



JUNIOR ACHIEVEMENT OF SOUTHWESTERN INDIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021 and 2020

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Junior Achievement of Southwestern Indiana, Inc.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Junior Achievement of Southwestern Indiana, Inc.

We have audited the accompanying statements of financial position of Junior Achievement of Southwestern Indiana, Inc. (a nonprofit organization) 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Southwestern Indiana, 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 accounting principles generally accepted in the United States of America.

Timothy J Ott CPA PC

Evansville, IN
September 7, 2021

Junior Achievement of Southwestern Indiana, Inc.
Statement of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 912,668	\$ 637,046
Certificates of Deposits	25,942	25,722
Current Investments	-	-
Pledges Receivable- Deferred Revenue	18,280	25,000
Pledges Receivable	229,109	101,414
Inventory	2,307	3,899
Prepaid Assets	2,290	1,232
Total Current Assets	1,190,596	794,313
Long Term Assets		
Investments	352,890	352,010
Agency Endowment Fund	119,450	97,366
Fixed Assets		
Office Furniture and Equipment	245,125	245,125
Less: Accumulated Depreciation	(157,597)	(137,822)
Total Fixed Assets	87,528	107,303
Total Long Term Assets	559,868	556,679
Total Assets	\$ 1,750,464	\$ 1,350,992
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 119,172	\$ 5,119
Accrued Expenses	50,394	17,659
Deferred Revenue	92,850	197,950
Refundable Advance (Note 14)	-	19,091
Total Current Liabilities	262,416	239,819
Net Assets:		
Net Assets without Donor Restrictions	532,968	399,823
Board Designated Net Assets	160,747	130,207
Total Net Assets without Donor Restrictions	693,715	530,030
Net Assets with Donor Restrictions	794,333	581,143
Total Net Assets	1,488,048	1,111,173
Total Liabilities and Net Assets	\$ 1,750,464	\$ 1,350,992

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Activities
For the Year Ended June 30, 2021

	Net Assets Without Donor Restrictions		Total	Net Assets With Donor Restrictions	
	Operating	Board Designated			Restrictions
Public Support and Revenues					
Contributions:					
Corporate	\$ 401,543	\$ -	\$ 401,543	\$ 289,898	\$ 691,441
Individual	34,904	-	34,904	1,000	35,904
Foundations	41,727	-	41,727	-	41,727
Total Contributions	<u>478,174</u>	<u>-</u>	<u>478,174</u>	<u>290,898</u>	<u>769,072</u>
Special Events- Gross	310,103	-	310,103	-	310,103
Governmental Revenue	109,413	-	109,413	-	109,413
Investment Return, net	4,336	4,336	8,975	-	8,975
Unrealized Gains and (Losses)	-	26,204	26,204	22,084	48,288
Realized Gains and (Losses)	(334)	-	(334)	-	(334)
In-Kind Contributions	2,500	-	2,500	-	2,500
Other Income	10	-	10	-	10
Net Assets Released					
Purpose restrictions	98,292	-	98,292	(98,292)	-
Time restrictions	1,500	-	1,500	(1,500)	-
Total Public Support and Revenue	<u>1,004,297</u>	<u>30,540</u>	<u>1,034,837</u>	<u>213,190</u>	<u>1,248,027</u>
Expenses					
Program Services	598,762	-	598,762	-	598,762
Fundraising	175,253	-	175,253	-	175,253
Management and General	97,137	-	97,137	-	97,137
Total Expenses	<u>871,152</u>	<u>-</u>	<u>871,152</u>	<u>-</u>	<u>871,152</u>
CHANGE IN NET ASSETS	133,145	30,540	163,685	213,190	376,875
NET ASSETS- beginning of year	399,823	130,207	530,030	581,143	1,111,173
NET ASSETS- end of year	<u>\$ 532,968</u>	<u>\$ 160,747</u>	<u>\$ 693,715</u>	<u>\$ 794,333</u>	<u>\$ 1,488,048</u>

