



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

Financial Statements

June 30, 2022 and 2021

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors  
Junior Achievement of New York, Inc.:

### *Opinion*

We have audited the financial statements of Junior Achievement of New York, Inc. (the Entity), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as of June 30, 2022 and 2021, and the changes of its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

### *Basis for Opinion*

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, 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 the Entity's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

### *Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material misstatement of the 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 the Entity'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 the Entity'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.

*KPMG LLP*

New York, New York  
October 28, 2022

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

Statements of Financial Position

June 30, 2022 and 2021

<b>Assets</b>	<b>2022</b>	<b>2021</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,873,509	2,729,847
Contributions and special events receivables, net (note 3)	697,084	483,070
Inventory	3,090	3,090
Prepaid expenses and other assets	82,387	73,456
Total current assets	2,656,070	3,289,463
<b>Long-term assets:</b>		
Long-term contributions receivables (pledges), net (note 3)	835,679	799,005
Fixed assets, net (note 4)	18,636	29,233
Other assets (note 6)	138,875	59,909
Total long-term assets	993,190	888,147
Total assets	\$ 3,649,260	4,177,610
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses (note 11)	\$ 134,685	138,383
Paycheck Protection Program (PPP) refundable advance (note 10)	—	465,172
Deferred revenue	63,495	70,346
Deferred rent obligation (note 6)	4,575	—
Total current liabilities	202,755	673,901
<b>Long-term liabilities:</b>		
Deferred rent obligation (note 6)	—	55,785
Total long-term liabilities	—	55,785
Total liabilities	202,755	729,686
<b>Net assets:</b>		
Net assets without donor restrictions	2,399,827	2,245,321
Net assets with donor restrictions (note 5)	1,046,678	1,202,603
Total net assets	3,446,505	3,447,924
Total liabilities and net assets	\$ 3,649,260	4,177,610

See accompanying notes to financial statements.

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

Statements of Activities

Years ended June 30, 2022 and 2021

	2022			2021		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating support and revenue:						
Contributions (note 3):						
Corporate	\$ 917,832	173,500	1,091,332	995,007	303,599	1,298,606
Government	547,474	—	547,474	166,000	—	166,000
Individual	112,914	—	112,914	100,846	—	100,846
Foundations	15,500	36,674	52,174	16,108	35,065	51,173
Total contributions	1,593,720	210,174	1,803,894	1,277,961	338,664	1,616,625
Special events income (note 3)	1,027,352	—	1,027,352	1,556,312	—	1,556,312
Special events expenses	(248,709)	—	(248,709)	(178,923)	—	(178,923)
Special events income, net	778,643	—	778,643	1,377,389	—	1,377,389
In-kind contributions (note 8)	300,782	—	300,782	151,548	—	151,548
Other income	113,875	—	113,875	131,642	—	131,642
Net assets released from restriction	366,099	(366,099)	—	77,000	(77,000)	—
Total operating support and revenue	3,153,119	(155,925)	2,997,194	3,015,540	261,664	3,277,204
Operating expenses:						
Program services – education programs	2,521,904	—	2,521,904	2,302,256	—	2,302,256
Supporting services:						
Management and general	544,255	—	544,255	378,355	—	378,355
Fundraising:						
Volunteer recruiting costs	23,293	—	23,293	51,031	—	51,031
General solicitation of funds	346,983	—	346,983	408,440	—	408,440
Total fundraising expenses	370,276	—	370,276	459,471	—	459,471
Total supporting services	914,531	—	914,531	837,826	—	837,826
Total operating expenses	3,436,435	—	3,436,435	3,140,082	—	3,140,082
Increase (decrease) in net assets from operations	(283,316)	(155,925)	(439,241)	(124,542)	261,664	137,122
Nonoperating activities:						
Losses on pledges	(30,718)	—	(30,718)	(3,500)	—	(3,500)
Forgiveness of PPP Loan (note 10)	468,540	—	468,540	478,090	—	478,090
Total nonoperating activities	437,822	—	437,822	474,590	—	474,590
Increase (decrease) in net assets	154,506	(155,925)	(1,419)	350,048	261,664	611,712
Net assets at beginning of year	2,245,321	1,202,603	3,447,924	1,895,273	940,939	2,836,212
Net assets at end of year	\$ 2,399,827	1,046,678	3,446,505	2,245,321	1,202,603	3,447,924

