



**FINANCIAL STATEMENTS**

**Year Ended June 30, 2020**

**with**

**Independent Auditors' Report**

---

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Table of Contents**

---

	<b>Page</b>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	6
Statement of Cash Flows	8
Notes to Financial Statements	9

## **Independent Auditors' Report**

The Board of Directors  
Junior Achievement of Oregon & SW Washington, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Junior Achievement of Oregon & SW Washington, Inc. (the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Oregon & SW Washington, 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.

## Emphasis of a Matter

As discussed in *Note 2* to the financial statements, the Organization has adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*. Our opinion is not modified with respect to this matter.

## Report on Summarized Comparative Information

We have previously audited the Organization's 2019 financial statements, and our report dated September 24, 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.

*Hallman, Stewart & Schmitt, P.C.*

Lake Oswego, Oregon  
October 9, 2020

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Financial Position**

<b>June 30, 2020</b> <i>(With Comparative Amounts for 2019)</i>	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 388,692	\$ 218,038
Accounts receivable	102,091	88,525
Contributions receivable <i>(Note 4)</i>	159,960	284,907
Prepaid expenses	18,629	20,793
Inventory	39,584	24,944
<b>Total current assets</b>	<b>708,956</b>	<b>637,207</b>
<b>Long-term assets:</b>		
Investments <i>(Notes 5 and 20)</i>	690,695	775,898
Contributions receivable <i>(Note 4)</i>	51,386	62,226
Beneficial interest in assets held by Oregon Community Foundation <i>(Notes 6 and 20)</i>	88,412	88,871
Land, building, and equipment - net <i>(Note 7)</i>	2,290,411	2,299,122
<b>Total long-term assets</b>	<b>3,120,904</b>	<b>3,226,117</b>
<b>Total assets</b>	<b>\$ 3,829,860</b>	<b>\$ 3,863,324</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	\$ 18,046	\$ 43,013
Accrued payroll and compensated absences	11,397	12,312
Deferred revenue	5,339	62,513
Scholarships payable	500	500
Current portion of long-term debt <i>(Note 8)</i>	4,167	-
<b>Total current liabilities</b>	<b>39,449</b>	<b>118,338</b>
Long-term debt - net of current portion <i>(Note 8)</i>	45,833	-
Paycheck Protection Program (PPP) Loan <i>(Note 9)</i>	138,780	-
<b>Total liabilities</b>	<b>224,062</b>	<b>118,338</b>
Commitments <i>(Notes 10, 11, and 19)</i>		
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	2,679,477	2,798,074
Board designated for operating reserve <i>(Note 3)</i>	770,369	856,031
Total unrestricted	3,449,846	3,654,105
With donor restrictions <i>(Note 12)</i>	155,952	90,881
<b>Total net assets</b>	<b>3,605,798</b>	<b>3,744,986</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,829,860</b>	<b>\$ 3,863,324</b>

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Activities**

**Year Ended June 30, 2020** (With Comparative Totals for 2019)

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2020	2019
<b>Operating revenues, gains, and other support:</b>						
Contributions:						
Corporate	\$ 573,873	\$ -	\$ 573,873	\$ 100,000	\$ 673,873	\$ 501,594
Individuals	51,815	-	51,815	-	51,815	559,841
Foundations	139,497	-	139,497	20,000	159,497	136,542
Total contributions	765,185	-	765,185	120,000	885,185	1,197,977
In-kind contributions (Note 17)	44,053	-	44,053	-	44,053	83,733
Special events:						
Revenues	109,280	-	109,280	-	109,280	276,567
Expenses	(34,156)	-	(34,156)	-	(34,156)	(114,464)
Net special events	75,124	-	75,124	-	75,124	162,103
Realized and unrealized gain (loss) on investments	-	(3,573)	(3,573)	-	(3,573)	10,156
Interest and dividend income	-	18,370	18,370	-	18,370	16,519
Net increase (decrease) in beneficial interest in assets held by Oregon Community Community Foundation Foundation (Note 20)	-	(459)	(459)	-	(459)	5,245
JA BizTown student fees	156,376	-	156,376	-	156,376	224,986
JA BizTown summer camp fees	82,825	-	82,825	-	82,825	111,289
JA Finance Park student fees	7,495	-	7,495	-	7,495	42,852
Contract revenue, net (Note 15)	78,114	-	78,114	-	78,114	88,233
Other income	13,065	-	13,065	-	13,065	12,391
Net assets released from restrictions (Note 12)	54,929	-	54,929	(54,929)	-	-
<b>Net operating revenues, gains, and other support (carried forward)</b>	<b>1,277,166</b>	<b>14,338</b>	<b>1,291,504</b>	<b>65,071</b>	<b>1,356,575</b>	<b>1,955,484</b>

