory	413,198	166,886
Bad debt expense	-	73,000
Net realized and unrealized gain on investments	(238,663)	(68,651)
Changes in assets and liabilities		
Contributions receivable	756,291	(1,593,146)
Affiliate accounts receivable	(2,684)	(193,782)
Inventory	415,182	(23,392)
Prepaid expenses	47,556	114,557
Accounts payable and accrued liabilities	(25,805)	(1,614,702)
Deferred revenue	888,000	(473,693)
Refundable advance	145,200	2,320,579
Funds held for affiliates	350,421	(429,831)
	6,645,234	942,370
Net cash provided by operating activities		
	6,645,234	942,370
Investing Activities		
Purchase of investments	(9,037,536)	(3,168,983)
Proceeds from sale of investments	4,816,033	3,249,448
Purchase of fixed assets	(14,787)	(3,871)
Due from related party	(373,675)	(2,897,816)
	(4,609,965)	(2,821,222)
Net cash used in investing activities		
	(4,609,965)	(2,821,222)
Financing Activities		
Contributions and deposits received for endowment	1,300,000	-
Principal payments of revolving line of credit agreement	(6,773,722)	(2,253,100)
Repayments of capital lease obligations	(21,447)	(18,209)
	(5,495,169)	(2,271,309)
Net cash used in financing activities		
	(5,495,169)	(2,271,309)
Decrease in Cash and Cash Equivalents	(3,459,900)	(4,150,161)
Cash and Cash Equivalents, Beginning of Year	17,622,048	21,772,209
Cash and Cash Equivalents, End of Year	\$ 14,162,148	\$ 17,622,048

Junior Achievement USA
Consolidated Statements of Cash Flows (continued)
Years Ended June 30, 2021 and 2020

	2021	2020
Statements of Financial Position Presentation		
Cash and cash equivalents	\$ 13,412,400	\$ 9,998,469
Restricted cash	749,748	7,623,579
	\$ 14,162,148	\$ 17,622,048
Supplemental Cash Flows Information		
Interest paid	\$ 143,606	\$ 346,903

Junior Achievement USA

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Junior Achievement USA® is the Regional Operating Center for the United States and reaches out to the local community through a network of JA Areas (area offices) who educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives. Junior Achievement USA teaches students in kindergarten through 12th grade about business and economics and accomplishes its mission by placing a volunteer in the classroom to present Junior Achievement USA's educational curricula and materials. Each area office is a community-based organization that serves a specific geographic area. Area offices are incorporated under the guidelines of its respective state and by-laws, which govern the actions and responsibilities of the area office's Board of Directors. The Regional Operating Center and the area offices join together under the terms of a signed agreement whose guiding principle is mutual support. As of June 30, 2021, 104 U.S. area offices provided programs in 50 states. The area offices' financial statements are not included in the financial statements of Junior Achievement USA, since it does not have a controlling interest in the area offices' Board of Directors or a financial interest in the area offices' operations. The by-laws of each area office designate that a similar purpose not-for-profit organization to receive the residual interest of an area office in the event of dissolution.

Junior Achievement USA's primary revenues come from corporate and individual contributions, private grants, material sales and program and support fees charged to area offices.

Principles of Consolidation and Basis of Accounting

Effective January 1, 2019, the accompanying financial statements include the accounts of Junior Achievement USA and 3DE National, LLC, a single-member LLC wholly-owned by Junior Achievement USA (collectively, the Organization). All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents and Restricted Cash

The Organization considers all liquid investments with original maturities of three months or less that are not held for investment purposes to be cash equivalents. The Organization has classified as restricted cash certain accounts that are legally designated for the pension plan termination described in Notes 8 and 11.

At June 30, 2021 and 2020, cash equivalents and restricted cash consisted primarily of money market funds with brokers. At June 30, 2021, the Organization's cash and restricted cash accounts exceeded federally insured limits by approximately \$12,500,000.

Junior Achievement USA
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

Investments and Investment Return, Net

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest, and other investment income; realized and unrealized gains and losses on investments carried at fair value; less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Area Office Accounts Receivable

Area Office accounts receivable are stated at the amount of consideration from the area offices of which the Organization has an unconditional right to receive. The Organization's area office accounts receivable is comprised principally of sales of materials to area offices as well as area office program and support fees. All area offices pay program and support fees in 10 or 12 equal payments using verified audited revenue from the area office's prior year audited financial statements.

Area offices having a balance outstanding of more than 60 days after the end of the month in which the receivable is recognized are considered past due.

Management has established an allowance for doubtful accounts in the amounts of \$75,000 and \$153,000 at June 30, 2021 and 2020, respectively. The allowance is determined by taking into consideration the unique relationship of dependence between area offices and the Organization to deliver the Junior Achievement programs. Area offices having balances over 90 days past due are reviewed by management to determine the appropriate allowance based on past payment history and adherence to their payback plan. An additional 5-10% of the remaining balance of accounts receivable from affiliates was added to these estimates to arrive at the allowance for doubtful accounts for both 2021 and 2020.

