

---

***JUNIOR ACHIEVEMENT OF  
GREATER ST. LOUIS, INC.***  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2020*

---

Invest, Involve, Inspire



## **Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b> .....	1 - 2
 <b>Financial Statements</b>	
Statement Of Financial Position.....	3
Statement Of Activities .....	4
Statement Of Functional Expenses .....	5
Statement Of Cash Flows.....	6
Notes To Financial Statements.....	7 - 24



RubinBrown LLP  
Certified Public Accountants &  
Business Consultants

One North Brentwood  
Saint Louis, MO 63105

T 314.290.3300  
F 314.290.3400

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

## Independent Auditors' Report

Board of Directors  
Junior Achievement of Greater St. Louis, Inc.  
St. Louis, Missouri

### Report On The Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Greater St. Louis, Inc., a not-for-profit organization, which comprise the statement of financial position as of June 30, 2020, 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 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 Greater St. Louis, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

***Report On Summarized Comparative Information***

We have previously audited Junior Achievement of Greater St. Louis, Inc.'s June 30, 2019 financial statements, and our report dated September 25, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

September 28, 2020

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF FINANCIAL POSITION

	June 30,	
	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 551,991	\$ 195,930
Investments (Note 3)	1,380,770	2,004,925
Accounts receivable	2,500	—
Pledges receivable, net (Notes 5 and 7)	749,758	627,650
Other current assets	21,979	34,837
<b>Total Current Assets</b>	<b>2,706,998</b>	<b>2,863,342</b>
<b>Property And Equipment</b>		
Land and improvements	683,305	683,305
Building	6,300,480	6,261,883
Equipment	986,570	984,923
	7,970,355	7,930,111
Less: Accumulated depreciation	(3,344,099)	(3,088,648)
<b>Property And Equipment, Net</b>	<b>4,626,256</b>	<b>4,841,463</b>
<b>Long-Term Pledges Receivable, Net (Notes 5 And 7)</b>	<b>569,000</b>	<b>932,000</b>
<b>Investments Restricted For Endowment (Notes 3 And 6)</b>	<b>84,957</b>	<b>84,957</b>
<b>Total Assets</b>	<b>\$ 7,987,211</b>	<b>\$ 8,721,762</b>

### Liabilities And Net Assets

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 238,268	\$ 181,625
Borrowings on line of credit (Note 9)	500,000	200,000
Paycheck Protection Program loan (Note 9)	125,239	—
Deferred revenue (Note 7)	101,365	110,298
<b>Total Current Liabilities</b>	<b>964,872</b>	<b>491,923</b>
<b>Long-Term Liabilities</b>		
Paycheck Protection Program loan (Note 9)	319,761	—
<b>Total Liabilities</b>	<b>1,284,633</b>	<b>491,923</b>
<b>Net Assets</b>		
Without donor restrictions (Note 6)	6,293,655	7,738,428
With donor restrictions (Note 6)	408,923	491,411
<b>Total Net Assets</b>	<b>6,702,578</b>	<b>8,229,839</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 7,987,211</b>	<b>\$ 8,721,762</b>

