

**Junior Achievement of
North Florida, Inc.**

FINANCIAL STATEMENTS

June 30, 2020 and 2019



CRI CARR
RIGGS &
INGRAM

CPAs and Advisors

CRICpa.com



Junior Achievement of North Florida, Inc.

Table of Contents

June 30, 2020 and 2019

REPORT

Independent Auditors' Report 1

FINANCIAL STATEMENTS

Statements of Financial Position 3

Statements of Activities 4

Statements of Functional Expenses 6

Statements of Cash Flows 8

Notes to the Financial Statements..... 9



Carr, Riggs & Ingram, LLC
7411 Fullerton Street
Suite 300
Jacksonville, FL 32256

904.356.6023
904.353.5836 (fax)
CRIcpa.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Junior Achievement of North Florida, Inc.

We have audited the accompanying financial statements of Junior Achievement of North Florida, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' 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 North Florida, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carr, Riggs & Ingram, L.L.C.

Jacksonville, Florida

February 16, 2021

Junior Achievement of North Florida, Inc.
Statements of Financial Position

<i>June 30,</i>	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 318,583	\$ 103,809
Accounts receivable, net	230,034	53,939
Prepaid expenses	90,024	2,099
Total current assets	638,641	159,847
Non-current assets		
Property and equipment, net	6,183	6,223
Total non-current assets	6,183	6,223
Total assets	\$ 644,824	\$ 166,070
Liabilities and Net Assets		
Current liabilities		
Line of credit	\$ 28,763	\$ 50,000
Current portion of note payable	3,948	-
Accounts payable	16,891	32,865
Accrued expenses	-	10,134
Deferred revenue	262,750	-
Total current liabilities	312,352	92,999
Long-term liabilities		
Compensated absences	16,052	13,998
Note payable, less current portion	127,052	-
Total long-term liabilities	143,104	13,998
Total liabilities	455,456	106,997
Net assets		
Without donor restrictions	93,212	49,927
With donor restrictions	96,156	9,146
Total net assets	189,368	59,073
Total liabilities and net assets	\$ 644,824	\$ 166,070

The accompanying notes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc.
Statement of Activities

<i>For the year ended June 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants			
Corporate	\$ 69,350	\$ -	\$ 69,350
Individuals	44,655	-	44,655
Foundations	494,833	96,156	590,989
Governmental	414,042	-	414,042
In-kind	21,575	-	21,575
Total contributions and grants	1,044,455	96,156	1,140,611
Special events (\$8,513 in-kind)	180,755	-	180,755
Cost of direct benefit to donor	(11,719)	-	(11,719)
Special events, net	169,036	-	169,036
Board dues	3,317	-	3,317
Interest	136	-	136
Net assets released from restrictions:			
Satisfaction of purpose restrictions	9,146	(9,146)	-
Total revenue and other support	1,226,090	87,010	1,313,100
Expenses			
Program services	727,859	-	727,859
Supporting services			
Management and general	248,448	-	248,448
Fundraising	206,498	-	206,498
Total supporting services	454,946	-	454,946
Total expenses	1,182,805	-	1,182,805
Change in Net Assets	43,285	87,010	130,295
Net assets at beginning of year	49,927	9,146	59,073
Net assets at end of year	\$ 93,212	\$ 96,156	\$ 189,368

The accompanying notes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc.
Statement of Activities

<i>For the year ended June 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Other Support			
Contributions and grants			
Corporate	\$ 127,251	\$ -	\$ 127,251
Individuals	44,328	-	44,328
Foundations	346,854	90,000	436,854
Governmental	241,142	-	241,142
In-kind	35,325	-	35,325
Total contributions and grants	794,900	90,000	884,900
Special events (\$7,606 in-kind)	526,135	-	526,135
Cost of direct benefit to donor	(119,305)	-	(119,305)
Special events, net	406,830	-	406,830
Board dues	7,252	-	7,252
Interest	127	-	127
Net assets released from restrictions:			
Satisfaction of purpose restrictions	149,854	(149,854)	-
Total revenue and other support	1,358,963	(59,854)	1,299,109
Expenses			
Program services	958,637	-	958,637
Supporting services			
Management and general	199,067	-	199,067
Fundraising	134,041	-	134,041
Total supporting services	333,108	-	333,108
Total expenses	1,291,745	-	1,291,745
Change in Net Assets	67,218	(59,854)	7,364
Net (deficit) assets at beginning of year	(17,291)	69,000	51,709
Net assets at end of year	\$ 49,927	\$ 9,146	\$ 59,073

