

Junior Achievement USA

Independent Auditor's Report and Consolidated Financial Statements

June 30, 2022 and 2021

Junior Achievement USA

June 30, 2022 and 2021

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Independent Auditor's Report

Board of Directors
Junior Achievement USA
Colorado Springs, Colorado

Opinion

We have audited the consolidated financial statements of Junior Achievement USA (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, in 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that these consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- 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. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Board of Directors
Junior Achievement USA

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Organization's basic financial statements. 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 basic financial statements as a whole.

FORVIS, LLP

Colorado Springs, Colorado
November 22, 2022

Junior Achievement USA
Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 11,045,798	\$ 13,412,400
Restricted cash	713,869	749,748
Investments	18,876,612	16,401,979
Contributions receivable, net	2,213,191	929,993
Affiliates accounts receivable, net of allowance; 2022 and 2021 - \$75,000	1,024,058	811,073
Inventory	1,285,788	2,310,597
Prepaid expenses	699,063	229,905
Accounts receivable - other	99,472	132,637
Property held for sale	<u>1,260,730</u>	<u>1,260,730</u>
Total current assets	37,218,581	36,239,062
Contributions Receivable, Net	1,025,081	1,131,647
Due from Related Party	3,310,942	3,271,491
Fixed Assets, Net	<u>99,418</u>	<u>64,452</u>
Total assets	<u>\$ 41,654,022</u>	<u>\$ 40,706,652</u>

Junior Achievement USA
Consolidated Statements of Financial Position (continued)
June 30, 2022 and 2021

Liabilities and Net Assets

	<u>2022</u>	<u>2021</u>
Current Liabilities		
Accounts payable - trade	\$ 3,244,116	\$ 1,702,621
Accounts payable - affiliates	137,801	10,637
Accrued liabilities	726,648	570,566
Deferred revenue	1,143,124	1,076,194
Current maturities of capital lease obligations	-	16,702
Refundable advances	-	2,465,779
Funds held for affiliates	1,635,300	870,847
	<hr/>	<hr/>
Total current liabilities	6,886,989	6,713,346
	<hr/>	<hr/>
Total liabilities	6,886,989	6,713,346
	<hr/>	<hr/>
Net Assets		
Without donor restrictions		
Undesignated	18,222,637	17,958,111
Board-designated	1,389,822	1,889,726
	<hr/>	<hr/>
	19,612,459	19,847,837
With donor restrictions - purpose restrictions	15,154,574	14,145,469
	<hr/>	<hr/>
Total net assets	34,767,033	33,993,306
	<hr/>	<hr/>
Total liabilities and net assets	\$ 41,654,022	\$ 40,706,652
	<hr/>	<hr/>

Junior Achievement USA
Consolidated Statement of Activities
Year Ended June 30, 2022

	Undesignated	Board- Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue					
Contributions	\$ 8,631,095	\$ 9,000	\$ 8,640,095	\$ 10,766,060	\$ 19,406,155
Contributed nonfinancial assets	84,293	-	84,293	2,137,306	2,221,599
Materials sales	1,999,039	-	1,999,039	-	1,999,039
Program and support fees	14,063,003	-	14,063,003	-	14,063,003
Investment return, net	(2,168,048)	(192,000)	(2,360,048)	(225,009)	(2,585,057)
Other income	438,885	8,799	447,684	4,135	451,819
Net assets released from restrictions - purpose restrictions for educational and other programs	11,673,387	-	11,673,387	(11,673,387)	-
Total support and revenue	34,721,654	(174,201)	34,547,453	1,009,105	35,556,558
Expenses					
Program services					
Field services	20,949,171	81,427	21,030,598	-	21,030,598
Communications and marketing	1,914,963	48,855	1,963,818	-	1,963,818
Research and development	5,075,206	48,855	5,124,061	-	5,124,061
Human resources	829,584	65,141	894,725	-	894,725
Total program services	28,768,924	244,278	29,013,202	-	29,013,202
Support services					
Management and general	2,914,740	48,855	2,963,595	-	2,963,595
Fundraising	2,773,464	32,570	2,806,034	-	2,806,034
Total support services	5,688,204	81,425	5,769,629	-	5,769,629
Total expenses	34,457,128	325,703	34,782,831	-	34,782,831
Change in Net Assets	264,526	(499,904)	(235,378)	1,009,105	773,727
Net Assets, Beginning of Year	17,958,111	1,889,726	19,847,837	14,145,469	33,993,306
Net Assets, End of Year	\$ 18,222,637	\$ 1,389,822	\$ 19,612,459	\$ 15,154,574	\$ 34,767,033