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

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Activities - Continued**

**Year Ended June 30, 2020** *(With Comparative Totals for 2019)*

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2020	2019
<b>Net operating revenues, gains, and other support (brought forward)</b>	<b>\$ 1,277,166</b>	<b>\$ 14,338</b>	<b>\$ 1,291,504</b>	<b>\$ 65,071</b>	<b>\$ 1,356,575</b>	<b>\$ 1,955,484</b>
<b>Operating expenses:</b>						
Program services	1,053,210	-	1,053,210	-	1,053,210	1,167,622
Supporting services:						
Management and general	125,656	-	125,656	-	125,656	112,686
Fundraising	246,573	-	246,573	-	246,573	195,381
<b>Total operating expenses</b>	<b>1,425,439</b>	<b>-</b>	<b>1,425,439</b>	<b>-</b>	<b>1,425,439</b>	<b>1,475,689</b>
<b>Increase (decrease) in net assets from operations</b>	<b>(148,273)</b>	<b>14,338</b>	<b>(133,935)</b>	<b>65,071</b>	<b>(68,864)</b>	<b>479,795</b>
<b>Non-operating items (Note 18) :</b>						
Depreciation and amortization	(48,606)	-	(48,606)	-	(48,606)	(47,265)
Capital campaign - BizTown 2.0	(21,718)	-	(21,718)	-	(21,718)	(25,372)
<b>Total non-operating items</b>	<b>(70,324)</b>	<b>-</b>	<b>(70,324)</b>	<b>-</b>	<b>(70,324)</b>	<b>(72,637)</b>
Net assets released from Board designation	100,000	(100,000)	-	-	-	-
<b>Increase (decrease) in net assets</b>	<b>(118,597)</b>	<b>(85,662)</b>	<b>(204,259)</b>	<b>65,071</b>	<b>(139,188)</b>	<b>407,158</b>
Net assets, beginning of year	2,798,074	856,031	3,654,105	90,881	3,744,986	3,337,828
<b>Net assets, end of year</b>	<b>\$ 2,679,477</b>	<b>\$ 770,369</b>	<b>\$ 3,449,846</b>	<b>\$ 155,952</b>	<b>\$ 3,605,798</b>	<b>\$ 3,744,986</b>

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2020** (With Comparative Totals for 2019)

