



Junior Achievement of Central Virginia, Inc.

Financial Statements

June 30, 2021

Junior Achievement of Central Virginia, Inc.

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Independent Auditor's Report

Board of Directors
Junior Achievement of Central Virginia, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Central Virginia, Inc., which comprise the statement of financial position as of June 30, 2021, the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Central Virginia, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Central Virginia, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell Wiggins

Richmond, Virginia
October 27, 2021

Junior Achievement of Central Virginia, Inc.

Statement of Financial Position

June 30, 2021, with Comparative Totals as of June 30, 2020

Assets	2021	2020
Current Assets		
Cash and cash equivalents	\$ 1,079,171	\$ 873,228
Contributions receivable, net, current portion		
Programs and other support, net of allowance for doubtful accounts of \$8,000 and \$3,000 for 2021 and 2020, respectively	152,847	192,452
Restricted to capital campaign	37,500	128,000
Donated rent receivable	218,177	212,235
Inventory, program materials	-	3,538
Prepaid expenses and other assets	15,029	15,175
Total current assets	1,502,724	1,424,628
Long-Term Assets		
Contributions receivable, net, less current portion		
Programs and other support	37,722	55,502
Restricted to capital campaign	27,233	42,083
Donated rent receivable	1,249,064	1,467,241
Property and equipment, net	1,130,456	1,387,285
Total long-term assets	2,444,475	2,952,111
Total assets	\$ 3,947,199	\$ 4,376,739
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 876	\$ 706
Accrued liabilities	34,558	38,374
Deferred revenue	25,000	-
Refundable advance	85,775	140,458
Total current liabilities	146,209	179,538
Total liabilities	146,209	179,538
Net Assets		
Net assets without donor restrictions	2,257,124	2,100,089
Net assets with donor restrictions	1,543,866	2,097,112
Total net assets	3,800,990	4,197,201
Total liabilities and net assets	\$ 3,947,199	\$ 4,376,739

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Activities

Year Ended June 30, 2021, with Comparative Totals for the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2021	2020
Public Support and Revenues				
Contributions				
Corporate	\$ 196,376	\$ 45,000	\$ 241,376	\$ 395,161
Individual	63,037	-	63,037	72,883
Foundations	265,340	35,000	300,340	317,123
Government	156,458	-	156,458	-
	<u>681,211</u>	<u>80,000</u>	<u>761,211</u>	<u>785,167</u>
Capital campaign	2,820		2,820	239,580
Total contributions	684,031	80,000	764,031	1,024,747
Special events, gross	204,182	-	204,182	369,970
In-kind contributions	107,178	-	107,178	57,041
Other income	41	-	41	29,748
	<u>995,432</u>	<u>80,000</u>	<u>1,075,432</u>	<u>1,481,506</u>
Net Assets Released from Restrictions				
Satisfaction of program restrictions	633,246	(633,246)	-	-
	<u>1,628,678</u>	<u>(553,246)</u>	<u>1,075,432</u>	<u>1,481,506</u>
Expenses				
Program services				
High school programs	907,656	-	907,656	1,159,756
Middle school programs	195,317	-	195,317	130,213
Elementary school programs	113,253	-	113,253	136,476
Total program services	1,216,226	-	1,216,226	1,426,445
Supporting services				
Management and general	139,170	-	139,170	162,371
Fund raising	116,247	-	116,247	85,861
Total supporting services	255,417	-	255,417	248,232
	<u>1,471,643</u>	<u>-</u>	<u>1,471,643</u>	<u>1,674,677</u>
	<u>157,035</u>	<u>(553,246)</u>	<u>(396,211)</u>	<u>(193,171)</u>
Change in net assets				
Net assets, beginning	2,100,089	2,097,112	4,197,201	4,390,372
Net assets, ending	<u>\$ 2,257,124</u>	<u>\$ 1,543,866</u>	<u>\$ 3,800,990</u>	<u>\$ 4,197,201</u>