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
Contributed nonfinancial assets	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	<u>10,055,990</u>	<u>-</u>	<u>10,055,990</u>	<u>(10,055,990)</u>	<u>-</u>
Total support and revenue	<u>32,017,389</u>	<u>410,068</u>	<u>32,427,457</u>	<u>1,436,939</u>	<u>33,864,396</u>
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	<u>635,787</u>	<u>-</u>	<u>635,787</u>	<u>-</u>	<u>635,787</u>
Total program services	<u>24,981,802</u>	<u>10,377</u>	<u>24,992,179</u>	<u>-</u>	<u>24,992,179</u>
Support services					
Management and general	2,456,870	86,872	2,543,742	-	2,543,742
Fundraising	<u>2,470,529</u>	<u>-</u>	<u>2,470,529</u>	<u>-</u>	<u>2,470,529</u>
Total support services	<u>4,927,399</u>	<u>86,872</u>	<u>5,014,271</u>	<u>-</u>	<u>5,014,271</u>
Total expenses	<u>29,909,201</u>	<u>97,249</u>	<u>30,006,450</u>	<u>-</u>	<u>30,006,450</u>
Change in Net Assets	2,108,188	312,819	2,421,007	1,436,939	3,857,946
Net Assets, Beginning of Year	<u>15,849,923</u>	<u>1,576,907</u>	<u>17,426,830</u>	<u>12,708,530</u>	<u>30,135,360</u>
Net Assets, End of Year	<u>\$ 17,958,111</u>	<u>\$ 1,889,726</u>	<u>\$ 19,847,837</u>	<u>\$ 14,145,469</u>	<u>\$ 33,993,306</u>

Junior Achievement USA
Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	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	\$ 12,601,193	\$ 902,380	\$ 1,613,954	\$ 378,452	\$ 15,495,979	\$ 1,347,882	\$ 1,529,817	\$ 2,877,699	\$ 18,373,678
Occupancy	516,545	51,199	91,572	21,473	680,789	72,169	77,070	149,239	830,028
Product development	2,746,215	398,616	1,403,401	195,299	4,743,531	605,943	465,625	1,071,568	5,815,099
Program support	4,206,641	527,571	1,741,134	258,479	6,733,825	801,968	616,257	1,418,225	8,152,050
Office services	937,896	81,806	269,983	40,080	1,329,765	132,479	113,911	246,390	1,576,155
Depreciation and amortization	22,108	2,246	4,017	942	29,313	3,154	3,354	6,508	35,821
Total expenses	<u>\$ 21,030,598</u>	<u>\$ 1,963,818</u>	<u>\$ 5,124,061</u>	<u>\$ 894,725</u>	<u>\$ 29,013,202</u>	<u>\$ 2,963,595</u>	<u>\$ 2,806,034</u>	<u>\$ 5,769,629</u>	<u>\$ 34,782,831</u>