The accompanying notes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc.
Statement of Functional Expenses

	<u>Supporting Services</u>			Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
	Program Services	Management and General	Fundraising			
<i>For the year ended June 30, 2020</i>						
Salaries and payroll taxes	\$ 321,734	\$ 149,245	\$ 118,985	\$ 589,964	\$ -	\$ 589,964
Employee benefits	68,989	22,342	10,583	101,914	-	101,914
Franchise fees	83,554	22,061	7,234	112,849	-	112,849
Program materials	78,341	-	-	78,341	-	78,341
Fundraising events - indirect	-	-	43,966	43,966	-	43,966
Fundraising events - special events	-	-	-	-	11,719	11,719
Interest	10,466	3,389	1,606	15,461	-	15,461
Insurance	12,549	4,064	1,925	18,538	-	18,538
Professional fees	36,677	11,866	5,394	53,937	-	53,937
Office expense	14,353	4,648	2,202	21,203	-	21,203
Postage and delivery	335	109	52	496	-	496
Public relations and advertising	32,411	10,497	4,972	47,880	-	47,880
Staff training	2,611	846	400	3,857	-	3,857
Telephone	3,723	1,206	571	5,500	-	5,500
Travel	6,858	2,222	1,052	10,132	-	10,132
Occupancy	43,643	14,135	6,695	64,473	-	64,473
Licenses and permits	4,241	1,373	651	6,265	-	6,265
Miscellaneous	185	60	28	273	-	273
Bad debt	6,000	-	-	6,000	-	6,000
Depreciation and amortization	1,189	385	182	1,756	-	1,756
Total expenses including costs of direct benefits to donors	727,859	248,448	206,498	1,182,805	11,719	1,194,524
Less cost of direct benefits to donors netted against special events revenues on the statement of activities	-	-	-	-	(11,719)	(11,719)
Total expenses	\$ 727,859	\$ 248,448	\$ 206,498	\$ 1,182,805	\$ -	\$ 1,182,805

The accompanying footnotes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc.
Statement of Functional Expenses

	<u>Supporting Services</u>			Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
	Program Services	Management and General	Fundraising			
<i>For the year ended June 30, 2019</i>						
Salaries and payroll taxes	\$ 459,406	\$ 119,326	\$ 17,899	\$ 596,631	\$ -	\$ 596,631
Employee benefits	75,584	20,039	2,812	98,435	-	98,435
Franchise fees	29,995	7,920	2,597	40,512	-	40,512
Program materials	198,291	-	-	198,291	-	198,291
Fundraising events - indirect	-	-	103,463	103,463	-	103,463
Fundraising events - special events	-	-	-	-	119,305	119,305
Interest	10,078	2,672	375	13,125	-	13,125
Insurance	13,915	3,689	517	18,121	-	18,121
Professional fees	44,684	11,846	1,663	58,193	-	58,193
Office expense	13,004	3,448	484	16,936	-	16,936
Postage and delivery	572	151	21	744	-	744
Public relations and advertising	21,036	5,577	782	27,395	-	27,395
Staff training	3,961	1,050	147	5,158	-	5,158
Telephone	4,265	1,131	158	5,554	-	5,554
Travel	12,713	3,370	474	16,557	-	16,557
Occupancy	63,840	16,925	2,375	83,140	-	83,140
Licenses and permits	5,162	1,369	192	6,723	-	6,723
Miscellaneous	60	16	2	78	-	78
Depreciation	2,071	538	80	2,689	-	2,689
Total expenses including costs of direct benefits to donors	958,637	199,067	134,041	1,291,745	119,305	1,411,050
Less cost of direct benefits to donors netted against special events revenues on the statement of activities	-	-	-	-	(119,305)	(119,305)
Total expenses	\$ 958,637	\$ 199,067	\$ 134,041	\$ 1,291,745	\$ -	\$ 1,291,745

The accompanying footnotes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc.
Statements of Cash Flows

