

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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, 2021, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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, 2021, 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kuranta & Associates CPAs, PLLC

Buffalo, New York
November 10, 2021

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
Current assets:		
Cash and cash equivalents	\$ 455,486	\$ 411,698
Investments	46,930	-
Pledges and other receivables, net of allowance of \$3,000 in 2021 and 2020	15,941	10,849
Prepaid expenses	-	690
	<u>518,357</u>	<u>423,237</u>
Total current assets		
Other assets:		
Certificates of deposit	162,842	237,181
Security deposit	1,925	1,925
Property and equipment, net of accumulated depreciation and amortization	16,102	22,960
	<u>180,869</u>	<u>262,066</u>
Total other assets		
	<u>180,869</u>	<u>262,066</u>
TOTAL ASSETS	<u><u>\$ 699,226</u></u>	<u><u>\$ 685,303</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:		
Accounts payable	\$ 3,672	\$ 7,724
Accrued expenses	16,550	13,651
Paycheck Protection Program loan	80,025	97,072
Deferred revenue	-	10,428
Scholarships payable	8,500	10,000
	<u>108,747</u>	<u>138,875</u>
Total current liabilities		
	<u>108,747</u>	<u>138,875</u>
Long-term liabilities:		
Scholarships payable	-	2,500
	<u>-</u>	<u>2,500</u>
Total long-term liabilities		
	<u>-</u>	<u>2,500</u>
TOTAL LIABILITIES	<u>108,747</u>	<u>141,375</u>

NET ASSETS

Net assets without donor restrictions	587,602	538,051
Net assets with donor restrictions	2,877	5,877
	<u>590,479</u>	<u>543,928</u>
TOTAL NET ASSETS		
	<u>590,479</u>	<u>543,928</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 699,226</u></u>	<u><u>\$ 685,303</u></u>
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See independent auditors' report and notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2020)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2021</u>	<u>2020</u>
REVENUE AND OTHER SUPPORT				
Contributions				
Corporate	\$ 161,798	\$ -	\$ 161,798	\$ 187,821
Individual	28,547	-	28,547	30,768
Foundations	182,700	-	182,700	167,344
Total contributions	<u>373,045</u>	<u>-</u>	<u>373,045</u>	<u>385,933</u>
Government revenue	97,072	-	97,072	-
Special events, net of direct expenses of \$39,390 and \$90,469 in 2021 and 2020, respectively, including in-kind contributions	147,258	-	147,258	218,244
In-kind contributions	5,433	-	5,433	26,331
Investment income	13,933	-	13,933	7,359
Net assets released from restrictions	3,000	(3,000)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>639,741</u>	<u>(3,000)</u>	<u>636,741</u>	<u>637,867</u>
EXPENSES				
Program expenses				
Elementary School Program	167,970	-	167,970	193,740
Middle Grades Program	117,735	-	117,735	135,291
High School Program	140,916	-	140,916	162,687
Total program expenses	<u>426,621</u>	<u>-</u>	<u>426,621</u>	<u>491,718</u>
Management and general	86,501	-	86,501	92,201
Fundraising expenses	77,068	-	77,068	90,324
TOTAL EXPENSES	<u>590,190</u>	<u>-</u>	<u>590,190</u>	<u>674,243</u>
INCREASE (DECREASE) IN NET ASSETS	49,551	(3,000)	46,551	(36,376)
NET ASSETS - BEGINNING OF YEAR	<u>538,051</u>	<u>5,877</u>	<u>543,928</u>	<u>580,304</u>
NET ASSETS - END OF YEAR	<u>\$ 587,602</u>	<u>\$ 2,877</u>	<u>\$ 590,479</u>	<u>\$ 543,928</u>

See independent auditors' report and notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED 2020)