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 Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ 773,727	\$ 3,857,946
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	35,821	38,592
Charge-offs (recoveries) of obsolete inventory	(220,272)	413,198
Net realized and unrealized loss (gain) on investments	3,207,608	(238,663)
Changes in assets and liabilities		
Contributions receivable	(1,176,632)	756,291
Affiliate accounts receivable	(179,820)	(2,684)
Inventory	1,245,081	415,182
Prepaid expenses	(469,158)	47,556
Accounts payable and accrued liabilities	1,824,741	(25,805)
Deferred revenue	66,930	888,000
Refundable advance	(2,465,779)	145,200
Funds held for affiliates	764,453	350,421
Net cash provided by operating activities	3,406,700	6,645,234
Investing Activities		
Purchase of investments	(13,418,408)	(9,037,536)
Proceeds from sale of investments	7,736,167	4,816,033
Purchase of fixed assets	(70,787)	(14,787)
Net transfers from (to) related party	(39,451)	(373,675)
Net cash used in investing activities	(5,792,479)	(4,609,965)
Financing Activities		
Contributions and deposits received for endowment	-	1,300,000
Principal payments of revolving line of credit agreement	-	(6,773,722)
Repayments of capital lease obligations	(16,702)	(21,447)
Net cash used in financing activities	(16,702)	(5,495,169)
Decrease in Cash and Cash Equivalents	(2,402,481)	(3,459,900)
Cash and Cash Equivalents, Beginning of Year	14,162,148	17,622,048
Cash and Cash Equivalents, End of Year	\$ 11,759,667	\$ 14,162,148

Junior Achievement USA
Consolidated Statements of Cash Flows (continued)
Years Ended June 30, 2022 and 2021

	2022	2021
Statements of Financial Position Presentation		
Cash and cash equivalents	\$ 11,045,798	\$ 13,412,400
Restricted cash	713,869	749,748
	\$ 11,759,667	\$ 14,162,148
Supplemental Cash Flows Information		
Interest paid	\$ -	\$ 143,606

Junior Achievement USA

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

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, 2022, over 100 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 Note 10.

At June 30, 2022 and 2021, cash equivalents and restricted cash consisted primarily of money market funds with brokers. At June 30, 2022, the Organization's cash and restricted cash accounts exceeded federally insured limits by approximately \$10,100,000.

Junior Achievement USA
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

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 at June 30, 2022 and 2021. 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 2022 and 2021.

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, 2022 and 2021

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 have 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, 2022 and 2021.

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 2021, 3DE National, LLC's loan of \$663,300 was forgiven by the SBA and recognized as a contribution without donor restrictions. During 2021, 3DE National, LLC obtained a second PPP loan of \$808,500. During 2022, Junior Achievement USA's loan of \$1,657,279 and 3DE National, LLC's loan of \$808,500 were forgiven by the SBA and recognized a contribution without donor restrictions.

Due from Related Party

Amounts reported as due from related party at June 30, 2022 relate to funds advanced to the pension plan (described in Note 10) 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 10).

Junior Achievement USA
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

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, 2022 and 2021

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 without donor restrictions.

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

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, 2022 and 2021, the Organization recognized revenue of \$14,063,003 and \$11,848,186, respectively, from services that transfer to the affiliates over time.

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.

For the years ended June 30, 2022 and 2021, the Organization recognized revenue of \$1,999,039 and \$477,467, respectively, from goods that transfer to affiliates at a point in time.

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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 103 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.

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.

Reclassifications

Certain reclassifications have been made to the 2021 notes to the consolidated financial statements to conform to the 2022 notes to the financial statements presentation. These reclassifications had no effect on the change in net assets.

Note 2: Change in Accounting Principle

In 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the consolidated statements of activities and disclosures within the notes to the consolidated financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

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Notes to Consolidated Financial Statements
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Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included donor-restricted software and related “Share the American Dream” program deployment services of \$2,137,306 and \$1,342,354 and other in-kind gifts without donor restrictions of \$84,293 and \$118,894, respectively.

Software and related services: The Organization receives donated software and related services that are restricted for the Organization’s “Share the American Dream” programmatic deployment initiative. The Organization estimates the fair values of these items through information obtained from the donor, as well as corroboration of market prices received with relative services from comparable vendors.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

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, 2022 and 2021, 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, 2022 and 2021, 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.

