JUNIOR ACHIEVEMENT OF CENTRAL VIRGINIA, INC.

FINANCIAL REPORT

June 30, 2022

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BROWNEDWARDS
certified public accountants

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Junior Achievement of Central Virginia, Inc. (the Organization) (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 the Organization as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 the Organization'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 the Organization'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.

Adjustments to Prior Period Summarized Comparative Information

The Organization's 2021 financial statements were audited by Mitchell, Wiggins & Company, LLP who were acquired by Brown, Edwards & Company LLP as of November 1, 2021, and whose report dated October 27, 2021, expressed an unmodified audit opinion on those financial statements. As more fully explained in Note 2 to the financial statements, the Organization has adjusted its 2021 summarized comparative information to correct an error in applying *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. The other auditors reported on the financial statements before the retrospective adjustment.

As part of our audit of the 2022 financial statements, we also audited the adjustments to the 2021 summarized comparative information to retrospectively apply the change in accounting as described in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Organization's 2021 financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2021 financial statements.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Glen Allen, Virginia
November 3, 2022

JUNIOR ACHIEVEMENT OF CENTRAL VIRGINIA, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2022, with Comparative Totals as of June 30, 2021

ASSETS	**2022**	**(Restated) 2021**
CURRENT ASSETS		
Cash and cash equivalents	$ 1,143,756	$ 1,079,171
Contributions receivable, net, current portion		
Programs and other support, net of allowance for doubtful accounts of $5,000 and $8,000 for 2022 and 2021, respectively	169,661	198,847
Restricted to capital campaign	12,000	37,500
Donated rent receivable	224,286	218,177
Employee Retention Credit receivable	124,402	-
Inventory, program materials	220	-
Prepaid expenses and other assets	8,476	15,029
Total current assets	1,682,801	1,548,724
LONG-TERM ASSETS		
Contributions receivable, net, less current portion		
Programs and other support	44,230	83,722
Restricted to capital campaign	18,861	27,233
Donated rent receivable	1,024,778	1,249,064
Property and equipment, net	950,850	1,130,456
Total long-term assets	2,038,719	2,490,475
Total assets	$ 3,721,520	$ 4,039,199
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 1,972	$ 876
Accrued liabilities	38,543	34,558
Refundable advance	-	85,775
Total current liabilities	40,515	121,209
Total liabilities	40,515	121,209
NET ASSETS		
Net assets without donor restrictions	2,214,342	2,257,124
Net assets with donor restrictions	1,466,663	1,660,866
Total net assets	3,681,005	3,917,990
Total liabilities and net assets	$ 3,721,520	$ 4,039,199

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL VIRGINIA, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2022, with Comparative Totals for the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Totals 2022	Totals (Restated) 2021
PUBLIC SUPPORT AND REVENUES				
Contributions				
Corporate	$ 345,827	$ 137,500	$ 483,327	$ 343,376
Individual	76,527	-	76,527	65,857
Foundations	63,500	-	63,500	300,340
Government	248,677	-	248,677	156,458
Total contributions	734,531	137,500	872,031	866,031
Special events, gross	267,164	-	267,164	204,182
In-kind contributions	41,083	-	41,083	107,178
Other income	16,519	-	16,519	41
	1,059,297	137,500	1,196,797	1,177,432
NET ASSETS RELEASED FROM RESTRICTIONS				
Satisfaction of program restrictions	331,703	(331,703)	-	-
Total public support and revenues	1,391,000	(194,203)	1,196,797	1,177,432
EXPENSES				
Program services				
High school programs	1,065,658	-	1,065,658	907,656
Middle school programs	79,787	-	79,787	195,317
Elementary school programs	9,704	-	9,704	113,253
Total program services	1,155,149	-	1,155,149	1,216,226
Supporting services				
Management and general	144,003	-	144,003	139,170
Fund raising	134,630	-	134,630	116,247
Total supporting services	278,633	-	278,633	255,417
Total expenses	1,433,782	-	1,433,782	1,471,643
Change in net assets before correction of errors	(42,782)	(194,203)	(236,985)	(294,211)
NET ASSETS, beginning, as previously reported	2,257,124	1,660,866	3,917,990	4,197,201
Prior period adjustment for contributions	-	-	-	15,000
Net assets, beginning, as restated	2,257,124	1,660,866	3,917,990	4,212,201
NET ASSETS, ending	$ 2,214,342	$ 1,466,663	$ 3,681,005	$ 3,917,990

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL VIRGINIA, INC.

