

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Independent Auditors' Report

To the Board of Directors
Junior Achievement of Western New York, Inc.

We have audited the accompanying financial statements of Junior Achievement of Western New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

Opinion

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

Report on Summarized Comparative Information

We have previously audited the Junior Achievement of Western New York, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kruetz & Associates CPAs, PLLC

Buffalo, New York
November 11, 2020

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Current assets:		
Cash and cash equivalents	\$ 411,698	\$ 238,725
Pledges and other receivables, net of allowance of \$3,000 in 2020 and 2019	10,849	34,155
Prepaid expenses	690	461
Total current assets	423,237	273,341
Other assets:		
Certificates of deposit	237,181	307,962
Security deposit	1,925	-
Property and equipment, net of accumulated depreciation and amortization of \$47,870 and \$97,952 in 2020 and 2019, respectively	22,960	24,681
Total other assets	262,066	332,643
TOTAL ASSETS	\$ 685,303	\$ 605,984

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:		
Accounts payable	\$ 7,724	\$ 2,176
Accrued expenses	13,651	11,004
Paycheck Protection Program loan	97,072	-
Deferred revenue	10,428	-
Scholarships payable	10,000	10,500
Total current liabilities	138,875	23,680
Long-term liabilities:		
Scholarships payable	2,500	2,000
TOTAL LIABILITIES	141,375	25,680

NET ASSETS

Net assets without donor restrictions	538,051	563,927
Net assets with donor restrictions	5,877	16,377
TOTAL NET ASSETS	543,928	580,304
TOTAL LIABILITIES AND NET ASSETS	\$ 685,303	\$ 605,984

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2019)

	Net assets without donor restrictions	Net assets with donor restrictions	2020	2019
REVENUE AND OTHER SUPPORT				
Contributions				
Corporate	\$ 187,821	\$ -	\$ 187,821	\$ 225,030
Individual	30,768	-	30,768	27,859
Foundations	167,344	-	167,344	169,744
Total contributions	<u>385,933</u>	<u>-</u>	<u>385,933</u>	<u>422,633</u>
Governmental income	-	-	-	11,150
Special events, net of direct expenses of \$90,649 and \$106,314 in 2020 and 2019, respectively, including in-kind contributions	215,744	2,500	218,244	221,045
In-kind contributions	26,331	-	26,331	31,186
Investment income	7,359	-	7,359	8,132
Net assets released from restrictions	13,000	(13,000)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>648,367</u>	<u>(10,500)</u>	<u>637,867</u>	<u>694,146</u>
EXPENSES				
Program expenses				
Elementary School Program	193,740	-	193,740	211,877
Middle Grades Program	135,291	-	135,291	132,059
High School Program	162,687	-	162,687	145,854
Total program expenses	<u>491,718</u>	<u>-</u>	<u>491,718</u>	<u>489,790</u>
Management and general	92,201	-	92,201	89,333
Fundraising expenses	90,324	-	90,324	104,693
TOTAL EXPENSES	<u>674,243</u>	<u>-</u>	<u>674,243</u>	<u>683,816</u>
INCREASE (DECREASE) IN NET ASSETS	(25,876)	(10,500)	(36,376)	10,330
NET ASSETS - BEGINNING OF YEAR	<u>563,927</u>	<u>16,377</u>	<u>580,304</u>	<u>569,974</u>
NET ASSETS - END OF YEAR	<u>\$ 538,051</u>	<u>\$ 5,877</u>	<u>\$ 543,928</u>	<u>\$ 580,304</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED 2018)

