



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

Financial Statements

June 30, 2021 and 2020

(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.:

We have audited the accompanying financial statements of Junior Achievement of New York, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of New York, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

**KPMG LLP**

October 28, 2021

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

Statements of Financial Position

June 30, 2021 and 2020

<b>Assets</b>	<b>2021</b>	<b>2020</b>
Current assets:		
Cash and cash equivalents	\$ 2,729,847	2,044,363
Contributions and special events receivables, net (note 3)	483,070	662,266
Inventory	3,090	3,090
Prepaid expenses and other assets	73,456	100,003
Total current assets	3,289,463	2,809,722
Long-term assets:		
Long-term contributions receivables (pledges), net (note 3)	799,005	763,940
Fixed assets, net (note 4)	29,233	39,430
Other assets (note 6)	59,909	87,426
Total long-term assets	888,147	890,796
Total assets	\$ 4,177,610	3,700,518
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 11)	\$ 138,383	200,661
Paycheck Protection Program (PPP) refundable advance (note 10)	465,172	474,332
Deferred revenue	70,346	88,561
Total current liabilities	673,901	763,554
Long-term liabilities:		
Deferred rent obligation (note 6)	55,785	100,752
Total long-term liabilities	55,785	100,752
Total liabilities	729,686	864,306
Net assets:		
Net assets without donor restrictions	2,245,321	1,895,273
Net assets with donor restrictions (note 5)	1,202,603	940,939
Total net assets	3,447,924	2,836,212
Total liabilities and net assets	\$ 4,177,610	3,700,518

See accompanying notes to financial statements.

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

Statements of Activities

Years ended June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating support and revenue:						
Contributions (note 3)						
Corporate	\$ 995,007	303,599	1,298,606	1,485,577	176,998	1,662,575
Government	166,000	—	166,000	420,328	—	420,328
Individual	100,846	—	100,846	202,564	—	202,564
Foundations	16,108	35,065	51,173	27,000	33,526	60,526
Total contributions	<u>1,277,961</u>	<u>338,664</u>	<u>1,616,625</u>	<u>2,135,469</u>	<u>210,524</u>	<u>2,345,993</u>
Special events income (note 3)	1,556,312	—	1,556,312	1,547,241	—	1,547,241
Special events expenses	(178,923)	—	(178,923)	(283,250)	—	(283,250)
Special events income, net	1,377,389	—	1,377,389	1,263,991	—	1,263,991
In-kind contributions (note 8)	151,548	—	151,548	183,165	—	183,165
Other income	131,642	—	131,642	89,973	—	89,973
Net assets released from restriction	77,000	(77,000)	—	69,500	(69,500)	—
Total operating support and revenue	<u>3,015,540</u>	<u>261,664</u>	<u>3,277,204</u>	<u>3,742,098</u>	<u>141,024</u>	<u>3,883,122</u>
Operating expenses:						
Program services – education programs	2,302,256	—	2,302,256	3,060,356	—	3,060,356
Supporting services:						
Management and general	378,355	—	378,355	498,118	—	498,118
Fundraising:						
Volunteer recruiting costs	51,031	—	51,031	93,151	—	93,151
General solicitation of funds	408,440	—	408,440	520,037	—	520,037
Total fundraising expenses	<u>459,471</u>	<u>—</u>	<u>459,471</u>	<u>613,188</u>	<u>—</u>	<u>613,188</u>
Total supporting services	<u>837,826</u>	<u>—</u>	<u>837,826</u>	<u>1,111,306</u>	<u>—</u>	<u>1,111,306</u>
Total operating expenses	<u>3,140,082</u>	<u>—</u>	<u>3,140,082</u>	<u>4,171,662</u>	<u>—</u>	<u>4,171,662</u>
Increase (decrease) in net assets from operations	<u>(124,542)</u>	<u>261,664</u>	<u>137,122</u>	<u>(429,564)</u>	<u>141,024</u>	<u>(288,540)</u>
Nonoperating activities:						
Losses on pledges	(3,500)	—	(3,500)	(4,000)	—	(4,000)
Forgiveness of PPP Loan (note 10)	478,090	—	478,090	—	—	—
Total nonoperating activities	<u>474,590</u>	<u>—</u>	<u>474,590</u>	<u>(4,000)</u>	<u>—</u>	<u>(4,000)</u>
Increase (decrease) in net assets	350,048	261,664	611,712	(433,564)	141,024	(292,540)
Net assets at beginning of year	1,895,273	940,939	2,836,212	2,328,837	799,915	3,128,752
Net assets at end of year	<u>\$ 2,245,321</u>	<u>1,202,603</u>	<u>3,447,924</u>	<u>1,895,273</u>	<u>940,939</u>	<u>2,836,212</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</b>	<b>Total operating expenses</b>	<b>Special events expense</b>
	<b>Education programs</b>	<b>Management and general</b>	<b>Fund-raising – volunteer recruiting</b>	<b>Fund-raising – general solicitation</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.**