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021, with Comparative Totals for the Year Ended June 30, 2020

	Program Services			Total Program	Supporting Services		Total Supporting	Totals	
	High School	Middle School	Elementary School		Management & General	Fund Raising		2021	2020
Salaries	\$ 204,049	\$ 101,723	\$ 59,337	\$ 365,109	\$ 65,895	\$ 6,493	\$ 72,388	\$ 437,497	\$ 534,289
Payroll taxes	14,199	7,875	4,265	26,339	7,151	705	7,856	34,195	41,645
Employee benefits	19,334	8,486	5,965	33,785	2,670	263	2,933	36,718	76,284
Pension/annuity	2,454	1,361	736	4,551	1,236	122	1,358	5,909	43,396
Subtotal	240,036	119,445	70,303	429,784	76,952	7,583	84,535	514,319	695,614
Bad debts	7,059	3,915	2,121	13,095	3,555	350	3,905	17,000	18,875
Bank fees	1,186	658	357	2,201	597	59	656	2,857	2,644
Computer maintenance	9,741	9,104	3,343	22,188	1,951	192	2,143	24,331	14,551
Depreciation	258,612	-	-	258,612	-	-	-	258,612	334,061
Dues and subscription	1,357	753	408	2,518	683	67	750	3,268	3,628
Finance Park expenses	3,009	-	-	3,009	-	-	-	3,009	12,092
Fundraising	-	-	-	-	-	3,791	3,791	3,791	4,943
General insurance	3,945	2,188	1,185	7,318	1,987	196	2,183	9,501	9,683
Leased equipment	1,755	974	527	3,256	884	87	971	4,227	4,226
Meetings	8	5	2	15	4	1	5	20	1,170
Miscellaneous	911	505	274	1,690	459	45	504	2,194	773
Participation fees	53,520	29,685	16,077	99,282	26,955	2,656	29,611	128,893	88,384
Postage and delivery	531	505	183	1,219	100	10	110	1,329	1,270
Printing	2,199	1,220	661	4,080	1,108	109	1,217	5,297	7,300
Professional fees	12,294	6,818	3,692	22,804	6,191	610	6,801	29,605	18,000
Program materials	-	-	3,538	3,538	-	-	-	3,538	22,164
Property taxes	1,429	793	429	2,651	720	71	791	3,442	4,979
Public relations	32	18	9	59	16	2	18	77	5,520
Rent	298,653	15,194	8,228	322,075	13,796	1,360	15,156	337,231	337,230
Scholarships	5,000	-	-	5,000	-	-	-	5,000	7,500
Special events	-	-	-	-	-	98,742	98,742	98,742	44,127
Staff training	252	140	76	468	127	12	139	607	9,022
Stationery and supplies	1,968	1,091	591	3,650	991	98	1,089	4,739	9,635
Telephone	4,100	2,274	1,231	7,605	2,065	203	2,268	9,873	11,261
Travel	59	32	18	109	29	3	32	141	3,717
Volunteer training	-	-	-	-	-	-	-	-	2,308
Total expenses	\$ 907,656	\$ 195,317	\$ 113,253	\$ 1,216,226	\$ 139,170	\$ 116,247	\$ 255,417	\$ 1,471,643	\$ 1,674,677

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Cash Flows Year Ended June 30, 2021

Cash Flows from Operating Activities	
Change in net assets	\$ (396,211)
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities</i>	
Depreciation	258,612
Donated rent included in contributions receivable	212,235
Contributions restricted for long-term purposes	(2,820)
<i>Changes in operating assets</i>	
Contributions receivable	57,385
Inventory, program materials	3,538
Prepaid expenses	146
<i>Changes in operating liabilities</i>	
Accounts payable	170
Accrued liabilities	(3,816)
Deferred revenue	25,000
Refundable advance	(54,683)
Net cash and cash equivalents provided by operating activities	<u>99,556</u>
Cash Flows from Investing Activities	
Acquisition of property and equipment	(1,783)
Net cash and cash equivalents (used in) investing activities	<u>(1,783)</u>
Cash Flows from Financing Activities	
Cash contributions for long-term purposes	108,170
Net cash and cash equivalents provided by financing activities	<u>108,170</u>
Net change in cash	205,943
Cash and cash equivalents, beginning	<u>873,228</u>
Cash and cash equivalents, ending	<u>\$ 1,079,171</u>

