
***JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.***
FINANCIAL STATEMENTS
JUNE 30, 2021

Invest, Involve, Inspire



Contents

	Page
Independent Auditors' Report	1 - 2
 Financial Statements	
Statement Of Financial Position.....	3
Statement Of Activities	4
Statement Of Functional Expenses	5
Statement Of Cash Flows.....	6
Notes To Financial Statements.....	7 - 27

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, 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 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, 2021, 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, 2020 financial statements, and our report dated September 28, 2020, 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, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

September 29, 2021

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

	June 30,	
	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 968,783	\$ 551,991
Restricted cash - agency funds	42,697	—
Investments (Note 3)	1,903,939	1,380,770
Accounts receivable	21,060	2,500
Pledges receivable, net (Notes 5 and 7)	551,056	749,758
Other current assets	9,577	21,979
Total Current Assets	3,497,112	2,706,998
Property And Equipment		
Land and improvements	683,305	683,305
Building	6,300,480	6,300,480
Equipment	986,570	986,570
	7,970,355	7,970,355
Less: Accumulated depreciation	(3,607,388)	(3,344,099)
Property And Equipment, Net	4,362,967	4,626,256
Long-Term Pledges Receivable, Net (Notes 5 And 7)	192,000	569,000
Investments Restricted For Endowment (Notes 3 And 6)	84,957	84,957
Total Assets	\$ 8,137,036	\$ 7,987,211
Liabilities And Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	\$ 214,168	\$ 238,268
Agency funds	42,697	—
Deferred revenue (Note 7)	89,495	101,365
Line of credit (Note 9)	—	500,000
Debt - short term (Note 9)	88,538	125,239
Total Current Liabilities	434,898	964,872
Long-Term Liabilities		
Debt - long term (Note 9)	1,003,368	319,761
Total Liabilities	1,438,266	1,284,633
Net Assets		
Without donor restrictions (Note 6)	6,520,610	6,293,655
With donor restrictions (Note 6)	178,160	408,923
Total Net Assets	6,698,770	6,702,578
Total Liabilities And Net Assets	\$ 8,137,036	\$ 7,987,211

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Years Ended June 30, 2021 And 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenues						
Support						
Contributions (Note 7):						
Corporate	\$ 465,397	\$ 50,000	\$ 515,397	\$ 587,453	\$ 12,166	\$ 599,619
Individual	218,864	—	218,864	250,687	—	250,687
Foundations	284,075	—	284,075	182,950	20,000	202,950
Donated supplies, equipment and services (Note 7)	13,466	—	13,466	37,600	—	37,600
Net assets released from restrictions (Note 6)	318,133	(318,133)	—	406,454	(406,454)	—
Total Support	1,299,935	(268,133)	1,031,802	1,465,144	(374,288)	1,090,856
Revenues						
Capstone Programs sponsorships (Note 7)	209,000	—	209,000	255,333	—	255,333
Capstone Programs student fees	33,468	—	33,468	124,691	—	124,691
Special event revenue (Note 7):						
Golf Classic	222,233	37,370	259,603	139,699	25,200	164,899
Bowl-A-Thon	160,894	—	160,894	229,071	3,000	232,071
Hall of Fame	657,229	—	657,229	193,805	263,600	457,405
Other special events	4,984	—	4,984	44,975	—	44,975
Less: Costs of direct benefits to donors	(107,488)	—	(107,488)	(73,923)	—	(73,923)
Net revenues from special events	937,852	37,370	975,222	533,627	291,800	825,427
Achiever activities	418	—	418	2,510	—	2,510
Interest and dividend income	34,308	615	34,923	35,331	745	36,076
Net realized gains on investments	—	2,163	2,163	667,979	3,317	671,296
Net unrealized gains (losses) on investments	290,336	(2,778)	287,558	(536,037)	(4,062)	(540,099)
Forgiveness of Paycheck Protection Program loan - gain on extinguishment (Note 9)	445,000	—	445,000	—	—	—
Miscellaneous income	133	—	133	16,002	—	16,002
Total Revenues	1,950,515	37,370	1,987,885	1,099,436	291,800	1,391,236
Total Support And Revenues	3,250,450	(230,763)	3,019,687	2,564,580	(82,488)	2,482,092
Expenses						
Program Services:						
School programs	1,566,926	—	1,566,926	1,941,153	—	1,941,153
Capstone programs	650,899	—	650,899	1,067,850	—	1,067,850
Scholarship expenditures	1,500	—	1,500	4,000	—	4,000
Total Program Services	2,219,325	—	2,219,325	3,013,003	—	3,013,003
Supporting Services:						
Management and general administrative	444,449	—	444,449	546,100	—	546,100
Fundraising	359,721	—	359,721	450,250	—	450,250
Total Supporting Services	804,170	—	804,170	996,350	—	996,350
Total Expenses	3,023,495	—	3,023,495	4,009,353	—	4,009,353
Increase (Decrease) In Net Assets	226,955	(230,763)	(3,808)	(1,444,773)	(82,488)	(1,527,261)
Net Assets - Beginning Of Year	6,293,655	408,923	6,702,578	7,738,428	491,411	8,229,839
Net Assets - End Of Year	\$ 6,520,610	\$ 178,160	\$ 6,698,770	\$ 6,293,655	\$ 408,923	\$ 6,702,578