Statement of Functional Expenses

Year ended June 30, 2020

	<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>Fund-raising – volunteer recruiting</b>	<b>Fund-raising – general solicitation</b>	<b>Total</b>		
Salaries and benefits (note 7)	\$ 1,990,402	234,528	72,266	389,269	696,063	2,686,465	—
Office and occupancy (note 6)	356,792	42,041	12,954	69,779	124,774	481,566	—
Travel, meetings, and conferences	25,951	3,058	942	5,075	9,075	35,026	—
Program materials and other costs	225,203	—	—	—	—	225,203	—
Outside services	204,426	165,171	6,055	32,618	203,844	408,270	283,250
Depreciation	25,724	3,031	934	5,031	8,996	34,720	—
Program and administrative support fee	231,858	50,289	—	18,265	68,554	300,412	—
	<u>\$ 3,060,356</u>	<u>498,118</u>	<u>93,151</u>	<u>520,037</u>	<u>1,111,306</u>	<u>4,171,662</u>	<u>283,250</u>

See accompanying notes to financial statements.

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

Statements of Cash Flows

Years ended June 30, 2021 and 2020

	<b>2021</b>	<b>2020</b>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 611,712	(292,540)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	21,250	34,720
Losses on pledges	3,500	4,000
Payroll Protection Program loan forgiveness	(474,332)	—
Changes in operating assets and liabilities:		
Contributions and special events receivables, net	140,631	(54,285)
Inventory	—	969
Prepaid expenses and other assets	26,547	(32,689)
Other assets	27,517	(25,716)
Accounts payable and accrued expenses	(62,278)	(175,929)
Deferred revenue	(18,215)	(7,044)
Deferred rent obligation	(44,967)	(38,847)
Net cash provided by (used in) operating activities	231,365	(587,361)
Cash flows from investing activity:		
Purchase of fixed assets	(11,053)	(12,475)
Net cash used in investing activity	(11,053)	(12,475)
Cash flows from financing activity:		
Proceeds from Payroll Protection Program Loan	465,172	474,332
Net cash provided by financing activity	465,172	474,332
Net increase (decrease) in cash and cash equivalents	685,484	(125,504)
Cash and cash equivalents at beginning of year	2,044,363	2,169,867
Cash and cash equivalents at end of year	\$ 2,729,847	2,044,363

See accompanying notes to financial statements.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

#### (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 Hudson Valley area.

The Boards of Directors of JA New York and Junior Achievement of the Hudson Valley, Inc. (JA Hudson Valley), another not-for-profit franchise of JA USA that serves the Counties of Westchester, Rockland, Putnam and Orange in the State of New York, approved an acquisition in which JA Hudson Valley merged into JA New York and JA New York is the surviving corporation, effective December 31, 2015. The primary purpose of combining the two organizations is to expand the delivery of programs in the metro New York areas in a more effective and cost-efficient manner.

#### (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) Current Environment

As a result of the spread of the SARS-CoV-2 virus and the incidence of COVID-19, economic uncertainties have arisen, which may continue to negatively affect the financial position, results of operations, and cash flows of the JA New York. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

##### (b) 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.



## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

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.