Management will charge-off receivables as uncollectible from area offices based on predetermined payback plan agreements that result in less than 100% collection of receivables.

Inventory

Inventory consists solely of educational textbooks and products. Inventory is stated at the lower of cost or net realizable value (cost determined on a first-in, first-out basis).

Junior Achievement USA

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Fixed Assets

Fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value on the date of the gift. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Buildings have an estimated life of 31.5 years while software, furniture and equipment has an estimated useful life of three to five years.

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Deferred Revenue

Deferred revenue consists primarily of grants and contributions received that contain conditions that have not yet been satisfied.

Refundable Advance

Refundable advance represents loan proceeds received pursuant to the Paycheck Protection Program (PPP) established by the U.S. federal government's *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). While the loan stipulates an interest rate and maturity date, the Organization anticipates that the loan will be substantially forgiven in future years, and thus has elected to account for the loan as a refundable advance as permitted by ASC 958-605. Under this election, loan proceeds are deemed a refundable advance until such time as the related conditions are met, which include meeting certain employee count and salary reduction requirements as well as incurring eligible expenditures. Utilization of the proceeds are subject to review and acceptance by the U.S. Department of Treasury, Small Business Administration (SBA), and/or lender; as a result, future adjustments may be required upon the recognition of revenue. During 2020, Junior Achievement USA and 3DE National, LLC collectively obtained PPP loans totaling \$2,320,579. During 2021, 3DE National, LLC's loan of \$663,300 was forgiven by the SBA and recognized as a contribution without donor restrictions. Subsequent to year-end, Junior Achievement USA received notification from the SBA that \$1,657,279 was forgiven and, thus, recognized a contribution without donor restrictions in the subsequent period. During 2021, 3DE National, LLC obtained a second PPP loan of \$808,500. Management believes that this loan will be forgiven in future periods.

Due from Related Party

Amounts reported as due from related party at June 30, 2021 relate to funds advanced to the pension plan (described in Note 11) and expenses paid directly by the Organization on behalf of the other participating employers. The receivable is expected to be collected from the Plan (see Note 11).

Junior Achievement USA
Notes to Consolidated Financial Statements
June 30, 2021 and 2020

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets to support strategic initiatives for the JA network. Funding is established through operating surpluses that the Organization generates each year. Consistent with the Organization’s strategic plan, board-designated funds have been established for the development of alumni engagement around the world, the Organization’s Centennial campaign, provision of digital and blended learning platforms across the JA network, expansion of educational programs through partnership with other like-minded organizations, as well as investment in human capital.

Net assets with donor restrictions are subject to donor restrictions. Restrictions are either temporary in nature, such as those that will be met by certain programs and events specified by the donor, or for amounts to be maintained in perpetuity.

Contributions and Grants

Contributions and grants are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

Junior Achievement USA

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction.

In-kind Contributions

In addition to receiving cash contributions, the Organization received in-kind contributions of software, services and other gifts from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense or as a fixed asset in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2021 and 2020, \$1,461,248 and \$1,355,837, respectively, was received as in-kind contributions.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on relative efforts expended on each activity. Program expenses include the following:

Field services: Encompasses a range of direct support to 104 area offices of the Organization in their mission to provide high-quality economic education to students in the schools, cities and communities served.

Communications and marketing: Heightens awareness and understanding of the Organization's purpose and mission to corporations, volunteers, educators and the general public at local and national levels.

Research and development: Encompasses the development and updates of sequential economic education curriculum for every grade from kindergarten through 12th.

Human resources: Encompasses the training and development of competent professionals necessary to deliver high-quality economic education programs through the use of business volunteers in the classrooms.

Junior Achievement USA

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Subsequent Events

Subsequent events have been evaluated through November 19, 2021, which is the date the consolidated financial statements were available to be issued.

Note 2: Revenue from Contracts with Members

Change in Accounting Principle

On July 1, 2020, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09) using a modified retrospective method of adoption to all contracts with customers at July 1, 2020.

The core guidance in ASU 2014-09 is to recognize revenue to depict the transfer of promised goods or services to members in amounts that reflect the consideration to which the Organization expects to be entitled in exchange for those goods or services.

The amount to which the Organization expects to be entitled is calculated as the transaction price and recorded as revenue in exchange for providing goods or services.

Adoption of ASU 2014-09 resulted in changes to disclosures in the notes to the consolidated financial statements.

Program and Support Fees

Program and support fees are recognized as the Organization satisfies performance obligations under its contracts, which is ratably over the membership term. The Organization provides a variety of services to area offices, which are considered a single, bundled performance obligation. The Organization bills area offices monthly. All area offices pay program and support fees in 10 or 12 equal payments using verified audited revenue from the area office's prior year audited financial statements. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods or services.

