

**JUNIOR ACHIEVEMENT OF NORTH
FLORIDA, INC.**
(A NON PROFIT CORPORATION)

**Financial Statements
with
Independent Auditors' Report
For the Years Ended June 30, 2021 and 2020**

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
June 30, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of North Florida, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2021, and 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.

Auditors' 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 of material misstatement.

An audit includes 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.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
June 30, 2021

INDEPENDENT AUDITORS' REPORT

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, 2021, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the Organization for the year ended June 30, 2020 were audited by another auditor, who expressed an unmodified opinion on those statements on February 16, 2021.

Lake Brown Williams CPAs and Consultants, Inc.

St. Augustine, Florida
October 18, 2021

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
At June 30, 2021

Statements of Financial Position

Assets	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Current assets:		
Cash and cash equivalents	\$424,017	\$318,583
Accounts receivable, net	61,350	230,034
Prepaid expenses	81,069	90,024
Total current assets	<u>566,436</u>	<u>638,641</u>
Property and equipment, net of accumulated depreciation of \$63,563 and \$61,970	<u>7,879</u>	<u>6,183</u>
Total assets	<u><u>\$574,315</u></u>	<u><u>\$644,824</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$62,359	\$16,891
Compensated absences	14,952	16,052
Deferred revenue	115,180	262,750
Current portion of notes payable	25,981	3,948
Line of credit		28,763
Total current liabilities	<u>218,472</u>	<u>328,404</u>
Notes payable, less current portion	90,372	127,052
Less unamortized deferred loan costs	<u>(280)</u>	<u></u>
Total liabilities	<u>308,564</u>	<u>455,456</u>
Net assets:		
Without donor restrictions	249,891	93,212
With donor restrictions	15,860	96,156
Total net assets	<u>265,751</u>	<u>189,368</u>
Total liabilities and net assets	<u><u>\$574,315</u></u>	<u><u>\$644,824</u></u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Statement of Activities for the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions and grants			
Corporate	\$76,345		\$76,345
Individuals	40,643		40,643
Foundations	201,539	\$167,105	368,644
Governmental	193,458		193,458
In-kind	9,875		9,875
Total contributions and grants	<u>521,860</u>	<u>167,105</u>	<u>688,965</u>
Special events (\$7,860 in-kind)	454,564		454,564
Cost of direct benefit to donor	(91,656)		(91,656)
Total special events, net	<u>362,908</u>		<u>362,908</u>
Board dues	3,339		3,339
Interest	238		238
Net assets released from restrictions	247,401	(247,401)	
Total support and revenues	<u>1,135,746</u>	<u>(80,296)</u>	<u>1,055,450</u>
Expenses			
Program services	569,670		569,670
Supporting services:			
Management and general	216,364		216,364
Fundraising	190,850		190,850
Total supporting services	<u>407,214</u>		<u>407,214</u>
Total expenses	<u>976,884</u>		<u>976,884</u>
Change in net assets	158,862	(80,296)	78,566
Net assets at beginning of year, restated	<u>91,029</u>	<u>96,156</u>	<u>187,185</u>
Net assets at end of year	<u>\$249,891</u>	<u>\$15,860</u>	<u>\$265,751</u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Statement of Activities for the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
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	<u>1,044,455</u>	<u>96,156</u>	<u>1,140,611</u>
Special events (\$8,513 in-kind)	180,755		180,755
Cost of direct benefit to donor	(11,719)		(11,719)
Total special events, net	<u>169,036</u>		<u>169,036</u>
Board dues	3,317		3,317
Interest	136		136
Net assets released from restrictions	9,146	(9,146)	
Total support and revenues	<u>1,226,090</u>	<u>87,010</u>	<u>1,313,100</u>
Expenses			
Program services	<u>727,859</u>		<u>727,859</u>
Supporting services:			
Management and general	248,448		248,448
Fundraising	206,498		206,498
Total supporting services	<u>454,946</u>		<u>454,946</u>
Total expenses	<u>1,182,805</u>		<u>1,182,805</u>
Change in net assets	43,285	87,010	130,295
Net assets at beginning of year	<u>49,927</u>	<u>9,146</u>	<u>59,073</u>
Net assets at end of year	<u><u>\$93,212</u></u>	<u><u>\$96,156</u></u>	<u><u>\$189,368</u></u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Statement of Functional Expenses for the Year Ended June 30, 2021