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of the organization

Junior Achievement of Central Virginia, Inc. (the Organization) is a regional franchise of Junior Achievement USA®, which is a national nonprofit organization. The primary purpose of the Organization is to deliver educational programs about free enterprise, personal finance, and economics to public and private schools in Central Virginia to prepare students for key economic and workforce issues they will face.

A summary of the Organization's significant accounting policies follows:

Financial statement presentation

Under current accounting standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The net asset classes are summarized as follows:

Net assets without donor restrictions include resources that can be used currently for the general operations and programs of the Organization.

Net assets with donor restrictions include contributions restricted by donor designation and are reported as increases in net assets with donor restrictions. When a restriction expires, contributions with donor restrictions are released and reclassified to without donor restrictions.

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

Use of 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, and disclosures of contingent assets and liabilities at the date of the financial statements. Such estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of reporting the statement of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Organization may, at times, have cash in excess of insured limits. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At June 30, 2021, the Organization had cash balances that were in excess of insured limits.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Contributions receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Donations or contributions of assets other than cash and gifts-in-kind are recorded at their estimated fair market value. Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions receivable are carried at net present value less an estimate made for doubtful accounts based on a review of all outstanding amounts on a regular basis. Management determines the allowance by calculating the average of the actual write-off percentage for the preceding five-year period. A \$8,000 allowance was deemed necessary by management at June 30, 2021. Receivables are written off when deemed uncollectible.

The contributions receivable included as a long-term asset are expected to be collected between 2021 - 2024. At June 30, 2021, a discount of \$3,401 was recorded utilizing a discount rate of 3.25%.

Inventory

Inventory, consisting of program materials, is recorded at cost.

Property and equipment

Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 3 to 10 years.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contributions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is subject to tax on any unrelated business income that it may generate.

The Organization follows generally accepted accounting principles regarding "Accounting for Uncertain Tax Positions." This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Organization's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The Organization has determined that it does not have any material unrecognized tax benefits or obligations at June 30, 2021. The tax years of 2018 to 2020 remain subject to examination by the taxing authorities.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

The Organization includes penalties and interest assessed by income taxing authorities in management and general expenses. The Organization did not have penalties and interest relating to income taxes for the year ended June 30, 2021.

Revenue recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersede or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization implemented ASC 606 and has adjusted the presentation of the financial statements accordingly.

The Organization's revenue consists of contributions, grants, special events, and program income generally from the areas in and around metro Richmond. Below is a summary of the Organization's significant revenue streams:

Contributions and grants:

The Organization receives contributions and grants to fund the mission of the Organization. These revenues are scoped out of ASC 606 and are recorded in which the promise to give is made, in accordance with ASC 958.

Special events and program services:

The Organization will hold numerous special events and program services throughout the year to help promote the Organization's mission in the community and raise funds for the Organization. The revenue from these events are recognized when earned according to ASC 606. Revenue received in advance of being earned results in a contract liability (deferred revenue).

Donations in-kind

Donated materials, equipment, and services, which enhance financial assets or would otherwise be purchased, are reflected as contributions in the accompanying financial statements at the estimated fair value of similar goods and services at the date of donation. A substantial number of volunteers have donated approximately 172 hours of volunteer time during the current year to the Organization's program services and its fundraising campaigns; however, these services did not meet the recognition criteria contained in the authoritative literature.

