



JUNIOR ACHIEVEMENT OF SOUTHWESTERN INDIANA, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022 and 2021

Phone: 812.490.8600 • Fax: 812.490.8601

P.O. Box 308 Newburgh IN. 47629

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.

Opinion

We have audited the accompanying financial statements of Junior Achievement of Southwestern Indiana, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the 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, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Southwestern Indiana, Inc. 's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement of Southwestern Indiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Southwestern Indiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Timothy J. Otis CPA PC

Evansville, IN
October 17, 2022

Junior Achievement of Southwestern Indiana, Inc.
Statement of Financial Position
June 30, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,194,858	\$ 912,668
Certificates of Deposits	25,994	25,942
Current Investments	-	-
Pledges Receivable- Deferred Revenue	60,590	18,280
Pledges Receivable	86,400	229,109
Inventory	4,599	2,307
Prepaid Assets	1,432	2,290
Total Current Assets	1,373,873	1,190,596
Long Term Assets		
Investments	341,307	352,890
Agency Endowment Fund	97,710	119,450
Fixed Assets		
Office Furniture and Equipment	250,925	245,125
Less: Accumulated Depreciation	(177,371)	(157,597)
Total Fixed Assets	73,554	87,528
Total Long Term Assets	512,571	559,868
Total Assets	\$ 1,886,444	\$ 1,750,464
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 40,592	\$ 119,172
Accrued Expenses	49,560	50,394
Deferred Revenue	196,080	92,850
Total Current Liabilities	286,232	262,416
Net Assets:		
Net Assets without Donor Restrictions	771,539	532,968
Board Designated Net Assets	153,769	160,747
Total Net Assets without Donor Restrictions	925,308	693,715
Net Assets with Donor Restrictions	674,904	794,333
Total Net Assets	1,600,212	1,488,048
Total Liabilities and Net Assets	\$ 1,886,444	\$ 1,750,464

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Activities
For the Year Ended June 30, 2022

	Net Assets Without Donor Restrictions		Net Assets With Donor Restrictions	2022
	Operating	Board Designated		
Public Support and Revenues				
Contributions:				
Corporate	\$ 292,986	\$ -	\$ 292,986	\$ 343,236
Individual	44,744	-	44,744	44,744
Foundations	103,056	-	103,056	153,056
Total Contributions	440,786	-	440,786	541,036
Special Events- Gross	456,307	-	456,307	456,307
Governmental Revenue	-	-	-	-
Investment Return, net	3,921	7,727	11,648	11,648
Unrealized Gains and (Losses)	-	(14,705)	(14,705)	(36,445)
Realized Gains and (Losses)	-	-	-	-
In-Kind Contributions	10,000	-	10,000	10,000
Other Income	188,195	-	188,195	188,195
Net Assets Released				
Purpose restrictions	171,439	-	171,439	(171,439)
Time restrictions	26,500	-	26,500	(26,500)
Total Public Support and Revenue	1,297,148	(6,978)	1,290,170	1,170,741
Expenses				
Program Services	712,892	-	712,892	712,892
Fundraising	243,499	-	243,499	243,499
Management and General	102,186	-	102,186	102,186
Total Expenses	1,058,577	-	1,058,577	1,058,577
CHANGE IN NET ASSETS	238,571	(6,978)	231,593	112,164
NET ASSETS- beginning of year	532,968	160,747	693,715	1,488,048
NET ASSETS- end of year	\$ 771,539	\$ 153,769	\$ 925,308	\$ 1,600,212

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		Net Assets With Donor Restrictions	
	Operating	Board Designated	Total	2021
Public Support and Revenues				
Contributions:				
Corporate	\$ 401,543	\$ -	\$ 401,543	\$ 691,441
Individual	34,904	-	34,904	35,904
Foundations	41,727	-	41,727	41,727
Total Contributions	478,174	-	478,174	769,072
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	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	98,292	-	98,292	-
Purpose restrictions	1,500	-	1,500	(1,500)
Time restrictions	-	-	-	-
Total Public Support and Revenue	1,004,297	30,540	1,034,837	1,248,027
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	871,152	-	871,152	871,152
CHANGE IN NET ASSETS	133,145	30,540	163,685	376,875
NET ASSETS- beginning of year	399,823	130,207	530,030	1,111,173
NET ASSETS- end of year	\$ 532,968	\$ 160,747	\$ 693,715	\$ 1,488,048