Materials Sales

Materials sales are recognized when control of the promised goods are transferred to area offices, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods. This results in sales being recognized upon shipment. Returns and discounts are immaterial to the Organization and there are no non-standard terms or conditions related to materials sales.

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Transaction Price and Recognition

The Organization determines the transaction price based on 1% of affiliates' annual revenue.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factor:

- Financial status of the area office

For the years ended June 30, 2021 and 2020, the Organization recognized revenue of \$11,848,186 and \$13,032,318, respectively, from services that transfer to the affiliates over time and \$477,467 and \$3,354,624, respectively, from goods that transfer to affiliates at a point in time.

Practical Expedients Elected

For performance obligations satisfied over time, the Organization recognizes revenue in the amount of consideration to which it has the right to invoice when it corresponds directly to the value transferred to the area office.

Note 3: Liquidity and Availability

The Organization receives significant contributions each year from donors, which together with program and support fees, are available to meet annual cash needs for general expenditures. During the years ended June 30, 2021 and 2020, the Organization was able to meet its cash needs utilizing operating cash flows.

The following table reflects the Organization's current financial assets as of June 30, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position because of donor restrictions or internal board designations. Amounts not available include fund held for affiliates, donor-restricted funding subject to specified purposes and board-designated initiatives that are not considered in the annual operating budget. In the event the need arises to use the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

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	<u>2021</u>	<u>2020</u>
Financial Assets - Current		
Cash and cash equivalents	\$ 13,412,400	\$ 9,998,469
Investments	16,401,979	11,941,813
Receivables	1,873,703	2,487,724
	<u>31,688,082</u>	<u>24,428,006</u>
Donor, Legal or Other Restrictions and Designations		
Funds held for affiliates	870,847	520,426
Board-designated	1,889,726	1,576,907
Donor imposed restrictions	14,145,469	12,708,530
	<u>16,906,042</u>	<u>14,805,863</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 14,782,040</u>	<u>\$ 9,622,143</u>

Note 4: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2021				
Equity securities				
Domestic Mutual Funds				
Small Cap	\$ 696,219	\$ 696,219	\$ -	\$ -
Large Cap	870,977	870,977	-	-
Common Stock	4,703,249	4,703,249	-	-
Real Asset Mutual Funds	467,837	467,837	-	-
Alternative Strategy				
Mutual Funds	387,074	387,074	-	-
Exchange Traded Funds	2,357,839	2,357,839	-	-
Fixed income				
Corporate Obligations	1,932,776	-	1,932,776	-
Government Securities	1,311,471	-	1,311,471	-
Domestic Mutual Funds	<u>3,674,537</u>	<u>3,674,537</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,401,979</u>	<u>\$ 13,157,732</u>	<u>\$ 3,244,247</u>	<u>\$ -</u>

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	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2020				
Equity securities				
Domestic Mutual Funds				
Small Cap	\$ 453,665	\$ 453,665	\$ -	\$ -
Mid Cap	1,192,306	1,192,306	-	-
Large Cap	2,998,083	2,998,083	-	-
International Mutual Funds				
Emerging Markets	462,845	462,845	-	-
Large Cap	509,024	509,024	-	-
Real Asset Mutual Funds	430,156	430,156	-	-
Alternative Strategy				
Mutual Funds	424,448	424,448	-	-
Fixed income				
Corporate Bonds	2,022,618	-	2,022,618	-
Government Obligations	1,575,071	-	1,575,071	-
International Mutual Funds	562,727	562,727	-	-
Domestic Mutual Funds	1,310,870	1,310,870	-	-
Total	<u>\$ 11,941,813</u>	<u>\$ 8,344,124</u>	<u>\$ 3,597,689</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation technique during the years ended June 30, 2021 and 2020. The Organization does not carry any securities classified within Level 3 of the hierarchy.

Equity Securities

The Organization is invested in money market mutual funds, domestic and international equity mutual funds, real asset mutual funds and alternative strategy mutual funds where quoted market prices for identical securities are available in an active market. As such, these investments are all classified within Level 1 of the valuation hierarchy.

Fixed Income Securities

The Organization's fixed income securities include domestic and international fixed income bond funds, where quoted market prices for identical securities are available in an active market. These investments are classified within Level 1 of the valuation hierarchy.

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The Organization is also invested in mortgage-backed securities, corporate bonds and governmental obligations where quoted market prices are not available in an active market. Fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These investments are classified within Level 2 of the valuation hierarchy.

Note 5: Contributions Receivable

Contributions receivable consist of the following at June 30:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 40,153 *	\$ 909,840	\$ 949,993
Due in one to five years	-	1,146,800	1,146,800
	40,153	2,056,640	2,096,793
Allowance for uncollectible contributions receivable	-	(20,000)	(20,000)
Unamortized discount	-	(15,153)	(15,153)
	<u>\$ 40,153</u>	<u>\$ 2,021,487</u>	<u>\$ 2,061,640</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 240,593 *	\$ 1,383,556	\$ 1,624,149
Due in one to five years	-	2,534,737	2,534,737
	240,593	3,918,293	4,158,886
Allowance for uncollectible contributions receivable	-	(20,000)	(20,000)
Unamortized discount	-	(20,955)	(20,955)
	<u>\$ 240,593</u>	<u>\$ 3,877,338</u>	<u>\$ 4,117,931</u>

* Included in the amounts reported as without donor restrictions is approximately \$0 and \$160,000 of contributions receivable, at June 30, 2021 and 2020, respectively, that are held for affiliates.