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions		2020
	Operating	Board Designated	Total	Restrictions	
Public Support and Revenues					
Contributions:					
Corporate	\$ 291,007	\$ -	\$ 291,007	\$ 20,000	\$ 311,007
Individual	40,459	-	40,459	8,500	48,959
Foundations	101,557	-	101,557	-	101,557
Total Contributions	<u>433,023</u>	<u>-</u>	<u>433,023</u>	<u>28,500</u>	<u>461,523</u>
Special Events- Gross	153,068	-	153,068	-	153,068
Governmental Revenue	71,294	-	71,294	-	71,294
Investment Return, net	8,196	6,580	14,776	-	14,776
Unrealized Gains and (Losses)	(558)	(8,466)	(9,024)	1,259	(7,765)
Realized Gains and (Losses)	-	-	-	-	-
In-Kind Contributions	10,292	-	10,292	-	10,292
Other Income	-	-	-	-	-
Net Assets Released	-	-	-	-	-
Purpose restrictions	43,219	-	43,219	(43,219)	-
Time restrictions	24,050	-	24,050	(24,050)	-
Total Public Support and Revenue	<u>742,584</u>	<u>(1,886)</u>	<u>740,698</u>	<u>(37,510)</u>	<u>703,188</u>
Expenses					
Program Services	582,595	-	582,595	-	582,595
Fundraising	132,535	-	132,535	-	132,535
Management and General	89,129	-	89,129	-	89,129
Total Expenses	<u>804,259</u>	<u>-</u>	<u>804,259</u>	<u>-</u>	<u>804,259</u>
CHANGE IN NET ASSETS	(61,675)	(1,886)	(63,561)	(37,510)	(101,071)
NET ASSETS- beginning of year	461,498	132,093	593,591	618,653	1,212,244
NET ASSETS- end of year	<u>\$ 399,823</u>	<u>\$ 130,207</u>	<u>\$ 530,030</u>	<u>\$ 581,143</u>	<u>\$ 1,111,173</u>

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
PROGRAM SERVICES		
Direct Costs:		
Program Expenses	\$ 97,981	\$ 95,671
Travel, Training & Conferences	4,631	12,911
Marketing	3,976	4,651
Miscellaneous	394	870
Bad Debts	3,200	-
Franchise Fees	94,322	101,495
	<u>204,504</u>	<u>215,598</u>
Allocated Costs:		
Salaries & Benefits	329,077	307,654
Other Allocated Management & General	65,181	59,343
	<u>394,258</u>	<u>366,997</u>
Total Program Services	<u>598,762</u>	<u>582,595</u>
 FUNDRAISING		
Direct Costs:		
Special Events	<u>95,259</u>	<u>64,378</u>
Allocated Costs:		
Salaries & Benefits	66,769	57,136
Other Allocated Management & General	13,225	11,021
	<u>79,994</u>	<u>68,157</u>
Total Fundraising	<u>175,253</u>	<u>132,535</u>
 MANAGEMENT AND GENERAL		
Salaries & Benefits	476,923	439,506
Supplies & Computers	7,956	11,001
Miscellaneous	1,693	856
Facilities, Ins., & Utilities	50,034	48,373
Professional Fees	15,008	5,522
Depreciation	19,775	19,025
Subtotal	<u>571,389</u>	<u>524,283</u>
Less: Allocated to Program Services	(394,258)	(366,997)
Less: Allocated to Fundraising	(79,994)	(68,157)
Total Management and General	<u>97,137</u>	<u>89,129</u>
	<u>\$ 871,152</u>	<u>\$ 804,259</u>

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 376,875	\$(101,071)
Adjustments to Reconcile Increase (Decrease) in Net Assets to net cash provided by operating activities:		
Depreciation	19,775	19,025
Realized and Unrealized (gains) or losses	(47,954)	6,207
(Increase) Decrease in Operating Assets:		
Accounts Receivable- Deferred Revenue	6,720	(10,500)
Pledges Receivable	(127,695)	88,435
Prepaid Expenses	(1,058)	715
Inventory	1,592	1,054
Increase (Decrease) in Operating Liabilities:		
Accounts Payable/Accrued Expenses	146,788	(28,043)
Deferred Revenue	(105,100)	143,750
Net Cash Provided (Used) by Operating Activities	269,943	119,572
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	-	(5,000)
Purchase of Investments	(30,132)	(34,236)
Net Change in Cash Equivalents included in Investments	29,902	31,081
Proceeds from Sales of Investments	25,000	25,000
Net Cash Provided (Used) by Investing Activities	24,770	16,845
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Advance	90,318	90,385
Forgiveness of PPP Advance	(109,409)	(71,294)
Net Cash Provided (Used) by Financing Activities	(19,091)	19,091
Net Increase (Decrease) in Cash	275,622	155,508
Cash- beginning of year	637,046	481,538
Cash- end of year	\$ 912,668	\$ 637,046
Supplemental Cash Disclosures:		
Donated materials and services	\$ 2,500	\$ 10,292