#### **(c) Cash and Cash Equivalents**

JA New York has several bank accounts at June 30, 2021 and 2020 containing balances, which exceed Federal Deposit Insurance Corporation (FDIC) limits. JA New York believes that no significant risk exists at June 30, 2021 and 2020 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 \$918,030 of cash equivalents at June 30, 2021 and \$916,599 of cash equivalents at June 30, 2020.

#### **(d) 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.

#### **(e) 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.

#### **(f) 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 or 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. 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.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of property and equipment are recorded as increases in net assets with donor restrictions, which are released from restriction as depreciated.

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

### Notes to Financial Statements

June 30, 2021 and 2020

#### **(g) 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.

#### **(h) 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 \$294,000 in fiscal year 2021 and \$300,000 in fiscal year 2020.

#### **(i) 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. Significant estimates include the fair value of contributions, including in-kind contributions; the allowance for uncollectible contributions and special events receivable; and the allocation of expenses by functional category. Actual results could differ from those estimates.

#### **(j) 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, 2021 and 2020. JA New York evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2021, JA New York has not identified or provided for any such positions.

#### **(k) Nonoperating Activities**

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

#### **(l) 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.

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

Notes to Financial Statements

June 30, 2021 and 2020

**(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>2021</b>	<b>2020</b>
Less than 1 year	\$ 483,070	662,266
Greater than 5 years	1,000,000	1,000,000
	1,483,070	1,662,266
Unamortized discount (4.59%)	(200,995)	(236,060)
	\$ 1,282,075	1,426,206

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. One pledge accounted for approximately 60% of gross contributions and special events receivable (54% of net contributions and special events receivable) at June 30, 2020.

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 42% and 39% of its contribution and special events revenue through their primary fundraising events for fiscal years 2021 and 2020, respectively. The approximate concentration of revenue earned from each type of fundraising event is as follows:

	<b>2021</b>	<b>2020</b>
Bowl-a-Thons	— %	11 %
JA New York Gala	22	22
Virtual Events	16	3
Golf Events	4	3
	42 %	39 %

Contributions and special events revenue in fiscal years 2021 and 2020 include \$396,344 and \$653,835, respectively, collected on behalf of JA New York by JA USA and JA Worldwide. At June 30, 2021, there was no balance due from JA USA related to finder's fees, reimbursable expenses, or any other contributions receivable. At June 30, 2020, there was no balance due from JA USA related to finder's fees, reimbursable expenses, or any other contributions receivable. Approximately 56% and 64% of contributions and special events revenue during fiscal years 2021 and 2020, respectively, were received from members of the board and their affiliated entities.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

In November 2013, JA New York received the first \$10,000 installment from an irrevocable agreement by Manuel H. Barron to support the annual Manuel H. and Claire Barron Scholarship awarded to the Student of the Year over a ten-year period through 2022. Under the agreement, Mr. Barron confirmed his intention to request aggregate distributions totaling \$100,000 from a donor-advised fund, which holds the assets being used to fund the gift to JA New York. As the donor-advised fund has variance power over the assets, the remaining installments will be recognized as contribution revenue by JA New York when received from, or unconditionally promised by, the donor-advised fund.

#### (4) Fixed Assets

Fixed assets at June 30 consist of the following:

	<u>2021</u>	<u>2020</u>
Equipment	\$ 111,221	100,168
Furniture and fixtures	105,472	105,472
Software	<u>254,261</u>	<u>254,261</u>
	470,954	459,901
Accumulated depreciation and amortization	<u>(441,721)</u>	<u>(420,471)</u>
	<u>\$ 29,233</u>	<u>39,430</u>

#### (5) Net Assets

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

	<u>2021</u>	<u>2020</u>
Halbert pledge/trust – Inspiring Inner City Youth to Succeed	\$ 799,004	763,940
Programs and other	<u>403,599</u>	<u>176,999</u>
	<u>\$ 1,202,603</u>	<u>940,939</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.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

The future minimum rental commitments as of June 30, 2021 required under the operating lease are as follows:

Fiscal year:	
2022	\$ 318,398
2023	<u>26,840</u>
	<u>\$ 345,238</u>

Rent expense, including utilities, was approximately \$300,000 for the year ended June 30, 2021 and \$295,000 for the year ended June 30, 2020, 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 (\$59,860 at June 30, 2021 and 2020), which is included in other assets.