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended June 30, 2022

	<b>Program services</b>		<b>Supporting services</b>			<b>Total operating expenses</b>	<b>Special events expense</b>
	<b>Education programs</b>	<b>Management and general</b>	<b>Fundraising – volunteer recruiting</b>	<b>Fundraising – general solicitation</b>	<b>Total</b>		
Salaries and benefits (note 7)	\$ 1,580,296	181,477	15,458	230,259	427,194	2,007,490	—
Office and occupancy (note 6)	351,628	36,935	3,146	46,863	86,944	438,572	—
Travel, meetings, and conferences	4,547	522	44	663	1,229	5,776	—
Program materials and other costs	110,517	—	—	—	—	110,517	—
Outside services	235,135	297,785	2,300	34,261	334,346	569,481	248,709
Depreciation	15,072	1,731	147	2,196	4,074	19,146	—
Program and administrative support fee	224,709	25,805	2,198	32,741	60,744	285,453	—
	<u>\$ 2,521,904</u>	<u>544,255</u>	<u>23,293</u>	<u>346,983</u>	<u>914,531</u>	<u>3,436,435</u>	<u>248,709</u>

See accompanying notes to financial statements.

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

Statement of Functional Expenses

Year ended June 30, 2021

	<b>Program services</b>		<b>Supporting services</b>			<b>Total operating expenses</b>	<b>Special events expense</b>
	<b>Education programs</b>	<b>Management and general</b>	<b>Fundraising – volunteer recruiting</b>	<b>Fundraising – general solicitation</b>	<b>Total</b>		
Salaries and benefits (note 7)	\$ 1,456,301	164,689	37,960	287,716	490,365	1,946,666	—
Office and occupancy (note 6)	331,318	34,075	7,854	59,531	101,460	432,778	—
Travel, meetings, and conferences	930	105	25	184	314	1,244	—
Program materials and other costs	77,608	—	—	—	—	77,608	—
Outside services	183,300	142,276	4,778	36,214	183,268	366,568	178,923
Depreciation	15,897	1,798	414	3,141	5,353	21,250	—
Program and administrative support fee	236,902	35,412	—	21,654	57,066	293,968	—
	<u>\$ 2,302,256</u>	<u>378,355</u>	<u>51,031</u>	<u>408,440</u>	<u>837,826</u>	<u>3,140,082</u>	<u>178,923</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (1,419)	611,712
Adjustments to reconcile (decrease) increase in net assets to net cash (used in) provided by operating activities:		
Depreciation	19,146	21,250
Losses on pledges	30,718	3,500
Payroll Protection Program loan forgiveness	(465,172)	(474,332)
Changes in operating assets and liabilities:		
Contributions and special events receivables, net	(281,406)	140,631
Prepaid expenses and other assets	(8,931)	26,547
Other assets	(78,966)	27,517
Accounts payable and accrued expenses	(3,698)	(62,278)
Deferred revenue	(6,851)	(18,215)
Deferred rent obligation	(51,210)	(44,967)
Net cash (used in) provided by operating activities	(847,789)	231,365
Cash flows from investing activity:		
Purchase of fixed assets	(8,549)	(11,053)
Net cash used in investing activity	(8,549)	(11,053)
Cash flows from financing activity:		
Proceeds from Payroll Protection Program Loan	—	465,172
Net cash provided by financing activity	—	465,172
Net (decrease) increase in cash and cash equivalents	(856,338)	685,484
Cash and cash equivalents at beginning of year	2,729,847	2,044,363
Cash and cash equivalents at end of year	\$ 1,873,509	2,729,847

See accompanying notes to financial statements.



## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

#### (1) Description of Organization

The mission of Junior Achievement of New York, Inc. (JA New York) is to inspire and prepare young people to succeed in a global economy. Through a dedicated volunteer network of corporate and community individuals, JA New York provides high-quality K-12 in-school, workplace-based, after-school, and summer educational programs. JA New York educational programs impact important societal issues, including youth development, economic development, and education development, and focus on three key content areas: work readiness, entrepreneurship, and financial literacy.