	Program Expenses				Support Services			2020 Total	2019 Total
	Elementary School Program	Middle Grades Program	High School Program	Total Program Services	Management and General	Fund - raising	Total Support Services		
Salaries	\$ 77,166	\$ 77,798	\$ 93,332	\$ 248,296	\$ 48,477	\$ 60,390	\$ 108,867	\$ 357,163	\$ 345,691
Payroll taxes	5,498	5,542	6,649	17,689	3,453	4,302	7,755	25,444	25,119
Employee benefits	7,586	7,646	9,173	24,405	4,764	5,935	10,699	35,104	31,933
Pension expense	13,004	13,107	15,724	41,835	8,166	10,174	18,340	60,175	57,924
Total salaries and benefits	<u>103,254</u>	<u>104,093</u>	<u>124,878</u>	<u>332,225</u>	<u>64,860</u>	<u>80,801</u>	<u>145,661</u>	<u>477,886</u>	<u>460,667</u>
Program materials	18,168	6,265	6,891	31,324	-	-	-	31,324	81,710
Outside services	-	-	-	-	1,697	-	1,697	1,697	1,722
Rent	6,867	2,367	2,605	11,839	5,250	5,250	10,500	22,339	19,950
Equipment lease	219	76	83	378	-	-	-	378	504
Copier	512	177	193	882	392	392	784	1,666	1,546
Computer software	-	-	-	-	2,153	-	2,153	2,153	2,049
Stationary and supplies	1,553	530	576	2,659	-	-	-	2,659	2,609
Dues and subscriptions	-	-	-	-	1,643	-	1,643	1,643	3,897
Postage and delivery	654	225	248	1,127	500	500	1,000	2,127	2,031
Telephone	1,543	533	585	2,661	1,180	1,180	2,360	5,021	3,299
Staff training	1,288	444	488	2,220	-	-	-	2,220	4,002
Travel	1,404	484	533	2,421	-	-	-	2,421	3,695
Volunteer recognition	1,120	386	425	1,931	-	-	-	1,931	2,875
Public relations	832	287	316	1,435	-	-	-	1,435	1,848
Public relations - in-kind	13,920	4,800	5,280	24,000	-	-	-	24,000	28,001
Program support and fees	38,119	13,145	14,459	65,723	-	-	-	65,723	32,561
Professional fees	-	-	-	-	9,750	-	9,750	9,750	9,700
Scholarship	-	-	3,500	3,500	-	-	-	3,500	6,000
Recruitment	1,409	486	535	2,430	-	-	-	2,430	3,143
Miscellaneous	-	-	-	-	2,575	-	2,575	2,575	1,654
Expenses before depreciation and amortization	<u>190,862</u>	<u>134,298</u>	<u>161,595</u>	<u>486,755</u>	<u>90,000</u>	<u>88,123</u>	<u>178,123</u>	<u>664,878</u>	<u>673,463</u>
Depreciation and amortization	<u>2,878</u>	<u>993</u>	<u>1,092</u>	<u>4,963</u>	<u>2,201</u>	<u>2,201</u>	<u>4,402</u>	<u>9,365</u>	<u>10,353</u>
Total	<u>\$ 193,740</u>	<u>\$ 135,291</u>	<u>\$ 162,687</u>	<u>\$ 491,718</u>	<u>\$ 92,201</u>	<u>\$ 90,324</u>	<u>\$ 182,525</u>	<u>\$ 674,243</u>	<u>\$ 683,816</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ (36,376)	\$ 10,330
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	9,365	10,353
Loss due to disposal of equipment	282	-
Changes in assets and liabilities:		
Pledges receivable	23,306	18,049
Prepaid expenses	(229)	2,693
Security deposit	(1,925)	-
Accounts payable	5,548	752
Accrued expenses	2,647	(4,429)
Deferred revenue	10,428	-
Scholarships payable	-	4,500
Net cash provided by operating activities	<u>13,046</u>	<u>42,248</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,926)	(13,868)
Purchases of certificates of deposit	70,781	(7,939)
Net cash provided by (used in) investing activities	<u>62,855</u>	<u>(21,807)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	97,072	-
Net cash provided by financing activities	<u>97,072</u>	<u>-</u>
INCREASE IN CASH	172,973	20,441
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>238,725</u>	<u>218,284</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 411,698</u>	<u>\$ 238,725</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Junior Achievement of Western New York, Inc. (the Organization) is a not-for-profit corporation affiliated with Junior Achievement USA, a national organization. The Organization provides young people with business and economic experiences through a series of programs:

The Elementary School Program helps students learn the basic concepts of business and economics and how education is relevant to the workplace. The sequential activities build on studies from each preceding grade and prepare students for secondary school and lifelong learning.

The Middle Grades Program builds on concepts the students learned in Junior Achievement's Elementary School Program and reinforces the value of workforce readiness, entrepreneurship, and financial literacy. Students are introduced to many economic concepts and useful facts about the working world.

The High School program teaches students about concepts relating to entrepreneurship, financial literacy, and work readiness. The volunteers bring real life business experience and guidance into the classroom at a time that represents an essential crossroads for young people.

Adoption of Accounting Standard

In 2019, the Organization adopted Accounting Standards Update (“ASU”) 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard addresses the differences between contributions and exchange transactions, including revenue recognition guidance related to when to recognize a contribution or exchange transaction as revenue. ASU 2018-08 was adopted using the modified prospective method, which requires the Organization to disclose in its first set of financial statements following adoption of the new standard, agreements that are either not complete as of the effective date of the new standard or entered into after the effective date. There were no significant changes in financial statement presentation as a result of adoption of the new standard.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity. The Organization net assets with donor restrictions of \$5,877 and \$16,377, respectively, at June 30, 2020 and 2019.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

The Organization maintains its cash balances in one financial institution. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000.

Certificates of Deposit

The Organization maintains certificates of deposit with a maturity in excess of three months.

Pledges and Other Receivable

Pledges and other receivables are stated at the amounts management expects to collect from outstanding balances. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts amounted to \$3,000 at June 30, 2020 and 2019.

Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations as incurred.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Other Public Support

Grant income consists of contributions received primarily from private foundations. Contributions received are measured at their fair values, and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or designated as support for future periods. When a donor restriction expires, that is, when a 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 statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are shown as unrestricted revenue.

Funds received from conditional grant contributions are considered earned and reported as revenue when expenditures are incurred in compliance with specific grant requirements. Amounts received but not yet earned are reported as refundable advances.

Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Advertising Expense

Advertising costs are expensed as incurred. For the years ended June 30, 2020 and 2019, the amount charged to expense was \$38,425 and \$45,617, respectively, and is reflected in public relations expense and special events expense (reported net of special events revenue) in the accompanying statement of functional expenses and statement of activities.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials and services are recorded at their fair market values in the year received.

Donated materials, including items that may be donated for special events, are recognized as contributions and recorded at their fair market values when received and reflected as special events revenue and in-kind contributions in the accompanying statement of activities.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A summary of donated materials and services for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Advertising	\$ 36,810	\$ 43,769
Materials	<u>22,531</u>	<u>25,151</u>
Total donated materials and services	<u>\$ 59,341</u>	<u>\$ 68,920</u>

A summary of in-kind contributions for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Special events	\$ 33,010	\$ 37,734
In-kind contributions	<u>26,331</u>	<u>31,186</u>
Total in-kind contributions	<u>\$ 59,341</u>	<u>\$ 68,920</u>

A summary of donated materials and services by natural expense category for the years ended June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Special events (netted against revenue)	\$ 33,010	\$ 37,734
Public relations	24,000	28,000
Volunteer recognition	-	2,875
Program materials	<u>2,331</u>	<u>311</u>
Total donated materials and services	<u>\$ 59,341</u>	<u>\$ 68,920</u>

Income Taxes

The Organization is a 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has evaluated all allocations of expenses. Certain expenses are directly charged to programmatic or management and general depending on the nature of the expense. In 2019, the Organization changed its allocation methodologies to allocate expenses across programs and supporting services. Below is a summary of allocation methodologies for certain expenses:

- Salaries are allocated based on time and efforts of program or supporting services benefitted,
- Program materials and other program related expenses are allocated across programs based on number of students, and
- Occupancy related costs are allocated based on the square footage.

Reclassifications

Reclassifications have been made to certain amounts in the 2019 financial statements in order to conform to the 2020 presentations.

NOTE 2 – LIQUIDITY RESOURCES

The Organization's primary source of financial assets is contributions from the public. The Organization has at its disposal cash and cash equivalents, which provide sources of liquidity. The following reflects the Organization's financial assets as of June 30, 2020 and 2019:

Financial assets at year end:	2020	2019
Cash and cash equivalents	\$ 411,698	\$ 238,725
Pledges and other receivables	10,849	34,155
Total financial assets available	<u>422,547</u>	<u>272,880</u>
Less amounts not available to be used in one year:		
Net assets with donor restrictions	<u>5,877</u>	<u>16,377</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 416,670</u>	<u>\$ 256,503</u>

NOTE 3 – CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$237,181 and \$307,962 on June 30, 2020 and 2019, respectively. The certificates of deposit bear interest rates between 2.37% and 2.72% and mature on various dates between September 30, 2020 and June 30, 2023.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at June 30, 2020 and 2019:

	2020	2019
Equipment	\$ 49,898	56,402
Furniture and fixtures	16,646	13,760
Leashold improvements	4,286	52,471
	<u>70,830</u>	<u>122,633</u>
Less: accumulated depreciation	<u>(47,870)</u>	<u>(97,952)</u>
	<u>\$ 22,960</u>	<u>\$ 24,681</u>

Depreciation and amortization expense amounted to \$9,365 and \$10,353 for the years ended June 30, 2020 and 2019. Property and equipment with a cost of \$59,729 and accumulated depreciation of \$59,447 were disposed of in July 2019 resulting in a loss due to disposal of \$282.

NOTE 5 – SCHOLARSHIPS PAYABLE

Maturity of scholarships payable is as follows for the years ending June 30:

	2020	2019
2020	\$ 10,000	\$ 10,500
2021	<u>2,500</u>	<u>2,000</u>
	<u>\$ 12,500</u>	<u>\$ 12,500</u>

NOTE 6 – LINE OF CREDIT

The Organization has entered into a line of credit agreement with a bank. Amounts borrowed on the line bear interest at the bank's prime plus 1% (4.25% at June 30, 2020) and are secured by a general security agreement. No amounts were borrowed on the line during the years ended June 30, 2020 and 2019.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization received a loan under the Paycheck Protection Program ("PPP") Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of \$97,092. The loan is expected to be forgiveness for up to 100% of the loan, upon meeting certain requirements. The loan is unsecured and bears interest at 1% and is payable over a negotiable period of time.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 3,377	\$ 3,877
Bowl-a-thon	-	10,000
Stock Market Challenge	<u>2,500</u>	<u>2,500</u>
Total	<u>\$ 5,877</u>	<u>\$ 16,377</u>