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF ACTIVITIES For The Years Ended June 30, 2020 And 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support And Revenues</b>						
<b>Support</b>						
Contributions (Note 7):						
Corporate	\$ 587,453	\$ 12,166	\$ 599,619	\$ 1,398,790	\$ 65,000	\$ 1,463,790
Individual	250,687	—	250,687	158,222	4,000	162,222
Foundations	182,950	20,000	202,950	216,383	25,000	241,383
Donated supplies, equipment and services (Note 7)	37,600	—	37,600	33,963	—	33,963
Clarification of donor intent (Note 6)	—	—	—	43,175	(43,175)	—
Net assets released from restrictions (Note 6)	406,454	(406,454)	—	1,087,767	(1,087,767)	—
Total Support	1,465,144	(374,288)	1,090,856	2,938,300	(1,036,942)	1,901,358
<b>Revenues</b>						
Capstone Programs sponsorships (Note 7)	255,333	—	255,333	227,000	—	227,000
Capstone Programs student fees	124,691	—	124,691	248,237	—	248,237
Special event revenue (Note 7):						
Golf Classic	139,699	25,200	164,899	161,902	50,350	212,252
Bowl-A-Thon	229,071	3,000	232,071	446,240	—	446,240
Hall of Fame	193,805	263,600	457,405	486,497	—	486,497
Other special events	44,975	—	44,975	83,018	300	83,318
Less: Costs of direct benefits to donors	(73,923)	—	(73,923)	(270,996)	—	(270,996)
Net revenues from special events	533,627	291,800	825,427	906,661	50,650	957,311
Achiever activities	2,510	—	2,510	—	625	625
Interest and dividend income	35,331	745	36,076	42,739	519	43,258
Net realized gains on investments	667,979	3,317	671,296	358,032	354	358,386
Net unrealized gains (losses) on investments	(536,037)	(4,062)	(540,099)	(253,980)	533	(253,447)
Miscellaneous income	16,002	—	16,002	15,135	—	15,135
Total Revenues	1,099,436	291,800	1,391,236	1,543,824	52,681	1,596,505
<b>Total Support And Revenues</b>	2,564,580	(82,488)	2,482,092	4,482,124	(984,261)	3,497,863
<b>Expenses</b>						
Program Services:						
School programs	1,941,153	—	1,941,153	2,099,088	—	2,099,088
Capstone programs	1,067,850	—	1,067,850	1,037,180	—	1,037,180
Scholarship expenditures	4,000	—	4,000	4,500	—	4,500
Total Program Services	3,013,003	—	3,013,003	3,140,768	—	3,140,768
Supporting Services:						
Management and general administrative	546,100	—	546,100	503,185	—	503,185
Fundraising	450,250	—	450,250	529,358	—	529,358
Total Supporting Services	996,350	—	996,350	1,032,543	—	1,032,543
<b>Total Expenses</b>	4,009,353	—	4,009,353	4,173,311	—	4,173,311
<b>Increase (Decrease) In Net Assets</b>	(1,444,773)	(82,488)	(1,527,261)	308,813	(984,261)	(675,448)
<b>Net Assets - Beginning Of Year</b>	7,738,428	491,411	8,229,839	7,429,615	1,475,672	8,905,287
<b>Net Assets - End Of Year</b>	\$ 6,293,655	\$ 408,923	\$ 6,702,578	\$ 7,738,428	\$ 491,411	\$ 8,229,839

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2020

(With Summarized Comparative Information For The Year Ended June 30, 2019)

	Program Services				Supporting Services			2020 Total	2019 Total
	School Programs	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising	Total		
Salaries	\$ 980,212	\$ 418,675	\$ —	\$ 1,398,887	\$ 292,871	\$ 285,770	\$ 578,641	\$ 1,977,528	\$ 1,904,245
Payroll taxes	69,195	14,775	—	83,970	20,251	20,196	40,447	124,417	126,931
Pension expense (Note 8)	147,207	10,105	—	157,312	43,082	42,965	86,047	243,359	239,936
Group health insurance (Note 7)	142,861	41,505	—	184,366	41,810	41,697	83,507	267,873	275,299
Bad debt expense	—	—	—	—	2,894	—	2,894	2,894	40,282
Donated service expense	—	—	—	—	21,343	—	21,343	21,343	29,063
Information technology	9,073	13,393	—	22,466	2,655	2,648	5,303	27,769	28,442
Insurance	7,259	13,553	—	20,812	2,124	2,119	4,243	25,055	21,889
Interest and bank fees (Note 9)	—	—	—	—	35,519	—	35,519	35,519	26,695
Loss on disposal of property and equipment	—	—	—	—	300	—	300	300	2,757
Miscellaneous	—	—	—	—	1,636	3,827	5,463	5,463	4,477
Postage and delivery	3,645	814	—	4,459	1,067	1,064	2,131	6,590	9,178
Printers and copiers	8,853	15,388	—	24,241	2,591	2,584	5,175	29,416	26,119
Professional fees	—	—	—	—	39,565	675	40,240	40,240	63,496
Program expense and support (Note 7)	441,666	242,223	—	683,889	—	—	—	683,889	790,905
Promotion and awareness	—	—	—	—	—	8,417	8,417	8,417	9,719
Repairs and maintenance	8,458	43,397	—	51,855	2,475	2,469	4,944	56,799	66,558
Scholarship expense	—	—	4,000	4,000	—	—	—	4,000	4,500
Staff conference	15,541	1,438	—	16,979	4,548	4,536	9,084	26,063	23,617
Staff expenses	23,382	1,381	—	24,763	6,843	6,824	13,667	38,430	52,362
Supplies	5,315	1,308	—	6,623	1,556	1,551	3,107	9,730	10,314
Telephone	11,908	3,536	—	15,444	3,485	3,476	6,961	22,405	21,594
Utilities	15,515	57,568	—	73,083	4,541	4,528	9,069	82,152	92,412
Total Expenses Before Depreciation	1,890,090	879,059	4,000	2,773,149	531,156	435,346	966,502	3,739,651	3,870,790
Depreciation	51,063	188,791	—	239,854	14,944	14,904	29,848	269,702	302,521
Total Expenses	\$ 1,941,153	\$ 1,067,850	\$ 4,000	\$ 3,013,003	\$ 546,100	\$ 450,250	\$ 996,350	\$ 4,009,353	\$ 4,173,311