JA New York is a New York not-for-profit corporation and a franchise of JA USA, formerly JA Worldwide. JA New York serves the five boroughs of New York City, Long Island and the lower Hudson Valley area.

#### (2) Summary of Significant Accounting Policies

The accompanying financial statements of JA New York have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

##### (a) Basis of Presentation

JA New York's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, JA New York is required to report 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 and changes therein are classified and reported as follows:

*Without donor restrictions* – Net assets that are not subject to donor-imposed stipulations.

*With donor restrictions* – Net assets subject to donor-imposed stipulations that will be met either by actions and/or the passage of time or net assets subject to donor-imposed stipulations that will be maintained permanently.

JA New York's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Revenues and gains and losses on other assets or liabilities are reported as changes in net assets without donor restriction unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restriction.

##### (b) Cash and Cash Equivalents

JA New York has several bank accounts at June 30, 2022 and 2021 containing balances, which exceed Federal Deposit Insurance Corporation (FDIC) limits. JA New York believes that no significant risk exists at June 30, 2022 and 2021 with respect to these balances. JA New York classifies cash equivalent funds that are in short-term, highly liquid investments that are readily available to known amounts of cash. JA New York has \$918,121 of cash equivalents at June 30, 2022 and \$918,030 of cash equivalents at June 30, 2021.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

**(c) Inventory**

Inventory is recorded at the lower of cost or net realizable value, cost being determined on a first-in, first-out (FIFO) basis. Inventory primarily consists of education and program materials, including Junior Achievement program kits, textbooks, training materials, and related marketing materials. Management analyzes inventory for obsolescence and records an allowance for obsolete inventory, if necessary.

**(d) Fixed Assets**

Fixed assets are recorded at cost if purchased, or fair value at date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

**(e) Contributions**

Contributions and special events revenue, which include unconditional promises to give or pledges, are recognized, at fair value, as revenue in the period received. Contributions are classified as conditional if a barrier must be overcome to be entitled to the funds and if a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Donor-restricted contributions whose restrictions are met in the same fiscal year are reported as net assets without donor restrictions. All other donor-restricted support is reported as an increase to net assets with donor restrictions. When a donor restriction on net assets is met through the passage of time or fulfillment of a purpose restriction, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional pledges to be paid in future years are discounted to a present value using a risk-adjusted discount rate. Amortization of the discount is recorded as additional contribution revenue over the life of the commitment. Any decreases in the quantity or nature of assets expected to be received subsequent to the initial recognition of the pledge are reported as a loss in the applicable net asset class.

**(f) In-Kind Contributions**

In-kind contributions are recognized as revenue and expense or assets at the fair value of those goods and services provided they meet the criteria for recognition. In-kind contributions principally consist of professional services, public relations, program event space, and donated software and hardware.

**(g) Program and Support Fees**

Each franchised Junior Achievement area is required to pay program and support fees to the national organization, JA USA, on all contributions, special events income, and certain grant income raised in its territory in accordance with a scale established by the board of directors of JA USA and ratified by the areas. These fees primarily support program and curriculum development as well as certain administrative functions. Such amounts are recorded in the statement of functional expenses, and amounted to approximately \$285,453 in fiscal year 2022 and \$294,000 in fiscal year 2021.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

#### **(h) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Estimates include the fair value of in-kind contributions and the allocation of expenses by functional category. Actual results could differ from those estimates.

#### **(i) Income Taxes**

JA New York is a not-for-profit organization that has been classified by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization, which is not a private foundation. JA New York recognizes the impact of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to JA New York's tax-exempt purpose is subject to tax under Internal Revenue Code Section 511. JA New York did not have any material unrelated business income tax liability for the years ended June 30, 2022 and 2021. JA New York evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2022, JA New York has not identified or provided for any such positions.

#### **(j) Nonoperating Activities**

Nonoperating activities in the accompanying statements of activities include losses on pledges and the forgiveness of the PPP refundable advance (note 10).