See notes to financial Statements

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Junior Achievement's mission is to inspire and prepare young people to succeed in the global economy. Our vision is to equip the next generation of leaders with the knowledge, skills, and capacity to be 100% ready to be successful, providing opportunities to reach higher standards of living in their communities and ultimately driving the economic development of our city, region, and nation. We connect educators with industry partner volunteers who deliver in-classroom programming to K-12 students during the normal school day. We also offer several immersive learning experiences outside the classroom for middle and high school students, such as JA Job Shadow and JA JobSpark.

With \$1.6 trillion in student loan debt, a record 10 million unfilled US jobs, a 23% decrease in start-ups since 2007, and technology changing the way we work and the landscape of high demand jobs, our young people are facing the challenge of preparing to compete in an increasingly complex, rapidly-changing global economy.

Junior Achievement believes no one can change their circumstances without a belief in themselves and a sense of purpose. By showing kindergarten through twelfth grade students how money, careers, and business ownership work through proven programs along with the help and mentorship of volunteer role models from the community, Junior Achievement is empowering students to have a belief in themselves supported by a foundation of real-world life skills.

Because of the regard demonstrated by so many in the community for our young people, students are receiving life-changing financial literacy, work readiness and entrepreneurship education. In the process, students are connecting classroom learning to the real world, which allows them to recognize the value of staying in school, increasing the likelihood they will graduate and make their best informed post-secondary decision to enroll in higher education, enlist in the military, or enter straight into the workforce. Simply put, Junior Achievement inspires students to go from "I can't" to "I CAN!" to "I WILL!"

This past year, Junior Achievement of Southwestern Indiana (JASWIN) provided JA experiences to 16% of the K-12 students in our service area. In fact, during the 2020-2021 academic school year, JAWIN served a total of 13,114 students in 515 classes across our Southwestern Indiana and Southeastern Illinois service area, resulting in more than 58,892 hours spent between volunteers and students they inspire. For more information, visit www.jaswin.org.

The Organization's revenues and other support are derived primarily from contributions from individual and corporate donations. Its activities are conducted in Daviess, Dubois, Gibson, Knox, Martin, Orange, Pike, Posey, Spencer, Vanderburgh and Warrick counties in Southwestern Indiana and Edwards, Wabash, Wayne, and White counties in Southeastern Illinois.

Basis of Accounting

The financial statements of Junior Achievement of Southwestern Indiana, Inc. are prepared on the accrual basis, where revenues are recognized when earned and expenditures are recognized when incurred.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classifications of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions- These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions- These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends, or the purpose of the restriction is accomplished, the net assets are restricted.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Status

The Organization is recognized as a non-profit organization, under Section 501(c)(3) of the Internal Revenue Code, by both federal and state taxing authorities and is exempt from income taxes. The Organization has been determined to not be a private foundation. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all investments with a maturity of three months or less at the date of purchase to be cash equivalents.

Contributions Receivable

Contributions receivables are recognized when a donor makes an unconditional promise to give to the Organization and are recorded at fair value in the period that they are received. Contributions that are expected to be collected beyond one year are discounted to recognize the present value of future cash flows unless considered immaterial. The resulting discount is amortized using the straight-line method and is reported as contribution revenue.

A provision for doubtful pledges receivable has not been established as management considers all accounts to be collectible. Management closely monitors outstanding balances throughout the year and writes off to bad debts all balances that are considered uncollectible.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activities.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards set a framework for measuring fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 Inputs- Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs- Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs- Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

Inventory

Inventory consists of program supplies and is stated at the Organization's cost for the years ended June 30, 2021 and 2020, respectively.