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2020	2019
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (1,527,261)	\$ (675,448)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Depreciation	269,702	302,521
Realized and unrealized gains on investments	(131,197)	(104,939)
Loss on disposal of property and equipment	300	2,757
Changes in assets and liabilities:		
Accounts receivable	(2,500)	—
Pledges receivable	240,892	(582,967)
Other assets	12,858	(22,005)
Accounts payable and accrued expenses	56,643	25,014
Deferred revenue	(8,933)	14,800
<b>Net Cash Used In Operating Activities</b>	<b>(1,089,496)</b>	<b>(1,040,267)</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	955,352	711,143
Purchases of investments	(200,000)	(242,968)
Purchases of property and equipment	(54,795)	(54,770)
<b>Net Cash Provided By Investing Activities</b>	<b>700,557</b>	<b>413,405</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	300,000	485,000
Repayments on line of credit	—	(285,000)
Proceeds from Paycheck Protection Program loan	445,000	—
<b>Net Cash Provided By Financing Activities</b>	<b>745,000</b>	<b>200,000</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>356,061</b>	<b>(426,862)</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>195,930</b>	<b>622,792</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 551,991</b>	<b>\$ 195,930</b>
<b>Supplemental Cash Flow Information</b>		
Donated supplies and services	\$ 37,600	\$ 33,963
Interest paid	25,113	249



# **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2020 And 2019**

### **1. Operations**

Junior Achievement of Greater St. Louis, Inc. (the Organization) is a not-for-profit corporation that provides programs for students in kindergarten through high school in 78 counties in the states of Missouri, Illinois, and Indiana. The Organization's mission is to provide business, economics and entrepreneurship programs through a dedicated volunteer network. Programs are offered in-school, after-school and on-site at the Organization's JA Dennis and Judy Jones Free Enterprise Center. Programs focus on seven key components: business, citizenship, economics, ethics/character, financial literacy, entrepreneurship and career development. The Organization is a licensee of Junior Achievement USA, the national entity.

In January 2020, a novel strain of coronavirus (COVID-19) spread worldwide, including the United States. The impact of the virus varies from region to region and from day to day and any significant additional spreading of the virus could continue to affect the Organization's revenue and other support. In compliance with government mandates, from March 2020 through the conclusion of the 2019-2020 school year, the Organization had to convert to distance learning to reach school-aged students. Additionally, the Organization cancelled multiple in-person special events and took proactive measures to manage cash flow. The continued outbreak of the COVID-19 virus is likely to also have a further negative impact in 2021 on the economy, which in the future, might impact the Organization's ability to fundraise. All of these factors could have a significant impact on the Organization's financial results in 2021 and beyond. Given the dynamic nature of this outbreak, however, the extent to which the COVID-19 virus will impact the Organization's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

### **2. Summary Of Significant Accounting Policies**

#### **Basis Of Accounting**

The financial statements of the Organization have been prepared on the accrual basis.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Basis Of Presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in a way that provides relevant information about the interrelationships, liquidity, and financial flexibility. As a result, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

*Net assets without donor restrictions* - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

*Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### **Comparative Financial Information**

The financial statements include certain prior-year summarized comparative information in total but expenses are not presented by all functional and natural categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

#### **New Accounting Standard Implemented**

Effective July 1, 2019, the Organization adopted Accounting Standards Update 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958), which provides enhanced guidance to assist organizations in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. The implementation did not have a material impact on the Organization's financial statements.