#### **(k) Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized by program and supporting services benefited in the statements of activities and functional expenses. Natural expenses attributable to more than one functional expense category are allocated using employee time and effort spent during the year on each program and supporting service category.

#### **(l) New Accounting Pronouncement**

In fiscal year 2022, JA New York adopted ASU, Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (ASU 2020-07). The guidance enhances presentation and disclosure requirements for not-for-profit entities that received contributed nonfinancial assets. The adoption of ASU 2020-07 did not have a material effect on the financial statements.

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

Notes to Financial Statements

June 30, 2022 and 2021

**(3) Contributions and Special Events Revenue and Receivables, Net**

Contributions and special events receivable at June 30 are scheduled to be collected as follows:

	<b>2022</b>	<b>2021</b>
Less than 1 year	\$ 697,084	483,070
Greater than 5 years	1,000,000	1,000,000
	1,697,084	1,483,070
Unamortized discount (4.59%)	(164,321)	(200,995)
	<b>\$ 1,532,763</b>	<b>1,282,075</b>

One pledge accounted for approximately 59% of gross contributions and special events receivable (55% of net contributions and special events receivable) at June 30, 2022. One pledge accounted for approximately 67% of gross contributions and special events receivable (62% of net contributions and special events receivable) at June 30, 2021.

In fiscal year 2008, JA New York received a \$1 million pledge from the Halbert family, which will be partially funded through an irrevocable charitable remainder unitrust. In fiscal year 2008, contributions revenue and receivable were recognized at the present value of the estimated future benefits to be received upon the death of the trust beneficiaries. The receivable is adjusted during the term of the trust for accretion of the discount and other changes in the estimate of future benefits, and is expected to be collected in more than five years. The discount rate for this pledge is based on the 20-year treasury rate at June 30, 2008.

JA New York generated approximately 26% and 42% of its contribution and special events revenue through their primary fundraising events for fiscal years 2022 and 2021, respectively. The approximate concentration of revenue earned from each type of fundraising event is as follows:

	<b>2022</b>	<b>2021</b>
JA New York Gala	16 %	22 %
Virtual events	6	16
Golf events	4	4
	<b>26 %</b>	<b>42 %</b>

Contributions and special events revenue in fiscal years 2022 and 2021 include \$305,102 and \$396,344, respectively, collected on behalf of JA New York by JA USA and JA Worldwide. At June 30, 2022, there was a balance of \$28,140 due from JA Worldwide related to finder's fees, reimbursable expenses, or any other contributions receivable. At June 30, 2021, there was no balance due from JA USA related to finder's fees, reimbursable expenses, or any other contributions receivable. Approximately 49% and 56% of contributions and special events revenue during fiscal years 2022 and 2021, respectively, were received from members of the board and their affiliated entities.

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

Notes to Financial Statements

June 30, 2022 and 2021

**(4) Fixed Assets**

Fixed assets at June 30 consist of the following:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 119,770	111,221
Furniture and fixtures	105,472	105,472
Software	<u>254,261</u>	<u>254,261</u>
	479,503	470,954
Accumulated depreciation and amortization	<u>(460,867)</u>	<u>(441,721)</u>
	<u>\$ 18,636</u>	<u>29,233</u>

**(5) Net Assets**

Net assets with donor restrictions are available for the following purposes at June 30:

	<u>2022</u>	<u>2021</u>
Halbert pledge/trust – Inspiring Inner City Youth to Succeed	\$ 835,679	799,004
Programs and other	<u>210,999</u>	<u>403,599</u>
	<u>\$ 1,046,678</u>	<u>1,202,603</u>

**(6) Leases**

In fiscal year 2012, JA New York entered into a lease agreement for new office space and relocated its headquarters. The lease, which expires in July 2022, includes annual rent escalations and a rent credit equivalent to six months' rent. Rent expense is recorded on a straight-line basis with an associated deferred rent obligation.

The future minimum rental commitments as of June 30, 2022 required under the operating lease are as follows:

Fiscal year:	
2023	\$ <u>26,840</u>
	<u>\$ 26,840</u>

Rent expense, including utilities, was approximately \$277,000 for the year ended June 30, 2022 and \$300,000 for the year ended June 30, 2021, and is included in office and occupancy expense in the accompanying statements of functional expenses.