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Note 6: Conditional Gifts

The Organization has received the following conditional promises to give at June 30, 2021 and 2020, that are not recognized in the financial statements:

	<u>2021</u>	<u>2020</u>
Conditional promise to give upon approval of satisfactory progress of the related project	\$ 685,125	\$ 1,260,000

Note 7: Fixed Assets, Net and Property Held for Sale

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,260,730	\$ 1,260,730
Buildings	4,120,471	4,120,471
Software	5,796,224	5,796,224
Furniture and equipment	419,707	404,921
Artwork	30,000	30,000
	11,627,132	11,612,346
Less accumulated depreciation and amortization	10,301,950	10,263,359
	1,325,182	1,348,987
Less property held for sale	1,260,730	-
Total fixed asset, net	<u>\$ 64,452</u>	<u>\$ 1,348,987</u>

During 2021, the Board of Directors of the Organization approved a plan to sell land, with a net book value of \$1,260,730, and a building, with a net book value of \$0. Both assets have been reclassified to property held for sale and presented as a current asset on the 2021 statement of financial position.

Note 8: Revolving Credit Agreement

	<u>2021</u>	<u>2020</u>
Revolving credit agreement (A)	\$ -	\$ 6,773,722
Less current maturities	-	3,755,000
	<u>\$ -</u>	<u>\$ 3,018,722</u>

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- (A) During 2019, the Organization entered into a revolving credit agreement with First Western Trust Bank, whereby the Organization had access to draw up to \$12,000,000 at a floating interest rate equal to the prime rate minus 1.25%, and payable in laddered, quarterly installments until maturity in June 2022. Proceeds from the agreement were legally restricted for pension plan contributions in connection with the termination of the pension plan. As described in Note 11, during 2020 pension obligations were liquidated and, thus, during 2021, the revolving credit balance was paid in full.

Note 9: Net Assets

Board-designated Net Assets

The Organization's Board of Directors has designated net assets for the following purposes:

	<u>2021</u>	<u>2020</u>
Headquarters Development	\$ 1,642,047	\$ 1,338,228
Colgate-Hook Memorial	239,725	230,725
Leadership Conference Scholarship Fund	<u>7,954</u>	<u>7,954</u>
	<u>\$ 1,889,726</u>	<u>\$ 1,576,907</u>

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Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose		
Educational and other programs	\$ 10,707,797	\$ 8,831,192
Subject to the passage of time		
Contributions receivable, the proceeds from which have been restricted by donors for educational and other programs	<u>2,021,487</u>	<u>2,675,824</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for educational and other programs	116,185	-
Subject to endowment spending policy and appropriation as held in perpetuity		
Restricted by donors for educational and other programs	1,300,000	-
Promises to give, the proceeds from which have been restricted by donors for endowment	<u>-</u>	<u>1,201,514</u>
Total endowments	<u>1,416,185</u>	<u>1,201,514</u>
	<u>\$ 14,145,469</u>	<u>\$ 12,708,530</u>

Note 10: Endowment

The Organization's governing body is subject to the *State of Colorado Prudent Management of Institutional Funds Act* (UPMIFA). As a result, the Organization classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before being reclassified as net assets without donor restrictions.

Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund

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3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The Organization's endowment consists of one donor-restricted fund established for educational and other programs. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The composition of net assets by type of endowment fund at June 30, 2021 was:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity	\$ -	\$ 1,300,000	\$ 1,300,000
Accumulated investment gains	-	116,185	116,185
	<u>\$ -</u>	<u>\$ 1,416,185</u>	<u>\$ 1,416,185</u>

Changes in endowment net assets for the year ended June 30, 2021 were:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, beginning of year	\$ -	\$ -	\$ -
Investment income, net	-	153,486	153,486
Contributions and deposits	-	1,300,000	1,300,000
Appropriation for expenditure	-	(37,301)	(37,301)
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 1,416,185</u>	<u>\$ 1,416,185</u>

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Investment and Spending Policies

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Organization's policies, the Organization expects its endowment funds to provide an average rate of return of approximately 7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a spending policy of appropriating for expenditure each year 3%-5% of its endowment fund's average fair value. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Underwater Endowments

The governing body of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of:

- a) the original value of initial and subsequent gift amounts donated to the fund and
- b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor stipulations or laws and regulations. At June 30, 2021, there were no underwater endowment funds.