	<u>2022</u>	<u>2021</u>
Financial Assets - Current		
Cash and cash equivalents	\$ 11,045,798	\$ 13,412,400
Investments	18,876,612	16,401,979
Receivables	3,336,721	1,873,703
	<u>33,259,131</u>	<u>31,688,082</u>
Donor, Legal or Other Restrictions and Designations		
Funds held for affiliates	1,635,300	870,847
Board-designated	1,389,822	1,889,726
Donor imposed restrictions	15,154,574	14,145,469
	<u>18,179,696</u>	<u>16,906,042</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,079,435</u>	<u>\$ 14,782,040</u>

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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

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, 2022 and 2021:

	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, 2022				
Equity securities				
Domestic Mutual Funds				
Small Cap	\$ 82,820	\$ 82,820	\$ -	\$ -
Large Cap	1,230,754	1,230,754	-	-
Common Stock	5,944,896	5,944,896	-	-
Real Asset Mutual Funds	424,598	424,598	-	-
Exchange Traded Funds	3,073,741	3,073,741	-	-
Fixed income				
Corporate Obligations	1,374,594	-	1,374,594	-
Government Securities	1,025,938	-	1,025,938	-
Domestic Mutual Funds	5,719,271	5,719,271	-	-
Total	<u>\$ 18,876,612</u>	<u>\$ 16,476,080</u>	<u>\$ 2,400,532</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, 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 Obligations	1,311,471	-	1,311,471	-
Domestic Mutual Funds	3,674,537	3,674,537	-	-
Total	<u>\$ 16,401,979</u>	<u>\$ 13,157,732</u>	<u>\$ 3,244,247</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, 2022 and 2021. 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.

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.

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Note 5: Contributions Receivable

Contributions receivable consist of the following at June 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	\$ 169,503	\$ 2,063,688	\$ 2,233,191
Due in one to five years	-	1,053,400	1,053,400
	169,503	3,117,088	3,286,591
Allowance for uncollectible contributions receivable	-	(20,000)	(20,000)
Unamortized discount	-	(28,319)	(28,319)
	\$ 169,503	\$ 3,068,769	\$ 3,238,272
	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)
	\$ 40,153	\$ 2,021,487	\$ 2,061,640

Note 6: Conditional Gifts

The Organization has received the following conditional promises to give at June 30, 2022 and 2021, that are not recognized in the financial statements:

	2022	2021
Conditional promise to give upon approval of satisfactory progress of the related project	\$ 650,051	\$ 685,125

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Notes to Consolidated Financial Statements
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Note 7: Fixed Assets, Net and Property Held for Sale

Property and equipment consist of the following at June 30:

	<u>2022</u>	<u>2021</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	490,494	419,707
Artwork	<u>30,000</u>	<u>30,000</u>
	11,697,919	11,627,132
Less accumulated depreciation and amortization	<u>10,337,771</u>	<u>10,301,950</u>
	1,360,148	1,325,182
Less property held for sale	<u>1,260,730</u>	<u>1,260,730</u>
Total fixed asset, net	<u>\$ 99,418</u>	<u>\$ 64,452</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 and 2022 statements of financial position. This property was sold effective July 1, 2022 for approximately \$5.25M, net of closing costs.

Following the sale of the property, the Organization entered into a ten-year lease agreement for office space with an unrelated landlord, requiring initial monthly base rental payments of approximately \$18,000.

Note 8: Net Assets

Board-designated Net Assets

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

	<u>2022</u>	<u>2021</u>
Headquarters Development	\$ 1,133,864	\$ 1,642,047
Colgate-Hook Memorial	248,004	239,725
Leadership Conference Scholarship Fund	<u>7,954</u>	<u>7,954</u>
	<u>\$ 1,389,822</u>	<u>\$ 1,889,726</u>

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Notes to Consolidated Financial Statements
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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:

	2022	2021
Subject to expenditure for specified purpose		
Educational and other programs	\$ 10,898,919	\$ 10,707,797
Subject to the passage of time		
Contributions receivable, the proceeds from which have been restricted by donors for educational and other programs	3,068,769	2,021,487
Endowments		
Subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for educational and other programs	(113,114)	116,185
Subject to endowment spending policy and appropriation as held in perpetuity		
Restricted by donors for educational and other programs	1,300,000	1,300,000
Total endowments	1,186,886	1,416,185
	\$ 15,154,574	\$ 14,145,469

Note 9: 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.