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022, with Comparative Totals for the Year Ended June 30, 2021

	Program Services				Supporting Services			Totals	
	High School	Middle School	Elementary School	Total Program	Management & General	Fund Raising	Total Supporting	2022	2021
Salaries	$ 325,404	$ 39,351	$ 4,937	$ 369,692	$ 66,163	$ 23,139	$ 89,302	$ 458,994	$ 437,497
Payroll taxes	24,941	3,013	379	28,333	5,048	1,765	6,813	35,146	34,195
Employee benefits	27,990	3,140	440	31,570	4,502	1,575	6,077	37,647	36,718
Pension/annuity	5,515	532	70	6,117	837	293	1,130	7,247	5,909
Subtotal	383,850	46,036	5,826	435,712	76,550	26,772	103,322	539,034	514,319
Bad debts	7,046	1,081	124	8,251	2,165	757	2,922	11,173	17,000
Bank fees	1,482	227	26	1,735	455	159	614	2,349	2,857
Computer maintenance	12,770	1,958	225	14,953	3,924	1,372	5,296	20,249	24,331
Depreciation	181,168	179	21	181,368	359	126	485	181,853	258,612
Dues and subscriptions	1,865	286	33	2,184	573	200	773	2,957	3,268
JA Finance Park expenses	3,154	-	-	3,154	-	-	-	3,154	3,009
Fundraising	-	-	-	-	-	4,173	4,173	4,173	3,791
General insurance	8,253	1,266	146	9,665	2,536	887	3,423	13,088	9,501
Leased equipment	2,672	410	47	3,129	821	287	1,108	4,237	4,227
Meetings	2,286	351	40	2,677	702	246	948	3,625	20
Miscellaneous	4,683	718	83	5,484	1,439	503	1,942	7,426	2,194
Participation fees	94,023	14,419	1,658	110,100	28,890	10,104	38,994	149,094	128,893
Postage and delivery	339	52	6	397	104	36	140	537	1,329
Printing	-	-	-	-	-	-	-	-	5,297
Professional fees	13,398	2,055	236	15,689	4,117	1,440	5,557	21,246	29,605
Program materials	362	83	6	451	-	-	-	451	3,538
Property taxes	1,557	239	27	1,823	478	167	645	2,468	3,442
Public relations	10,125	1,553	179	11,857	3,111	1,088	4,199	16,056	77
Rent	312,863	6,380	734	319,977	12,783	4,471	17,254	337,231	337,231
Scholarships	7,500	-	-	7,500	-	-	-	7,500	5,000
Special events	-	-	-	-	-	80,095	80,095	80,095	98,742
Staff training	2,647	406	47	3,100	813	284	1,097	4,197	607
Stationery and supplies	6,813	1,045	120	7,978	2,093	732	2,825	10,803	4,739
Telephone	6,793	1,042	120	7,955	2,087	730	2,817	10,772	9,873
Travel	9	1	-	10	3	1	4	14	141
Total expenses	$ 1,065,658	$ 79,787	$ 9,704	$ 1,155,149	$ 144,003	$ 134,630	$ 278,633	$ 1,433,782	$ 1,471,643

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL VIRGINIA, INC.

STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

OPERATING ACTIVITIES	
Change in net assets	$ (236,985)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:	
Depreciation	181,853
Donated rent included in contributions receivable	218,177
Contributions restricted for long-term purposes	(1,492)
Changes in operating assets:	
Contributions receivable	68,678
Employee Retention Credit receivable	(124,402)
Inventory, program materials	(220)
Prepaid expenses	6,553
Changes in operating liabilities:	
Accounts payable	1,096
Accrued liabilities	3,985
Refundable advance	(85,775)
Net cash and cash equivalents provided by operating activities	31,468
INVESTING ACTIVITIES	
Acquisition of property and equipment	(2,247)
Net cash and cash equivalents used in investing activities	(2,247)
FINANCING ACTIVITIES	
Cash contributions for long-term purposes	35,364
Net cash and cash equivalents provided by financing activities	35,364
Net change in cash	64,585
CASH AND CASH EQUIVALENTS, beginning	1,079,171
CASH AND CASH EQUIVALENTS, ending	$ 1,143,756

See Independent Auditor's Report.

The Notes to Financial Statements are an integral part of these statements.

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.

(Continued)

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

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, 2022, the Organization had cash balances that were in excess of insured limits.

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 $5,000 allowance was deemed necessary by management at June 30, 2022. Receivables are written off when deemed uncollectible.

The contributions receivable included as a long-term asset are expected to be collected between 2024 - 2025. At June 30, 2022, a discount of $1,909 was recorded utilizing a discount rate of 3.85%.

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.

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

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, 2022. The tax years of 2019 to 2021 remain subject to examination by the taxing authorities.

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, 2022.

Revenue recognition

The Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes 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 the year 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 is recognized as special events are held or program services are provided according to ASC 606.