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Note 11: Pension and Postretirement Plan

Multi-employer Pension Plan (Terminated Effective June 30, 2019)

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan was administered by the Organization and covered all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. Benefits were determined based on years of service and salary history. Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas made contributions to the plan equal to 16.75% of participants' eligible compensation. The Organization recognized, as net pension cost, the required contribution for the period and recognized, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of the Organization approved the termination of the Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. As a result, during 2020, in accordance with the plan documents, the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas continued to make contributions equal to 13.25% of participants' eligible compensation.

During 2020, Plan participants elected the mode of their distribution (whether lump-sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump-sum elections) or transferred (annuity elections). The remaining assets in the Plan of approximately \$5.5 million at June 30, 2021 and 2020, are restricted for additional benefit payments, if any, plus future termination and other required administrative expenses. Approximately \$4 million of the plan's assets are expected to be returned to the Organization to repay the funds the Organization had advanced to the Plan to help ensure it was fully funded. This return of funds is included in the net receivable, described below.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will first be used to pay any final administrative costs, next will be used to repay advances from the Organization that were necessary to fully fund the plan (\$3,271,491 and \$2,897,816 at June 30, 2021 and 2020, respectively, and are reported as due from related party on the statements of financial position), and lastly, will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2021.

To facilitate the termination and funding of the Plan, the Organization obtained a \$12,000,000 revolving credit agreement, described in Note 8. Under the plan of termination any amounts borrowed under the line would be used to pre-fund the plan on behalf of the Organization, JA

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Worldwide, Inc. and participating Junior Achievement Areas. As a result, the Organization has recorded a receivable for funds advanced to the Plan and expenses paid directly by the Organization on behalf of the other participating employers. The receivable is expected to be collected from the Plan rather than from participating employers, given the over funded status of the Plan.

During the year ended June 30, 2020, the Organization contributed approximately \$980,000 to the plan. The Organization was listed in its plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2021 and 2020, plan years.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees on July 1, 2019 (see Note 12).

Note 12: Health and Welfare Benefits Trust and Postretirement Benefits Plan

Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of Junior Achievement Areas in the United States can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

The following represents summarized financial information pertaining to the Benefits Trust as of and for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Assets	\$ 8,390,233	\$ 7,396,305
Liabilities	<u>175,974</u>	<u>423,603</u>
Net assets	<u>\$ 8,214,259</u>	<u>\$ 6,972,702</u>
Additions to net assets	\$ 9,562,947	\$ 9,423,270
Deductions from net assets	<u>8,321,390</u>	<u>8,993,727</u>
Change in net assets	1,241,557	429,543
Net assets, beginning of year	<u>6,972,702</u>	<u>6,543,159</u>
Net assets, end of year	<u>\$ 8,214,259</u>	<u>\$ 6,972,702</u>

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In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the April 30, 2021 and 2020, audited financial statements, claims payable of \$170,780 and \$238,990, respectively, and claims incurred but not reported of \$543,622 and \$567,531, respectively. The obligation for claims incurred but not reported is not recorded in the Benefits Trust's statements of net assets available for benefits.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

Total Postretirement Plan Information

A June 30 measurement date is used for the Postretirement Plan. Significant balances, costs and assumptions are:

	<u>2021</u>	<u>2020</u>
Benefit obligation	\$ (8,402,426)	\$ (8,542,169)
Fair value of plan assets	-	-
Underfunded status	<u>\$ (8,402,426)</u>	<u>\$ (8,542,169)</u>
Accumulated benefit obligation	<u>\$ (8,402,426)</u>	<u>\$ (8,542,169)</u>

Weighted-average assumptions used to determine benefit obligations at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Discount rate	3.00%	2.75%
Rate of compensation increase	3.00%	2.50%

Weighted-average assumptions used to determine benefit costs at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Discount rate	2.75%	3.50%
Rate of compensation increase	2.50%	3.00%

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The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2021:

2022	\$	315,398
2023	\$	336,749
2024	\$	322,931
2025	\$	329,096
2026	\$	356,855
2027 to 2031	\$	2,079,936

The Organization’s premium expense for the Health and Welfare Plan for the years ended June 30, 2021 and 2020, was \$1,287,794 and \$1,077,476, respectively.

Note 13: Profit-Sharing Plan

Starting on July 1, 2019, the Organization implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization’s contributions to the plan are determined annually by the Board of Directors. Contributions to the plan were \$204,408 and \$266,603 for the years ended June 30, 2021 and 2020, respectively.

Note 14: Related-party Transactions

Activity with JA Worldwide, Inc.

The Organization and JA Worldwide, Inc. are related parties that are not financially interrelated organizations. Through a contractual agreement, JA Worldwide, Inc. purchased fund raising, accounting and administrative support services from Junior Achievement USA® totaling \$3,960 and \$3,465 during 2021 and 2020, respectively. Through a program and support fee agreement between JA Worldwide, Inc. and the Organization, JA Worldwide, Inc. assessed a program and support fee of 1% of prior fiscal year gross revenues of each of the local area offices for their use of logos and trademarks owned by JA Worldwide, Inc. The Organization remits this fee to JA Worldwide, Inc. from the program and support fees the Organization collects from each local area office. As a result, the Organization recorded an expense of \$1,415,326 and \$1,352,515 during 2021 and 2020, respectively, to JA Worldwide, Inc. The revenue and expense generated from these transactions are recorded in other income and management and general support service expense on the statements of activities.