Reclassifications

Certain amounts in the June 30, 2020 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2021 financial statements.

Deferred Revenue

Sponsorships and fees received in advance for future events are recorded as deferred revenue. Recognition of revenue occurs when the event takes place.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2021 and 2020 were \$3,976 and \$4,651, respectively.

Unemployment Compensation

The Organization has elected to finance unemployment compensation benefits under a reimbursement method whereby the Organization is billed for actual benefits paid.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

Equipment and Depreciation

Equipment is carried at cost, if purchased, or fair market value, if donated. Expenditures for equipment costing in excess of \$2,500 or that materially increase the estimated useful life of assets are capitalized. Maintenance and repairs are charged to expense as incurred. Gains or losses on the disposition of property are recognized. Proceeds from the disposition of property are transferred to the current unrestricted fund unless restricted by the donor of the property. Depreciation is computed on the straight-line method based on estimated useful lives ranging from 5-15 years. Depreciation expense for the years ended June 30, 2021 and 2020 were \$19,775 and \$19,025, respectively.

Contributions and Grants

Contributions received are recorded as increases in net assets with donor restrictions or net assets without donor restrictions, depending on the existence or nature of any donor restrictions. Conditional promises to give, that is, those with measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. When a donor stipulated time restriction ends or purpose restriction is accomplished, net asset with donor restrictions are reclassified to net assets without donor restrictions.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, costs have been allocated among the program and services benefited. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses have been classified based on the actual direct expenditures and cost allocation based on time estimates made by management. Salaries and benefits, supplies and computers, miscellaneous, facilities, insurance, utilities, professional fees, and depreciation are allocated based on time estimates.

Pending Accounting Pronouncement

In June 2018, the FASB issued ASU 2016-02, *Leases* (Topic 842). Under the new guidance, a lessee will be required to recognize assets and liabilities for leases with lease terms of more than 12 months. Consistent with current GAAP, the recognition, measurement, and presentation of expenses and cash flows arising from the lease by a lease primarily will depend on its classification as a finance or operating lease. However, unlike current GAAP- which requires only capital leases to be recognized on the statement of financial position- the new ASU will require both types of leases to be recognized on the statement of financial position. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021.

The Organization is currently evaluating the effect of this pronouncement will have on its financial statements and related disclosures.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 2- INVESTMENTS

Investment securities are stated at fair value using observable inputs (Level 1 inputs) and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Fixed Income	\$ 0	\$ 25,334
Equities	<u>352,890</u>	<u>326,676</u>
	<u>\$ 352,890</u>	<u>\$ 352,010</u>

	<u>2021</u>	<u>2020</u>
Investment return is summarized as follows:		
Interest and Dividend income (including cash balances and certificates of deposits)	\$ 4,913	\$ 10,607
Net realized and unrealized gains (losses)	<u>26,024</u>	<u>(9,024)</u>
Total unrestricted investment income	<u>\$ 30,937</u>	<u>\$ 1,583</u>

NOTE 3- DONATED EQUIPMENT AND SERVICES

Various items and services have been donated to the Organization and are recorded at their estimated fair value at the date of the donation. The value of these items for the year ended June 30, 2021 and 2020 were \$2,500 and \$10,292, respectively.

The Organization receives donated services from a variety of unpaid volunteers to assist in the programs of Junior Achievement. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort have not been satisfied.

NOTE 4- RETIREMENT PLAN

The Organization has established a (SIMPLE IRA) retirement plan. Under the plan, employees may contribute up to \$13,500 (\$16,500 for employees who will be at least fifty by the end of the year) of their pre-tax compensation and the Organization will match up to 3% of each participating employee's pretax compensation. Plan expenses incurred for the years ended June 30, 2021 and 2020 were \$9,951 and \$10,044, respectively.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 5- LEASE COMMITMENTS

On August 1, 2012, the Organization entered into a sixty-month lease beginning November 1, 2012 to lease office space. On May 30, 2017, the Organization elected to extend the initial term of the lease for an additional five-year period beginning November 1, 2017 and ending October 31, 2022. Total rent expense for the years ended June 30, 2021 and 2020 were \$28,095 and \$28,095, respectively. Future minimum annual lease payments are as follows:

Years Ending June 30,	
2022	\$ 28,095
	<u>9,364 (July 1 through October 22)</u>
	<u>\$ 37,459</u>

NOTE 6 – RISKS AND UNCERTAINTIES

Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist principally of cash and cash equivalents. At times, such cash and cash equivalents in banks may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit. Credit risk with respect to cash and cash equivalents is minimized by using high-credit quality financial institutions. At June 30, 2021 and 2020, the Organization had \$618,909 and \$347,405 in excess of federally insured limits, respectively.

