



JUNIOR ACHIEVEMENT OF SOUTHWESTERN INDIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2020 and 2019

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Member of American Institute of Certified Public Accountants and Indiana CPA Society

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, 2020 and 2019, 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, 2020 and 2019, 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 18, 2020

Junior Achievement of Southwestern Indiana, Inc.
Statement of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 637,046	\$ 481,538
Certificates of Deposits	25,722	25,505
Current Investments	-	25,102
Pledges Receivable- Deferred Revenue	25,000	14,500
Pledges Receivable	101,414	189,849
Inventory	3,899	4,953
Prepaid Assets	1,232	1,947
Total Current Assets	794,313	743,393
Long Term Assets		
Investments	352,010	356,437
Agency Endowment Fund	97,366	96,107
Fixed Assets		
Office Furniture and Equipment	245,125	240,125
Less: Accumulated Depreciation	(137,822)	(118,797)
Total Fixed Assets	107,303	121,328
Total Long Term Assets	556,679	573,871
Total Assets	\$ 1,350,992	\$ 1,317,265
LIABILITIES & NET ASSETS		
Current Liabilities		
Accrued Expenses	\$ 22,778	\$ 50,821
Deferred Revenue	197,950	54,200
Refundable Advance (Note 14)	19,091	-
Total Current Liabilities	239,819	105,021
Net Assets:		
Net Assets without Donor Restrictions	399,823	461,497
Board Designated Net Assets	130,207	132,093
Total Net Assets without Donor Restrictions	530,030	593,590
Net Assets with Donor Restrictions	581,143	618,653
Total Net Assets	1,111,173	1,212,244
Total Liabilities and Net Assets	\$ 1,350,992	\$ 1,317,265

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		Total	Net Assets With Donor Restrictions	
	Operating	Board Designated			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 Activities
For the Year Ended June 30, 2019

	Net Assets Without Donor Restrictions		Total	Net Assets With Donor Restrictions	
	Operating	Board Designated		Restrictions	2019
Public Support and Revenues					
Contributions:					
Corporate	\$ 286,889	\$ -	\$ 286,889	\$ 2,050	\$ 288,939
Individual	34,631	-	34,631	500	35,131
Foundations	131,868	-	131,868	-	131,868
Total Contributions	453,388	-	453,388	2,550	455,938
Special Events- Gross	338,315	-	338,315	2,500	340,815
Investment Return, net	7,204	6,270	13,474	-	13,474
Unrealized Gains and (Losses)	(110)	284	174	2,397	2,571
Realized Gains and (Losses)	-	-	-	-	-
In-Kind Contributions	18,285	-	18,285	-	18,285
Other Income	-	-	-	-	-
Net Assets Released	-	-	-	-	-
Net Assets Released	32,490	-	32,490	(32,490)	(0)
Purpose restrictions	34,500	-	34,500	(34,500)	-
Time restrictions	884,072	6,554	890,626	(59,543)	831,083
Total Public Support and Revenue					
Expenses					
Program Services	609,249	-	609,249	-	609,249
Fundraising	177,383	-	177,383	-	177,383
Management and General	91,301	-	91,301	-	91,301
Total Expenses	877,933	-	877,933	-	877,933
CHANGE IN NET ASSETS	6,139	6,554	12,693	(59,543)	(46,850)
NET ASSETS- beginning of year	455,359	125,539	580,898	678,196	1,259,094
NET ASSETS- end of year	\$ 461,498	\$ 132,093	\$ 593,591	\$ 618,653	\$ 1,212,244

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
PROGRAM SERVICES		
Direct Costs:		
Program Expenses	\$ 95,671	\$ 135,921
Travel, Training & Conferences	12,911	24,542
Marketing	4,651	10,070
Miscellaneous	870	10,531
Bad Debts	-	4,075
Franchise Fees	<u>101,495</u>	<u>37,421</u>
	<u>215,598</u>	<u>222,560</u>
Allocated Costs:		
Salaries & Benefits	307,654	327,983
Other Allocated Management & General	<u>59,343</u>	<u>58,706</u>
	<u>366,997</u>	<u>386,689</u>
Total Program Services	<u>582,595</u>	<u>609,249</u>
FUNDRAISING		
Direct Costs:		
Special Events	<u>64,378</u>	<u>118,305</u>
Allocated Costs:		
Salaries & Benefits	57,136	50,109
Other Allocated Management & General	<u>11,021</u>	<u>8,969</u>
	<u>68,157</u>	<u>59,078</u>
Total Fundraising	<u>132,535</u>	<u>177,383</u>
MANAGEMENT AND GENERAL		
Salaries & Benefits	439,506	455,532
Supplies & Computers	11,001	7,646
Miscellaneous	856	1,032
Facilities, Ins., & Utilities	48,373	48,583
Professional Fees	5,522	5,500
Depreciation	<u>19,025</u>	<u>18,775</u>
Subtotal	<u>524,283</u>	<u>537,068</u>
Less: Allocated to Program Services	(366,997)	(386,689)
Less: Allocated to Fundraising	<u>(68,157)</u>	<u>(59,078)</u>
Total Management and General	<u>89,129</u>	<u>91,301</u>
	<u>\$ 804,259</u>	<u>\$ 877,933</u>