Any uncollected and unpaid balances related to transactions with JA Worldwide, Inc. are shown in the affiliates accounts receivable or accounts payable – affiliate line items on the statements of financial position. For 2021 and 2020, the net unpaid balance was \$10,637 and \$109,684, respectively.

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Activity with Board Members and Other Related Parties

Contributions of cash, in-kind gifts and pledges from related parties, including board members and corporations associated with board members was \$1,691,055 and \$3,607,158 during the years ended June 30, 2021 and 2020, respectively. Contributions receivable from related parties, including from board members and their employers, was \$1,140,000 and \$1,645,000 as of June 30, 2021 and 2020, respectively.

Activity with USA Area Offices

The Organization assists its area offices around the U.S. in establishing their own organizations to administer Junior Achievement programs. The Organization holds funds on behalf of certain of these members for their U.S. expenses. These are included in cash and contributions receivable on the statements of financial position and total \$259,342 and \$611,505, respectively, as of June 30, 2021 and total \$360,426 and \$160,000, respectively, as of June 30, 2020. During the years ended June 30, 2021 and 2020, the Organization passed through to the area offices \$4,386,694 and \$6,180,646, respectively, of funds resource providers directed to be transferred to them. Because the Organization functions as a conduit, these amounts have not been reflected on the statements of activities. Approximately \$299,507 and \$17,152 of these pass-through funds at June 30, 2021 and 2020, respectively, were committed for distribution but not yet transferred to the area offices. These undistributed amounts reside in accounts payable on the statements of financial position.

Substantially all of the Organization's accounts receivable as of June 30, 2021 and 2020, relate to sales of materials to area offices. These related party sales and cost of sales amounted to \$477,467 and \$961,012, respectively, for 2021 and \$3,354,624 and \$3,225,933, respectively, for 2020.

The Organization also receives program and support fee income from area offices. These fees totaled \$11,848,186 and \$13,032,318 for the years ended June 30, 2021 and 2020, respectively. The Organization has accounts receivable of \$811,073 and \$924,466 as of June 30, 2021 and 2020, respectively, from area offices.

Note 15: Significant Estimates and Concentrations

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contribution Concentrations

Contribution revenue (including grants and in-kind contributions) of \$7,734,015 and \$19,081,228 in 2021 and 2020, comprised approximately 33% and 55%, respectively, of the Organization's total support and revenue. No individual donors exceeded 20% of contribution revenue in 2021 and 2020.

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Inventory Obsolescence

The Organization maintains educational textbooks and products which are held for resale. Each year the Organization estimates an allowance for obsolete inventory, which was \$442,000 and \$188,000 at June 30, 2021 and 2020, respectively. Actual inventory obsolescence may vary from the allowance accrued.

Investments Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

COVID-19

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Supplementary Information

Junior Achievement USA
Schedule of Financial Position – Consolidating Information
June 30, 2021

Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 6,206,391	\$ 7,206,009	\$ -	\$ 13,412,400
Restricted cash	749,748	-	-	749,748
Investments	16,401,979	-	-	16,401,979
Contributions receivable, net	929,993	-	-	929,993
Affiliates accounts receivable, net of allowance; \$75,000	677,270	133,803	-	811,073
Inventory	2,310,597	-	-	2,310,597
Prepaid expenses	179,774	50,131	-	229,905
Accounts receivable - other	132,637	-	-	132,637
Property held for sale, net	1,260,730	-	-	1,260,730
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	28,849,119	7,389,943	-	36,239,062
Contributions Receivable, Net	1,131,647	-	-	1,131,647
Due from Related Party	3,271,491	-	-	3,271,491
Fixed Assets, Net	<hr/> 64,452	<hr/> -	<hr/> -	<hr/> 64,452
Total assets	<hr/> <u>\$ 33,316,709</u>	<hr/> <u>\$ 7,389,943</u>	<hr/> <u>\$ -</u>	<hr/> <u>\$ 40,706,652</u>

Junior Achievement USA

Schedule of Financial Position – Consolidating Information (continued)