	<u>Supporting Services</u>			Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
Salaries and payroll taxes	\$307,707	\$142,738	\$113,798	\$564,243		\$564,243
Employee benefits	32,908	10,657	5,048	48,613		48,613
Franchise fees	87,774	23,175	7,599	118,548		118,548
Program materials	16,373			16,373		16,373
Fundraising events - indirect			45,790	45,790		45,790
Fundraising events - special events					\$91,656	91,656
Interest	1,448	469	222	2,139		2,139
Insurance	13,571	4,395	2,082	20,048		20,048
Professional fees	37,274	12,059	5,482	54,815		54,815
Office expense	10,118	3,277	1,552	14,947		14,947
Postage and delivery	172	56	27	255		255
Public relations and advertising	18,660	6,043	2,862	27,565		27,565
Staff training	406	132	62	600		600
Telephone and internet	2,326	753	357	3,436		3,436
Travel	391	127	60	578		578
Occupancy	32,460	10,513	4,979	47,952		47,952
Licenses and permits	2,859	926	439	4,224		4,224
Miscellaneous	1,676	543	254	2,473		2,473
Bad debt	2,000			2,000		2,000
Depreciation	1,547	501	237	2,285		2,285
Total expense including costs of direct benefits to donors	<u>569,670</u>	<u>216,364</u>	<u>190,850</u>	<u>976,884</u>	<u>91,656</u>	<u>1,068,540</u>
Less cost of direct benefits to donors netted against special events revenue on the statement of activities					<u>(91,656)</u>	<u>(91,656)</u>
Total expenses	<u><u>\$569,670</u></u>	<u><u>\$216,364</u></u>	<u><u>\$190,850</u></u>	<u><u>\$976,884</u></u>		<u><u>\$976,884</u></u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Statement of Functional Expenses for the Year Ended June 30, 2020

	<u>Supporting Services</u>			Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>			
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 and internet	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 expense 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 revenue on the statement of activities					(11,719)	(11,719)
Total expenses	\$727,859	\$248,448	\$206,498	\$1,182,805		\$1,182,805

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Statements of Cash Flows

Cash flows from operating activities:	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Increase in net assets	\$78,566	\$130,295
Add back: depreciation expense	2,285	1,756
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
<i>(Increase)/decrease in operating assets:</i>		
Accounts receivable, net	168,684	(176,095)
Prepaid expenses	8,955	(87,925)
<i>Increase/(decrease) in operating liabilities:</i>		
Accounts payable and accrued liabilities	43,398	(26,108)
Compensated absences	(1,100)	2,054
Deferred revenue	<u>(147,570)</u>	<u>262,750</u>
Net cash provided by operating activities	<u>153,218</u>	<u>106,727</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(4,374)</u>	<u>(1,716)</u>
Net cash used by investing activities	<u>(4,374)</u>	<u>(1,716)</u>
Cash flows from financing activities:		
Repayments of line of credit	(28,763)	(21,237)
Proceeds from notes payable		131,000
Repayments of notes payable	<u>(14,647)</u>	<u></u>
Net cash provided/(used) by financing activities	<u>(43,410)</u>	<u>109,763</u>
Net increase in cash and cash equivalents	105,434	214,774
Cash and cash equivalents, beginning of year	<u>318,583</u>	<u>103,809</u>
Cash and cash equivalents, end of year	<u><u>\$424,017</u></u>	<u><u>\$318,583</u></u>
<i>Supplemental disclosures of cash flow information:</i>		
Cash paid for interest	<u>\$2,139</u>	<u>\$15,461</u>
Cash paid for income taxes	<u>None</u>	<u>None</u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Junior Achievement of North Florida, Inc. (the “Organization”) is a nonprofit corporation located in Jacksonville, Florida and is affiliated with a national organization, Junior Achievement USA, Inc. (JA USA). The Organization was incorporated in the State of Florida on March 4, 1994 for the purpose of inspiring young people to succeed in a global economy. Its programs foster work-readiness, entrepreneurship, and financial literacy skills, and use experimental learning to inspire students in the community to dream big and reach their potential. The Organization received its charter from JA USA in 1963 under a different name. The Organization has received tax exempt status under section 501(c)(3) of the Internal Revenue code.