JA New York assumed JA Hudson Valley's lease agreement for office space effective January 1, 2016. The lease expired on August 31, 2019 and was renewed for one year at a monthly rent of \$1,950. On June 30, 2020, JA New York terminated the lease; the landlord provided an option to renew and JA New York elected not to. In conjunction with the lease, the landlord holds a security deposit (\$0 at June 30, 2021 and \$1,900 at June 30, 2020), which is included in other assets. Rent expense, including utilities, was approximately \$0 for year ended June 30, 2021 and \$26,000 for the year ended June 30, 2020 and is included in office and occupancy expense in the accompanying statements of functional expenses.

#### **(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 makes 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. Accordingly, JA New York recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. Pension Plan cost for the years ended June 30, 2021 and 2020 was \$0 and \$175,192, respectively. There is no recognition of the funded status of the Pension Plan in the financial statements of JA New York.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

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 shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Pension Plan requires 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. As a result, during 2021, in accordance with the Pension Plan documents, JA New York continued to make contributions equal to 0% of participants eligible compensation.

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, 2021 and 2020, are restricted for additional, future termination and other required administrative expenses. Approximately \$4 million of the Pension Plan's assets are expected to be a return of capital to JA USA for collateral that JA USA transferred to fund and close the revolving line of credit necessary to terminate the Pension Plan.

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, 2021.

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, 2021. 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 \$43,421 for the year ended June 30, 2021 and \$42,229 for the year ended June 30, 2020.

#### **(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.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2021 and 2020

### (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, 2021 and 2020 was \$157,588 and \$247,241, respectively.

### (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>2021</u>	<u>2020</u>
Office and occupancy expense	\$ 30,000	30,000
Programs, conferences, and events	—	7,646
Accounting and tax services	23,000	24,419
Legal services	<u>98,548</u>	<u>121,100</u>
	<u>\$ 151,548</u>	<u>183,165</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 include contributions by board members and their affiliates of \$151,548 and \$179,857 in fiscal years 2021 and 2020, 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, which matured on March 1, 2021. JA New York renewed this LOC in April 2021, which was not to exceed \$1,000,000 prior to this renewal. The LOC bears interest at LIBOR plus 4.50% per annum (4.57% and 4.66% at June 30, 2021 and 2020, respectively) and is collateralized by the assets of JA New York. No amounts were drawn during fiscal 2021 or outstanding as of June 30, 2021 or 2020.

### (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.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2021 and 2020

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 \$474,332 was recorded in forgiveness of PPP loan under nonoperating activities in the statement of activities as of June 30, 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 intends to apply by December 31, 2021 for complete forgiveness in accordance with the provisions for loan forgiveness. The loan is recorded in the statement of financial position as a Refundable Advance as of June 30, 2021. The loan has an annual interest rate of 1% over a two-year period.

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

At June 30, 2021 and 2020, accounts payable and accrued expenses included approximately \$0 and \$20,483, 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, 2021 and 2020, JA New York received finder's fees totaling \$130,407 and \$73,744, 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:

	<b>June 30</b>	
	<b>2021</b>	<b>2020</b>
Cash and cash equivalents without donor restrictions	\$ 2,729,847	2,044,363
Contributions without donor restrictions collectible within one year	483,070	662,266
Other receivables, included in prepaid expenses and other assets	31,591	31,444
	<u>\$ 3,244,508</u>	<u>2,738,073</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, 2021, JA New York has a LOC for \$1,000,000. No amounts were drawn on this LOC as of June 30, 2021.

#### (13) Subsequent Events

JA New York has evaluated additional subsequent events after June 30, 2021 through October 28, 2021, the date that the financial statements were available to be issued, and did not note any additional material subsequent events during the period.