	Program Services	Management and General	Fundraising	Total	
				2020	2019
<b>Operating expenses:</b>					
Salaries and wages	\$ 501,940	\$ 65,423	\$ 126,804	\$ 694,167	\$ 642,542
Payroll taxes	41,992	5,473	10,608	58,073	56,535
Employee insurance (Note 14)	40,824	5,321	10,314	56,459	49,766
Pension/annuity (Note 13)	40,756	5,312	10,296	56,364	67,181
General insurance	8,028	1,605	1,070	10,703	11,848
Insurance - in-school programs	12,893	-	-	12,893	12,774
Outside services	953	-	1,027	1,980	17,980
Rent	1,601	2,358	-	3,959	19,877
Equipment expense	13,355	1,028	6,164	20,547	14,828
Office and organization maintenance	34,475	9,850	4,925	49,250	55,967
Computer software	17,603	5,867	5,867	29,337	26,273
Stationery supplies	3,737	534	1,068	5,339	6,916
Simulation Day supplies - BizTown	11,522	-	-	11,522	23,015
Stationery supplies - Finance Park	937	-	-	937	1,955
Subscriptions and dues	472	315	787	1,574	3,069
Postage and delivery	5,582	349	1,047	6,978	19,017
Telephone	7,073	1,088	2,721	10,882	13,340
Utilities	20,695	3,184	7,959	31,838	27,657
Professional fees	7,211	7,429	7,211	21,851	21,685
Student fees paid to JA USA	-	-	-	-	24,591
Bad debt expense	-	-	22,121	22,121	8,404
Participation fees paid to JA USA (Note 15)	112,711	4,901	4,901	122,513	48,756
Scholarship expense	3,600	400	-	4,000	6,072
Staff training	4,174	695	2,087	6,956	13,934
Travel and meals	7,503	956	2,869	11,328	24,198
Volunteer training, recruiting, and recognition	1,728	154	-	1,882	3,826
Public relations	12,938	-	8,625	21,563	15,185
Program materials (Note 15)	91,978	-	-	92,474	164,989
Banking and office services	2653	-	-	8,843	8,933
Summer camp expense	8,309	317	87	8,309	17,515
Miscellaneous expense	1157	-	-	1,561	1,179
Transportation	7,843	-	-	7,843	23832
Board expenses	782	758	758	2,298	4,170
<b>Total operating expenses before depreciation and amortization (carried forward)</b>	<b>1,027,025</b>	<b>124,201</b>	<b>245,118</b>	<b>1,396,344</b>	<b>1,396,344</b>

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



**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Functional Expenses - Continued**

---

**Year Ended June 30, 2020** *(With Comparative Totals for 2019)*

---

	Program Services	Management and General	Fundraising	Total	
				2020	2019
<b>Total operating expenses before depreciation and amortization (brought forward)</b>	<b>\$ 1,027,025</b>	<b>\$ 124,201</b>	<b>\$ 245,118</b>	<b>\$ 1,396,344</b>	<b>\$ 1,457,809</b>
Depreciation and amortization	26,185	1,455	1,455	29,095	17,880
<b>Total operating expenses</b>	<b>1,053,210</b>	<b>125,656</b>	<b>246,573</b>	<b>1,425,439</b>	<b>1,475,689</b>
<b>Non-operating expenses:</b>					
Depreciation and amortization	43,746	2,430	2,430	48,606	47,265
Capital campaign - BizTown 2.0	-	-	21,718	21,718	25,372
<b>Total non-operating expenses</b>	<b>43,746</b>	<b>2,430</b>	<b>24,148</b>	<b>70,324</b>	<b>72,637</b>
<b>Total expenses</b>	<b><u>\$ 1,096,956</u></b>	<b><u>\$ 128,086</u></b>	<b><u>\$ 270,721</u></b>	<b><u>\$ 1,495,763</u></b>	<b><u>\$ 1,548,326</u></b>

