

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

**Financial Statements
with
Independent Auditors' Report
For the Years Ended June 30, 2022 and 2021**

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
June 30, 2022 and 2021

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Junior Achievement of North Florida, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of North Florida, Inc. as of June 30, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our 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 Junior Achievement of North Florida, Inc. 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 Junior Achievement of North Florida Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
June 30, 2022 and 2021

INDEPENDENT AUDITORS' REPORT

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

LBW CPAs and Associates, Inc.

St. Augustine, Florida
September 27, 2022

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
At June 30, 2022 and 2021

Statements of Financial Position

Assets	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Current assets:		
Cash and cash equivalents	\$1,105,241	\$424,017
Accounts receivable	56,500	61,350
Prepaid expenses	<u>6,675</u>	<u>81,069</u>
Total current assets	1,168,416	566,436
Property and equipment, less accumulated depreciation of \$65,103 and \$63,563	<u>6,339</u>	<u>7,879</u>
Total assets	<u><u>\$1,174,755</u></u>	<u><u>\$574,315</u></u>
 Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$82,373	\$62,359
Compensated absences	15,093	14,952
Deferred revenue	133,350	115,180
Current portion of notes payable	<u>32,787</u>	<u>25,981</u>
Total current liabilities	263,603	218,472
Notes payable, less current portion	548,049	90,372
Less unamortized deferred loan costs	<u>(210)</u>	<u>(280)</u>
Total liabilities	<u>811,442</u>	<u>308,564</u>
Net assets:		
Without donor restrictions	363,313	249,891
With donor restrictions	<u>15,860</u>	<u>15,860</u>
Total net assets	<u>363,313</u>	<u>265,751</u>
Total liabilities and net assets	<u><u>\$1,174,755</u></u>	<u><u>\$574,315</u></u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Statement of Activities for the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions and grants			
Corporate	\$177,896	\$99,303	\$277,199
Individuals	34,018	1,485	35,503
Foundations	170,233	38,800	209,033
Governmental	224,666	18,000	242,666
In-kind	5,180		5,180
Total contributions and grants	<u>611,993</u>	<u>157,588</u>	<u>769,581</u>
Special events	435,182		435,182
Cost of direct benefit to donors	<u>(108,753)</u>		<u>(108,753)</u>
Total special events, net	<u>326,429</u>		<u>326,429</u>
Board dues	5,259		5,259
Interest	247		247
Net assets released from restrictions	<u>173,448</u>	<u>(173,448)</u>	
Total support and revenues	<u>1,117,376</u>	<u>(15,860)</u>	<u>1,101,516</u>
Expenses			
Program services	<u>597,426</u>		<u>597,426</u>
Supporting services:			
Management and general	207,971		207,971
Fundraising	<u>199,464</u>		<u>199,464</u>
Total supporting services	<u>407,435</u>		<u>407,435</u>
Total expenses	<u>1,004,861</u>		<u>1,004,861</u>
Change in net assets	112,515	(15,860)	96,655
Net assets at beginning of year, restated	<u>250,798</u>	<u>15,860</u>	<u>266,658</u>
Net assets at end of year	<u>\$363,313</u>		<u>\$363,313</u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 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 donors	<u>(91,656)</u>		<u>(91,656)</u>
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	<u>247,401</u>	<u>(247,401)</u>	
Total support and revenues	<u>1,135,746</u>	<u>(80,296)</u>	<u>1,055,450</u>
Expenses			
Program services	<u>569,670</u>		<u>569,670</u>
Supporting services:			
Management and general	216,364		216,364
Fundraising	<u>190,850</u>		<u>190,850</u>
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 Years Ended June 30, 2022 and 2021

Statement of Functional Expenses for the Year Ended June 30, 2022

	<u>Supporting Services</u>			Total Functional Expenses	Cost of Direct Benefits to Donors	Total Expenses
	Program Services	Management and General	Fundraising			
Salaries and payroll taxes	\$304,093	\$141,062	\$112,461	\$557,616		\$557,616
Employee benefits	30,489	9,496	9,996	49,981		49,981
Franchise fees	70,230	18,543	6,080	94,853		94,853
Program materials	67,823			67,823		67,823
Fundraising events - indirect			30,012	30,012		30,012
Fundraising events - special events					\$108,753	108,753
Interest	6,833	2,128	2,241	11,202		11,202
Insurance	12,783	3,981	4,191	20,955		20,955
Professional fees	35,125	10,941	11,516	57,582		57,582
Office expense	13,341	4,156	4,374	21,871		21,871
Postage and delivery	944	294	310	1,548		1,548
Public relations and advertising	13,556	4,222	4,444	22,222		22,222
Staff training	1,636	510	536	2,682		2,682
Telephone and internet	3,162	985	1,037	5,184		5,184
Travel	5,949	1,853	1,950	9,752		9,752
Occupancy	27,254	8,489	8,936	44,679		44,679
Licenses and permits	2,075	646	681	3,402		3,402
Miscellaneous	1,194	372	391	1,957		1,957
Depreciation	939	293	308	1,540		1,540
Total expense including cost of direct benefit to donors	597,426	207,971	199,464	1,004,861	108,753	1,113,614
Less cost of direct benefit to donors netted against special events revenue on the statement of activities					(108,753)	(108,753)
Total expenses	\$597,426	\$207,971	\$199,464	\$1,004,861		\$1,004,861