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (101,071)	\$ (46,850)
Adjustments to Reconcile Increase (Decrease) in Net Assets to net cash provided by operating activities:		
Depreciation	19,025	18,775
Realized and Unrealized (gains) or losses	6,207	(2,571)
(Increase) Decrease in Operating Assets:		
Accounts Receivable- Deferred Revenue	(10,500)	(2,000)
Pledges Receivable	88,435	184,493
Prepaid Expenses	715	5,955
Inventory	1,054	15,998
Increase (Decrease) in Operating Liabilities:		
Accrued Expenses	(28,043)	253
Deferred Revenue	143,750	26,400
Net Cash Provided (Used) by Operating Activities	<u>119,572</u>	<u>200,453</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,000)	-
Purchase of Investments	(34,236)	(37,217)
Net Change in Cash Equivalents included in Investments	31,081	(180,982)
Proceeds from Sales of Investments	25,000	25,000
Net Cash Provided (Used) by Investing Activities	<u>16,845</u>	<u>(193,199)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Advance	90,385	-
Forgiveness of PPP Advance	(71,294)	-
Net Cash Provided (Used) by Financing Activities	<u>19,091</u>	<u>-</u>
Net Increase (Decrease) in Cash	155,508	7,254
Cash- beginning of year	<u>481,538</u>	<u>474,284</u>
Cash- end of year	<u>\$ 637,046</u>	<u>\$ 481,538</u>
Supplemental Cash Disclosures:		
Donated materials and services	\$ 10,292	\$ 18,285

See notes to financial Statements

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission

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.

With \$1.6 trillion in student loan debt, 8 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, and global economy.

Junior Achievement believes no one can improve 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 23.4% of the K-12 students in our service area. In fact, during the 2019/20 academic school year, JASWIN served a total of 20,464 students in 922 classes in 14 counties in Southwestern Indiana and Southeastern Illinois resulting in 109,508 hours spent between volunteers and the students they inspire.

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, 2020 and 2019

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.

Pledges Receivable

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as net assets with donor restrictions. 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.

Unconditional gifts expected to be collected within one year are reported as their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows unless considered immaterial. The resulting discount is amortized using straight line method and is reported as contribution revenue.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

Pledges Receivable (Con't)

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

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.

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, 2020 and 2019, respectively.

Reclassifications

Certain amounts in the June 30, 2019 financial statements have been reclassified for comparative purposes to conform to the presentation in the June 30, 2020 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.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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, 2020 and 2019 were \$19,025 and \$18,775, respectively.

Concentration of Support and Revenue Sources

Support and revenue from one special event for the year ended June 30, 2020 and two special events for the year ended June 30, 2019 represent 22% and 32% of total support and revenue, respectively. The current level of the Organization's operations and program services could potentially be financially impacted without funding from these special events.

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.

Advertising

Advertising costs are expensed as incurred. Advertising costs for the years ended June 30, 2020 and 2019 were \$4,651 and \$10,070, respectively.

Recently Issued Accounting Pronouncement

On August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has applied the changes retroactively to the comparative period. There is no effect on the net assets or change in net assets of the Organization due to the implementation of this new standard. The new standard changes the following aspects of the Organization's financial statements:

- The unrestricted net asset class has been renamed *net assets without donor restrictions*.
- The restricted net asset class has been renamed *net assets with donor restrictions*.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 15).
- The financial statements expand the disclosure requirements of functional expenses related to the allocation of expenses to include a description of the methods used to allocate those expenses (Note 1).