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2021

(With Summarized Comparative Information For The Year Ended June 30, 2020)

	Program Services				Supporting Services			2021 Total	2020 Total
	School Programs	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising	Total		
Salaries	\$ 915,636	\$ 156,900	\$ —	\$ 1,072,536	\$ 258,260	\$ 253,857	\$ 512,117	\$ 1,584,653	\$ 1,977,528
Payroll taxes	64,019	10,954	—	74,973	17,718	17,840	35,558	110,531	124,417
Pension expense (Note 8)	38,068	6,513	—	44,581	10,536	10,608	21,144	65,725	243,359
Group health insurance (Note 7)	132,278	41,547	—	173,825	36,603	36,871	73,474	247,299	267,873
Bad debt expense	—	—	—	—	2,352	—	2,352	2,352	2,894
Donated service expense	—	—	—	—	8,966	4,500	13,466	13,466	21,343
Information technology	11,960	11,979	—	23,939	3,309	3,334	6,643	30,582	27,769
Insurance	6,188	15,259	—	21,447	1,712	1,725	3,437	24,884	25,055
Interest and bank fees (Note 9)	—	—	—	—	30,957	—	30,957	30,957	35,519
Loss on disposal of property and equipment	—	—	—	—	—	—	—	—	300
Miscellaneous	—	—	—	—	2,299	—	2,299	2,299	5,463
Postage and delivery	1,957	—	—	1,957	542	546	1,088	3,045	6,590
Printers and copiers	7,151	12,329	—	19,480	1,979	1,993	3,972	23,452	29,416
Professional fees	—	—	—	—	43,101	—	43,101	43,101	40,240
Program expense and support (Note 7)	295,305	133,007	—	428,312	—	—	—	428,312	683,889
Promotion and awareness	—	—	—	—	—	2,144	2,144	2,144	8,417
Repairs and maintenance	6,441	20,312	—	26,753	1,786	1,794	3,580	30,333	56,799
Scholarship expense	—	—	1,500	1,500	—	—	—	1,500	4,000
Staff conference	1,432	—	—	1,432	396	399	795	2,227	26,063
Staff expenses	3,819	—	—	3,819	1,057	1,065	2,122	5,941	38,430
Supplies	2,827	—	—	2,827	782	788	1,570	4,397	9,730
Telephone	13,094	3,965	—	17,059	3,623	3,650	7,273	24,332	22,405
Utilities	15,971	53,832	—	69,803	4,419	4,452	8,871	78,674	82,152
Total Expenses Before Depreciation	1,516,146	466,597	1,500	1,984,243	430,397	345,566	775,963	2,760,206	3,739,651
Depreciation	50,780	184,302	—	235,082	14,052	14,155	28,207	263,289	269,702
Total Expenses	\$ 1,566,926	\$ 650,899	\$ 1,500	\$ 2,219,325	\$ 444,449	\$ 359,721	\$ 804,170	\$ 3,023,495	\$ 4,009,353

