

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Independent Auditors' Report

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

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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kunz & Associates CPAS PLLC

Buffalo, New York
November 16, 2023

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 475,731	\$ 332,350
Investments	90,428	61,613
Pledges and other receivables, net of allowance of \$3,000 in 2023 and 2022	7,115	11,241
Prepaid expenses	-	14,814
	573,274	420,018
TOTAL CURRENT ASSETS	573,274	420,018
Other assets:		
Certificates of deposit	100,000	167,316
Security deposit	1,925	1,925
Property and equipment, net of accumulated depreciation and amortization	22,054	29,098
Right of use asset - lease	54,509	-
	178,488	198,339
TOTAL OTHER ASSETS	178,488	198,339
TOTAL ASSETS	\$ 751,762	\$ 618,357

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:		
Accounts payable	\$ 4,653	\$ 8,491
Accrued expenses	10,439	11,068
Scholarships payable	9,000	10,000
Lease payable, current portion	16,949	-
	41,041	29,559
TOTAL CURRENT LIABILITIES	41,041	29,559
Lease payable, current portion	37,989	-
	79,030	29,559
TOTAL LIABILITIES	79,030	29,559

NET ASSETS

Net assets without donor restrictions	670,855	586,421
Net assets with donor restrictions	1,877	2,377
	672,732	588,798
TOTAL NET ASSETS	672,732	588,798
TOTAL LIABILITIES AND NET ASSETS	\$ 751,762	\$ 618,357

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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2022)

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>2023</u>	<u>2022</u>
REVENUE AND OTHER SUPPORT				
Contributions				
Corporate	\$ 178,504	\$ -	\$ 178,504	\$ 172,952
Individual	29,457	-	29,457	32,721
Foundations	122,000	-	122,000	178,794
Total contributions	<u>329,961</u>	<u>-</u>	<u>329,961</u>	<u>384,467</u>
Special events, including in-kind contributions, net of direct expenses of \$54,715 and \$26,977 in 2023 and 2022, respectively	214,394	-	214,394	144,581
Public Sector Funding	50,520	-	50,520	49,965
In-kind contributions	4,160	-	4,160	24,915
Investment income (loss)	22,399	-	22,399	(4,377)
Other income	150,180	-	150,180	80,025
Net assets released from restrictions	500	(500)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>772,114</u>	<u>(500)</u>	<u>771,614</u>	<u>679,576</u>
EXPENSES				
Program expenses				
Elementary School Program	223,848	-	223,848	215,008
Middle School Program	145,452	-	145,452	134,190
High School Program	128,788	-	128,788	149,718
Total program expenses	<u>498,088</u>	<u>-</u>	<u>498,088</u>	<u>498,916</u>
Management and general	96,761	-	96,761	94,863
Fundraising expenses	92,831	-	92,831	87,478
Total support services	<u>189,592</u>	<u>-</u>	<u>189,592</u>	<u>182,341</u>
TOTAL EXPENSES	<u>687,680</u>	<u>-</u>	<u>687,680</u>	<u>681,257</u>
INCREASE (DECREASE) IN NET ASSETS	84,434	(500)	83,934	(1,681)
NET ASSETS - BEGINNING OF YEAR	<u>586,421</u>	<u>2,377</u>	<u>588,798</u>	<u>590,479</u>
NET ASSETS - END OF YEAR	<u>\$ 670,855</u>	<u>\$ 1,877</u>	<u>\$ 672,732</u>	<u>\$ 588,798</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, 2023
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED 2022)