<i>For the year ended June 30,</i>	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 130,295	\$ 7,364
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities		
Depreciation	1,756	2,689
Changes in operating assets and liabilities		
Accounts receivable, net	(176,095)	(48,939)
Prepaid expenses	(87,925)	(851)
Accounts payable	(15,974)	(52,386)
Accrued expenses	(10,134)	639
Deferred revenue	262,750	-
Compensated absences	2,054	(1,841)
Net cash provided by (used in) operating activities	106,727	(93,325)
Investing activities		
Purchase of property and equipment	(1,716)	-
Net cash used in investing activities	(1,716)	-
Financing activities		
Net payments on line of credit	(21,237)	(53,606)
Acquisition of note payable	131,000	-
Net cash provided by (used in) financing activities	109,763	(53,606)
 Net change in cash and cash equivalents	 214,774	 (146,931)
 Cash and cash equivalents at beginning of year	 103,809	 250,740
 Cash and cash equivalents at end of year	 \$ 318,583	 \$ 103,809
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 15,461	\$ 13,125

The accompanying footnotes are an integral part of these financial statements.

Junior Achievement of North Florida, Inc. Notes to the Financial Statements

NOTE 1 – DESCRIPTION OF THE ORGANIZATION

Junior Achievement of North Florida, Inc. (the Organization) is a not-for-profit corporation which is affiliated with a national organization, JA USA, Inc. (JA USA). The Organization received its charter from JA USA in 1963 and was incorporated in the state of Florida in the same year. The purpose of the Organization is to educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the accrual of compensated absences and the allocation of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations. At June 30, 2020 the allowance totaled \$6,000 and bad debt expense for the period ending June 30, 2020 totaled \$6,000. There was no allowance or bad debt expense recorded at June 30, 2019.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Junior Achievement of North Florida, Inc. Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method. Estimated useful lives used in computing depreciation are as follows:

Furniture and equipment	1 - 10 years
-------------------------	--------------

Compensated Absences

Employees may accrue paid time off based upon their length of service, subject to certain limitations. Paid time off is recorded as an expense and liability at the time the accrued compensation is earned by the employee. Generally, accrued paid time off must be taken during the fiscal year earned; however, up to 80 hours may be carried forward per fiscal year. Accrued compensated absences totaled \$16,052 and \$13,998 for the years ended June 30, 2020 and 2019, respectively.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Junior Achievement of North Florida, Inc. **Notes to the Financial Statements**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Noncash donations are recorded as contributions at their fair values at the date of donation.

Donated materials and office space are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization received \$30,088 and \$42,931 in donated materials and office space for the years ended June 30, 2020 and 2019, respectively.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to payroll, payroll taxes, and employee benefits are allocated based on actual percentages of time spent in each functional area. Expenses not charged to a specific program or supporting function are allocated based on full-time equivalents and include the following: depreciation, insurance, utilities, telephone, office equipment expense, including interest on equipment leases, certain office supplies, general postage and printing, certain professional fees, and information technology.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs of advertising are expensed as incurred. During the years ended June 30, 2020 and 2019, advertising costs totaled \$52,392 and \$27,395, respectively.

Junior Achievement of North Florida, Inc. **Notes to the Financial Statements**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(3) of the Internal Revenue Code, the Organization is exempt from taxes on income other than unrelated business income. The Organization has no unrelated business income for the years ended June 30, 2020 and 2019.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

Reclassifications

Certain reclassifications were made to prior year balances to conform with current year presentation related to accounts payable, accrued expenses and compensated absences.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, February 16, 2021 and determined there were no events that occurred that require disclosure. See Note 14 for relevant disclosures.

Accounting Pronouncements not Yet Adopted

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance specifies that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This ASU and its amendments supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry specific guidance.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU ASU) 2016-02, *Leases (Topic 842)*, which requires the recognition of assets and liabilities arising from lease transactions on the balance sheet and the disclosure of additional information about leasing arrangements. This guidance specifies that, for all leases, interest expense and amortization of the right to use asset will be recorded for leases determined to be financing leases and straight-line lease expense will be recorded for leases determined to be operating leases. Lessees will initially recognize assets for the right to use the leased assets and liabilities for the obligations created by those leases. The new accounting standard must be adopted using a modified retrospective approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

Junior Achievement of North Florida, Inc.
Notes to the Financial Statements

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Pronouncements not Yet Adopted (continued)

Topics 606 and 802 were originally effective for the year ended June 30, 2020. However, in June 2020, the Financial Accounting Standards Board (FASB) issued ASU 2020-05 that effectively postponed the dates that Topics 606 and 842 go into effect for the Organization. The Organization is currently in the process of assessing what impact these new standards may have on the financial statements of future years.