The Organization invests or holds a variety of investment vehicles, including mutual funds and corporate bonds. These investments are exposed to interest rate, market, credit, and other risks depending upon the nature of the investment. Accordingly, it is reasonably possible that these factors will result in changes in the value of the Organization's investments, which could materially affect amounts reported in the financial statements. Investments held by a broker in customer accounts are protected against physical loss and theft by the Securities Investor Protection Corporation (SIPC).

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The full impact of the COVID-19 outbreak continues to evolve at the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on Organization's financial condition, liquidity, and future results of operations. The Organization continues to actively monitor the effects of COVID-19. Given the daily evolution of the COVID-19 pandemic and the global responses to curb its spread, the Organization is unable at this time to quantify the potential effect of this pandemic on our future financial statements.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 7 – DEFERRED REVENUE

Deferred revenue when invoiced is recorded as accounts receivable and an offsetting entry to deferred revenue. For the years ended June 30, 2021 and 2020, \$18,280 and \$25,000 was outstanding, respectively. Deferred revenue consisted of the following at June 30:

	<u>2021</u>	<u>2020</u>
Fundraising Events	\$ 84,850	\$ 5,750
Programs & Activities	<u>8,000</u>	<u>192,950</u>
	<u>\$ 92,850</u>	<u>\$ 197,950</u>

NOTE 8- PLEDGES RECEIVABLE

Pledges receivables consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Due within one year	\$ 186,487	\$ 121,414
Due in one to five years	<u>60,902</u>	<u>5,000</u>
	<u>\$ 247,389</u>	<u>\$ 126,414</u>

No pledges due in one to five years were recorded at present value because of immateriality.

NOTE 9- ENDOWMENT FUND- BOARD DESIGNATED

As of June 30, 2021, and 2020, the Board of Directors has designated \$160,747 and \$130,207 respectively of unrestricted net assets as a general endowment fund to support the mission of the Organization. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions.

The Organization has a spending policy of appropriating 4% of the average of the prior three December 31 (year-end) balances, calculated on January 1 and available for distribution immediately following calculation upon the board's discretion. A distribution left in the endowment will be considered part of the corpus of the endowment and not be available for distribution at a later date.

To achieve this objective, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which included equities and fixed income securities, that, is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while still growing the fund.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2021 and 2020

NOTE 9- ENDOWMENT FUND- BOARD DESIGNATED (Con't)

Composition of and changes in endowment net assets for the years ended June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Board –designated endowment net assets, beginning of year	\$ 130,207	\$ 132,093
Contributions	0	0
Investment Income	4,336	6,580
Unrealized Gains or (Losses)	<u>26,204</u>	<u>(8,466)</u>
Board Designated endowment net assets, end of year	<u>\$ 160,747</u>	<u>\$ 130,207</u>

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

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

Specific purpose:	<u>2021</u>	<u>2020</u>
Inspiring Youth	\$ 456,414	\$ 473,920
DC Museum Exhibit	0	6,687
Talent 25	186,799	0
Passage of time:		
Programs (Adopt a School Program)	31,670	3,170
Agency Endowment (Note 11)	<u>119,450</u>	<u>97,366</u>
	<u>\$ 794,333</u>	<u>\$ 581,143</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions		
Inspiring Youth	\$ 17,506	\$ 22,906
DC Museum Exhibit	6,687	20,313
Talent 25	74,099	0
Satisfaction of time restriction		
Program (Adopt a School Program)	<u>1,500</u>	<u>24,050</u>
	<u>\$ 99,792</u>	<u>\$ 67,269</u>