	Program Expenses				Support Services			2023 Total	2022 Total
	Elementary School Program	Middle School Program	High School Program	Total Program Services	Management and General	Fund - raising	Total Support Services		
Salaries	\$ 130,784	\$ 104,968	\$ 85,935	\$ 321,687	\$ 54,949	\$ 73,051	\$ 128,000	\$ 449,687	\$ 410,434
Payroll taxes	9,786	7,855	6,430	24,071	4,112	5,466	9,578	33,649	30,684
Employee benefits	7,434	5,966	4,884	18,284	3,122	4,152	7,274	25,558	32,893
Pension expense	1,317	1,055	863	3,235	551	734	1,285	4,520	11,491
Total salaries and benefits	<u>149,321</u>	<u>119,844</u>	<u>98,112</u>	<u>367,277</u>	<u>62,734</u>	<u>83,403</u>	<u>146,137</u>	<u>513,414</u>	<u>485,502</u>
Program materials	20,475	7,061	7,767	35,303	-	-	-	35,303	30,727
Outside services	-	-	-	-	2,370	-	2,370	2,370	1,648
Occupancy	6,298	2,171	2,389	10,858	4,815	4,815	9,630	20,488	23,396
Office expense	1,692	583	642	2,917	-	-	-	2,917	1,685
Computer software	-	-	-	-	2,662	-	2,662	2,662	1,831
Stationary and supplies	1,040	265	1,298	2,603	-	-	-	2,603	436
Dues and subscriptions	-	-	-	-	2,523	-	2,523	2,523	2,038
Postage and delivery	247	86	94	427	190	190	380	807	1,212
Telephone	1,616	559	614	2,789	1,237	1,237	2,474	5,263	5,432
Staff training	1,349	465	512	2,326	-	-	-	2,326	1,314
Travel	2,206	761	837	3,804	-	-	-	3,804	2,141
Public relations	229	79	87	395	-	-	-	395	23,826
Program support and fees	35,208	12,141	13,355	60,704	-	-	-	60,704	70,305
Professional fees	-	-	-	-	10,200	-	10,200	10,200	14,550
Scholarship	-	-	1,500	1,500	-	-	-	1,500	1,500
Miscellaneous	-	-	-	-	6,844	-	6,844	6,844	2,788
Expenses before depreciation and amortization	<u>219,681</u>	<u>144,015</u>	<u>127,207</u>	<u>490,903</u>	<u>93,575</u>	<u>89,645</u>	<u>183,220</u>	<u>674,123</u>	<u>670,331</u>
Depreciation and amortization	<u>4,167</u>	<u>1,437</u>	<u>1,581</u>	<u>7,185</u>	<u>3,186</u>	<u>3,186</u>	<u>6,372</u>	<u>13,557</u>	<u>10,926</u>
Total	<u>\$ 223,848</u>	<u>\$ 145,452</u>	<u>\$ 128,788</u>	<u>\$ 498,088</u>	<u>\$ 96,761</u>	<u>\$ 92,831</u>	<u>\$ 189,592</u>	<u>\$ 687,680</u>	<u>\$ 681,257</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, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 83,934	\$ (1,681)
Adjustments to reconcile increase (decrease) in net assets to net cash flows from operating activities:		
Depreciation and amortization	13,557	10,926
Unrealized (gain) loss on investments	(10,815)	9,317
Loss on disposal of assets	1,513	-
Paycheck Protection Program loan forgiveness	-	(80,025)
Changes in assets and liabilities:		
Pledges receivable	4,126	4,700
Prepaid expenses	14,814	(14,814)
Operating lease right of use asset and liability	429	-
Accounts payable	(3,838)	4,819
Accrued expenses	(629)	(5,482)
Scholarships payable	(1,000)	1,500
Net cash provided by (used in) operating activities	<u>102,091</u>	<u>(70,740)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(8,026)	(23,922)
Purchases of certificates of deposit	(100,000)	-
Proceeds from certificates of deposit	167,316	(4,474)
Purchases of investments	(18,000)	(24,000)
Net cash provided by (used in) investing activities	<u>41,290</u>	<u>(52,396)</u>
INCREASE (DECREASE) IN CASH	143,381	(123,136)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>332,350</u>	<u>455,486</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 475,731</u>	<u>\$ 332,350</u>
SUPPLEMENTAL NON-CASH INVESTING AND FINANCING ACTIVITIES:		
Disposal of property and equipment	<u>\$ 11,907</u>	<u>\$ -</u>

See independent auditors' report and notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 \$1,877 and \$2,377, respectively, at June 30, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022.