**Estimates And Assumptions**

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**Cash And Cash Equivalents**

The Organization considers all demand, highly liquid, short-term investments with original or remaining maturities of three months or less to be cash equivalents.

The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) insurable limits. As of June 30, 2020, the uninsured portion of the cash balance was approximately \$303,000.

**Investments**

Investments are reported at fair value with the exception of the certificate of deposit, which is valued at cost. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a fair measure of the value at the date of donation. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end market value fluctuations.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in the statement of financial position.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Pledges Receivable**

Unconditional pledges receivable in future periods are recognized as support in the period the pledges are received. Conditional pledges, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all pledges. The estimated losses are based on historical collection experience, as well as a review of the current status of the existing pledges receivable. Pledges receivable that are expected to be collected after one year are discounted at a rate based on consideration of risk-free Treasury rates and the Organization's borrowing rate.

#### **Property And Equipment**

Property and equipment are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method. Additions exceeding \$1,000 are capitalized. The assets are depreciated over the following periods:

Land improvements	15 years
Building	30 - 40 years
Equipment	5 - 7 years

#### **Deferred Revenue**

Payments received in the current year for future Capstone Program sponsorships are recorded as deferred revenue and are recognized as revenue in the appropriate future year.

Future commitments for sponsorships related to the Capstone Programs that have not met the requirements to be recorded as revenue at June 30, 2020 and 2019 approximate \$575,500 and \$622,000, respectively.

#### **Support With And Without Donor Restrictions**

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. The Organization has adopted the policy of reporting net assets released from restrictions upon completion of donor purpose restrictions, regardless of whether the related cash has been received.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying financial statements:

##### **School Programs**

School programs include:

The elementary school program is an economic awareness program designed to build economic literacy and show students the relationship between education and success in the workplace.

The middle grades program builds on concepts the students learned in the Organization's elementary school program. The program helps teens prepare for their educational and professional future. The program supplements standard social studies curricula and develops communication skills that are essential to success in the business world. Once a week for six weeks, business volunteers serve as role models in leading discussions and activities, as well as enhancing the program with their own experiences and business knowledge.

The high school program includes in-school and after-school curriculum that focuses on analyzing and exploring personal opportunities. Fundamental concepts include micro-, macro- and international economics. This program utilizes volunteer business people to make economic concepts relevant in order to become successful in the workplace and life.

##### **Capstone Programs**

The Capstone Programs provide learning experiences to inspire and enable young people to value free enterprise and to understand business and economics to improve the quality of their lives. Through two experiential learning areas (JA BizTown and JA Finance Park) located within the Organization's Dennis and Judy Jones Free Enterprise Center (FEC), students are given the opportunity to gain practical, hands-on experience with the free enterprise system.

##### **Management And General Administrative**

Includes the functions necessary to provide support programs; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Organization's Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Fundraising**

Includes the functions necessary to advance the mission of the Organization; and to provide the structure to encourage financial support from individuals, as well as from auxiliary groups, corporations and foundations, via direct gifts and fundraising events.

#### **Donated Supplies, Equipment And Services**

Various supplies, equipment and services are donated to the Organization. Donated supplies, equipment and those donated services that meet the criteria for recognition under generally accepted accounting principles and whose value is greater than \$1,000 are recorded at fair value at the date of the donation. A substantial number of other volunteers have also donated a significant amount of their time to the Organization's programs; however, such donated services have not been recorded because they do not meet the criteria for recognition.

#### **Expense Allocation**

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on the following methods:

<b><u>Natural Category</u></b>	<b><u>Method</u></b>
Salaries	Time study
Taxes and benefits	Salary ratio
Information technology	Direct charge, square footage and time study
Insurance	Square footage and time study
Postage and delivery	Square footage and time study
Printers and copiers	Square footage and time study
Repairs and maintenance	Square footage and time study
Supplies	Square footage and time study
Utilities	Square footage and time study
Depreciation	Direct charge, square footage and time study

#### **Income Taxes**

The Organization constitutes a qualified not-for-profit organization and is, therefore, exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Reclassifications**

Reclassifications have been made to the prior year balances to conform to the current year presentation. Such reclassifications were made for comparative purposes only and do not restate the prior year financial statements.