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

Basis of Presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification No. 958, “Not-For-Profit Entities” (“ASC 958”). Under ASC 958, the Organization reports information regarding its financial position and activities according to the existence or absence of donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Without donor restrictions – Net assets that are not subject to donor-imposed stipulations, but may be designated for specific purposes by action of the Board of Directors.
- With donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time. When a restriction expires, the net asset is reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Contributions, including unconditional promises to give, are recognized as revenue in the period received and are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Contributions of gifts in-kind are recorded as revenue at their estimated fair value in the period received. Contributions are recorded as net assets without donor restrictions unless the donor has stipulated the period the assets are to be used, in which case, the contribution is recorded as net assets with donor restrictions.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Fair Value of Financial Instruments

The Organization's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and deferred revenue. The values of the Organization's financial instruments approximate their fair values because of the short-term nature of these instruments.

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of gift, if contributed. Depreciation of property and equipment is computed using the straight-line method of accounting over the estimated useful lives of the depreciable assets, which range from three to ten years. Routine maintenance and repair costs are charged to expense as incurred while major replacements and improvements are capitalized as additions to the related assets. The Organization has a \$500 capitalization policy. When assets are sold or retired, the related cost and accumulated depreciation is removed from the accounts and gains or losses from the disposition are credited or charged to income.

Contributed Assets

Contributed office space and materials are recorded as revenue at their estimated fair value in the period received. The Organization received \$17,735 and \$30,088 in contributed office space and materials for the years ended June 30, 2021 and 2020, respectively.

Contributed Services

Contributed services are recognized and reported at fair value in the period received, if the services received create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by contribution. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring a specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific educational programs and various other assignments.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 1 - NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Statutes. In addition, the Organization has been classified as an organization that is not a private foundation under Section 509(a).

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. Generally, the Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before June 30, 2018.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures at the date of the financial statements and the reported amounts of revenues and support, and expenses during the reporting period. Actual results could differ from those estimates.

Functional 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: insurance, utilities, telephone, office supplies and equipment, postage, certain professional fees, information technology, and interest.

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expenses totaled \$27,565 and \$47,880 for the years ended June 30, 2021 and 2020.

NOTE 2 - DATE OF MANAGEMENT'S REVIEW AND SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 18, 2021, the date that the financial statements were available to be issued. Based upon this evaluation, it was determined that the Organization obtained a COVID-19 economic injury disaster loan from the U.S. Small Business Administration (SBA) on August 16, 2021 in the amount of \$500,000. The first payment of \$2,189 is not due until February 10, 2023.

Also, on August 12, 2021, the Organization was notified that its second Payroll Protection Plan loan was forgiven (see Note 11).

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

Effective January 1, 2013, Federal Deposit Insurance Corporation (“FDIC”) insures balances of less than \$250,000 (per tax identification number) for cash accounts. From time to time, balances may exceed amounts insured by the FDIC. The Organization had a cash balance with a financial institution in excess of the FDIC limit by \$168,791 and \$62,671 as of June 30, 2021 and 2020, respectively. The Organization has not experienced any losses on these accounts.