Affiliations and participation fees

The Organization is affiliated with Junior Achievement USA®, the national headquarters for all Junior Achievement franchises. Junior Achievement USA® performs all research and

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

development on educational materials and provides information on programming, training, marketing, and fund raising for a fee, at a discount, to its franchises. The Organization pays an annual fee to Junior Achievement USA®. The total license fee paid for the year ending June 30, 2021 was \$128,893.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited and functions served. Expenses requiring allocation on a reasonable basis are consistently applied. Indirect expense includes salaries/benefits, depreciation, rent, and other expenses. These are allocated based on a percentage of staff time spent in program or supporting service areas.

Note 2. Property and Equipment

Property and equipment consist of the following at June 30, 2021:

Furniture and fixtures	\$ 7,993
Equipment	129,869
Finance Park	1,800,000
Finance Park Technology	92,766
Finance Park Career Center	354,375
	<u>2,385,003</u>
Less accumulated depreciation	<u>1,254,547</u>
	<u>\$ 1,130,456</u>

Note 3. Line of Credit

The Organization has a revolving line of credit with a maximum borrowing amount of \$110,000 and is secured by all of the Organization's assets. Interest accrues on the outstanding balance at a rate of the index (prime rate) plus 2% (currently 5.25%). There was no amount outstanding under the line of credit during the year and as of June 30, 2021. There are no financial covenants required by the lending institution.

Note 4. Multiemployer Benefit Plans

Pension Plan

Effective September 30, 2014, the Organization elected to freeze its participation in the noncontributory defined benefit pension plan (the Plan) described below. Prior to June 30, 2019, Junior Achievement USA® offered a noncontributory defined benefit pension plan to its employees. The Plan is administered by Junior Achievement USA® and covered all full-

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 4. Multiemployer Benefit Plans (continued)

time employees of Junior Achievement USA®, JA Worldwide, Inc., and participating Junior Achievement chapters in the United States. Benefits were determined based on years of service and salary history. Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization and participating Junior Achievement Areas made contributions to the plan equal to 16.75% of participants' eligible compensation. The Organization recognized, as net pension cost, the required contribution for the period and recognized, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of Junior Achievement USA® approved the termination of the Defined Benefit Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. In connection with the termination of the plan, Junior Achievement USA® (JA USA), obtained a loan to fund the estimated required contributions to terminate the Plan. The Plan requires that participating employers remain liable for any funding obligations under the Plan, including the above-mentioned loan, until all liabilities and obligations of the Plan have been satisfied, and are thereby required to make contributions equal to 13.25% for participants' eligible compensation.

During 2020, Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump sum elections) or transferred (annuity elections). The remaining assets in the Plan of approximately \$5.5 million at June 30, 2021 and 2020, are restricted for additional, future termination, and other required administrative expenses. Approximately \$4 million of the plan's assets are expected to be a return of capital to JA USA for the collateral that JA USA transferred to fund and close the revolving line of credit necessary to terminate the plan.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will first be used to pay any final administrative costs, next will be used to repay advances from JA USA, described above, and lastly, will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2021.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees on July 1, 2019. See Note 5.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 4. Multiemployer Benefit Plans (continued)

The Organization's contributions to the Plan are outlined in the table below. The Organization's contributions do not represent more than 5% of total contributions to the Plan. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The Plan's funded status available in 2021 and 2020 is for years ended June 30, 2021 and 2020, respectively.

Pension Fund	EIN/Pension Plan Number	Funded Status		Contribution of Organization	
		2021	2020	2021	2020
Retirement Plan for Employees of Junior Achievement USA®	13-1635270/333	N/A	N/A	\$ -	\$ 29,980

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 multiemployer plan. Employees of the Organization can participate in the Health and Welfare Plan. Premiums are paid into the Health and Welfare Plan for each participant by the Organization. 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.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the Organization. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

The Organization's premium expense for the Health and Welfare Benefits Plan for the year ended June 30, 2021 was \$36,718.