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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
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, 2022 and 2021 were:

	2022		
	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	-	(113,114)	(113,114)
	<u>\$ -</u>	<u>\$ 1,186,886</u>	<u>\$ 1,186,886</u>
	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>

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Changes in endowment net assets for the years ended June 30, 2022 and 2021 were:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, beginning of year	\$ -	\$ 1,416,185	\$ 1,416,185
Investment return, net	-	(180,768)	(180,768)
Contributions and deposits	-	-	-
Appropriation for expenditure	-	(48,531)	(48,531)
Endowment funds, end of year	<u>\$ -</u>	<u>\$ 1,186,886</u>	<u>\$ 1,186,886</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment funds, beginning of year	\$ -	\$ -	\$ -
Investment return, 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>

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.

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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, 2022 and 2021, the Organization's endowment was underwater by \$113,114 and \$0, respectively.

Note 10: 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 fulltime 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.

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During 2019, the Board of Directors of the Organization approved the termination of the pension 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, 2022 and 2021, 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 (\$3,310,942 at June 30, 2022 and \$3,271,491 at June 30, 2021 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, 2022.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees during 2019 (see Note 11).

Note 11: 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.

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The following represents summarized financial information pertaining to the Benefits Trust as of and for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Assets	\$ 6,480,340	\$ 8,390,233
Liabilities	<u>463,430</u>	<u>175,974</u>
Net assets	<u>\$ 6,016,910</u>	<u>\$ 8,214,259</u>
Additions to net assets	\$ 8,016,789	\$ 9,562,947
Deductions from net assets	<u>10,214,138</u>	<u>8,321,390</u>
Change in net assets	(2,197,349)	1,241,557
Net assets, beginning of year	<u>8,214,259</u>	<u>6,972,702</u>
Net assets, end of year	<u>\$ 6,016,910</u>	<u>\$ 8,214,259</u>

In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the April 30, 2022 and 2021, audited financial statements, claims payable of \$250,046 and \$170,780, respectively, and claims incurred but not reported of \$697,356 and \$543,622, 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>2022</u>	<u>2021</u>
Benefit obligation	\$ (6,115,101)	\$ (8,402,426)
Fair value of plan assets	<u>-</u>	<u>-</u>
Underfunded status	<u>\$ (6,115,101)</u>	<u>\$ (8,402,426)</u>
Accumulated benefit obligation	<u>\$ (6,115,101)</u>	<u>\$ (8,402,426)</u>

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Weighted-average assumptions used to determine benefit obligations at June 30, 2022 and 2021:

	2022	2021
Discount rate	4.75%	3.00%
Rate of compensation increase	4.00%	3.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2022 and 2021:

	2022	2021
Discount rate	3.00%	2.75%
Rate of compensation increase	3.00%	2.50%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2022:

2023	\$	319,070
2024	\$	301,836
2025	\$	310,850
2026	\$	326,238
2027	\$	312,979
2028 to 2032	\$	1,649,159

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2022 and 2021, was \$762,695 and \$735,627, respectively.

Note 12: 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 \$223,662 and \$204,408 for the years ended June 30, 2022 and 2021, respectively.

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Note 13: 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 \$0 and \$3,960 during 2022 and 2021, 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 \$1,380,513 and \$1,415,326 during 2022 and 2021, 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 2022 and 2021, the net unpaid balance was \$137,801 and \$10,637, respectively.