	Program Expenses				Support Services			2021 Total	2020 Total
	Elementary School Program	Middle Grades Program	High School Program	Total Program Services	Management and General	Fund - raising	Total Support Services		
Salaries	\$ 92,075	\$ 81,444	\$ 97,822	\$ 271,341	\$ 48,938	\$ 56,697	\$ 105,635	\$ 376,976	\$ 357,163
Payroll taxes	6,580	5,821	6,991	19,392	3,498	4,052	7,550	26,942	25,444
Employee benefits	9,707	8,585	10,312	28,604	5,158	5,977	11,135	39,739	35,104
Pension expense	2,474	2,188	2,627	7,289	1,314	1,523	2,837	10,126	60,175
Total salaries and benefits	<u>110,836</u>	<u>98,038</u>	<u>117,752</u>	<u>326,626</u>	<u>58,908</u>	<u>68,249</u>	<u>127,157</u>	<u>453,783</u>	<u>477,886</u>
Program materials	5,849	2,017	2,218	10,084	-	-	-	10,084	31,324
Outside services	-	-	-	-	1,542	-	1,542	1,542	1,697
Rent	7,046	2,428	2,672	12,146	5,386	5,386	10,772	22,918	22,339
Office expense	657	226	249	1,132	-	-	-	1,132	2,044
Computer software	-	-	-	-	2,280	-	2,280	2,280	2,153
Stationary and supplies	657	224	243	1,124	-	-	-	1,124	2,659
Dues and subscriptions	-	-	-	-	1,435	-	1,435	1,435	1,643
Postage and delivery	304	104	115	523	231	231	462	985	2,127
Telephone	1,604	555	609	2,768	1,228	1,228	2,456	5,224	5,021
Staff training	87	30	33	150	-	-	-	150	2,220
Travel	340	117	129	586	-	-	-	586	2,421
Public relations	99	34	37	170	-	-	-	170	25,435
Program support and fees	37,910	13,072	14,380	65,362	-	-	-	65,362	65,723
Professional fees	-	-	-	-	10,350	-	10,350	10,350	9,750
Scholarship	-	-	1,500	1,500	-	-	-	1,500	3,500
Recruitment	-	-	-	-	-	-	-	-	2,430
Miscellaneous	-	-	-	-	3,167	-	3,167	3,167	4,506
Expenses before depreciation and amortization	<u>165,389</u>	<u>116,845</u>	<u>139,937</u>	<u>422,171</u>	<u>84,527</u>	<u>75,094</u>	<u>159,621</u>	<u>581,792</u>	<u>664,878</u>
Depreciation and amortization	<u>2,581</u>	<u>890</u>	<u>979</u>	<u>4,450</u>	<u>1,974</u>	<u>1,974</u>	<u>3,948</u>	<u>8,398</u>	<u>9,365</u>
Total	<u>\$ 167,970</u>	<u>\$ 117,735</u>	<u>\$ 140,916</u>	<u>\$ 426,621</u>	<u>\$ 86,501</u>	<u>\$ 77,068</u>	<u>\$ 163,569</u>	<u>\$ 590,190</u>	<u>\$ 674,243</u>

See independent auditors' report and notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 46,551	\$ (36,376)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	8,398	9,365
Unrealized gain on investments	(6,440)	-
Loss due to disposal of equipment	-	282
Gain on extinguishment of debt	(97,072)	-
Changes in assets and liabilities:		
Pledges receivable	(5,092)	23,306
Prepaid expenses	690	(229)
Security deposit	-	(1,925)
Accounts payable	(4,052)	5,548
Accrued expenses	2,899	2,647
Deferred revenue	(10,428)	10,428
Scholarships payable	(4,000)	-
Net cash provided by (used in) operating activities	<u>(68,546)</u>	<u>13,046</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,540)	(7,926)
Proceeds from certificates of deposit	74,339	70,781
Purchases of investments	(40,490)	-
Net cash provided by investing activities	<u>32,309</u>	<u>62,855</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program loan	<u>80,025</u>	<u>97,072</u>
Net cash provided by financing activities	<u>80,025</u>	<u>97,072</u>
INCREASE IN CASH	43,788	172,973
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>411,698</u>	<u>238,725</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 455,486</u>	<u>\$ 411,698</u>

See independent auditors' report and notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

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 the 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, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 \$2,877 and \$5,877, respectively, at June 30, 2021 and 2020.

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.

Investments

Investments are carried at fair value as determined by readily marketable quoted prices. They consist of money market funds and equity securities.

Pledges and Other Receivable

Pledges and other receivables are stated at the amounts management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. 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, 2021 and 2020.

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, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurements

The fair value of financial assets and liabilities is measured according to the *Fair Value Measurements and Disclosures* topic of the FASB Accounting Standards Codification. Fair value is required to be evaluated and adjusted according to the following valuation techniques.

Level 1 – Fair value is determined using quoted market prices in active markets for identical assets and liabilities.

Level 2 – Fair value is determined using quoted market prices in active markets for similar assets and liabilities, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant inputs are observable in the market for substantially the full term of the assets or liabilities.

Level 3 – Fair value is determined using inputs that are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The market for assets and liabilities using level 3 measures is typically inactive.

The table below indicates the level of fair value inputs used in measuring investments on a recurring basis as of June 30, 2021:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Money market funds	\$ 10,666	\$ -	\$ -	\$ 10,666
Common stock	36,264	-	-	36,264
	<u>\$ 46,930</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,930</u>

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.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 and 2020, the amount charged to expense was \$9,110 and \$38,425, 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

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. Volunteers also provided tutoring and fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met. Donated services amounted to \$8,940 and \$36,810 for the years ended June 30, 2021 and 2020.

Donated Materials

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. Donated materials amounted to \$10,033 and \$22,531 for the years ended June 30, 2021 and 2020.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions (continued)

A summary of donated materials and services by revenue and natural expense category for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Special Events	\$ 13,540	\$ 33,010
In-Kind Contributions	5,433	26,331
Total in-kind contributions	\$ 18,973	\$ 59,341
	2021	2020
Special events (netted against revenue)	\$ 13,540	\$ 33,010
Public relations	-	24,000
Volunteer recognition	1,853	-
Program materials	3,580	2,331
Total donated materials and services	\$ 18,973	\$ 59,341

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.