NOTE 3 – FINANCIAL ASSET AVAILABILITY

The Organization maintains its financial assets primarily in cash and cash equivalents and accounts receivable to provide liquidity to ensure funds are available as the Organization’s expenditures come due. The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>June 30,</i>	2020	2019
Financial assets, at year-end	\$ 548,617	\$ 157,748
Less those not available for general expenditures within one year due to contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	(96,156)	(9,146)
Financial assets available to meet cash needs for general expenditures within one year	\$ 452,461	\$ 148,602

As more fully described in Note 6, the Organization has a committed line of credit in the amount of \$100,000, which can be drawn upon. At June 30, 2020 and 2019, the Organization had \$71,237 and \$50,000, respectively, of unused credit available for expenditure.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment- net consist of the following:

<i>June 30,</i>	2020	2019
Furniture and equipment	\$ 68,153	\$ 66,436
Less accumulated depreciation	(61,970)	(60,213)
Property and equipment, net	\$ 6,183	\$ 6,223

Depreciation expense totaled \$1,756 and \$2,689 for the years ended June 30, 2020 and 2019, respectively.

Junior Achievement of North Florida, Inc.
Notes to the Financial Statements

NOTE 5 – LONG-TERM DEBT

Long-term debt consists of the following:

<i>June 30,</i>	2020	2019
Note payable to foundation, monthly payments of \$2,500, bearing zero interest, maturing March 31, 2024, unsecured	\$ 30,000	\$ -
Note payable to financial institution, monthly payments of \$1,952, plus interest of 5.99% per annum, maturing June 25, 2026, unsecured	101,000	-
Total long-term debt	131,000	-
Less current portion	(3,948)	-
Long-term debt, less current portion	\$ 127,052	\$ -

There was no interest expense related to the long-term debt for the years ended June 30, 2020 and 2019.

<i>Year Ending June 30,</i>	
2021	\$ 3,948
2022	27,950
2023	29,055
2024	27,729
2025	21,474
Thereafter	20,844
Total	\$ 131,000

NOTE 6 - LINE OF CREDIT

The Organization maintains a line of credit agreement with financial institution. Available borrowings related to the agreement are \$100,000, with an interest rate of prime plus 1% (4.25% at June 30, 2020), secured by all tangible property of the Organization and is due on demand. The agreement contains certain financial covenants, as defined by the bank. The credit line expires in January and renews annually. The outstanding balance as of June 30, 2020 and 2019 was \$28,763 and \$50,000, respectively.

Interest expense on the line of credit totaled \$3,098 and \$1,855 for the years ended June 30, 2020 and 2019, respectively.

Junior Achievement of North Florida, Inc.
Notes to the Financial Statements

NOTE 7 - NET ASSETS

Net Assets With Donor Restrictions

A summary of net assets with donor restrictions follows:

<i>June 30,</i>	2020	2019
Weaver Foundation - hiring of a program manager and materials	\$ -	\$ 9,146
Jim Moran Foundation- eating healthy on a budget program	96,156	-
Total net assets with purpose restrictions	\$ 96,156	\$ 9,146

NOTE 8 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash with a financial institution in excess of the FDIC limit of \$250,000 by \$62,671 at June 30, 2020. There was no uninsured balance at June 30, 2019.

At June 30, 2020, two receivables accounted for approximately 93% of total receivables. At June 30, 2019, two receivables accounted for approximately 67% of total receivables.

NOTE 9 - COMMITMENTS

Leases

The Organization leases its office space and certain office equipment accounted for as operating leases. The leases expire in various years through 2023.