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years	
	Ended June 30,	
	2021	2020
Cash Flows From Operating Activities		
Change in net assets	\$ (3,808)	\$ (1,527,261)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	263,289	269,702
Realized and unrealized gains on investments	(289,721)	(131,197)
Loss on disposal of property and equipment	—	300
Paycheck Protection Program loan forgiveness	(445,000)	—
Changes in assets and liabilities:		
Accounts receivable	(18,560)	(2,500)
Pledges receivable	575,702	240,892
Other current assets	12,402	12,858
Accounts payable and accrued expenses	(24,100)	56,643
Agency funds	42,697	—
Deferred revenue	(11,870)	(8,933)
Net Cash Provided By (Used In) Operating Activities	101,031	(1,089,496)
Cash Flows From Investing Activities		
Proceeds from sale of investments	2,163	955,352
Purchases of investments	(235,611)	(200,000)
Purchases of property and equipment	—	(54,795)
Net Cash Provided By (Used In) Investing Activities	(233,448)	700,557
Cash Flows From Financing Activities		
Proceeds from line of credit	—	300,000
Proceeds from debt	606,013	445,000
Repayments on debt	(14,107)	—
Net Cash Provided By Financing Activities	591,906	745,000
Net Increase In Cash, Restricted Cash And Cash Equivalents	459,489	356,061
Cash And Cash Equivalents - Beginning Of Year	551,991	195,930
Cash, Restricted Cash And Cash Equivalents - End Of Year	\$ 1,011,480	\$ 551,991
Supplemental Cash Flow Information		
Line of credit modified to term loan (Note 9)	\$ 500,000	\$ —
Donated supplies and services	13,466	37,600
Interest paid	21,207	25,113

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021 And 2020

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 144 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, beginning March 2020 through the conclusion of the 2020-2021 school year, the Organization converted to remote learning to reach school-aged students. The Organization monitors ongoing mandates and continues to take proactive measures related to remote learning and managing cash flow. The continued outbreak of the COVID-19 virus is likely to also have a further negative impact in 2022 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 2022 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, 2020, from which the summarized information was derived.

New Accounting Standard Implementation

Effective July 1, 2020, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended. Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. Topic 606 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing, and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and represent separate performance obligations, how variable consideration is recognized, and whether revenues should be recognized at a point in time or over time.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The Organization adopted Topic 606 using a modified retrospective approach, and accordingly the new guidance was applied retrospectively to contracts that were not completed as of July 1, 2020, which is the date of initial application. As a practical expedient, for any contracts that were modified prior to July 1, 2020, the Organization has applied the new guidance for these uncompleted contracts as of the date of adoption, rather than as of the date of each modification. As a result of the judgements used, including the allocation of the transaction price to satisfied and unsatisfied performance obligations for modifications, the Organization may have come to different conclusions if analyzed based on the date of each modification. Management does not believe that the effect of this practical expedient had a material effect on the application of Topic 606. The adoption of Topic 606 has no impact on the change in net assets or cash provided by operating activities and did not result in a material change to the timing of when revenue is recognized.

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, Restricted 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, 2021, the uninsured portion of the cash balance was approximately \$545,000.

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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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.

Pledges Receivable

Unconditional pledges receivable in future periods are recognized as support in the period the pledges are received. Conditional pledges, which consist of those pledges with a measurable performance or other barrier and a right of return, 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

Paycheck Protection Program Loans

The Organization has received two loans that were part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, the Organization used the proceeds from the loans exclusively for qualified expenses under the PPP, mainly payroll costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. The Organization considers the PPP loans to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. The Organization did not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

The loans will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the Organization has been legally released or (2) the Organization pays off the loan. Once the loan is, in part or wholly, forgiven and legal release is received, the Organization will reduce the liability by the amount forgiven and record a gain on extinguishment. This occurred for one of the PPP loans during 2021.

Revenue Recognition And Deferred Revenue

Disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue streams are as following:

Capstone Programs Sponsorships

The Organization sells sponsorships to various local corporations and organizations for location/space in the JA Dennis and Judy Jones Free Enterprise Center and Finance Park. The Sponsorship fees are outlined in multi-year, cancellable contracts and are accounted for as exchange transactions. As such, revenue is recognized over the period the activity is performed. 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, 2021 and 2020 approximate \$440,000 and \$575,500, respectively.

Capstone Programs Student Fees

Student fees are charged for access to the Organization's support services, which include admittance into the facility, access to technology resources and access to the program activities in the JA Dennis and Judy Jones Free Enterprise Center and Finance Park. These fees are non-refundable and are recognized at the point in time the activity is provided.

Overall economic conditions can impact the nature, timing and uncertainty of the Organization's revenues and cash flows.

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.

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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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.

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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on the following methods:

Natural Category	Method
Salaries	Time study
Payroll taxes and benefits	Salary ratio
Information technology	Direct charge, square footage and salary ratio
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
Telephone	Square footage and time study
Utilities	Square footage and time study
Depreciation	Direct charge, square footage and salary ratio

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.