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. 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.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Reclassifications have been made to certain amounts in the 2020 financial statements in order to conform to the 2021 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, 2021 and 2020:

Financial assets at year end:	2021	2020
Cash and cash equivalents	\$ 455,486	\$ 411,698
Investments	46,930	
Pledges and other receivables	15,941	10,849
Total financial assets available	518,357	422,547
Less amounts not available to be used in one year:		
Net assets with donor restrictions	2,877	5,877
Financial assets available to meet cash needs for general expenditures within one year	\$ 515,480	\$ 416,670

NOTE 3 – CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$162,842 and \$237,181 on June 30, 2021 and 2020, respectively. The certificate of deposit at June 30, 2021 bears interest at 2.72% and matures on June 19, 2023.

NOTE 4 – INVESTMENTS

Investments as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Money market funds	\$ 10,666	\$ -
Common stock	36,264	-
	\$ 46,930	\$ -

The following schedule summarizes the investment income for the years ended June 30, 2021 and 2020:

	2021	2020
Interest and dividends	\$ 7,493	\$ 7,359
Unrealized gain	6,440	-
	\$ 13,933	\$ 7,359

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at June 30, 2021 and 2020:

	2021	2020
Equipment	\$ 51,438	\$ 49,898
Furniture and fixtures	16,646	16,646
Leashold improvements	4,286	4,286
	72,370	70,830
Less: accumulated depreciation	(56,268)	(47,870)
	\$ 16,102	\$ 22,960

Depreciation and amortization expense amounted to \$8,398 and \$9,365 for the years ended June 30, 2021 and 2020.

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, 2021) and are secured by a general security agreement. No amounts were borrowed on the line during the years ended June 30, 2021 and 2020.

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Organization was approved for a \$97,092 ("first draw") loan under the Paycheck Protection Program ("PPP") Coronavirus Aid, Relief and Economic Security (CARES) Act. The Organization has met the required conditions established by the SBA for loan forgiveness as of June 30, 2021 and the proceeds have been recognized as revenue in the accompanying statement of activities.

In March 2021, the Organization was approved for a loan in the amount of \$80,025 ("second draw") under the Paycheck Protection Program ("PPP") Coronavirus Aid, Relief and Economic Security (CARES) Act. The loan bears interest at 1% and matures in March 2026. Payments are not required to begin for sixteen months after the loan proceeds are distributed. The Organization is also eligible for loan forgiveness of up to 100% of loan, upon meeting certain requirements, The Organization intends to use the loan proceeds for qualifying expenses and apply for loan forgiveness.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

NOTE 8 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30, 2021 and 2020:

	2021	2020
Scholarships	\$ 2,877	\$ 3,377
Stock Market Challenge	-	2,500
Total	\$ 2,877	\$ 5,877

Net assets released from donor imposed restrictions consisted of the following for the years ended June 30, 2021 and 2020:

	2021	2020
Scholarships	\$ 500	\$ 500
Stock Market Challenge	2,500	2,500
Bowl-a-thon	-	10,000
Total	\$ 3,000	\$ 13,000

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, 2021 and 2020, respectively, the Organization will pay \$61,653 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, 2021 and 2020 were \$65,362 and \$65,723 respectively. JAUSA reduced the program and support fees by 40% for the fees for the period from April 2020 through June 2020 and by 20% for the fees paid for the year ended June 30, 2021 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, 2021 AND 2020

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. 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 amounted to \$4,065 at June 30, 2020 which was paid subsequent to year-end. During the years ended June 30, 2021 and 2020, the Organization contributed \$0 and \$48,799 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 \$10,127 and \$11,376 including administration fees to the plan for the years ended June 30, 2021 and 2020, respectively.

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.

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NOTE 12 – LEASE

The Organization leases space, which expires on June 30, 2024. Rent expense for each of the years ended June 30, 2021 and 2020 amounted \$22,918 and \$22,339, respectively.

Total minimum rental commitments at June 30, 2021 are as follows:

2022	\$ 23,436
2023	23,904
2024	<u>24,408</u>
	<u>\$ 71,748</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, 2021 and 2020.

NOTE 14 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 10, 2021 (the date on which the financial statements were available to be issued).

In March 2021, the Organization applied for and received a Paycheck Protection Program (“second draw”) loan in the amount of \$80,025 under the Coronavirus Aid, Relief and Economic Security (CARES) Act, which was fully forgiven in September 2021.

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 were not significantly impacted by market volatility. The full extent of the impact of the pandemic with respect to the Organization’s future funding will depend on future developments. As a result of the pandemic, the Organization changed its in-person events to virtual events and transitioned its programs to online platforms.