

**JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

## **Independent Auditors' Report**

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

### **Opinion**

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Western New York, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Junior Achievement of Western New York, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Western New York, Inc.'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.

## Report on Summarized Comparative Information

We have previously audited Junior Achievement of Western New York, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Kernato & Associates CPAs, PLLC*

Buffalo, New York  
November 10, 2022

**JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

**ASSETS**

	<b>2022</b>	<b>2021</b>
Current assets:		
Cash and cash equivalents	\$ 332,350	\$ 455,486
Investments	61,613	46,930
Pledges and other receivables, net of allowance of \$3,000 in 2022 and 2021	11,241	15,941
Prepaid expenses	14,814	-
	<u>420,018</u>	<u>518,357</u>
TOTAL CURRENT ASSETS		
Other assets:		
Certificates of deposit	167,316	162,842
Security deposit	1,925	1,925
Property and equipment, net of accumulated depreciation and amortization	29,098	16,102
	<u>198,339</u>	<u>180,869</u>
TOTAL OTHER ASSETS		
TOTAL ASSETS	<u>\$ 618,357</u>	<u>\$ 699,226</u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Current liabilities:		
Accounts payable	\$ 8,491	\$ 3,672
Accrued expenses	11,068	16,550
Paycheck Protection Program loan	-	80,025
Scholarships payable	10,000	8,500
	<u>29,559</u>	<u>108,747</u>
TOTAL LIABILITIES		

**NET ASSETS**

Net assets without donor restrictions	586,421	587,602
Net assets with donor restrictions	2,377	2,877
	<u>588,798</u>	<u>590,479</u>
TOTAL NET ASSETS		
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 618,357</u>	<u>\$ 699,226</u>

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, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Without donor restrictions	With donor restrictions	2022	2021
<b>REVENUE AND OTHER SUPPORT</b>				
Contributions				
Corporate	\$ 172,952	\$ -	\$ 172,952	\$ 116,533
Individual	32,721	-	32,721	28,547
Foundations	178,794	-	178,794	182,700
<b>Total contributions</b>	384,467	-	384,467	327,780
Government revenue	80,025	-	80,025	97,072
Special events, net of direct expenses of \$26,977 and \$39,390 in 2022 and 2021, respectively, including in-kind contributions	144,581	-	144,581	147,258
Public Sector Funding	49,965	-	49,965	45,265
In-kind contributions	24,915	-	24,915	5,433
Investment income (loss)	(4,377)	-	(4,377)	13,933
Net assets released from restrictions	500	(500)	-	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	680,076	(500)	679,576	636,741
<b>EXPENSES</b>				
Program expenses				
Elementary School Program	215,008	-	215,008	167,970
Middle School Program	134,190	-	134,190	117,735
High School Program	149,718	-	149,718	140,916
Total program expenses	498,916	-	498,916	426,621
Management and general	94,863	-	94,863	86,501
Fundraising expenses	87,478	-	87,478	77,068
Total support services	182,341	-	182,341	163,569
<b>TOTAL EXPENSES</b>	681,257	-	681,257	590,190
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(1,181)	(500)	(1,681)	46,551
<b>NET ASSETS - BEGINNING OF YEAR</b>	587,602	2,877	590,479	543,928
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 586,421</u>	<u>\$ 2,377</u>	<u>\$ 588,798</u>	<u>\$ 590,479</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, 2022**  
**(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED 2021)**