Net assets released from donor imposed restrictions consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Scholarships	\$ 500	\$ 500
Stock Market Challenge	2,500	7,500
Bowl-a-thon	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 13,000</u>	<u>\$ 18,000</u>

NOTE 9 – TRANSACTIONS WITH AFFILIATE

The Organization is an independently operated affiliate of Junior Achievement USA (JAUSA). The Organization pays a program and support fee to JAUSA in exchange for access to national student programs, employee benefit plans, regional and national conferences and insurance coverage.

Beginning in 2020, JAUSA changed the model to calculate the licensing fees. The new license fee scale will be based on revenues as follows:

- 11.5% of gross revenues up to \$1 million;
- 9.5% of gross revenues above \$1 million up to \$2 million; and
- 7.5% of gross revenues above \$2 million

The annual program and support fees are based upon actual reported revenue for the second preceding year and are payable in ten equal installments commencing in September of each fiscal year. Based upon this calculation from the years ended June 30, 2020 and 2019, respectively, the Organization will pay \$72,464 and \$81,864 as a program and support fee for the years ended June 30, 2022 and 2021, respectively. The participation fees paid in the years ended June 30, 2020 and 2019 were \$65,723 and \$32,561 respectively. JAUSA reduced the program and support fees by 40% for the fees paid from April 2020 through June 2020 to provide economic relief to participating Junior Achievement Areas in the United States who were impacted by the COVID-19 pandemic.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 10 – PENSION PLAN

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan to its employees. The multi-employer plan was administered by JA Worldwide, Inc. and covered all full-time employees of JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. Benefits were determined based on years of service and salary history and the plan's assets were invested in various investment funds. The respective participating employers were required to fund the plan, as determined by the JA USA's Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, the Organization made contributions equal to 16.75% of plan participants' eligible compensation. The Organization recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid.

Effective June 30, 2019, the Board of Directors of the Organization approved the termination of the defined benefit plan (the Plan), at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The plan liquidated and distributed each participant's accrued benefits. The plan required that participating employers remain liable for any funding obligations under the plan, until all liabilities and obligations of the plan have been satisfied. Participating employers were required to make contributions equal to 13.25% of participants' eligible compensation for the year ended June 30, 2020.

In 2020, the plan participants elected the method of their distribution (whether lump sum or annuity) and the plan liquidated and distributed benefit payments accordingly. The remaining assets in the plan are restricted for additional, future termination and other required administrative expenses. Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining plan assets will be distributed to participating employers on a pro-rata basis. The final obligation of the Organization to the plan has been recorded as a liability in the amount of \$4,065 at June 30, 2020. During the years ended June 30, 2020 and 2019, the Organization contributed \$48,799 and \$57,924 to the plan.

With the termination of the defined benefit pension plan, the Organization implemented a defined contribution 401(k) plan for eligible employees on July 1, 2019. The 401(k) plan requires matching contributions of up to 3% for all eligible employees. The Organization contributed \$11,376 to the plan for the year ended June 30, 2020.

NOTE 11 – HEALTH AND WELFARE BENEFITS TRUST

The Organization has a self-funded plan for medical, dental and other benefits covering full-time employees of the Organization, their beneficiaries and covered dependents. The plan is 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 USA chapters 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.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 12 – LEASE

In June 2019, the Organization entered into a lease effective July 1, 2019, which expires on June 30, 2024. Rent expense for each of the years ended June 30, 2020 and 2019 amounted \$22,339 and \$19,950, respectively.

Total minimum rental commitments at June 30, 2020 are as follows:

2021	\$ 22,956
2022	23,436
2023	23,904
2024	<u>24,408</u>
	<u>\$ 94,704</u>

NOTE 13 – STATE UNEMPLOYMENT INSURANCE

Effective January 1, 1988, the Organization elected to become self-insured for New York State Unemployment Insurance purposes. Accordingly, any future claims paid by New York State must be reimbursed out of current operations. No unemployment claims were paid for the years ended June 30, 2020 and 2019.

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 11, 2020 (the date on which the financial statements were available to be issued).

NOTE 15 – RISKS AND UNCERTAINTIES

In March 2020, the spread of Coronavirus COVID-19 became a global pandemic which resulted in a significant decline in the value of financial assets. The Organization's primary financial asset are checking, savings and certificate of deposit accounts which are not subject to market volatility. The full extent of the impact of the pandemic with respect to the Organization's future funding will depend on future developments.