---

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Cash Flows**

<b>Year Ended June 30, 2020</b> <i>(With Comparative Totals for 2019)</i>	<b>2020</b>	<b>2019</b>
<b>Cash flows from operating activities:</b>		
Increase (decrease) in net assets	\$ (139,188)	\$ 407,158
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	77,701	65,145
Realized and unrealized loss (gain) on investments	3,573	(10,156)
Net decrease (increase) in beneficial interest in assets held by Oregon Community Foundation	459	(5,245)
Loss on disposal of equipment	422	-
Net changes in:		
Contributions receivable	135,787	(50,623)
Prepaid expenses	2,164	(15,847)
Accounts receivable	(13,566)	(48,312)
Inventory	(14,640)	20,665
Accounts payable and other liabilities	(24,967)	(20,922)
Accrued payroll and compensated absences	(915)	4,938
Deferred revenue	(57,174)	(315)
Scholarships payable	-	(7,500)
<b>Net cash provided (used) by operating activities</b>	<b>(30,344)</b>	<b>338,986</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(69,412)	(15,373)
Proceeds from sale of investments	100,000	-
Purchases of investments	(18,370)	(536,519)
<b>Net cash provided (used) by investing activities</b>	<b>12,218</b>	<b>(551,892)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	50,000	-
Proceeds from PPP loan	138,780	-
<b>Net cash provided by financing activities</b>	<b>188,780</b>	<b>-</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>170,654</b>	<b>(212,906)</b>
Cash and cash equivalents, beginning of year	218,038	430,944
<b>Cash and cash equivalents, end of year</b>	<b>\$ 388,692</b>	<b>\$ 218,038</b>

*The accompanying notes are an integral part of the financial statements.*

# JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

## Notes to Financial Statements

---

### 1. Organization

Junior Achievement of Oregon & SW Washington, Inc. (the Organization) is a nonprofit organization founded in 1950 and affiliated with Junior Achievement USA. The Organization's mission is to educate and inspire young people to succeed in a global economy. The Organization operates in schools throughout Oregon and Southwest Washington and relies on contributions from businesses, individuals, and foundations in those geographic regions for its operating support.

During the year ended June 30, 2020, the Organization incurred program service expenses in the following major areas while serving 48,803 area students:

**Elementary School In-Class Programs** - The elementary school programs are designed to help kindergarten through fifth-grade students learn about their economic society. Each theme builds on the previous one and stresses the relationship between school and future success.

**JA BizTown** - JA BizTown is an experiential simulation that helps fifth and sixth grade students become productive citizens in an 8,500 square foot replica of a real American city. Designed to supplement the Organization's foundational in-school programs, JA BizTown contains all the infrastructure of an actual city; multiple businesses, a city hall, etc. The simulation engages students in the American free enterprise system by allowing them to assume hands-on roles and gain real-life experiences in running businesses, being civic leaders, and practicing personal financial decision making.

**Middle School In-Class Programs** - The middle grade programs stress the importance of an education and staying in school while introducing students to economic concepts and information about the world of work and financial literacy.

**JA Finance Park** - JA Finance Park is a financial literacy simulation designed to engage middle and high school students across Oregon and Southwest Washington in the world of personal finance through an interactive, hands-on experience. The program blends teacher-led classroom instruction with a culminating simulation day that delivers a high-tech, high-touch educational experience. The basic goal for participants is to develop a balanced household budget based around a fictional adult identity they receive that includes a fixed income and family situation. JA Financial Park includes 16 interactive business storefronts that participants use to gather information and make budgeting decisions.

**High School In-Class Programs** - The high school programs strive to help students develop the knowledge, skills, and attitudes needed to become productive workers as well as leaders in business and society.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

---

#### 2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader:

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Basis of Presentation** - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* - Net assets not subject to donor-imposed stipulations.
- *Net assets with donor restrictions* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

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

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Among other areas, estimates are used in the calculation of depreciation expense and any allowance for uncollectible receivables.

**Contributions** - Contributions, which are the Organization's primary source of revenue, include unconditional promises to give (contributions receivable), and are recognized as revenue in the period received. Management records an estimated allowance for uncollectible contributions receivable based on the size and nature of the associated contributions. Contributions of assets other than cash are recorded at their estimated fair value.

Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Total conditional contributions to be recognized as contribution support once certain qualifying expenses are incurred are \$11,818 at June 30, 2020.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**2. Summary of Significant Accounting Policies - Continued**

**In-Kind Contributions** - Donated services received that create or enhance a nonfinancial asset, or require specialized skills the Organization would have purchased if not donated, are recognized in the statement of activities.

Numerous volunteers have donated significant amounts of time to teach certain Junior Achievement programs. Although no amounts have been reflected in the accompanying financial statements, 3,259 volunteers donated a total of 23,409 hours for programs for the year ended June 30, 2020.