#### **Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

### **3. Investments**

Investments consist of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equity stock market index fund	\$ 687,768	\$ 1,377,515
Intermediate-term bond fund	687,856	620,307
Certificate of deposit	62,214	62,170
Other	27,889	29,890
	<u>\$ 1,465,727</u>	<u>\$ 2,089,882</u>

These amounts are reported in the statement of financial position as follows:

	<u>2020</u>	<u>2019</u>
Investments	\$ 1,380,770	\$ 2,004,925
Assets restricted for permanent endowment	84,957	84,957
	<u>\$ 1,465,727</u>	<u>\$ 2,089,882</u>

### **4. Fair Value Measurements**

Accounting rules in fair value measurements establish a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

## JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

### Notes To Financial Statements (Continued)

The methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2020 or 2019.

The Organization's investments are measured at fair value, with the exception of the certificate of deposit, and all are considered Level 1 as of June 30, 2020 and 2019.

## 5. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Amounts collectible in less than one year	\$ 459,358	\$ 291,467	\$ 750,825	\$ 652,383
One to five years	600,000	—	600,000	1,000,000
	1,059,358	291,467	1,350,825	1,652,383
Less: Allowance for doubtful accounts	1,067	—	1,067	24,733
Less: Discount on pledges receivable collectible after one year	31,000	—	31,000	68,000
	\$ 1,027,291	\$ 291,467	\$ 1,318,758	\$ 1,559,650

At June 30, 2020 and 2019, pledges receivable collectible after one year are discounted at a rate of 4%.

At June 30, 2020 and 2019, 74% and 85%, respectively, of pledges receivable are from one donor. For the year ended June 30, 2019, 32% of contributions were from one donor. For the year ended June 30, 2020, there were no concentrations of contributions.



## JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

---

### Notes To Financial Statements (Continued)

#### 6. Net Assets And Endowment Fund

Purpose and time restricted net assets consist of the following donor-restricted amounts at June 30:

	<u>2020</u>	<u>2019</u>
Operations	\$ 323,966	\$ 94,650
Programs	—	311,804
	<u>\$ 323,966</u>	<u>\$ 406,454</u>

Net assets released from donor-imposed restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Operations	\$ 94,650	\$ 85,550
Programs	311,804	996,311
Appropriation of endowment earnings	—	1,406
Scholarships	—	4,500
	<u>\$ 406,454</u>	<u>\$ 1,087,767</u>

In addition to the releases noted above, \$43,175 in net assets restricted for scholarships at June 30, 2018 was reclassified to net assets without donor restrictions at June 30, 2019 due to a clarification in donor intent.

Perpetual in nature net assets consist of the following:

	<u>2020</u>	<u>2019</u>
Scholarship endowment	\$ 62,000	\$ 62,000
General endowment	22,957	22,957
	<u>\$ 84,957</u>	<u>\$ 84,957</u>

Total net assets with donor restrictions are comprised of the following:

	<u>2020</u>	<u>2019</u>
Purpose and time restrictions	\$ 323,966	\$ 406,454
Perpetual in nature	84,957	84,957
	<u>\$ 408,923</u>	<u>\$ 491,411</u>

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **Donor-Restricted Endowment Funds**

The Organization has two donor-restricted endowment funds. Income from the scholarship endowment is used each year to fund scholarships, and income from the general endowment is used to fund general operations each year.

#### **Board-Designated Endowment Fund**

The Organization has one endowment fund (The Endowment Fund at Junior Achievement of Greater St. Louis) that is designated by the Board of Directors. This endowment fund is intended to provide annual operating support to the Organization.

#### **Preservation Of Original Gifts**

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Included in the donor-restricted endowment fund are unappropriated earnings that will remain until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the funds;
- (2) The purposes of the Organization and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

#### **Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of those contributions or “historic dollar value.” There were no deficiencies at June 30, 2020 or 2019.

## JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

---

### Notes To Financial Statements (Continued)

#### Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, unless otherwise stipulated by the donor.

#### Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy And How The Investment Objectives Relate To It

The Organization records earnings from its endowments as with donor restrictions until such time as they are appropriated and released to net assets without donor restrictions when market conditions allow. As of June 30, 2020 and 2019, all accumulated earnings on the endowments have been appropriated. The Organization has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

#### Endowment Asset Composition By Type Of Fund As Of June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 84,957	\$ 84,957
Board-designated endowment funds	1,066,754	—	1,066,754
	<u>\$ 1,066,754</u>	<u>\$ 84,957</u>	<u>\$ 1,151,711</u>

#### Endowment Asset Composition By Type Of Fund As Of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 84,957	\$ 84,957
Board-designated endowment funds	600,000	—	600,000
	<u>\$ 600,000</u>	<u>\$ 84,957</u>	<u>\$ 684,957</u>

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

### Notes To Financial Statements (*Continued*)

#### **Changes In Endowment Assets For The Fiscal Year Ended June 30, 2020:**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment assets			
- beginning of the year	\$ 600,000	\$ 84,957	\$ 684,957
Investment return	66,754	—	66,754
Proceeds from contributions designated for investment in endowment	400,000	—	400,000
Endowment assets - end of the year	\$ 1,066,754	\$ 84,957	\$ 1,151,711

#### **Changes In Endowment Assets For The Fiscal Year Ended June 30, 2019:**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment assets			
- beginning of the year	\$ 200,000	\$ 84,957	\$ 284,957
Investment return	—	1,406	1,406
Proceeds from contributions designated for investment in endowment	400,000	—	400,000
Appropriation of endowment earnings for expenditure	—	(1,406)	(1,406)
Endowment assets - end of the year	\$ 600,000	\$ 84,957	\$ 684,957

At June 30, 2020 and 2019, pledges receivable of \$969,000 and \$1,332,000, respectively, are intended to be added to the Board-designated endowment and invested in accordance with the Organization's endowment fund policy, as the cash is collected.

At June 30, 2020, board-designated endowment net assets are comprised of \$866,754 in investments and \$200,000 in cash (as noted above) and \$969,000 of discounted pledges for a total balance of \$2,035,754. At June 30, 2019, board-designated endowment net assets are comprised of \$600,000 in cash (as noted above) and \$1,332,000 of discounted pledges for a total balance of \$1,932,000.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

Notes To Financial Statements (*Continued*)

### **7. Related Party Transactions**

In accordance with license fee and Capstone per-student fee arrangements with Junior Achievement USA, annual program support fees are charged to the Organization. These fees are calculated according to specific formulas as outlined in the fee agreements. The license fee in any given year is paid over ten monthly installments based on the total reported revenue of the previous year. The Organization also purchases substantially all of its program materials and supplies from Junior Achievement USA and Junior Achievement Supply Company (JASCO), a division of Junior Achievement USA. The license fee, program material and supplies are included in program expense and support on the statement of functional expenses. Additionally, the Organization obtains a portion of its liability insurance and all of its medical insurance through Junior Achievement USA. Total payments to these affiliates for these purchases were \$1,039,926 and \$1,148,522 during 2020 and 2019, respectively. As of June 30, 2020 and 2019, there were no amounts due to Junior Achievement USA.

For the years ended June 30, 2020 and 2019, the Organization received contributions, special event revenue, and various donated supplies, equipment and services of \$773,254 and \$952,453, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2020 and 2019, outstanding pledges of \$82,284 and \$121,421, respectively, were due from these parties.

In addition to the amounts noted in the paragraph above, various members of the Board of Directors and their related companies provide sponsorships for the Capstone Programs. During 2020 and 2019, revenue recorded from Board sponsorships approximated \$152,000 and \$122,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated \$77,000 and \$84,500 at June 30, 2020 and 2019, respectively.

The Organization also holds cash and investments in financial institutions at which various members of the Board serve as executives. Fees paid to these institutions were minimal in 2020 and 2019.

## **8. Pension, Postretirement And Health And Welfare Benefit Plans**

### **Multiemployer Pension Plan**

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA (JA USA) and covered all full-time employees of the Organization, JA USA, JA Worldwide, Inc. and participating Junior Achievement areas in the United States. The Plan is accounted for like a multiemployer plan. Benefits were determined based on years of service and salary history. The Plan's assets were invested in various investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization, JA USA, JA Worldwide, Inc. and participating Junior Achievement areas made contributions to the plan equal to 16.75% of participants' eligible compensation. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, JA USA's Board of Directors 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, JA USA, JA Worldwide, Inc. and participating Junior Achievement areas continued to make contributions equal to 13.25% of participants' eligible compensation, beginning July 1, 2019.

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.