Minimum lease payments under noncancellable operating leases are as follows:

<i>Year Ending June 30,</i>	
2021	43,228
2022	27,842
2023	440
Minimum lease commitments	\$ 71,510

Rent expense for the years ended June 30, 2020 and 2019 was \$44,433 and \$47,508, respectively.

Junior Achievement of North Florida, Inc. Notes to the Financial Statements

NOTE 10 - EMPLOYEE RETIREMENT PLAN

Prior to June 30, 2019, the JA Worldwide, Inc. offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by JA Worldwide, Inc. and covered all full-time employees of JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. The Plan was accounted for like a multi-employer plan. Benefits were determined based on years of service and salary history. The Plan's assets were invested in various investment funds. Prior to June 30, 2019, the respective participants' employers were required to fund the Plan, as determined by JA Worldwide, Inc.'s Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, the Organization made contributions equal to 16.75% of plan participants' eligible compensation. JA Worldwide, Inc. recognizes, as net pension cost, the required contribution for the period and recognizes, 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 JA Worldwide, Inc. approved the termination of the 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, 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 are restricted for additional, future termination and other required administrative expenses. Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets 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, 2020.

To facilitate the termination of the Plan, JA Worldwide, Inc. obtained a \$12,000,000 revolving credit agreement. Under the plan of termination any amounts borrowed under the line would be used to pre-fund the plan on behalf of the JA Worldwide, Inc. and participating Junior Achievement Areas. As a result, JA Worldwide, Inc. has recorded a receivable for funds advanced to the Plan and expenses paid directly by JA Worldwide, Inc. on behalf of the other participating employers. The receivable is expected to be collected from the Plan rather than from participating employers, given the over funded status of the Plan.

Junior Achievement of North Florida, Inc. **Notes to the Financial Statements**

NOTE 10 - EMPLOYEE RETIREMENT PLAN (Continued)

Coinciding with the termination of the employee pension plan described above, the Organization implemented a defined contribution 401(k) safe harbor plan for eligible employees on August 1, 2019.

The contribution for the plan years ended June 30, 2020 and 2019, were \$64,142 and \$61,286, respectively.

NOTE 11 - HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN

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 USA chapters 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.

Postretirement Benefits Plan

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.

NOTE 12 - TRANSACTIONS WITH THE NATIONAL ORGANIZATION

The Organization is required to pay JA USA a percentage of contributions and net income from special events for national franchise fees. Amounts paid in franchise fees were \$112,849 and \$40,512 for the years ended June 30, 2020 and 2019, respectively. The Organization also purchases certain supplies and program materials from JA USA. Purchases totaled \$10,893 and \$110,510 for the years ended June 30, 2020 and 2019, respectively.

Junior Achievement of North Florida, Inc. **Notes to the Financial Statements**

NOTE 13 – UNCERTAINTIES- COVID-19

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, uncertainties have arisen that may have a significant negative impact on the operating activities and results of the Organization. The occurrence and extent of such an impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) voluntary and precautionary restrictions on travel or meetings, (iv) the effects on the financial markets, and (v) the effects on the economy overall, all of which are uncertain. The Organization's operations were temporarily shut down in March 2020, when Duval County Public Schools moved to a virtual environment. All fundraisers, programs and events that were scheduled from March 2020 and after were cancelled.

The Organization has been diligent in taking measures to minimize the impact on its operations that include establishing COVID protection practices and modifications to reduce potential exposure to COVID for staff, and has sought external funding and financial aid from external sources.

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Organization and received a PPP loan totaling \$137,832. The loan matures in April 2022 and bears interest at a fixed annual rate of 1% with the first six months of interest deferred. The Organization believes it used all of the proceeds from the loan for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven after June 30, 2020. Accordingly, the proceeds of the loan have been presented as contribution revenue for the year ended June 30, 2020.

NOTE 14 - SUBSEQUENT EVENTS

Management evaluated all events or transactions that occurred after June 30, 2020 through February 16, 2021, the date the Organization's financial statements were available to be issued. The following items occurred.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law. The Organization received \$192,000 from the City of Jacksonville as grant funds from the CARES Act in August 2020. The Organization believes it has complied with the grant requirements and does not believe any repayment of those funds will be requested.

On December 2, 2020 the Organization was notified that its application for forgiveness of the PPP Loan was accepted.