In-kind contributions of supplies and other materials are recorded where there is an objective basis on which to value these contributions and where the contributions are an essential part of the Organization's activities.

**Contributions of Long-Lived Assets** - Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the net assets without restrictions class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the net assets with restrictions class. Unless donor stipulations limit the use of assets for a period of time or a particular purpose, donor restrictions, if any, are considered to have expired when the assets are placed into service.

**Cash Equivalents** - For purposes of the financial statements, the Organization considers all highly liquid investments having initial maturities of three months or less to be cash equivalents.

**Investments** - Investments are reported at fair value based on quoted market prices and consist of mutual funds.

**Accounts Receivable** - Accounts receivable represents amounts due from various schools for participation in the JA BizTown program and various other receivables. Based on a specific review of those receivables, management does not believe an allowance for uncollectible accounts is necessary. Once reasonable collection efforts are exhausted, management will write off specific receivables considered to be uncollectible. At June 30, 2020, the Organization had accounts receivable outstanding greater than 90 days of \$28,232.

**Inventory** - Inventory, which consists primarily of educational materials that are used in classrooms and during JA BizTown, is carried at the lower of cost (first-in, first-out) or net realizable value.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**2. Summary of Significant Accounting Policies - Continued**

**Land, Building, and Equipment** - Land, building, and equipment are carried at cost when purchased, and at estimated fair value when acquired by gift. Depreciation and amortization are generally provided on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years for buildings and building improvements and 3 to 7 years for furniture, equipment, and software. The Organization capitalizes all purchases over \$500.

**Deferred Revenue** - Deferred revenue consists of advance payments received for JA BizTown prior to when the specific program takes place.

**Revenue Recognition** - All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. JA BizTown and JA Finance Park student fees are recorded as earned.

**Functional Allocation of Expenses** - The costs of providing the Organization's various program services and other activities have been allocated among the programs and supporting services benefitted. The statement of functional expenses presents the natural classification detail of expense by function.

The statement of functional expenses reports certain categories of expenses that are attributable to more than one program or supporting service function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, which are allocated on the basis of time and effort.

**Advertising Expenses** - Advertising and promotional costs are charged to expense as they are incurred. For the years ended June 30, 2020 and 2019, advertising expenses totaled \$4,772 and \$7,685, respectively.

**Income Taxes** - The Organization is exempt from federal and state income taxes under 501(c)(3) of the Internal Revenue Code and similar state provisions. Accordingly, no income tax provision is recorded in the accompanying financial statements.

Under GAAP, the recognition of an estimated tax liability and related disclosure is required for tax positions taken by the Organization that, under an examination by a taxing authority, may not be sustained. Management does not believe the Organization has any significant tax positions that under examination would not be sustained and, accordingly, has not recorded an estimated liability. The Organization did not record any penalty or interest related to its tax positions and, if any were recorded, those amounts would be included in management and general expenses.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

---

#### 2. Summary of Significant Accounting Policies - Continued

**Summarized Financial Information for 2019** - The accompanying financial information as of and for the year ended June 30, 2019, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in accordance with GAAP. 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.

**Adoption of New Accounting Standards** - In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2018-08, *Not-for-Profit Entities: Clarifying the Scope and Accounting Guidance for Contributions Received and Made (Topic 605)*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

**Recent Accounting Pronouncement** - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU 2014-09 will replace most existing revenue recognition guidance under GAAP when it becomes effective. The standard permits the use of either the retrospective or cumulative effect transition method, and will be effective for annual reporting periods beginning after December 15, 2019. The Organization is evaluating the impact that ASU 2014-09 will have on its financial statements and related disclosures. The Organization has not yet selected a transition method, nor has it determined the effect of the standard on its ongoing financial reporting.