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 \$2,146,947 and \$1,691,055 during the years ended June 30, 2022 and 2021, respectively. Contributions receivable from related parties, including from board members and their employers, was \$726,800 and \$1,140,000 as of June 30, 2022 and 2021, 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 investments on the statements of financial position and total \$910,300, net of pass through pledges of \$725,000, as of June 30, 2022 and total \$870,847, net of pass through pledges of \$0, as of June 30, 2021. During the years ended June 30, 2022 and 2021, the Organization passed through to the area offices \$5,277,981 and \$4,386,694, 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 \$267,498 and \$299,507 of these pass-through funds at June 30, 2022 and 2021, 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, 2022 and 2021, relate to sales of materials to area offices. These related party sales and cost of sales amounted to \$1,999,039 and \$1,692,277, respectively, for 2022 and \$477,467 and \$961,012, respectively, for 2021.

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June 30, 2022 and 2021

The Organization also receives program and support fee income from area offices. These fees totaled \$14,063,003 and \$11,848,186 for the years ended June 30, 2022 and 2021, respectively. The Organization has accounts receivable, net of allowance, of \$891,208 and \$811,073 as of June 30, 2022 and 2021, respectively, from area offices.

Note 14: 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 \$21,627,754 and \$18,019,991 in 2022 and 2021, comprised approximately 61% and 33%, respectively, of the Organization's total support and revenue. No individual donors exceeded 20% of contribution revenue in 2022 and 2021.

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 \$25,159 and \$442,000 at June 30, 2022 and 2021, 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.

Junior Achievement USA
Notes to Consolidated Financial Statements
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Note 15: Subsequent Events

Subsequent to year-end, the Organization closed on the sale of its land and building and signed a long-term lease for office space as described in Note 7.

Subsequent to year-end, the Organization received its largest single gift in history from one donor of \$10 million.

Subsequent events have been evaluated through November 22, 2022, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Junior Achievement USA
Schedule of Financial Position – Consolidating Information
June 30, 2022

Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Assets				
Cash and cash equivalents	\$ 6,511,491	\$ 4,534,307	\$ -	\$ 11,045,798
Restricted cash	713,869	-	-	713,869
Investments	18,876,612	-	-	18,876,612
Contributions receivable, net	2,213,191	-	-	2,213,191
Affiliates accounts receivable, net of allowance; \$75,000	891,208	132,850	-	1,024,058
Inventory	1,285,788	-	-	1,285,788
Prepaid expenses	403,578	295,485	-	699,063
Accounts receivable - other	99,472	-	-	99,472
Property held for sale	1,260,730	-	-	1,260,730
	<hr/>	<hr/>	<hr/>	<hr/>
Total current assets	32,255,939	4,962,642	-	37,218,581
Contributions Receivable, Net	1,025,081	-	-	1,025,081
Due from Related Party	3,310,942	-	-	3,310,942
Fixed Assets, Net	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 36,630,177</u>	<u>\$ 5,023,845</u>	<u>\$ -</u>	<u>\$ 41,654,022</u>

Junior Achievement USA
Schedule of Financial Position – Consolidating Information (continued)
June 30, 2022

Liabilities and Net Assets

	Junior Achievement USA	3DE National, LLC	Eliminations	Total
Current Liabilities				
Accounts payable - trade	\$ 3,130,335	\$ 113,781	\$ -	\$ 3,244,116
Accounts payable - affiliates	137,801	-	-	137,801
Accrued liabilities	351,072	375,576	-	726,648
Deferred revenue	1,188,628	-	(45,504)	1,143,124
Funds held for affiliates	<u>1,635,300</u>	<u>-</u>	<u>-</u>	<u>1,635,300</u>
Total current liabilities	6,443,136	489,357	(45,504)	6,886,989
Total liabilities	<u>6,443,136</u>	<u>489,357</u>	<u>(45,504)</u>	<u>6,886,989</u>
Net Assets				
Without donor restrictions				
Undesignated	17,983,645	193,488	45,504	18,222,637
Board-designated	<u>1,389,822</u>	<u>-</u>	<u>-</u>	<u>1,389,822</u>
	19,373,467	193,488	45,504	19,612,459
With donor restrictions - purpose restrictions	<u>10,813,574</u>	<u>4,341,000</u>	<u>-</u>	<u>15,154,574</u>
Total net assets	<u>30,187,041</u>	<u>4,534,488</u>	<u>45,504</u>	<u>34,767,033</u>
Total liabilities and net assets	<u>\$ 36,630,177</u>	<u>\$ 5,023,845</u>	<u>\$ -</u>	<u>\$ 41,654,022</u>