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
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NOTE 11- AGENCY ENDOWMENT FUND

In 2018, Junior Achievement of Southwestern Indiana, Inc. established an Endowment Fund with the Dubois County Community Foundation, Inc. of which the funds were subsequently transferred to the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Directors the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The fair value of the Fund is recorded as an Agency Endowment Fund in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

	<u>2021</u>	<u>2020</u>
Balance at July 1,	\$ 97,366	\$ 96,107
Contributions	0	0
Investment Income	1,488	1,932
Realized and Unrealized Losses	25,655	4,301
Management Fees	(384)	(308)
Administrative Fees	(1,100)	(1,141)
Distributions	<u>(3,575)</u>	<u>(3,525)</u>
Balance at June 30,	<u>\$ 119,450</u>	<u>\$ 97,366</u>

NOTE 12- 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 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.

Junior Achievement of Southwestern Indiana, Inc.
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NOTE 13- TRANSACTIONS WITH AFFILIATE

In accordance with the operating agreement with Junior Achievement USA, annual program and support fees are charged to the Organization. These fees are calculated according to specific formulas as outlined in the operating agreement. The program and support fee in any given year is paid over ten monthly installments based on the total reported revenue of the previous audited year. During the years ended June 30, 2021 and 2020, fees of \$94,322 and \$101,495, respectively, were charged to the Organization.

The Organization also purchases substantially all of its program materials from Junior Achievement USA and Junior Achievement Supply Company (JASCO), a division of Junior Achievement USA. Also, the Organization obtains a portion of its liability insurance and all of its medical insurance through Junior Achievement USA. Total payments to these affiliates for these purchases were \$157,158 and \$131,694 during 2021 and 2020 respectively. As of June 30, 2021 and June 30, 2020, the amounts due to Junior Achievement USA were \$0 and \$97, respectively.

For the years ended June 30, 2021 and 2020 the Organization received contributions, special events revenue, and various donated supplies, equipment, and services of \$509,432 and \$198,284, respectively for operations from various members of the Board or Directors and their related companies. As of June 30, 2021, and 2020, outstanding pledges of \$195,435 and \$47,109, respectively, were due from these parties.

The Organization also holds cash and investments in financial institutions at which various members of the Board of Directors serve as executives. Fees paid to these institutions were minimal in 2021 and 2020.

The Organization from time-to-time purchases goods and services from businesses at which various members of the Board of Directors serve as executives. Payments to these businesses were minimal in 2021 and 2020.

NOTE 14- PAYCHECK PROTECTION PROGRAM (PPP)

The Organization received \$90,318 in February of 2021 and \$90,385 in May of 2020 from the Paycheck Protection Program (PPP) as part of the Coronavirus Aid, Relief and Economic Security Act (CARES) to be utilized for payroll and operating expenses. The amount is initially recorded as a refundable advance until the qualifying expenditures have been made. Revenue is recognized as the conditions on which they depend have been met and is then recorded as a government grant with a corresponding reduction to the refundable advance. At June 30, 2021 and 2020, the balance of the unspent refundable advance was \$0 and \$19,091, respectively.

Junior Achievement of Southwestern Indiana, Inc.
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NOTE 15- LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization's primary sources of support are from contributions and special events. The Organization's objective is to maintain liquid financial assets without donor restrictions to cover six months of program expenditures. From time to time the level of liquid financial assets without donor restrictions has varied and will continue to vary as a result of the timing receipts and payments and particular cash needs. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial stability, maintaining adequate liquidity to fund near-term operations, and maintaining reserves to provide reasonable assurance that long-term obligations will be discharged. As part of its liquidity plan, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. This includes investing excess cash in mutual funds and certificates of deposits. The following table reflects the Organization's financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general expenditures within one year.

	<u>2021</u>	<u>2020</u>
Total financial assets	\$ 1,658,339	\$ 1,238,558
Less those unavailable for general expenditures within one year due to:		
Purpose restrictions	(643,213)	(480,607)
Time Restrictions	(31,670)	(3,170)
Endowment Fund	<u>(119,450)</u>	<u>(97,366)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 864,006</u>	<u>\$ 657,415</u>

NOTE 16- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through September 7, 2021, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.