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.

Adoption of FASB ASC 842

Effective July 1, 2022, the Organization adopted ASU No. 2016-02, Leases (Topic 842). The Organization determines if an arrangement contains a lease at inception based on whether the Organization has the right to control the asset during the contract period and other facts and circumstances. The adoption of FASB ASC 842 resulted in the recognition of right-of-use-asset (ROU) in the amount of \$70,973 and operating lease liability of \$70,973 as of July 1, 2022. Results for periods beginning prior to July 1, 2022 continue to be reported in accordance with historical accounting treatment. ASU No. 2016-02, Leases (Topic 842) was adopted using the cumulative effect method.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of FASB ASC 842 (continued)

As of June 30, 2023, ROU assets and lease liabilities of \$54,509 and \$54,938, respectively, were recognized; prior year financial statements were not recast. As a result, the Organization reporting for the comparative period presented in the financial statements is in accordance with FASB ASC 840.

The adoption of FASB ASC 842 did not have a material impact on the Organization's statements of activities or statement of cash flows.

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 investments are all level 1 inputs determined using quoted market prices in active markets.

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, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants and Other Public Support (continued)

Funds received from conditional grants and 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, 2023 and 2022, the amount charged to expense was \$4,566 and \$27,575, 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 \$4,566 and \$24,915 for the years ended June 30, 2023 and 2022.

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 \$21,476 and \$7,167 for the years ended June 30, 2023 and 2022.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022 are as follows:

	2023	2022
Special events	\$ 21,882	\$ 8,002
In-Kind contributions	4,160	24,915
Total in-kind contributions	<u>\$ 26,042</u>	<u>\$ 32,917</u>

	2023	2022
Special events (netted against revenue)	\$ 21,882	\$ 8,002
Public relations	-	22,000
Volunteer recognition	3,240	1,395
Program materials	920	1,520
Total donated materials and services	<u>\$ 26,042</u>	<u>\$ 32,917</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 program or management and general expenses 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.

Reclassifications

Reclassifications have been made to prior year balances in order to conform to the current year presentation.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

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, 2023 and 2022:

Financial assets at year end:	2023	2022
Cash and cash equivalents	\$ 475,731	\$ 332,350
Investments	90,428	61,613
Pledges and other receivables	7,115	11,241
Total financial assets available	573,274	405,204
Less amounts not available to be used in one year:		
Net assets with donor restrictions	1,877	2,377
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 571,397</u>	<u>\$ 402,827</u>

The Organization has a line of credit at its disposal with an availability of \$100,000 (note 6).

NOTE 3 – CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$100,000 and \$167,316 on June 30, 2023 and 2022, respectively. The two certificates of deposit in the amount of \$50,000 each at June 30, 2023 bear interest at 5.39% and 4.88% and mature on July 31, 2024 and December 28, 2024, respectively.

NOTE 4 – INVESTMENTS

Investments as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Money market funds	\$ 2,952	\$ 11,262
Common stock	87,476	50,351
	<u>\$ 90,428</u>	<u>\$ 61,613</u>

The following schedule summarizes the investment income for the years ended June 30, 2023 and 2022:

	2023	2022
Interest and dividends	\$ 11,584	\$ 4,940
Unrealized gain (loss)	10,815	(9,317)
	<u>\$ 22,399</u>	<u>\$ (4,377)</u>

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at June 30, 2023 and 2022:

	2023	2022
Equipment	\$ 75,994	\$ 75,361
Furniture and fixtures	16,419	16,646
Leashold improvements	-	4,286
	92,413	96,293
Less: accumulated depreciation	(70,359)	(67,195)
	\$ 22,054	\$ 29,098

Depreciation and amortization expense amounted to \$13,557 and \$10,926 for the years ended June 30, 2023 and 2022. The Organization disposed of property and equipment in the amount of \$11,907 with a net book value of \$10,394 resulting in a loss on disposal in the amount of \$1,513.