In conjunction with the lease, the landlord holds a security deposit from JA New York (\$59,859 at June 30, 2022 and 2021), which is included in other assets.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

In June 2022, JA New York entered into a lease agreement for new office space to relocate its headquarters in August 2022. The lease, which expires in December 2027, includes annual rent escalations and a rent credit equivalent to five months' rent.

The future minimum rental commitments as of June 30, 2022 required under the new operating lease are as follows:

Fiscal year:	
2023	\$ 217,158
2024	241,786
2025	247,226
2026	252,789
2027	258,477
Thereafter	<u>129,476</u>
	<u>\$ 1,346,912</u>

In conjunction with the new lease, the landlord holds a security deposit from JA New York (\$78,966 at June 30, 2022), which is included in other assets.

#### **(7) Pension and Health Plans**

JA New York participates in two active plans administered by JA USA and one that was terminated as of June 30, 2019, which was accounted for as multiemployer plans.

##### **(a) Multiemployer Pension Plan (Terminated Effective June 30, 2019)**

Prior to June 30, 2019, JA New York offered a noncontributory defined benefit pension plan (the Pension Plan) to its employees. The Pension Plan covered all full-time employees of JA New York. Benefits were determined based on years of service and salary history. The Pension Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when the Pension Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the Pension Plan documents, the respective participants' employers were required to fund the Pension Plan, as determined necessary by JA USA's board of directors, based on an annual actuarial valuation. JA New York made contributions equal to 16.75% of participants' eligible compensation. Additionally, the Pension Plan requires that participating members who withdrew from the Pension Plan remain liable for any previous funding obligations under the Pension Plan. JA New York recognized as net pension cost, the required contribution for the period and recognized, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Pension Plan in the financial statements of JA New York.

Effective June 30, 2019, the Board of Directors of JA USA approved the termination of the Pension Plan, at which time all participants who were active in the Pension Plan became fully vested for their respective accrued benefits. The Pension Plan required that participating employers (including JA New York) remain liable for any funding obligations under the Pension Plan, until all liabilities and obligations of the Pension Plan have been satisfied.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

During 2020, Pension Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Pension Plan liquidated and distributed benefit payments accordingly. The Pension Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Pension Plan had either been paid (lump-sum elections) or transferred (annuity elections). The remaining assets in the Pension Plan of approximately \$5.5 million at June 30, 2022 and 2021, are restricted for additional, future termination and other required administrative expenses. Approximately \$4 million of the Pension Plan's assets are expected to be returned to JA USA to repay the funds JA USA had advanced to the Pension Plan to help ensure it was fully funded.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Pension Plan assets will first be used to repay any advances from JA USA, described above, and lastly, will be distributed to participating employers on a pro rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, JA USA cannot reasonably estimate, and thus has not recorded any pro rata amounts receivable from the Pension Plan at June 30, 2022.

To coincide with the termination of the Pension Plan, JA USA implemented a defined contribution 401(k) plan for eligible employees on July 1, 2019.

#### **(b) Defined Contribution Plan**

Starting July 1, 2019, JA USA had a 401(k) profit-sharing plan covering substantially all employees. JA New York opted to participate in this centralized 401(k) plan during the fiscal year ended June 30, 2020. JA New York's contributions to the plan are determined by the Board of Directors for JA New York. Contributions to the plan made by JA New York were \$32,855 for the year ended June 30, 2022 and \$43,421 for the year ended June 30, 2021.

#### **(c) Health and Welfare Benefits Trust**

JA New York participates in the JA USA self-funded medical, dental, and other benefits plan covering full-time employees of JA New York and their beneficiaries and covered dependents. Premiums are paid into the plan for each participant by JA New York. All the assets and liabilities of the 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 JA New York.

#### **(d) Postretirement Benefits Plan**

JA New York participates in a postretirement benefits plan, which offers healthcare benefits to retired personnel of JA New York. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of JA New York does not believe the implicit rate subsidy amount to be material to JA New York, especially since the plan is a multiemployer plan. Accordingly, no balances or transactions of the plan are recorded in the financial statements of JA New York.