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

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

	<u>Supporting Services</u>			Total Functional Expenses	Cost of Direct Benefit 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 cost of direct benefit to donors	569,670	216,364	190,850	976,884	91,656	1,068,540
Less cost of direct benefit to donors netted against special events revenue on the statement of activities					(91,656)	(91,656)
Total expenses	\$569,670	\$216,364	\$190,850	\$976,884		\$976,884

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Statements of Cash Flows

Cash flows from operating activities:	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Increase in net assets	\$96,655	\$78,566
Add back: depreciation expense	1,540	2,285
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
<i>(Increase)/decrease in operating assets:</i>		
Accounts receivable	4,850	168,684
Prepaid expenses	74,394	8,955
<i>Increase/(decrease) in operating liabilities:</i>		
Accounts payable and accrued liabilities	20,921	43,398
Compensated absences	141	(1,100)
Deferred revenue	18,170	(147,570)
Net cash provided by operating activities	<u>216,671</u>	<u>153,218</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u> </u>	<u>(4,374)</u>
Net cash used in investing activities	<u> </u>	<u>(4,374)</u>
Cash flows from financing activities:		
Repayments of line of credit	<u> </u>	<u>(28,763)</u>
Proceeds from notes payable	499,900	
Repayments of notes payable	(35,347)	(14,647)
Net cash provided by/(used in) financing activities	<u>464,553</u>	<u>(43,410)</u>
Net increase in cash and cash equivalents	681,224	105,434
Cash and cash equivalents, beginning of year	<u>424,017</u>	<u>318,583</u>
Cash and cash equivalents, end of year	<u>\$1,105,241</u>	<u>\$424,017</u>
<i>Supplemental disclosures of cash flow information:</i>		
Cash paid for interest	<u>\$4,878</u>	<u>\$2,139</u>
Cash paid for income taxes	<u>None</u>	<u>None</u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 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 Years Ended June 30, 2022 and 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 and Services

Contributed assets are recorded as revenue at their estimated fair value in the period received. 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.

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).

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

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

Income Tax Status (Continued)

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, 2019.

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 and payroll taxes 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, employee benefits, 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 \$22,222 and \$27,565 for the years ended June 30, 2022 and 2021, respectively.

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 September 27, 2022, the date that the financial statements were available to be issued. There have been no events requiring disclosure except for the receipt of a significant donation in the amount of \$800,000 from Philanthropist MacKenzie Scott in August of 2022 (see Note 4).

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 \$391,700 and \$168,791 as of June 30, 2022 and 2021, respectively. The Organization has not experienced any losses on these accounts.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

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, 2022 and 2021, reduced by amounts not available for general use because of donor-imposed restrictions.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Financial assets at year end	\$1,161,741	\$485,367
Less those restricted by donor with purpose restrictions	<u> </u>	<u>(15,860)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,161,741</u>	<u>\$469,507</u>

In addition to the above amounts, the Organization has access to a \$100,000 line of credit at SouthState Bank (see Note 10). At June 30, 2022 and 2021, the Organization had \$100,000 of unused credit available for expenditures.

Subsequent to year end, the Organization received a significant donation in the amount of \$800,000 from Philanthropist McKenzie Scott to be used for financial literacy and work readiness learning experiences. It is part of a total of \$38.8 million donated to JA USA and JA operations in 26 communities across the country.

NOTE 5 - ACCOUNTS RECEIVABLE

As of June 30, 2022, the accounts receivable balance of \$56,500 included sponsorships. No allowance for uncollectible accounts has been recorded since management considers these balances to be collectible.

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Office furniture and equipment	\$71,442	\$71,442
Less: accumulated depreciation	<u>(65,103)</u>	<u>(63,563)</u>
Property and equipment, net	<u>\$6,339</u>	<u>\$7,879</u>

Total depreciation expense for the years ending June 30, 2022 and 2021 was \$1,540 and \$2,285.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

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 balance in net assets with donor restrictions at June 30, 2021 was \$15,860 and included funds for “Inspire” programs from the Jim Moran Foundation. During the year ending June 30, 2022, all of these funds were spent for designated “Inspire” program purposes leaving no balance in net assets with donor restrictions as of June 30, 2022.

Net assets consisted of the following at June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Without Donor Restrictions		
General fund	\$356,974	\$242,012
Property and equipment fund	6,339	7,879
Total	\$363,313	\$249,891
With Donor Restrictions		
Jim Moran Foundation - JA Inspire Program		\$12,610
Truist Foundation - JA Inspire Exploration Program		3,250
Total		\$15,860

NOTE 8 - IN-KIND CONTRIBUTIONS

The Organization received the following unrestricted in-kind contributions for the years ending June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Office rental (Big Bend)		\$6,875
Program facility rental	\$2,000	2,000
Program materials	180	
Special event facility rental		4,500
Special event materials		1,360
Storage unit rental	3,000	3,000
Total in-kind contributions	\$5,180	\$17,735

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

NOTE 8 - IN-KIND CONTRIBUTIONS (CONTINUED)

Contributed office space, storage unit, and facilities space is used for program operations, supporting services, and fundraising events. Contributed space fair value is estimated using a market analysis of the average price per square foot of similar rental listings in the Organization's area. Contributed program and special event materials included food and event programs. Contributed materials are valued using estimated costs of identical or similar products on the date of the donation.