NOTE 6 – LINE OF CREDIT

The Organization has entered into a line of credit agreement with a bank with an availability of \$100,000. Amounts borrowed on the line bear interest at the bank's prime plus 1% (9.5% at June 30, 2023) and are secured by a general security agreement. No amounts were borrowed on the line during the years ended June 30, 2023 and 2022.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of restricted scholarships at June 30, 2023 and 2022. Net assets released from donor imposed restrictions for the years ended June 30, 2023 and 2022 in the amount of \$500 and \$500 were released for scholarships.

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, 2023 AND 2022

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, 2023 and 2022, respectively, the Organization will pay \$69,365 and \$69,394 as a program and support fee for the years ended June 30, 2023 and 2022, respectively. The fees paid in the years ended June 30, 2023 and 2022 were \$60,704 and \$70,305 respectively. JAUSA reduced the program and support fees by 5% for the fees paid for the year ended June 30, 2022 to provide economic relief to participating Junior Achievement Areas in the United States during the COVID-19 pandemic.

NOTE 9 – PENSION PLAN

Starting on July 1, 2019, the Organization implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization's contributions to the plan are determined annually by the Board of Directors. Contributions to the plan were \$11,619 and \$11,491 for the years ended June 30, 2023 and 2022, respectively. The Organization received a refund from JAUSA in the amount of \$7,099 for the year ended June 30, 2023. Pension expense net of the refund as shown in the accompanying statement of activities amounts to \$4,520 for the year ended June 30, 2023.

NOTE 10 – HEALTH AND WELFARE BENEFITS TRUST

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

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

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 11 – LEASE OBLIGATIONS

The Organization leases space, which expires on July 31, 2026. The present value of the Organization's lease liability after adoption of ASU No. 2016-02, Leases (Topic 842) was calculated using an incremental borrowing rate of 6.5%. In determining the incremental borrowing rate, the Organization considered estimated borrowing data for similar arrangements as of the transition date. As of June 30, 2023, the Organization recognized an operating right-of-use-asset and lease liability of \$54,509 and \$54,938, respectively (the amounts as of July 1, 2022 were \$70,973).

The components of operating lease expenses that are included in "Occupancy costs" in the statement of activities for the year ended June 30, 2023 were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease cost	<u>\$ 20,488</u>	<u>\$23,396</u>

The following summarizes the line items in the balance sheet which include amounts for operating leases as of June 30, 2023:

Right of use asset - lease	<u>\$ 54,509</u>
Lease payable, current portion	\$ 16,949
Lease payable, long-term portion	<u>37,989</u>
Total lease liability	<u>\$ 54,938</u>

The maturities of operating lease liabilities as of December 31 of each year were as follows:

2024	\$ 20,137
2025	20,359
2026	20,563
2027	<u>1,715</u>
Total lease payments	62,774
Less: Interest	<u>(7,836)</u>
Present value of lease liability	<u>\$ 54,938</u>

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, 2023 and 2022.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 13 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 16, 2023 (the date on which the financial statements were available to be issued).

NOTE 14 – 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 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.

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.s The Organization has met the required conditions established by the SBA for loan forgiveness and the proceeds have been recognized as revenue in "Other income" in the accompanying statement of activities for the year ended June 30, 2022.

In April 2022, the Organization applied and was approved for the Employee Retention Credit (ERC) under the Coronavirus Aid, Relief and Economic Security (CARES) Act in the amount of \$150,180 (plus interest of \$6,366, which is reported in investment income), which is included in "Other income" in the accompanying statement of activities for the year ended June 30, 2023.

NOTE 15 – CONTINGENCIES

The Organization has received grants from local foundations and the Federal government, including the Employee Retention Credit (note 14) which could be subject to return of funds. No provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management believes that disallowances, if any, will not be material.