**Reclassifications** - Certain reclassifications have been made to the 2019 summarized information to conform to the 2020 presentation.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**3. Liquidity and Availability of Resources**

The Organization's financial assets available for general expenditure within one year of the statement of financial position date consist of the following:

	2020	2019
Cash and cash equivalents	\$ 388,692	\$ 218,038
Accounts receivable	102,091	88,525
Contributions receivable	<u>159,960</u>	<u>284,907</u>
Total financial assets available within one year	650,743	591,470
Less amounts unavailable for general expenditure within one year due to donor-stipulated restrictions	<u>(105,952)</u>	<u>(35,952)</u>
	<u>\$ 544,791</u>	<u>\$ 555,518</u>

The Organization's Board designated funds are a component of net assets without donor restrictions. In order to provide for sufficient funding of operational costs associated with execution of the Organization's ongoing strategic initiatives, the Board designated \$770,369 and \$856,031 of net assets without donor restrictions at June 30, 2020 and 2019, respectively, as an operational reserve to be made available to management in the event of an immediate liquidity need. These amounts are not included in the table above.

In addition, the Organization could also draw upon \$500,000 of an available line of credit (*Note 10*) in the event of an unanticipated liquidity need.

As part of the Organization's liquidity management, the Organization has a practice to structure its financial assets to be available as general expenditures, liabilities, and other obligations come due.



**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**4. Contributions Receivable**

Contributions receivable are summarized as follows at June 30:

	<b>2020</b>	<b>2019</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 159,960	\$ 284,907
One year to five years	<u>58,500</u>	<u>70,000</u>
Gross contributions receivable	218,460	354,907
Less discount to present value (3.75 percent discount rate)	<u>(2,114)</u>	<u>(2,774)</u>
Net present value	216,346	352,133
Less allowance for uncollectible amounts	<u>(5,000)</u>	<u>(5,000)</u>
	211,346	347,133
Less current portion	<u>(159,960)</u>	<u>(284,907)</u>
Long-term portion	<u>\$ 51,386</u>	<u>\$ 62,226</u>

**5. Investments**

Investments held by the Organization are summarized as follows at June 30:

	<b>2020</b>	<b>2019</b>
Domestic equity mutual funds	\$ 302,969	\$ 218,744
International equity mutual funds	69,553	50,754
Fixed income mutual funds	244,235	127,729
Money market mutual funds	<u>73,938</u>	<u>378,671</u>
	<u>\$ 690,695</u>	<u>\$ 775,898</u>

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

#### 6. Beneficial Interest in Assets Held by Oregon Community Foundation

The Organization has an agreement with Oregon Community Foundation (OCF) that permits annual distributions equal to a specified percentage of the fair value of fund assets. Moreover, additional distributions, even to the extent of fund depletion, may be requested by the Organization's Board of Directors, subject to the discretion of the OCF Board of Trustees. During the year ended June 30, 2020, the Organization did not receive any distributions from OCF.

At June 30, 2020 and 2019, the fair value of the Organization's beneficial interest in assets held by OCF totaled \$88,412 and \$88,871, respectively. Investments held at OCF are valued at estimated fair value (*Note 20*), and are included as a component of the Organization's Board designated operating reserve in the accompanying statement of financial position.

#### 7. Land, Building, and Equipment

Land, building, and equipment are summarized as follows at June 30:

	2020	2019
Domestic equity mutual funds	\$ 302,969	\$ 218,744
International equity mutual funds	69,553	50,754
Fixed income mutual funds	244,235	127,729
Money market mutual funds	73,938	378,671
	<u>\$ 690,695</u>	<u>\$ 775,898</u>
Less accumulated depreciation and amortization	<u>(1,763,146)</u>	<u>(1,686,954)</u>
	<u>\$ 2,290,411</u>	<u>\$ 2,299,122</u>

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**8. Long-Term Debt**

Long-term debt consists of the following at June 30, 2020:

Note payable to The Achievement Foundation, Inc. The note is unsecured and is non-interest bearing. Quarterly payments of \$4,167 commence in June 2021, and the balance is due on March 31, 2024.	\$ 50,000
Less current portion	<u>4,167</u>
Long-term portion	<u><u>\$ 45,833</u></u>

Future principal maturities are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2021	\$ 4,167
2022	16,667
2023	16,667
2024	<u>12,499</u>
	<u><u>\$ 50,000</u></u>

**9. Paycheck Protection Plan (PPP) Loan**

During the year ended June 30, 2020, the Organization applied for and received a Paycheck Protection Program (PPP) loan of \$138,780 from the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). If the Organization meets certain criteria under the CARES Act, all or a portion of the loan may be forgiven. Any portion of the loan not forgiven will bear interest at 1 percent per annum over a two year period. The Organization intends to apply for loan forgiveness at the end of the applicable determination period.

**10. Line of Credit**

The Organization has available a \$500,000 revolving line of credit with U.S. Bank N.A. Interest is payable at the bank's prime rate plus 0.50 percent (3.75 percent at June 30, 2020). The line is secured by certain real property and is due on demand. There were no borrowings outstanding at June 30, 2020. The line matures on December 11, 2020.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**11. Commitments**

At June 30, 2020, the Organization had entered into an operating lease agreement for certain office equipment through September 2024. Future minimum lease payments under this operating lease are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2021	\$ 16,654
2022	16,654
2023	16,654
2024	16,654
2025	<u>4,163</u>
	<u><u>\$ 70,779</u></u>

**12. Restrictions and Limitations on Net Asset Balances**

Net assets with donor restrictions are available for the following purposes at June 30:

	<b>2020</b>	<b>2019</b>
JA BizTown	\$ 67,500	\$ 51,000
JA Finance Park	<u>88,452</u>	<u>39,881</u>
	<u><u>\$ 155,952</u></u>	<u><u>\$ 90,881</u></u>

During the year ended June 30, 2020, net assets of \$54,929 were released from donor restrictions by either incurring expenses related to the restricted purposes specified by donors or by the passage of time.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

---

#### 13. Multi-Employer Pension Plan (Terminated Effective June 30, 2019)

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA (JA USA) and covered all full-time employees of the Organization. The Plan is accounted for like a multi-employer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. Prior to June 30, 2019, the Organization was required to fund the Plan, as determined by JA USA's Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, the Organization made contributions equal to 16.75 percent of plan participants' eligible compensation. The Organization recognized, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of JA USA 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 shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires the Organization to remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied, and is thereby required to make contributions equal to 13.25 percent of participants' eligible compensation.

During 2020, Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump sum elections) or transferred (annuity elections). The remaining assets in the Plan, as detailed below, are restricted for additional, future termination and other required administrative expenses. Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2020.

To coincide with the termination of the Plan, the Organization implemented a defined contribution 403(b) plan for eligible employees on July 17, 2019 (*Note 19*).

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

---

#### 14. Health and Welfare Benefits Trust and Postretirement Benefits Plan

##### Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental, and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of JA USA chapters can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

##### Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2020 and 2019, was \$56,459 and \$49,766, respectively.

#### 15. Related-Party Transactions

Each year the Organization supports the program services provided by JA USA, its national affiliate, through the payment of service fees, which are based on cash receipts. This is classified as participation expense in the accompanying financial statements. During the years ended June 30, 2020 and 2019, the Organization incurred participation expense of \$122,513 and \$73,347, respectively.

For the years ended June 30, 2020 and 2019, the Organization purchased program materials from JA USA totaling \$66,607 and \$100,183, respectively.

During the years ended June 30, 2020 and 2019, the Organization received contributions from members of the Board of Directors of \$17,975 and \$18,441, respectively.