June 30, 2021

Liabilities and Net Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Liabilities				
Accounts payable - trade	\$ 1,618,902	\$ 83,719	\$ -	\$ 1,702,621
Accounts payable - affiliates	10,637	-	-	10,637
Accrued liabilities	350,037	220,529	-	570,566
Deferred revenue	1,121,698	-	(45,504)	1,076,194
Current maturities of capital lease obligations	16,702	-	-	16,702
Refundable advances	1,657,279	808,500	-	2,465,779
Funds held for affiliates	870,847	-	-	870,847
	<u>5,646,102</u>	<u>1,112,748</u>	<u>(45,504)</u>	<u>6,713,346</u>
Net Assets				
Without donor restrictions				
Undesignated	17,805,912	106,695	45,504	17,958,111
Board-designated	1,889,726	-	-	1,889,726
	<u>19,695,638</u>	<u>106,695</u>	<u>45,504</u>	<u>19,847,837</u>
With donor restrictions - purpose restrictions	7,974,969	6,170,500	-	14,145,469
	<u>27,670,607</u>	<u>6,277,195</u>	<u>45,504</u>	<u>33,993,306</u>
Total net assets	<u>27,670,607</u>	<u>6,277,195</u>	<u>45,504</u>	<u>33,993,306</u>
Total liabilities and net assets	<u>\$ 33,316,709</u>	<u>\$ 7,389,943</u>	<u>\$ -</u>	<u>\$ 40,706,652</u>

Junior Achievement USA
Schedule of Financial Position – Consolidating Information
June 30, 2020

Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 5,059,858	\$ 4,938,611	\$ -	\$ 9,998,469
Restricted cash	7,623,579	-	-	7,623,579
Investments	11,941,813	-	-	11,941,813
Contributions receivable, net	1,604,149	-	-	1,604,149
Affiliates accounts receivable, net of allowance; \$153,000	867,015	-	-	867,015
Inventory	3,138,977	-	-	3,138,977
Prepaid expenses	212,511	64,950	-	277,461
Accounts receivable - other	16,560	-	-	16,560
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	30,464,462	5,003,561	-	35,468,023
Contributions Receivable, Net	2,513,782	-	-	2,513,782
Affiliates Accounts Receivable, Net of Current Portion; \$0	57,451	-	-	57,451
Due from Related Party	2,897,816	-	-	2,897,816
Fixed Assets, Net	1,348,987	-	-	1,348,987
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 37,282,498</u>	<u>\$ 5,003,561</u>	<u>\$ -</u>	<u>\$ 42,286,059</u>

Junior Achievement USA

Schedule of Financial Position – Consolidating Information (continued)

June 30, 2020

Liabilities and Net Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Liabilities				
Accounts payable - trade	\$ 1,426,179	\$ 72,994	\$ -	\$ 1,499,173
Accounts payable - affiliates	109,684	-	-	109,684
Accrued liabilities	367,081	333,691	-	700,772
Deferred revenue	233,698	-	(45,504)	188,194
Current maturities of revolving credit agreement	3,755,000	-	-	3,755,000
Current maturities of capital lease obligations	21,447	-	-	21,447
Refundable advances	1,657,279	663,300	-	2,320,579
Funds held for affiliates	520,426	-	-	520,426
	<hr/>	<hr/>	<hr/>	<hr/>
Total current liabilities	8,090,794	1,069,985	(45,504)	9,115,275
Revolving Credit Agreement, Net of Current Maturities				
	3,018,722	-	-	3,018,722
Capital Lease Obligations, Net of Current Maturities				
	16,702	-	-	16,702
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	11,126,218	1,069,985	(45,504)	12,150,699
Net Assets				
Without donor restrictions				
Undesignated	15,708,843	95,576	45,504	15,849,923
Board-designated	1,576,907	-	-	1,576,907
	<hr/>	<hr/>	<hr/>	<hr/>
	17,285,750	95,576	45,504	17,426,830
With donor restrictions - purpose restrictions	8,870,530	3,838,000	-	12,708,530
	<hr/>	<hr/>	<hr/>	<hr/>
Total net assets	26,156,280	3,933,576	45,504	30,135,360
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	\$ 37,282,498	\$ 5,003,561	\$ -	\$ 42,286,059

Junior Achievement USA
Schedule of Revenues, Expenses and Changes in Net Assets –
Consolidating Information
Year Ended June 30, 2021