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:

	2021	2020
Equity stock market index fund	\$ 1,138,527	\$ 687,768
Intermediate-term bond fund	754,188	687,856
Certificate of deposit	62,257	62,214
Other	33,924	27,889
	\$ 1,988,896	\$ 1,465,727

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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

	<u>2021</u>	<u>2020</u>
Investments	\$ 1,903,939	\$ 1,380,770
Assets restricted for permanent endowment	84,957	84,957
	<u>\$ 1,988,896</u>	<u>\$ 1,465,727</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).

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, 2021 or 2020.

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, 2021 and 2020.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (Continued)

5. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Amounts collectible in less than one year	\$ 513,792	\$ 39,433	\$ 553,225	\$ 750,825
One to five years	200,000	—	200,000	600,000
	713,792	39,433	753,225	1,350,825
Less: Allowance for doubtful accounts	2,169	—	2,169	1,067
Less: Discount on pledges receivable collectible after one year	8,000	—	8,000	31,000
	\$ 703,623	\$ 39,433	\$ 743,056	\$ 1,318,758

At June 30, 2021 and 2020, pledges receivable collectible after one year are discounted at a rate of 4%.

At June 30, 2021 and 2020, 80% and 74%, respectively, of pledges receivable are from one donor. For the years ended June 30, 2021 and 2020, there were no concentrations of contributions.

6. Net Assets And Endowment Fund

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

	2021	2020
Operations	\$ 93,203	\$ 323,966

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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

	<u>2021</u>	<u>2020</u>
Operations	\$ 318,133	\$ 94,650
Programs	—	311,804
	<u>\$ 318,133</u>	<u>\$ 406,454</u>

Perpetual in nature net assets consist of the following:

	<u>2021</u>	<u>2020</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>2021</u>	<u>2020</u>
Purpose and time restrictions	\$ 93,203	\$ 323,966
Perpetual in nature	84,957	84,957
	<u>\$ 178,160</u>	<u>\$ 408,923</u>

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, 2021 or 2020.

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, 2021 and 2020, 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, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ —	\$ 84,957	\$ 84,957
Board-designated endowment funds	1,521,073	—	1,521,073
	<u>\$ 1,521,073</u>	<u>\$ 84,957</u>	<u>\$ 1,606,030</u>

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.Notes To Financial Statements (*Continued*)**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
	\$ 1,066,754	\$ 84,957	\$ 1,151,711

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets - beginning of the year	\$ 1,066,754	\$ 84,957	\$ 1,151,711
Investment return	254,319	—	254,319
Proceeds from contributions designated for investment in endowment	400,000	—	400,000
Transfers from board-designated endowment funds to operations	(200,000)	—	(200,000)
Endowment assets - end of the year	\$ 1,521,073	\$ 84,957	\$ 1,606,030

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

	Without Donor Restrictions	With Donor Restrictions	Total
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

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

At June 30, 2021 and 2020, pledges receivable of \$592,000 and \$969,000, 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, 2021, board-designated endowment net assets are comprised of \$1,471,073 in investments and \$50,000 in cash (as noted above) and \$592,000 of discounted pledges for a total balance of \$2,113,073. 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.

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 \$657,313 and \$1,039,926 during 2021 and 2020, respectively. As of June 30, 2021 and 2020, there were no amounts due to Junior Achievement USA.

For the years ended June 30, 2021 and 2020, the Organization received contributions, special event revenue, and various donated supplies, equipment and services of \$1,007,418 and \$773,254, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2021 and 2020, outstanding pledges of \$91,625 and \$82,284, 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 2021 and 2020, revenue recorded from Board sponsorships approximated \$134,000 and \$152,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated \$66,500 and \$77,000 at June 30, 2021 and 2020, 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 2021 and 2020.

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 was administered by JA Worldwide, Inc. 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. The Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization 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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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 first be used to pay any final administrative costs, next will be used to repay advances from JA USA, if any, and lastly, will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2021 or 2020.

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:

Pension Fund	EIN/Pension Plan Number	Funded Status		Contributions Of Organization For	
		As Of June 30, 2021	2020	Years Ended June 30, 2021	2020
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	N/A	N/A	\$ 293	\$ 175,384

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

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

discretionary match up to 5% of each participant's contribution. During 2021 and 2020, \$65,432 and \$67,975, respectively, was contributed by the Organization.