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
PROGRAM SERVICES		
Direct Costs:		
Program Expenses	\$ 70,622	\$ 97,981
Travel, Training & Conferences	18,449	4,631
Marketing	13,756	3,976
Miscellaneous	27,637	394
Bad Debts	14,050	3,200
Franchise Fees	77,887	94,322
	<u>222,401</u>	<u>204,504</u>
Allocated Costs:		
Salaries & Benefits	410,838	329,077
Other Allocated Management & General	79,653	65,181
	<u>490,491</u>	<u>394,258</u>
Total Program Services	<u>712,892</u>	<u>598,762</u>
FUNDRAISING		
Direct Costs:		
Special Events	154,938	95,259
Allocated Costs:		
Salaries & Benefits	74,179	66,769
Other Allocated Management & General	14,382	13,225
	<u>88,561</u>	<u>79,994</u>
Total Fundraising	<u>243,499</u>	<u>175,253</u>
MANAGEMENT AND GENERAL		
Salaries & Benefits	570,609	476,923
Supplies & Computers	26,092	7,956
Miscellaneous	953	1,693
Facilities, Ins., & Utilities	54,568	50,034
Professional Fees	9,242	15,008
Depreciation	19,775	19,775
Subtotal	<u>681,239</u>	<u>571,389</u>
Less: Allocated to Program Services	(490,492)	(394,258)
Less: Allocated to Fundraising	(88,561)	(79,994)
Total Management and General	<u>102,186</u>	<u>97,137</u>
	<u>\$ 1,058,577</u>	<u>\$ 871,152</u>

See notes to financial statements

Junior Achievement of Southwestern Indiana, Inc.
Statement of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 112,164	\$ 376,875
Adjustments to Reconcile Increase (Decrease) in Net Assets to net cash provided by operating activities:		
Depreciation	19,775	19,775
Realized and Unrealized (gains) or losses	36,445	(47,954)
(Increase) Decrease in Operating Assets:		
Accounts Receivable- Deferred Revenue	(42,310)	6,720
Pledges Receivable	142,709	(127,695)
Prepaid Expenses	858	(1,058)
Inventory	(2,292)	1,592
Increase (Decrease) in Operating Liabilities:		
Accounts Payable/Accrued Expenses	(79,414)	146,788
Deferred Revenue	103,230	(105,100)
Net Cash Provided (Used) by Operating Activities	291,165	269,943
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(5,800)	-
Purchase of Investments	(7,896)	(30,132)
Net Change in Cash Equivalents included in Investments	4,721	29,902
Proceeds from Sales of Investments	-	25,000
Net Cash Provided (Used) by Investing Activities	(8,975)	24,770
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Advance	-	90,318
Forgiveness of PPP Advance	-	(109,409)
Net Cash Provided (Used) by Financing Activities	-	(19,091)
Net Increase (Decrease) in Cash	282,190	275,622
Cash- beginning of year	912,668	637,046
Cash- end of year	\$ 1,194,858	\$ 912,668
Supplemental Cash Disclosures:		
Donated materials and services	\$ 10,000	\$ 2,500

See notes to financial Statements

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Junior Achievement (JA) envisions a world in which young people are equipped with the skillset and mindset to build thriving communities. JA programs help 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 Innovation Challenge 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 23% of the K-12 students in our service area, In fact, during the 2021-2022 academic school year, JASWIN served a total of 19,025 students in 830 classes across our Southwestern Indiana and Southeastern Illinois service area, resulting in more than 89,077 hours spent between volunteers and students they inspire. For more information, visit www.swindiana.ja.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, 2022 and 2021

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, 2022 and 2021

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, 2022 and 2021, respectively.

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, 2022 and 2021 were \$13,756 and \$3,976, 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, 2022 and 2021

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, 2022 and 2021 were \$19,775 and \$19,775, 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. Contributions received with restrictions that are met in the same reporting period and conditional contributions for which the conditions and restrictions are met in the same period are reported as with donor restrictions and then released from 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, 2022 and 2021

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>2022</u>	<u>2021</u>
Equities	\$ 341,307	\$ 352,890

	<u>2022</u>	<u>2021</u>
Investment return is summarized as follows:		
Interest and Dividend income (including cash balances and certificates of deposits)	\$ 7,791	\$ 4,913
Net realized and unrealized gains (losses)	<u>(14,705)</u>	<u>26,024</u>
Total unrestricted investment income	<u>\$ (6,914)</u>	<u>\$ 30,937</u>

NOTE 3- CONTRIBUTED NONFINANCIAL ASSETS

The Organization received gifts-in-kind for the years ended June 30,:

	<u>without donor restrictions</u>	
	<u>2022</u>	<u>2021</u>
Advertising	\$ 2,500	\$ 0
Beverages	2,500	2,500
Facilities	<u>5,000</u>	<u>0</u>
Total	<u>\$ 10,000</u>	<u>\$ 2,500</u>

The Organization's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Organization.