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

Unemployment Compensation

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

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>2020</u>	<u>2019</u>
Fixed Income	\$ 25,334	\$ 50,892
Equities	<u>326,676</u>	<u>330,647</u>
	<u>\$ 352,010</u>	<u>\$ 381,530</u>

	<u>2020</u>	<u>2019</u>
Investment return is summarized as follows:		
Interest and Dividend income (including cash balances and certificates of deposits)	\$ 10,607	\$ 9,603
Net realized and unrealized gains (losses)	<u>(9,024)</u>	<u>174</u>
Total unrestricted investment income	<u>\$ 1,583</u>	<u>\$ 9,777</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, 2020 and 2019 were \$10,292 and \$18,285, 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 contribution. Plan expenses incurred for the years ended June 30, 2020 and 2019 were \$10,044 and \$10,046, respectively.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

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, 2020 and 2019 were \$28,095 and \$28,095, respectively. Future minimum annual lease payments are as follows:

Years Ending June 30,	
2021	\$ 28,095
2022	<u>9,364</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, 2020 and 2019, the Organization had \$347,405 and \$183,566 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, 2020 and 2019

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, 2020 and 2019, \$25,000 and \$14,500 was outstanding, respectively. Deferred revenue consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Fundraising Events	\$ 5,000	\$ 40,750
Programs & Activities	<u>192,950</u>	<u>13,450</u>
	<u>\$197,950</u>	<u>\$ 54,200</u>

NOTE 8- PLEDGES RECEIVABLE

Pledges receivable consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Due within one year	\$ 121,414	\$ 178,499
Due in one to five years	<u>5,000</u>	<u>11,350</u>
	<u>\$ 126,414</u>	<u>\$ 189,849</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, 2020, and 2019, the Board of Directors has designated \$130,207 and \$132,093, 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, 2020 and 2019

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>2020</u>	<u>2019</u>
Board –designated endowment net assets, beginning of year	\$ 132,093	\$ 125,539
Contributions	0	0
Investment Income	6,580	6,270
Unrealized Gains or (Losses)	<u>(8,466)</u>	<u>284</u>
Board Designated endowment net assets, end of year	<u>\$ 130,207</u>	<u>\$ 132,093</u>

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2020</u>	<u>2019</u>
Specific purpose:		
Inspiring Youth	\$ 473,920	\$ 496,826
DC Museum Exhibit	6,687	
Passage of time:		
Programs (Adopt a School Program)	3,170	25,720
Agency Endowment (Note 11)	<u>97,366</u>	<u>96,107</u>
	<u>\$ 581,143</u>	<u>\$ 618,653</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>2020</u>	<u>2019</u>
Satisfaction of purpose restrictions		
Inspiring Youth	\$ 22,906	\$ 32,490
DC Museum Exhibit	20,313	0
Satisfaction of time restriction		
Program (Adopt a School Program)	<u>24,050</u>	<u>34,500</u>
	<u>\$ 67,209</u>	<u>\$ 66,990</u>

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2020 and 2019

NOTE 11- AGENCY ENDOWMENT FUND

In 2018, Junior Achievement of Southwestern Indiana, Inc. Dubois County 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>2020</u>	<u>2019</u>
Balance at July 1,	\$ 96,107	\$ 91,210
Contributions	0	2,500
Investment Income	1,932	0
Realized and Unrealized Losses	4,301	5,827
Management Fees	(308)	0
Administrative Fees	(1,141)	0
Distributions	<u>(3,525)</u>	<u>(3,430)</u>
Balance at June 30,	<u>\$ 97,366</u>	<u>\$ 96,107</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- RELATED PARTY TRANSACTIONS

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, 2020 and 2019, fees of \$101,495 and \$37,421, 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 \$136,756 and \$131,694 during 2020 and 2019, respectively. As of June 30, 2020, and June 30, 2019, the amounts due to Junior Achievement USA were \$97 and \$0, respectively.

For the years ended June 30, 2020 and 2019 the Organization received contributions, special events revenue, and various donated supplies, equipment, and services of \$198,284 and \$227,174, respectively for operations from various members of the Board or Directors and their related companies. As of June 30, 2020, and 2019, outstanding pledges of \$47,109 and \$54,410, 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 2020 and 2019.

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 2020 and 2019.

NOTE 14- PAYCHECK PROTECTION PROGRAM (PPP)

In May of 2020, the Organization received \$90,385 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, 2020, the balance of the unspent refundable advance was \$19,091.

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, 2020 and 2019, reduced by amounts not available for general expenditures within one year.

	<u>2020</u>	<u>2019</u>
Total financial assets	\$ 1,238,558	\$ 1,189,038
Less those unavailable for general expenditures within one year due to:		
Purpose restrictions	(480,607)	(496,826)
Endowment Fund	<u>(97,366)</u>	<u>(96,107)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 660,585</u>	<u>\$ 596,105</u>

NOTE 16- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through September 18, 2020, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.