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization operates under a budget for activities supported by contributions, grants, fundraising, and programs. The Board of Directors is responsible for monitoring the liquidity necessary to meet the Organization’s operating needs and meets regularly throughout the year to evaluate the actual results of financial operations versus the budget. The following table reflects the Organization’s financial assets as of June 30, 2021 and 2020, reduced by amounts not available for general use because of donor-imposed restrictions.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Financial assets at year end	\$485,367	\$548,617
Less those restricted by donor with purpose restrictions	<u>(15,860)</u>	<u>(96,156)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$469,507</u>	<u>\$452,461</u>

In addition to the above amounts, the Organization has access to a \$100,000 line of credit at South State Bank (see Note 10). At June 30, 2021 and 2020, the Organization had \$100,000 and \$71,237 of unused credit available for expenditure.

NOTE 5 - ACCOUNTS RECEIVABLE

As of June 30, 2021, the accounts receivable balance of \$61,350 included sponsorships, program grant, and teaching kit supplies program revenue. No allowance for uncollectible accounts has been recorded since management considers these balances to be collectible as of June 30, 2021.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Office furniture and equipment	\$71,442	\$68,153
Less: accumulated depreciation	<u>(63,563)</u>	<u>(61,970)</u>
Property and equipment, net	<u>\$7,879</u>	<u>\$6,183</u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 6 - PROPERTY AND EQUIPMENT (CONTINUED)

Total depreciation expense for the years ending June 30, 2021 and 2020 was \$2,285 and \$1,756.

NOTE 7 - NET ASSETS

Net assets without donor restrictions encompasses charitable contributions, grants, and fundraising receipts that are available for use for the various activities of the Organization, including (1) support of program activities and fundraising and charitable activities at the discretion of the Board of Directors; (2) operational and administrative functions; and (3) expenses attributed to contributions with donor-imposed restrictions that have been met during the same reporting period.

Net assets with donor restrictions represent gifts that are subject to donor-imposed restrictions to be used for a specific purpose. The beginning balance in net assets with donor restrictions was \$96,156 and included funds from the Jim Moran Foundation for the Eating Healthy on a Budget Program. This program was canceled due to COVID-19, and it was approved that the funds be used for payroll and other operating expenses. The balance was reclassified to net assets without donor restrictions and applied toward 2020-2021 operating expenses. During 2020-2021, the Organization received designated grants totaling \$167,105. Of this total amount, \$122,000 was designated for Junior Achievement Inspire programs, \$20,000 for virtual programming due to COVID-19, \$15,105 for COVID-19 safety re-opening or operating expenses, and \$10,000 for JA Girl\$ It's Her Business program. All but \$15,860 of the proceeds designated for Inspire programs was spent for designated purposes. This balance remains in net assets with donor restrictions at year-end.

Net assets consisted of the following at June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Without Donor Restrictions		
General Fund	\$242,012	\$87,029
Property and Equipment Fund	7,879	6,183
Total	<u>\$249,891</u>	<u>\$93,212</u>
With Donor Restrictions		
Jim Moran Foundation - JA Inspire Program	\$12,610	
Jim Moran Foundation - Eating Healthy on a Budget Program		\$96,156
Truist Foundation - JA Inspire Exploration Program	3,250	
Total	<u>\$15,860</u>	<u>\$96,156</u>

NOTE 8 - DEFERRED REVENUE

Deferred revenue totaled \$115,180 at June 30, 2021 and consisted of revenue for the Golf Classic tournament that took place in July 2021 and the Smart Women Make Change! event in October 2021. These proceeds have been recorded as a deferred revenue liability on the balance sheet and will be transferred to revenues after the events take place.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 9 - NOTES PAYABLE

On May 6, 2020, the Organization obtained an unsecured promissory note from VyStar Credit Union (“VyStar”) in the amount of \$100,000 for COVID-19 pandemic relief through VyStar’s Small Business Relief Loan program. The note carries a fixed interest rate of 5.99% per annum and matures on June 25, 2026. Monthly payments of principal and interest in the amount of \$1,739 were due beginning June 25, 2021. 10% of the principal loan balance will be forgiven each year as part of the COVID-19 Small Business Relief Grant Program Management Agreement between the City of Jacksonville and VyStar Credit Union dated April 8, 2020. During June 2021, VyStar forgave \$9,998 of the loan balance. This amount has been recognized as government grant revenue for the year ended June 30, 2021. The loan balances outstanding as of June 30, 2021 and 2020 were \$88,853 and \$101,000. Interest expense on the loan totaled \$1,176 for the year ended June 30, 2021. There was no interest paid on the loan for the year ended June 30, 2020.