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	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	64,452	-	-	64,452
	<hr/>	<hr/>	<hr/>	<hr/>
Total 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 (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>
Total current liabilities	5,646,102	1,112,748	(45,504)	6,713,346
Total liabilities	<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
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 Revenues, Expenses and Changes in Net Assets –
Consolidating Information
Year Ended June 30, 2022

	Junior Achievement USA					3DE National, LLC				
	Total					Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
	Undesignated	Board- Designated	Without Donor Restrictions	With Donor Restrictions	Total					
Support and Revenue										
Contributions	\$ 2,848,267	\$ 9,000	\$ 2,857,267	\$ 9,158,060	\$ 12,015,327	\$ 5,782,828	\$ 1,608,000	\$ 7,390,828	\$ -	\$ 19,406,155
Contributed nonfinancial assets	84,293	-	84,293	2,137,306	2,221,599	-	-	-	-	2,221,599
Materials sales	1,999,039	-	1,999,039	-	1,999,039	-	-	-	-	1,999,039
Program and support fees	14,063,003	-	14,063,003	-	14,063,003	-	-	-	-	14,063,003
Investment return, net	(2,168,503)	(192,000)	(2,360,503)	(225,009)	(2,585,512)	455	-	455	-	(2,585,057)
Other income	438,885	8,799	447,684	4,135	451,819	-	-	-	-	451,819
Net assets released from restrictions - purpose restrictions for educational and other programs	8,235,887	-	8,235,887	(8,235,887)	-	3,437,500	(3,437,500)	-	-	-
Total support and revenue	25,500,871	(174,201)	25,326,670	2,838,605	28,165,275	9,220,783	(1,829,500)	7,391,283	-	35,556,558
Expenses										
Program services										
Field services	12,462,848	81,427	12,544,275	-	12,544,275	8,486,323	-	8,486,323	-	21,030,598
Communications and marketin	1,914,963	48,855	1,963,818	-	1,963,818	-	-	-	-	1,963,818
Research and development	4,987,354	48,855	5,036,209	-	5,036,209	87,852	-	87,852	-	5,124,061
Human resources	829,584	65,141	894,725	-	894,725	-	-	-	-	894,725
Total program services	20,194,749	244,278	20,439,027	-	20,439,027	8,574,175	-	8,574,175	-	29,013,202
Support services										
Management and general	2,742,956	48,855	2,791,811	-	2,791,811	171,784	-	171,784	-	2,963,595
Fundraising	2,385,433	32,570	2,418,003	-	2,418,003	388,031	-	388,031	-	2,806,034
Total support services	5,128,389	81,425	5,209,814	-	5,209,814	559,815	-	559,815	-	5,769,629
Total expenses	25,323,138	325,703	25,648,841	-	25,648,841	9,133,990	-	9,133,990	-	34,782,831
Change in Net Assets	177,733	(499,904)	(322,171)	2,838,605	2,516,434	86,793	(1,829,500)	(1,742,707)	-	773,727
Net Assets, Beginning 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
Net Assets, End of Year	\$ 17,983,645	\$ 1,389,822	\$ 19,373,467	\$ 10,813,574	\$ 30,187,041	\$ 193,488	\$ 4,341,000	\$ 4,534,488	\$ 45,504	\$ 34,767,033

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
Contributed nonfinancial assets	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 marketin	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