Advertising received for a program event was valued using estimated average US prices of identical services using price data of similar services under a 'like-kind' methodology, considering the value of the services at the time of the contribution.

Beverages received for a program event was valued at the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United states.

Contributed facilities for two (2) program events were valued using like-kind methodology for similar usage of the space.

Donated Services

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.

Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021

NOTE 4- RETIREMENT PLAN

The Organization has established a (SIMPLE IRA) retirement plan. Under the plan, employees may contribute up to \$14,000 (\$17,000 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, 2022 and 2021 were \$12,145 and \$9,951, respectively.

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. The Organization is currently in negotiations to extend the lease. Total rent expense for the years ended June 30, 2022 and 2021 were \$28,095 and \$28,095, respectively. Future minimum annual lease payments are as follows:

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

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, 2022 and 2021, the Organization had \$896,528 and \$618,909 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).

**Junior Achievement of Southwestern Indiana, Inc.
Notes to Financial Statements
For the Years Ended June 30, 2022 and 2021**

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, 2022 and 2021, \$60,590 and \$18,280 was outstanding, respectively. Deferred revenue consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Fundraising Events	\$ 138,680	\$ 84,850
Programs & Activities	<u>57,400</u>	<u>8,000</u>
	<u>\$ 196,080</u>	<u>\$ 92,850</u>

NOTE 8- PLEDGES RECEIVABLE

Pledges receivables consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 146,990	\$ 186,487
Due in one to five years	<u>0</u>	<u>60,902</u>
	<u>\$ 146,990</u>	<u>\$ 247,389</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, 2022, and 2021, the Board of Directors has designated \$153,769 and \$160,747 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, 2022 and 2021

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>2022</u>	<u>2021</u>
Board –designated endowment net assets, beginning of year	\$ 160,747	\$ 130,207
Contributions	0	0
Investment Income	7,727	4,336
Unrealized Gains or (Losses)	<u>(14,705)</u>	<u>26,204</u>
Board Designated endowment net assets, end of year	<u>\$ 153,769</u>	<u>\$ 160,747</u>

NOTE 10- NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Specific purpose:		
Inspiring Youth	\$ 413,209	\$ 456,414
Talent 25	112,065	186,799
Program (Education)	0	2,500
Passage of time:		
Program (Adopt a School Program)	51,920	29,170
Agency Endowment (Note 11)	<u>97,710</u>	<u>119,450</u>
	<u>\$ 674,904</u>	<u>\$ 794,333</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>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Inspiring Youth	\$ 43,206	\$ 17,506
Museum Exhibit	1,000	6,687
COVID	50,000	0
Talent 25	74,733	74,099
Program (Education)	2,500	0
Satisfaction of time restriction		
Program (Adopt a School Program)	<u>26,500</u>	<u>1,500</u>
	<u>\$ 197,939</u>	<u>\$ 99,792</u>

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NOTE 11- AGENCY ENDOWMENT FUND

The Organization has established an Endowment Fund (Level 3 inputs) 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>2022</u>	<u>2021</u>
Balance at July 1,	\$ 119,450	\$ 97,366
Share of appreciation (depreciation)	(18,006)	25,659
Distributions	<u>(3,734)</u>	<u>(3,575)</u>
Balance at June 30,	<u>\$ 97,710</u>	<u>\$ 119,450</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.

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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, 2022 and 2021, fees of \$77,887 and \$94,322, 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 \$166,620 and \$157,158 during 2022 and 2021 respectively. As of June 30, 2022 and June 30, 2021, the amounts due to Junior Achievement USA were \$10,208 and \$0, respectively.

For the years ended June 30, 2022 and 2021 the Organization received contributions, special events revenue, and various donated supplies, equipment, and services of \$338,313 and \$509,432, respectively for operations from various members of the Board or Directors and their related companies. As of June 30, 2022, and 2021, outstanding pledges of \$94,515 and \$195,435, 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 2022 and 2021.

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 2022 and 2021.

NOTE 14- PAYCHECK PROTECTION PROGRAM (PPP)

The Organization received \$90,318 in February of 2021 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, the balance of the unspent refundable advance was \$0.

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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, 2022 and 2021, reduced by amounts not available for general expenditures within one year.

	<u>2022</u>	<u>2021</u>
Total financial assets	\$ 1,806,859	\$ 1,658,339
Less those unavailable for general expenditures within one year due to:		
Purpose restrictions	(525,274)	(643,213)
Time Restrictions	(51,920)	(31,670)
Endowment Fund	<u>(97,710)</u>	<u>(119,450)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,131,955</u>	<u>\$ 864,006</u>

NOTE 16- SUBSEQUENT EVENTS

The Organization has evaluated subsequent events and transactions through October 17, 2022, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.