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. 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 had a line of credit agreement in the amount of \$500,000 with a bank. The line of credit matured in December 2020 and was subsequently closed and converted to the term loan. The line of credit was secured by personal property and receivables. Borrowings under the line of credit bore interest at a rate equal to the prime rate plus 0.75% (4.00% at June 30, 2021). At June 30, 2020, the outstanding balance on the line of credit was \$500,000. For the years ended June 30, 2021 and 2020, interest expense of \$16,658 and \$25,113, respectively, was incurred and paid.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Term Loan

In March 2021, the line of credit agreement was modified, and the outstanding principal balance of \$500,000 was converted to a term loan. The new term loan bears interest at 6.43% and is secured by the personal property of the Organization. Beginning May 2021, monthly principal and interest payments in the amount of \$9,767 are to be made until maturity in April 2026. At June 30, 2021, principal outstanding amounted to \$485,893, and interest in the amount of \$4,549 was incurred and paid for the year ended June 30, 2021.

Paycheck Protection Program Loans

In April 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$445,000 which was unsecured. Amounts outstanding under this loan bore 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 was to accrue, but neither principal nor interest was due or payable. At the end of the deferral period, the outstanding principal that was not forgiven under the Paycheck Protection Program would convert to a term loan. The Organization applied to the bank for forgiveness of the amount due on the loan in an amount based on costs incurred by the Organization during the eight-week to twenty four-week period beginning on the date of the first disbursement of the loan. During 2021, the Organization received loan forgiveness from the SBA in the amount of \$445,000, which is reflected as revenue in the statement of activities.

In February 2021, the Organization was awarded a second PPP loan from the SBA in the amount of \$456,013. The unsecured loan bears interest at 1%, with principal and interest payments deferred until ten months following the end of the eight to twenty-four week loan forgiveness covered period under this loan. Principal and interest payments of \$10,705 will begin in July 2022 with maturity in February 2026. This loan may also be eligible for forgiveness up to 100% if the criteria described above are met.

Economic Injury Disaster Loan

In January 2021, the Organization entered an additional loan agreement with the SBA under the COVID-19 Economic Injury Disaster Loan (EIDL) program in the amount of \$150,000. The loan bears interest at a fixed rate of 2.75% per annum and is secured by the Organization's tangible and intangible personal property. Monthly payments of principal and interest of \$641 were deferred until January 2022 and the loan will mature in January 2051. The outstanding balance at June 30, 2021 was \$150,000.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

In July 2021, the loan was modified under the same terms to increase the principal amount to \$500,000. Updated monthly principal and interest payments of \$2,179 will now begin in July 2022.

The scheduled debt maturities (including the increase of the EIDL to \$500,000) at June 30, 2021 are as follows:

Year Ended	Term Loan	PPP Loan	EIDL	Total
2022	\$ 88,538	\$ —	\$ —	\$ 88,538
2023	94,407	118,285	—	212,692
2024	100,653	125,653	9,229	235,535
2025	107,320	126,915	12,620	246,855
2026	94,975	85,160	12,977	193,112
Thereafter	—	—	465,174	465,174
	<u>\$ 485,893</u>	<u>\$ 456,013</u>	<u>\$ 500,000</u>	<u>\$ 1,441,906</u>

10. Operating Leases

The Organization leases equipment under a noncancellable operating lease expiring in 2023. Rent expense under this lease agreement was \$21,600 and \$20,553 during 2021 and 2020, respectively. Future minimum lease payments as of June 30, 2021 are as follows:

Year	Amount
2022	\$ 22,578
2023	5,712
	<u>\$ 28,290</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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 968,783	\$ 551,991
Investments	1,903,939	1,380,770
Accounts receivable	21,060	2,500
Pledges receivable, net	551,056	749,758
<u>Total financial assets</u>	<u>3,444,838</u>	<u>2,685,019</u>
Less amounts not intended to be used within one year:		
Pledges receivable, net - designated by the Board for specific purposes	192,000	400,000
<u>Investments designated by the Board for endowment</u>	<u>1,521,073</u>	<u>1,066,754</u>
<u>Total financial assets not intended to be used within one year</u>	<u>1,713,073</u>	<u>1,466,754</u>
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 1,731,765	 \$ 1,218,265

The Organization manages its liquidity and reserves by operating to a budget and maintaining adequate liquid assets to fund near term operating needs. Board-designated funds can be used in the case of any liquidity shortage with the approval of the Board.