	Program Expenses				Support Services				
	Elementary School Program	Middle School Program	High School Program	Total Program Services	Management and General	Fund - raising	Total Support Services	2022 Total	2021 Total
Salaries	\$ 107,226	\$ 87,755	\$ 96,903	\$ 291,884	\$ 52,737	\$ 65,813	\$ 118,550	\$ 410,434	\$ 376,976
Payroll taxes	8,018	6,560	7,244	21,822	3,942	4,920	8,862	30,684	26,942
Employee benefits	8,595	7,033	7,766	23,394	4,225	5,274	9,499	32,893	39,739
Pension expense	3,003	2,457	2,712	8,172	1,476	1,843	3,319	11,491	10,126
Total salaries and benefits	<u>126,842</u>	<u>103,805</u>	<u>114,625</u>	<u>345,272</u>	<u>62,380</u>	<u>77,850</u>	<u>140,230</u>	<u>485,502</u>	<u>453,783</u>
Program materials	17,822	6,145	6,760	30,727	-	-	-	30,727	10,084
Outside services	-	-	-	-	1,648	-	1,648	1,648	1,542
Rent	7,193	2,479	2,728	12,400	5,498	5,498	10,996	23,396	22,918
Office expense	977	337	371	1,685	-	-	-	1,685	1,132
Computer software	-	-	-	-	1,831	-	1,831	1,831	2,280
Stationary and supplies	175	44	217	436	-	-	-	436	1,124
Dues and subscriptions	-	-	-	-	2,038	-	2,038	2,038	1,435
Postage and delivery	373	128	141	642	285	285	570	1,212	985
Telephone	1,668	577	633	2,878	1,277	1,277	2,554	5,432	5,224
Staff training	762	263	289	1,314	-	-	-	1,314	150
Travel	1,242	428	471	2,141	-	-	-	2,141	586
Public relations	13,819	4,765	5,242	23,826	-	-	-	23,826	170
Program support and fees	40,777	14,061	15,467	70,305	-	-	-	70,305	65,362
Professional fees	-	-	-	-	14,550	-	14,550	14,550	10,350
Scholarship	-	-	1,500	1,500	-	-	-	1,500	1,500
Recruitment	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	2,788	-	2,788	2,788	3,167
Expenses before depreciation and amortization	<u>211,650</u>	<u>133,032</u>	<u>148,444</u>	<u>493,126</u>	<u>92,295</u>	<u>84,910</u>	<u>177,205</u>	<u>670,331</u>	<u>581,792</u>
Depreciation and amortization	<u>3,358</u>	<u>1,158</u>	<u>1,274</u>	<u>5,790</u>	<u>2,568</u>	<u>2,568</u>	<u>5,136</u>	<u>10,926</u>	<u>8,398</u>
Total	<u>\$ 215,008</u>	<u>\$ 134,190</u>	<u>\$ 149,718</u>	<u>\$ 498,916</u>	<u>\$ 94,863</u>	<u>\$ 87,478</u>	<u>\$ 182,341</u>	<u>\$ 681,257</u>	<u>\$ 590,190</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, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (1,681)	\$ 46,551
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	10,926	8,398
Unrealized (gain) loss on investments	9,317	(6,440)
Paycheck Protection Program loan forgiveness	(80,025)	(97,072)
Changes in assets and liabilities:		
Pledges receivable	4,700	(5,092)
Prepaid expenses	(14,814)	690
Accounts payable	4,819	(4,052)
Accrued expenses	(5,482)	2,899
Deferred revenue	-	(10,428)
Scholarships payable	1,500	(4,000)
Net cash used in operating activities	<u>(70,740)</u>	<u>(68,546)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(23,922)	(1,540)
Change in value of certificates of deposit	(4,474)	-
Proceeds from certificates of deposit	-	74,339
Purchases of investments	(24,000)	(40,490)
Net cash provided by (used in) investing activities	<u>(52,396)</u>	<u>32,309</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program loan	-	80,025
Net cash provided by financing activities	<u>-</u>	<u>80,025</u>
<b>INCREASE (DECREASE) IN CASH</b>	(123,136)	43,788
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>455,486</u>	<u>411,698</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 332,350</u></u>	<u><u>\$ 455,486</u></u>

See independent auditors' report and notes to financial statements.

# JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### 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 School 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.

#### 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.

**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 \$2,377 and \$2,877, respectively, at June 30, 2022 and 2021.

#### Basis of Accounting

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



# **JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **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, 2022 and 2021.

#### **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, 2022 AND 2021

### 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, 2022:

	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	\$ 11,262	\$ -	\$ -	\$ 11,262
Common stock	50,351	-	-	50,351
	<u>\$ 61,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,613</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, 2022 AND 2021**

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### **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. Program service fees are shown as 'public sector funding' in the accompanying statement of activities. Junior Achievement USA (JAUSA) defines public sector funding as resources received from federal, state or local agencies that are generated from tax revenue. 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 Costs**

Advertising costs are expensed as incurred. For the years ended June 30, 2022 and 2021, the amount charged to expense was \$27,575 and \$9,110, 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 \$25,750 and \$8,940 for the years ended June 30, 2022 and 2021.

##### *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 \$7,167 and \$10,033 for the years ended June 30, 2022 and 2021.

# JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### 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, 2022 and 2021 are as follows:

	2022	2021
Special events	\$ 8,002	\$ 13,540
In-Kind contributions	24,915	5,433
Total in-kind contributions	<u>\$ 32,917</u>	<u>\$ 18,973</u>

	2022	2021
Special events (netted against revenue)	\$ 8,002	\$ 13,540
Public relations	22,000	-
Volunteer recognition	1,395	1,853
Program materials	1,520	3,580
Total donated materials and services	<u>\$ 32,917</u>	<u>\$ 18,973</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.