On May 16, 2020, the Organization obtained a promissory note from Achievement Foundation, Inc. in the amount of \$30,000 for the purpose of paying past due JA USA program and support fees. The loan matures on March 31, 2024 and carries no interest as long as payments are made on time. Quarterly payments of \$2,500 were due beginning on or before June 30, 2021. The loan balances outstanding as of June 30, 2021 and 2020 were \$27,500 and \$30,000.

Future principal payments on the two notes payable are as follows:

Year ended June 30,	
2022	\$25,981
2023	26,965
2024	25,510
2025	19,119
2026	<u>18,778</u>
 Total	 <u><u>\$116,353</u></u>

In April 2015, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2015-03, Interest-Imputation of Interest: Simplifying the Presentation of Debt Issuance Costs. ASU 2015-03 requires that debt issuance costs be presented as a direct deduction from the carrying value of the related debt liability and amortization is required to be included with interest expense in the statement of revenues, expenses and changes in fund balances. As a result, deferred loan costs have been reported on the balance sheet in long-term liabilities. As of June 30, 2021, unamortized deferred loan costs of \$280 consist of loan costs of \$350 less accumulated amortization of \$70.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 10 - LINE OF CREDIT

The Organization maintains a \$100,000 line of credit agreement with South State Bank that is secured by all tangible property and due on demand. The line of credit expires and renews annually in January. The interest rate was 4.25% during the year ended June 30, 2021. Interest expense on the line of credit totaled \$1,198 and \$3,098 for the years ended June 30, 2021 and 2020. The Organization repaid the prior year's balance of \$28,763 in May 2021.

NOTE 11 - PAYROLL PROTECTION PLAN LOAN (FORGIVEN SUBSEQUENT TO YEAR-END)

In response to the COVID-19 pandemic (see Note 12), the U.S. government approved a stimulus package including a Payroll Protection Program loan (PPP) to be administered by the Small Business Administration. In February 2021, the Organization was approved for a second loan with the Small Business Association in the amount of \$111,410. Prior to the due date of the first payment, the Association applied for forgiveness of the loan amount. On August 12, 2021 the entire loan balance of \$111,410 was forgiven. This has been recognized as government grant revenue for the year ended June 30, 2021.

NOTE 12 - COVID-19

During 2020, the outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services disrupted businesses around the globe. While it is reasonably possible that the virus could have a negative financial effect on the Organization, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

The Organization's operations were temporarily shut down in March 2020, when Duval County Public Schools moved to a virtual environment. While in-school learning resumed during the year ended June 30, 2021, the school system is still limiting interactions that students have with volunteers. The Organization has been diligent in taking measures to minimize its impact on its operations that include establishing protection practices to reduce potential exposure to COVID-19, as well as securing financial aid from external sources.

NOTE 13 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments totaling \$2,183 have been recorded to the net assets without donor restrictions balance as of July 1, 2020. These include certain assets and liabilities identified during 2020-2021 that related to prior years. These items have been recorded as a restatement of the beginning net assets without donor restrictions rather than in the current year revenues and expenses in order to avoid overstating the current year activities.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 14 - COMMITMENTS AND CONTINGENCIES

The Organization may be periodically involved in actions and claims that arise as a result of events that occur in the normal course of operations. Management reviews the validity of such actions and acts accordingly. The financial statements do not include any adjustments for such actions. The Organization also has entered into various contracts for services, equipment leases, and rental of facilities.