JA New York's premium expense for the Benefits Trust and the Postretirement Benefits Plan for the years ended June 30, 2022 and 2021 was \$168,780 and \$157,588, respectively.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

#### (8) In-Kind Contributions

In-kind contributions received are reported at fair value as both support and expense (except where capitalized) in the accompanying statements of activities and consist of the following:

	<u>2022</u>	<u>2021</u>
Office and occupancy expense	\$ 30,000	30,000
Accounting and tax services	26,250	23,000
Legal services	<u>244,532</u>	<u>98,548</u>
	<u>\$ 300,782</u>	<u>151,548</u>

In-kind contributions can fluctuate widely from year to year, based on the opportunities for such contributions available to JA New York in any given year.

In-kind contributions comprise office and occupancy expenses, accounting and tax services, and legal services that were included in program and supporting services of JA New York. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. In-kind contributions are valued and are reported at the estimated fair value in the financial statements based on current rates for similar office and occupancy expenses and professional services.

In-kind contributions include contributions by board members and their affiliates of \$300,782 and \$151,548 in fiscal years 2022 and 2021, respectively.

#### (9) Line of Credit

JA New York has a line of credit (LOC) with a financial institution for an amount not to exceed \$1,000,000. The LOC is available through April 2023, subject to extension. The LOC bears interest at the adjusted SOFR rate plus 3.315% per annum (4.56% and 4.57% at June 30, 2022 and 2021, respectively) and is collateralized by the assets of JA New York. No amounts were drawn during fiscal 2022 or outstanding as of June 30, 2022 or 2021.

#### (10) Payroll Protection Program Refundable Advance

On March 11, 2020, the World Health Organization designated COVID-19 as a global pandemic. In April 2020, JA New York received funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act through the Payroll Protection Program. Funding through this program consists of loans that are designed to provide a direct incentive for small business to keep their workers on payroll. These loans will be forgiven if certain criteria are met and the funds are used for eligible expenses.

JA New York applied for and received a Payroll Protection Program Loan (PPP Refundable Advance) in April 2020 in the amount of \$474,332. JA New York applied for and received complete forgiveness of this loan in February 2021 and the forgiveness of the loan of \$478,090 including accrued interest was recorded in forgiveness of PPP loan under nonoperating activities in the statement of activities as of June 30, 2021.



## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2022 and 2021

JA New York applied for and received a second draw from the Payroll Protection Program Loan (PPP Refundable Advance) in February 2021 in the amount of \$465,172 and received complete forgiveness of this loan in October 2021 and the forgiveness of the loan of \$468,540 including accrued interest was recorded in forgiveness of PPP loan under nonoperating activities in the statement of activities as of June 30, 2022.

#### (11) Other Transactions with JA USA

At June 30, 2022 and 2021, accounts payable and accrued expenses included approximately \$2,160 and \$0, respectively, due to JA USA for purchases of program materials, insurance, and program support fees.

Under the terms of an operating agreement with JA USA, JA New York receives finder's fees from JA USA when funding is received by JA USA from a donor headquartered in JA New York's area. For the years ended June 30, 2022 and 2021, JA New York received finder's fees totaling \$111,930 and \$130,407, respectively, which is recorded in other income in the accompanying statements of activities.

#### (12) Liquidity and Availability of Resources

Financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<u>June 30</u>	
	<u>2022</u>	<u>2021</u>
Cash and cash equivalents without donor restrictions	\$ 1,873,509	2,729,847
Contributions without donor restrictions collectible within one year	697,084	483,070
Other receivables, included in prepaid expenses and other assets	<u>29,787</u>	<u>31,591</u>
	<u>\$ 2,600,380</u>	<u>3,244,508</u>

JA New York does not have any cash and cash equivalents, contributions receivable, or prepaid expenses and other assets with donor restrictions that would require a reduction of the amounts above. In addition, as of June 30, 2022, JA New York has a LOC for \$1,000,000. No amounts were drawn on this LOC as of June 30, 2022.

#### (13) Subsequent Events

JA New York has evaluated additional subsequent events after June 30, 2022 through October 28, 2022, the date that the financial statements were available to be issued, and did not note any additional material subsequent events during the period.