The Organization contracts with certain regional affiliates for the rental of JA Finance Park. During the years ended June 30, 2020 and 2019, the Organization recorded contract revenue from Junior Achievement of Washington of \$29,256 and \$58,068, respectively. During the years ended June 30, 2020 and 2019, the Organization recorded contract revenue of \$55,565 and \$51,617 from Junior Achievement of Northern California.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**16. Financial Instruments with Concentrations of Risk**

Financial instruments that potentially subject the Organization to concentrations of risk consist primarily of cash and cash equivalents and investments. On occasion throughout the year, cash and cash equivalent balances exceeded amounts insured by the Federal Deposit Insurance Corporation. Investments are managed via the Organization's investment policies. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the financial statements.

**17. In-Kind Contributions**

The Organization received the following in-kind contributions during the years ended June 30:

	2020	2019
Donated materials and services	<u>\$ 44,053</u>	<u>\$ 83,733</u>

**18. Non-Operating Items**

Certain transactions resulting from the JA BizTown 2.0 Project have been excluded from normal operations on the statement of activities. These project expenses, as well as depreciation and amortization expense that is not deemed to be a part of ongoing operations have been reported as non-operating items on the statement of activities.

**19. Retirement Plan**

The Organization established a defined contribution plan that covers all eligible employees on July 17, 2019. The Organization makes a matching contribution of employee salary deferrals, not to exceed four percent of eligible compensation. Employer contributions to the defined contribution plan during the year ended June 30, 2020, totaled \$17,705.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

---

#### 20. Fair Value Measurements

The classification of assets and liabilities within the fair value hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The three levels of the fair value hierarchy under the valuation methodologies used for assets are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Organization has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices observable for the asset or liability.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Fair value based on significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.



**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**20. Fair Value Measurements - Continued**

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30:

<b>2020</b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Investments:			
Domestic equity mutual funds	\$ 302,969	\$ -	\$ 302,969
International equity mutual funds	69,553	-	69,553
Fixed income mutual funds	244,235	-	244,235
Money market mutual funds	<u>73,938</u>	<u>-</u>	<u>73,938</u>
Total investments	690,695	-	690,695
Beneficial interest in assets held by OCF	<u>-</u>	<u>88,412</u>	<u>88,412</u>
	<u>\$ 690,695</u>	<u>\$ 88,412</u>	<u>\$ 779,107</u>

<b>2019</b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Investments:			
Domestic equity mutual funds	\$ 218,744	\$ -	\$ 218,744
International equity mutual funds	50,754	-	50,754
Fixed income mutual funds	127,729	-	127,729
Money market mutual funds	<u>378,671</u>	<u>-</u>	<u>378,671</u>
Total investments	775,898	-	775,898
Beneficial interest in assets held by OCF	<u>-</u>	<u>88,871</u>	<u>88,871</u>
	<u>\$ 775,898</u>	<u>\$ 88,871</u>	<u>\$ 864,769</u>

The following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the net asset value of shares held by the Organization at year end.

*Beneficial interest in assets held by OCF:* Assets held at OCF represent the Organization's share of a pooled investment portfolio managed by OCF. The Organization's share of the pooled investment portfolio is not actively traded, and significant other observable inputs are not available. However, as described in *Note 6*, the underlying investments of OCF are measured by the management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, this asset is classified as Level 3.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

---

**20. Fair Value Measurements - Continued**

A summary of the changes in fair value of Level 3 assets for the year ended June 30, 2020, is as follows:

Balance, beginning of year	\$ 88,871
Realized and unrealized loss	(262)
Interest and dividends	608
Fees paid	<u>(805)</u>
Balance, end of year	<u><u>\$ 88,412</u></u>

**21. Uncertainty Related to COVID-19 Pandemic**

Since March 2020, financial markets and economic conditions in general have undergone a significant negative impact as a result of the COVID-19 health crisis. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the related impact on donors, employees, volunteers, students, and vendors, all of which are uncertain and cannot be predicted. As such, the extent to which COVID-19 may impact the Organization's financial position and results of operations cannot be reasonably estimated at this time.

**22. Subsequent Events**

Management has evaluated subsequent events through October 9, 2020, the date the financial statements were available for issue.