(Continued)

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

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 2,294 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 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, 2022 was $149,094.

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. Restatement of Prior Period

The accompanying financial statements for 2021 have been restated to correct an error in application of *ASC 958-605, Not-for-Profit Entities – Revenue Recognition*. The effect of the restatement was to increase contributions receivable by $92,000, decrease deferred revenue by $25,000, increase contribution revenue by $102,000 and increase beginning net assets by $15,000.

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 6.75%). There was no amount outstanding under the line of credit during the year and as of June 30, 2022. There are no financial covenants required by the lending institution.

(Continued)

Note 4. Property and Equipment

Property and equipment consist of the following at June 30, 2022:

Furniture and fixtures	$ 7,993
Equipment	132,115
Finance Park	1,800,000
Finance Park Technology	92,766
Finance Park Career Center	354,375
	2,387,249
Less accumulated depreciation	1,436,399
	$ 950,850

Note 5. 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, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan was administered by the Organization and covered all fulltime employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas 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, JA Worldwide, Inc. 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.

During 2019, the Board of Directors of the Organization approved the termination of the pension plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. As a result, during 2020, in accordance with the plan documents, the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas continued to make contributions equal to 13.25% of 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, 2022 and 2021, are restricted for additional benefit payments, if any, plus future termination and other required administrative expenses. Approximately $4 million of the plan's assets are expected to be returned to JA USA to repay the funds JA USA had advanced to the Plan to help ensure it was fully funded.

Note 5. Multiemployer Benefit Plans (Continued)

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, 2022.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees during 2019 (see Note 6).

<u>Health and Welfare Benefits Trust</u>

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 the 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.

<u>Postretirement Benefits Plan</u>

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. 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 multi-employer 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 Plan for the year ended June 30, 2022 was $37,647.

Note 6. 401(k) Plan

Starting on July 1, 2019, the Organization implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization contributes 3% of eligible employees' wages to the plan. Contributions to the plan were $7,247 and $5,907 for the years ended June 30, 2022 and 2021, respectively

(Continued)

Note 7. 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, 2022 on this lease amounted to $66,314.

Effective October 30, 2017, the Organization entered into a lease agreement for space to be used for JA 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, 2022, 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 $352.

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

2023	$	82,507
2024		83,455
2025		84,463
2026		86,637
2027		82,343
2028		3,000
	$	422,405

Total rental expense for the year ended June 30, 2022 was $337,231.

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2022 were available for the following purposes:

Time restrictions	$	133,500
Education programs		1,333,163
	$	1,466,663

Net assets were released from donor restrictions for the year ended June 30, 2022 by incurring expenses satisfying the restricted purposes as follows:

Time restrictions	$	58,500
Education programs		273,203
	$	331,703

(Continued)

Note 9. 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, 2022 are:

Cash and cash equivalents	$	1,143,756
Contributions receivable		1,493,816
Employee Retention Credit receivable		124,402
Total financial assets		2,761,974
Less net assets with donor restrictions (Note 8)		(1,466,663)
Amount available for general expenditures within one year	$	1,295,311

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 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 Organization 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 has been shown as a refundable advance on the statement of financial position. The second draw PPP loan was subsequently forgiven on October 4, 2021 and recorded as revenue during the year ended June 30, 2022.

Note 11. Employee Retention Credit (ERC)

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was enacted. The CARES Act, among other things, provides an employee retention credit (ERC), which is a refundable credit against certain employment taxes of up to $5,000 per employee for eligible employers during the period from March 13, 2020 through December 31, 2020 and $7,000 per employee per calendar quarter for the period from January 1, 2021 through September 30, 2021. The Organization qualified for and recorded a receivable for $124,402. On August 22, 2022, the Organization received payment from the Internal Revenue Service for the full amount of the receivable.

Note 12. New Accounting Pronouncements

On February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). ASU 2016-02 requires that lessees recognize all leases (other than leases with a term of twelve months or fewer) on the statement of financial position as lease liabilities, based upon the present value of the lease payments, with corresponding right of use assets. ASU 2016-02 also makes targeted changes to other aspects of current guidance, including identifying a lease and lease classification criteria as well as the lessor accounting model, including guidance on separating components of a contract and consideration in the contract. The standard will require modified retrospective application as of the beginning of the earliest period presented in the financial statements. This standard is effective for the Organization for the year ending June 30, 2023.

The Organization is evaluating the requirements of this new accounting guidance and currently believes the new guidance will not have a material impact on its financial results when adopted but will require additional disclosures in its financial statements.

Note 13. Subsequent Events

Management has evaluated subsequent events through November 3, 2022, the date that the financial statements were available for issue.

Note 14. 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, 2021, from which the summarized information was derived.