Note 5. 401(k) Plan

The Organization has established an employer sponsored 401(k) retirement plan for all eligible employees. As of January 1, 2020, the Organization amended the plan to be a Safe Harbor plan and the Organization will make a non-elective contribution of 3% of each eligible employee's salary. The Organization's contributions totaled \$5,909 for the fiscal year ended June 30, 2021.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 6. Lease Commitments

Effective March 1, 2017, the Organization entered into an operating lease agreement for space to be used for administrative offices. The lease agreement is for 123 months ending May 31, 2027. Rent expense for the year ended June 30, 2021 on this lease amounted to \$64,383.

Effective October 30, 2017, the Organization entered into a lease agreement for space to be used for Finance Park. The initial term of the lease is for a ten-year period ending September 30, 2027, with monthly rent at \$1,000. Based on market data provided from the independent lessor, the fair market value of the space is \$22,605 per month. For the year ended June 30, 2018, the Organization recognized an in-kind contribution and donated rent receivable of \$2,295,631, which was the present value of the total in-kind rent contribution of \$2,592,600. The present value of the in-kind rent contributions was calculated using a discount rate of 2.8%. For the year ended June 30, 2021, net assets released from restrictions and rent expense of \$259,260 were recorded in connection with the lease agreement.

The Organization also leases certain office equipment under a five-year operating lease. The monthly lease amount is \$357.

Future minimum lease payments, by year and in the aggregate, under these operating leases are as follows:

<u>Year Ending June 30, 2021</u>	
2022	\$ 82,079
2023	82,507
2024	83,455
2025	84,463
2026	86,637
Thereafter	85,343
	<u>\$ 504,484</u>

Total rental expense for the year ended June 30, 2021 was \$337,231.

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 were available for the following purposes:

Education programs	<u>\$ 1,543,866</u>
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Net assets were released from donor restrictions for the year ended June 30, 2021 by incurring expenses satisfying the restricted purposes as follows:

Education programs	\$ 246,112
Capital campaign	387,134
	<u>\$ 633,246</u>

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 8. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 1,079,171
Contributions receivable	1,722,543
Total financial assets	<u>2,801,714</u>
Less long-term portion of contributions receivable	(64,955)
Less net assets with donor restrictions (Note 7)	<u>(1,543,866)</u>
Amount available for general expenditures within one year	<u>\$ 1,192,893</u>

The Organization only holds liquid assets consisting of cash and cash equivalents. The Organization uses a budgeting process to manage its cash flow and liquidity needs.

Note 9. COVID-19

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it be a pandemic. COVID-19 and actions to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The extent to which the COVID-19 pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this report. The Organization is adequately capitalized and continues to evaluate operational impacts and implement mitigation tactics where possible and necessary.

Note 10. Payroll Protection Loan

In response to the Coronavirus pandemic, Congress established the Paycheck Protection Program (the PPP) to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized Treasury to use the Small Business Administration’s (SBA) 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities. The Organization applied for the first draw of the PPP and was given a loan in the amount of \$140,458. The loan was forgiven by the SBA on April 2, 2021. The Organization applied for the second draw of the PPP and was given a loan in the amount of \$85,775. Interest in the amount of 1% is due and payable at the time of the SBA’s measurement of possible forgiveness. The loan is to be repaid within two years from date of funding of March 10, 2021.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2021

Note 10. Payroll Protection Loan (continued)

The Organization has accounted for the second draw of loan proceeds as a financial liability in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this standard, a transfer of assets that is a conditional contribution is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the resource provider. Conditions will be considered substantially met when notified by the lender of the amount forgiven. Based on the criteria, the entire amount of the second draw of the PPP funds have been shown as a refundable advance on the statement of financial position. The second draw PPP loan was subsequently forgiven on October 4, 2021.

Note 11. Subsequent Events

Management has evaluated subsequent events through October 27, 2021, the date that the financial statements were available for issue.

Note 12. Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.