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. Ten percent 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 May 2022, VyStar forgave \$7,510 of the loan balance. This amount has been recognized as government contribution revenue for the year ended June 30, 2022. The loan balances outstanding as of June 30, 2022 and 2021 were \$63,436 and \$88,853. Interest expense totaled \$4,878 and \$1,176 for the years ended June 30, 2022 and 2021, respectively.

On May 19, 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 if 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, 2022 and 2021 were \$17,500 and \$27,500, respectively.

On August 3, 2021, the Organization obtained an Economic Injury Disaster Loan (EIDL) from the U.S. Small Business Administration (SBA) in the amount of \$500,000 for COVID-19 pandemic relief. The note carries a fixed interest rate of 2.75% per annum and matures on August 3, 2051. Monthly payments of principal and interest in the amount of \$2,189 are due beginning in February 2023. Interest has been accruing since the date of the advance and totaled \$12,251 for the year ended June 30, 2022. This balance is included in accounts payable and accrued liabilities on the Statements of Financial Position.

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

Year ended June 30,	
2023	\$32,787
2024	38,952
2025	32,956
2026	21,041
2027	13,927
Thereafter	441,173
Total	<u><u>\$580,836</u></u>

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

NOTE 9 - NOTES PAYABLE (CONTINUED)

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, 2022, unamortized deferred loan costs of \$210 consist of loan costs of \$350 less accumulated amortization of \$140.

NOTE 10 - LINE OF CREDIT

The Organization maintains a \$100,000 line of credit agreement with SouthState Bank that is secured by all tangible property and due on demand. The line of credit expires and renews annually in March. The interest rate was 5.07% during the year ended June 30, 2022. There was no activity on this line of credit during 2021-2022.

NOTE 11 - DEFERRED REVENUE

Deferred revenue totaled \$133,350 at June 30, 2022 and consisted of revenue for the year ending June 30, 2023 programs and the Golf Classic tournament that took place in September of 2022. These proceeds have been recorded as a deferred revenue liability on the balance sheet and will be transferred to revenues after the programs and events take place.

NOTE 12 - COVID-19

The outbreak and spread of the COVID-19 virus was classified as a pandemic by the World Health Organization. The Organization’s operations were temporarily shut down in March 2020, when Duval County Public Schools moved to a virtual environment. Volunteers were allowed back into Duval County Public Schools in October 2021. The Organization has been diligent in taking measures to minimize the 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.

During the year ended June 30, 2022, the Organization received Employee Retention Credits (ERC) totaling \$143,542 that are included in governmental contributions on the Statement of Activities. The ERC was established under the CARES Act as a refundable tax credit to encourage businesses to keep employees on their payroll.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

NOTE 13 - 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 CFO Services to perform contract bookkeeping services. Total compensation for fees paid under this contract totaled \$42,000 and \$9,582 for the years ended June 30, 2022 and 2021, respectively.

On December 20, 2018 and March 1, 2022, the Organization renewed its operating lease with Midtown Centre, LLC for use of its office space. Rent expense for the years ended June 30, 2022 and 2021 was \$41,679 and \$37,997, respectively. 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, 2023	<u>\$32,271</u>
Total	<u><u>\$32,271</u></u>

NOTE 14 - TRANSACTIONS WITH 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 \$94,853 and \$118,548 for the years ended June 30, 2022 and 2021. The Organization also purchases program materials and supplies from JA USA. These purchases totaled \$10,472 and \$2,465 for the years ended June 30, 2022 and 2021, respectively.

NOTE 15 - 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 of the Organization. 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, 2022 and 2021, the Organization's compensated absences liability totaled \$15,093 and \$14,952, respectively.

JUNIOR ACHIEVEMENT OF NORTH FLORIDA, INC.
For the Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

NOTE 16 - 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 17 - 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 similar to 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, 2022 and 2021 was \$26,322 and \$33,265, 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 18 - 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 \$22,602 and \$11,529 for the years ended June 30, 2022 and 2021, respectively.

NOTE 19 - PRIOR PERIOD ADJUSTMENTS

Prior period adjustments totaling \$907 have been recorded to the net assets without donor restrictions balance as of July 1, 2021. These include certain assets and liabilities identified during the current year 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 Years Ended June 30, 2022 and 2021

Notes to the Financial Statements

NOTE 20 - RECENT ACCOUNTING PRONOUNCEMENTS

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 is effective for the Organization for the year ended June 30, 2023. The Organization is evaluating the effect that ASU No. 2016-02 will have on its financial statements and related disclosures when fully adopted.

ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 was effective for the Organization for the year ended June 30, 2022.