Beginning in February 2021, the Organization contracted with Navigate to perform contract bookkeeping services. Total compensation for fees paid under this contract totaled \$9,582 for the year ended June 30, 2021.

On December 20, 2018, the Organization renewed its operating lease with Midtown Centre, LLC for use of its office space. Rent expense for the years ended June 30, 2021 and 2020 was \$37,997 and \$44,433. The Organization also leases certain office equipment as operating leases. The leases expire in various years through 2023.

Future minimum lease payments are as follows:

Year ended June 30,	
2022	\$30,447
2023	<u>1,959</u>
Total	<u><u>\$32,406</u></u>

NOTE 15 - TRANSACTIONS WITH THE JA USA

The Organization is required to pay JA USA program and support fees that are based on a percentage of contributions and net income from special events. The Organization paid program and support fees totaling \$118,548 and \$112,849 for the years ended June 30, 2021 and 2020. The Organization also purchases program materials and supplies from JA USA. These purchases totaled \$2,465 and \$10,893 for the years ended June 30, 2021 and 2020.

NOTE 16 - VACATION POLICY

The Organization grants vacation to full-time and part-time employees in recognition of service. Vacation is calculated according to the calendar year. For full-time employees, vacation hours are earned each pay period based on the number of years of service ranging from 3.08 to 7.69 hours. Part-time employees receive 20 hours of annual leave that is pro-rated. No more than 80 hours may be carried over into the new calendar year unless approved by the President. In the event that an employee carries over more than 80 hours, he or she is only entitled to be paid for 80 hours if they leave the Organization. As of June 30, 2021 and 2020, the organization's compensated absences totaled \$14,952 and \$16,052.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 17 - PERSONAL AND SICK LEAVE POLICY

In addition to vacation pay, employees are also entitled to personal and sick leave. Full-time employees receive 16 hours of personal and 40 hours of sick leave each calendar year. Part-time employees receive 8 hours of personal leave and 20 hours of sick leave per calendar year. These hours renew annually on January 1st and are not allowed to be carried over. The Organization does not have an accrued liability for employee personal or sick pay since they are forfeited if not taken by year end.

NOTE 18 - PENSION AND POSTRETIREMENT PLAN

Multi-employer Pension Plan (Terminated Effective June 30, 2019)

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 full-time 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 in 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 the Organization 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, the Organization 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, 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.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 18 - PENSION AND POSTRETIREMENT PLAN (CONTINUED)

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 20.

NOTE 19 - 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 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. The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2021 and 2020, was \$33,265 and \$33,718, respectively.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employers. 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 20 - PROFIT SHARING PLAN

Starting on July 1, 2019, the Organization implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization's contributions to the plan are determined annually by the Board of Directors. Contributions to the plan totaled \$11,529 and \$5,685 for the years ended June 30, 2021 and 2020, respectively.

NOTE 21 - RECENT ACCOUNTING PRONOUNCEMENTS

ASU 2014-09, Revenue from Contracts with Customers

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU replaces most existing revenue recognition guidance in U.S. GAAP. The standard permits the use of either the retrospective or cumulative effect transition method.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Year Ended June 30, 2021

Notes to the Financial Statements

NOTE 21 - RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers* (Topic 606), which deferred the effective date of the new revenue recognition standard for one year. The new standard was effective for the Organization beginning on July 1, 2020. There were no changes to the financial statements in 2020-2021 as a result of the adoption of this new standard.

ASU 2016-02, Leases

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires organizations that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding twelve months. ASU No. 2016-02 defines a lease as a contract or part of a contract that conveys the right to control the use of identified assets for a period of time in exchange for consideration. The lessee in a lease will be required to initially measure the right-of-use asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the right-of-use asset. ASU No. 2016-02 was originally effective for the Organization for the year ending June 30, 2020; however in June 2020, the FASB issued ASU 2020-05 that effectively postponed the date that topic 842 goes into effect due to the COVID-19 pandemic. The Organization is evaluating the effect that ASU No. 2016-02 will have on its financial statements and related disclosures when fully adopted.