#### 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, 2022 AND 2021

### 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, 2022 and 2021:

Financial assets at year end:	2022	2021
Cash and cash equivalents	\$ 332,350	\$ 455,486
Investments	61,613	46,930
Pledges and other receivables	11,241	15,941
Total financial assets available	405,204	518,357
Less amounts not available to be used in one year:		
Net assets with donor restrictions	2,377	2,877
Financial assets available to meet cash needs for general expenditures within one year	\$ 402,827	\$ 515,480

### NOTE 3 – CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$167,316 and \$162,842 on June 30, 2022 and 2021, respectively. The certificate of deposit at June 30, 2022 bears interest at 2.72% and matures on June 19, 2023.

### NOTE 4 – INVESTMENTS

Investments as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Money market funds	\$ 11,262	\$ 10,666
Common stock	50,351	36,264
	\$ 61,613	\$ 46,930

The following schedule summarizes the investment income for the years ended June 30, 2022 and 2021:

	2022	2021
Interest and dividends	\$ 4,940	\$ 7,493
Unrealized gain (loss)	(9,317)	6,440
	\$ (4,377)	\$ 13,933

# JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at June 30, 2022 and 2021:

	2022	2021
Equipment	\$ 75,361	\$ 51,438
Furniture and fixtures	16,646	16,646
Leashold improvements	4,286	4,286
	96,293	72,370
Less: accumulated depreciation	(67,195)	(56,268)
	<u>\$ 29,098</u>	<u>\$ 16,102</u>

Depreciation and amortization expense amounted to \$10,926 and \$8,398 for the years ended June 30, 2022 and 2021.

### 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% (5.0% at June 30, 2022) and are secured by a general security agreement. No amounts were borrowed on the line during the years ended June 30, 2022 and 2021.

### NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of scholarship restricted at June 30, 2022 and 2021. Net assets released from donor imposed restrictions consisted of the following for the years ended June 30, 2022 and 2021:

	2022	2021
Scholarships	\$ 500	\$ 500
Stock Market Challenge	-	2,500
Total	<u>\$ 500</u>	<u>\$ 3,000</u>

### NOTE 8 – 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

# JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### NOTE 8 – TRANSACTIONS WITH AFFILIATE (continued)

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, 2022 and 2021, respectively, the Organization will pay \$69,394 and \$61,653 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, 2022 and 2021 were \$70,305 and \$65,362 respectively. JAUSA reduced the program and support fees by 5% for the year ended June 30, 2022 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 during the COVID-19 pandemic.

### NOTE 9 – PENSION PLAN

In July 2019, the Organization adopted a multi-employer defined contribution 401(k) plan for eligible employees through Junior Achievement USA (JAUSA). The 401(k) plan requires matching contributions of up to 3% for all eligible employees. The Organization contributed \$11,491 and \$10,126 including administration fees to the plan for the years ended June 30, 2022 and 2021, respectively.

### NOTE 10 – 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.

### NOTE 11 – LEASE

The Organization leases space, which expires on July 31, 2026. Rent expense for each of the years ended June 30, 2022 and 2021 amounted \$23,396 and \$22,918, respectively.

Total minimum rental commitments at June 30, 2022 are as follows:

2023	\$ 20,059
2024	20,137
2025	20,359
2026	20,563
2027	1,715
	<u>\$ 82,833</u>

# **JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2022 AND 2021**

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### **NOTE 12 – 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, 2022 and 2021.

### **NOTE 13 – SUBSEQUENT EVENTS**

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 10, 2022 (the date on which the financial statements were available to be issued).

### **NOTE 14 – RISKS AND UNCERTAINTIES DUE TO COVID-19**

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 assets are checking, savings, certificate of deposit and investment 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.

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 and the proceeds have been recognized as revenue in the accompanying statement of activities for the year ended June 30, 2021.

In March 2021, the Organization was approved for a \$80,025 ("second 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 and the proceeds have been recognized as revenue in the accompanying statement of activities for the year ended June 30, 2022.

In April 2022, the Organization applied for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of approximately \$150,000. The Organization has not recognized revenue related to ERC for the year ended June 30, 2022 since the Organization considered the ERC payroll tax credit to be a conditional contribution in which not all of the program's eligibility were substantially met as of June 30, 2022.