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

The risks to the Organization of participating in this multiemployer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in the Plan, the Organization would be required to pay the Plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization's participation in this Plan is outlined in the table below:

<b>Pension Fund</b>	<b>EIN/Pension Plan Number</b>	<b>Funded Status</b>		<b>Contributions Of Organization For</b>	
		<b>As Of June 30,</b>		<b>Years Ended June 30,</b>	
		<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	N/A	108%	\$ 175,384	\$ 239,936

### **Defined Contribution Plan**

Due to the termination of the multiemployer pension plan, the Organization established a 401(k) plan effective July 1, 2019. The Organization will make a discretionary match up to 5% of each participant's contribution.

### **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 administered by JA USA and accounted for like a multiemployer plan. Premiums are paid into the Health and Welfare Plan for each participant by the Organization's employees. All the assets and liabilities of the 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.

## **9. Debt**

### **Line Of Credit**

The Organization has a line-of-credit agreement in the amount of \$500,000 with a bank. The line of credit matures in December 2020 and is secured by personal property and receivables. Borrowings under the line of credit bear interest at a rate equal to the prime rate plus 0.75% (4.00% at June 30, 2020). The outstanding balance on the line of credit at June 30, 2020 was \$500,000. At June 30, 2019, the outstanding balance on the line of credit was \$200,000. For the years ended June 30, 2020 and 2019, interest expense of \$25,113 and \$249, respectively, was incurred and paid.

### **Paycheck Protection Program Loan**

In April 2020, the Organization entered into a Paycheck Protection Program loan in the amount of \$445,000. This loan was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program and is unsecured. Amounts outstanding under this loan will bear interest at a rate of 1%. During the period beginning April 2020 and ending on the ten-month anniversary of the date of the loan (the deferral period), interest on the outstanding principal balance will accrue, but neither principal nor interest shall be due or payable. At the end of the deferral period, the outstanding principal that is not forgiven under the Paycheck Protection Program will convert to a term loan (the conversion balance). The Organization can apply to the bank for forgiveness of the amount due on the loan in an amount based on the sum of the following costs incurred by the Organization during the eight-week or twenty four-week period beginning on the date of the first disbursement of the loan: payroll costs, payments of interest on a covered mortgage obligation, covered rent obligations, and covered utilities.

The first payment on the term loan is due February 2021. On the first payment date and each month thereafter until the 2nd anniversary of the date of the loan, monthly principal and interest payments of \$25,048 are due. A final payment of unpaid principal plus accrued interest is due at maturity.

The Organization has recorded the loan as debt in the statement of financial position, until the loan, or a portion of the loan, is forgiven. The portion of the loan that is forgiven by the bank will be recognized as income in the period in which it is forgiven.



## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

The scheduled maturities of the Paycheck Protection Program loan at June 30, 2020 are as follows:

<b>Year</b>	<b>Amount</b>
2021	\$ 125,239
2022	300,573
2023	19,188
	<u>\$ 445,000</u>

### **10. Operating Leases**

The Organization leases equipment under a noncancellable operating lease expiring in 2023. Rent expense under this lease agreement was \$20,553 and \$19,677 during 2020 and 2019, respectively. Future minimum lease payments as of June 30, 2020 are as follows:

<b>Year</b>	<b>Amount</b>
2021	\$ 21,518
2022	22,578
2023	5,712
	<u>\$ 49,808</u>

## **JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.**

---

### Notes To Financial Statements (*Continued*)

#### **11. Liquidity And Availability Of Financial Assets**

The Organization's assets available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 551,991	\$ 195,930
Investments	1,380,770	2,004,925
Accounts receivable	2,500	—
Pledges receivable, net	749,758	627,650
<u>Total financial assets</u>	<u>2,685,019</u>	<u>2,828,505</u>
Less amounts not intended to be used within one year:		
Pledges receivable, net - designated by the Board for specific purposes	400,000	400,000
<u>Investments designated by the Board for specific purposes</u>	<u>1,000,000</u>	<u>600,000</u>
<u>Total financial assets not intended to be used within one year</u>	<u>1,400,000</u>	<u>1,000,000</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,285,019	 \$ 1,828,505

The Organization manages its liquidity and reserves by operating to a budget and maintaining adequate liquid assets to fund near term operating needs. In addition to cash and investments detailed above, the Organization has a line of credit that can be utilized for cash flow needs. Board-designated funds can be used in the case of any liquidity shortage with the approval of the Board.