	Junior Achievement USA					3DE National, LLC				
	Undesignated	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
Support and Revenue										
Contributions	\$ 1,186,560	\$ 9,000	\$ 1,195,560	\$ 5,109,863	\$ 6,305,423	\$ 5,415,820	\$ 4,837,500	\$ 10,253,320	\$ -	\$ 16,558,743
In-kind contributions	118,894	-	118,894	1,342,354	1,461,248	-	-	-	-	1,461,248
Materials sales	477,467	-	477,467	-	477,467	-	-	-	-	477,467
Program and support fees	11,848,186	-	11,848,186	-	11,848,186	-	-	-	-	11,848,186
Investment return, net	2,421,167	287,279	2,708,446	203,212	2,911,658	867	-	867	-	2,912,525
Other income	492,438	113,789	606,227	-	606,227	-	-	-	-	606,227
Net assets released from restrictions - purpose restrictions for educational and other programs	7,550,990	-	7,550,990	(7,550,990)	-	2,505,000	(2,505,000)	-	-	-
Total support and revenue	24,095,702	410,068	24,505,770	(895,561)	23,610,209	7,921,687	2,332,500	10,254,187	-	33,864,396
Expenses										
Program services										
Field services	10,681,299	10,377	10,691,676	-	10,691,676	7,240,390	-	7,240,390	-	17,932,066
Communications and marketing	1,580,666	-	1,580,666	-	1,580,666	-	-	-	-	1,580,666
Research and development	4,650,978	-	4,650,978	-	4,650,978	192,682	-	192,682	-	4,843,660
Human resources	635,787	-	635,787	-	635,787	-	-	-	-	635,787
Total program services	17,548,730	10,377	17,559,107	-	17,559,107	7,433,072	-	7,433,072	-	24,992,179
Support services										
Management and general	2,131,748	86,872	2,218,620	-	2,218,620	325,122	-	325,122	-	2,543,742
Fundraising	2,318,155	-	2,318,155	-	2,318,155	152,374	-	152,374	-	2,470,529
Total support services	4,449,903	86,872	4,536,775	-	4,536,775	477,496	-	477,496	-	5,014,271
Total expenses	21,998,633	97,249	22,095,882	-	22,095,882	7,910,568	-	7,910,568	-	30,006,450
Change in Net Assets	2,097,069	312,819	2,409,888	(895,561)	1,514,327	11,119	2,332,500	2,343,619	-	3,857,946
Net Assets, Beginning of Year	15,708,843	1,576,907	17,285,750	8,870,530	26,156,280	95,576	3,838,000	3,933,576	45,504	30,135,360
Net Assets, End of Year	\$ 17,805,912	\$ 1,889,726	\$ 19,695,638	\$ 7,974,969	\$ 27,670,607	\$ 106,695	\$ 6,170,500	\$ 6,277,195	\$ 45,504	\$ 33,993,306

Junior Achievement USA
Schedule of Revenues, Expenses and Changes in Net Assets –
Consolidating Information
Year Ended June 30, 2020

	Junior Achievement USA					3DE National, LLC				
	Undesignated	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
Support and Revenue										
Contributions	\$ 1,140,908	\$ 9,000	\$ 1,149,908	\$ 8,275,050	\$ 9,424,958	\$ 4,800,875	\$ 3,613,000	\$ 8,413,875	\$ -	\$ 17,838,833
Grants	134,471	-	134,471	-	134,471	-	-	-	-	134,471
In-kind contributions	337,114	-	337,114	1,018,723	1,355,837	-	-	-	-	1,355,837
Materials sales	3,354,624	-	3,354,624	-	3,354,624	-	-	-	-	3,354,624
Program and support fees	13,032,318	-	13,032,318	-	13,032,318	-	-	-	-	13,032,318
Investment return, net	242,774	34,566	277,340	619	277,959	-	-	-	-	277,959
Other income	420,092	-	420,092	-	420,092	12,242	-	12,242	-	432,334
Net assets released from restrictions - purpose restrictions for educational and other programs	8,400,962	-	8,400,962	(8,400,962)	-	1,855,000	(1,855,000)	-	-	-
Total support and revenue	27,063,263	43,566	27,106,829	893,430	28,000,259	6,668,117	1,758,000	8,426,117	-	36,426,376
Expenses										
Program services										
Field services	13,265,699	744	13,266,443	-	13,266,443	2,098,903	-	2,098,903	-	15,365,346
Communications and marketing	1,128,950	-	1,128,950	-	1,128,950	1,333,189	-	1,333,189	-	2,462,139
Research and development	5,893,058	-	5,893,058	-	5,893,058	1,454,177	-	1,454,177	-	7,347,235
Human resources	851,494	-	851,494	-	851,494	1,213,733	-	1,213,733	-	2,065,227
Total program services	21,139,201	744	21,139,945	-	21,139,945	6,100,002	-	6,100,002	-	27,239,947
Support services										
Management and general	3,593,804	7,664	3,601,468	-	3,601,468	335,926	-	335,926	134,471	4,071,865
Fundraising	2,275,660	-	2,275,660	-	2,275,660	214,149	-	214,149	-	2,489,809
Total support services	5,869,464	7,664	5,877,128	-	5,877,128	550,075	-	550,075	134,471	6,561,674
Total expenses	27,008,665	8,408	27,017,073	-	27,017,073	6,650,077	-	6,650,077	134,471	33,801,621
Change in Net Assets	54,598	35,158	89,756	893,430	983,186	18,040	1,758,000	1,776,040	(134,471)	2,624,755
Net Assets, Beginning of Year	15,654,245	1,541,749	17,195,994	7,977,100	25,173,094	77,536	2,080,000	2,157,536	179,975	27,510,605
Net Assets, End of Year	\$ 15,708,843	\$ 1,576,907	\$ 17,285,750	\$ 8,870,530	\$ 26,156,280	\$ 95,576	\$ 3,838,000	\$ 3,933,576	\$ 45,504	\$ 30,135,360