



FINANCIAL STATEMENTS

Year Ended June 30, 2021

with

Independent Auditors' Report

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

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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, 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 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, 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 the Organization's 2020 financial statements, and our report dated October 9, 2020, expressed an unmodified audit 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.

HANMAN, STEWART & SCHMIDT, P.C.

Lake Oswego, Oregon
October 1, 2021

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Statement of Financial Position

June 30, 2021 <i>(With Comparative Amounts for 2020)</i>	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 297,049	\$ 388,692
Accounts receivable	7,579	102,091
Contributions receivable <i>(Note 4)</i>	158,765	159,960
Prepaid expenses	4,355	18,629
Inventory	30,812	39,584
Total current assets	498,560	708,956
Long-term assets:		
Investments <i>(Notes 5 and 20)</i>	1,080,510	690,695
Contributions receivable <i>(Note 4)</i>	-	51,386
Beneficial interest in assets held by Oregon Community Foundation <i>(Notes 6 and 20)</i>	121,092	88,412
Land, building, and equipment - net <i>(Note 7)</i>	2,219,438	2,290,411
Total long-term assets	3,421,040	3,120,904
Total assets	\$ 3,919,600	\$ 3,829,860
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other liabilities	\$ 46,227	\$ 15,546
Accrued payroll and compensated absences	9,488	11,397
Deferred revenue	4,501	5,339
Scholarships payable	-	3,000
Current portion of long-term debt <i>(Note 8)</i>	16,667	4,167
Total current liabilities	76,883	39,449
Long-term debt - net of current portion and discount <i>(Note 8)</i>	26,205	45,833
Paycheck Protection Program (PPP) Loan <i>(Note 9)</i>	-	138,780
Total liabilities	103,088	224,062
Commitments <i>(Notes 10, 11, and 19)</i>		
Net assets:		
Without donor restrictions:		
Undesignated	2,785,056	2,679,477
Board designated for operating reserve <i>(Note 3)</i>	992,864	770,369
Total unrestricted	3,777,920	3,449,846
With donor restrictions <i>(Note 12)</i>	38,592	155,952
Total net assets	3,816,512	3,605,798
Total liabilities and net assets	\$ 3,919,600	\$ 3,829,860

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, 2021 *(With Comparative Totals for 2020)*

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2021	2020
Operating revenues, gains, and other support:						
Contributions:						
Corporate	\$ 557,790	\$ -	\$ 557,790	\$ 33,586	\$ 591,376	\$ 673,873
Individuals	31,925	-	31,925	2,044	33,969	51,815
Foundations	74,000	-	74,000	-	74,000	159,497
Total contributions	663,715	-	663,715	35,630	699,345	885,185
Imputed interest contribution	-	-	-	4,970	4,970	-
In-kind contributions <i>(Note 17)</i>	-	-	-	-	-	44,053
Special events:						
Revenues	134,661	-	134,661	-	134,661	109,280
Expenses	(43,042)	-	(43,042)	-	(43,042)	(34,156)
Net special events	91,619	-	91,619	-	91,619	75,124
Realized and unrealized gain (loss) on investments	-	174,433	174,433	-	174,433	(3,573)
Interest and dividend income	-	15,382	15,382	-	15,382	18,370
Net increase (decrease) in beneficial interest in assets held by Oregon Community Foundation <i>(Note 20)</i>	-	32,680	32,680	-	32,680	(459)
JA BizTown student fees	14,713	-	14,713	-	14,713	156,376
JA BizTown summer camp fees	-	-	-	-	-	82,825
JA Finance Park student fees	10,440	-	10,440	-	10,440	7,495
Contract revenue, net <i>(Note 15)</i>	-	-	-	-	-	78,114
Other income	4,644	-	4,644	-	4,644	13,065
Net assets released from restrictions <i>(Note 12)</i>	157,960	-	157,960	(157,960)	-	-
Net operating revenues, gains, and other support (carried forward)	943,091	222,495	1,165,586	(117,360)	1,048,226	1,356,575

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, 2021 *(With Comparative Totals for 2020)*

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2021	2020
Net operating revenues, gains, and other support (brought forward)	\$ 943,091	\$ 222,495	\$ 1,165,586	\$ (117,360)	\$ 1,048,226	\$ 1,356,575
Operating expenses:						
Program services	769,425	-	769,425	-	769,425	1,053,210
Supporting services:						
Management and general	113,694	-	113,694	-	113,694	125,656
Fundraising	201,655	-	201,655	-	201,655	246,573
Total operating expenses	1,084,774	-	1,084,774	-	1,084,774	1,425,439
Increase (decrease) in net assets from operations	(141,683)	222,495	80,812	(117,360)	(36,548)	(68,864)
Non-operating items:						
Paycheck Protection Program loan forgiveness <i>(Note 9)</i>	295,425	-	295,425	-	295,425	-
Depreciation and amortization <i>(Note 18)</i>	(48,163)	-	(48,163)	-	(48,163)	(48,606)
Capital campaign - BizTown 2.0 <i>(Note 18)</i>	-	-	-	-	-	(21,718)
Total non-operating items	247,262	-	247,262	-	247,262	(70,324)
Increase (decrease) in net assets	105,579	222,495	328,074	(117,360)	210,714	(139,188)
Net assets, beginning of year	2,679,477	770,369	3,449,846	155,952	3,605,798	3,744,986
Net assets, end of year	\$ 2,785,056	\$ 992,864	\$ 3,777,920	\$ 38,592	\$ 3,816,512	\$ 3,605,798

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, 2021 (With Comparative Totals for 2020)

	Program Services	Management and General	Fundraising	Total	
				2021	2020
Operating expenses:					
Salaries and wages	\$ 402,555	\$ 66,713	\$ 103,240	\$ 572,508	\$ 694,167
Payroll taxes	34,573	5,730	8,867	49,170	58,073
Employee insurance (Note 14)	44,409	7,360	11,390	63,159	56,459
Pension expense (Note 19)	15,537	2,575	3,985	22,097	17,705
General insurance	8,311	1,662	1,108	11,081	10,703
Insurance - in-school programs	13,472	-	-	13,472	12,893
Outside services	-	-	-	-	1,980
Rent	-	-	-	-	3,959
Equipment expense (Note 11)	22,542	1,734	10,404	34,680	20,547
Office and organization maintenance	18,417	2,834	7,084	28,335	49,250
Computer software	19,309	6,436	6,436	32,181	29,337
Stationery supplies	526	75	150	751	5,339
Simulation Day supplies - BizTown	240	-	-	240	11,522
Stationery supplies - Finance Park	-	-	-	-	15,067
Subscriptions and dues	1,618	270	809	2,697	1,574
Postage and delivery	2,577	161	483	3,221	6,978
Telephone	5,707	879	2,195	8,781	10,882
Utilities	12,273	1,889	4,720	18,882	31,838
Professional fees	7,199	7,418	7,199	21,816	21,851
Employee benefits (Note 13)	-	-	-	-	38,659
Bad debt expense	-	-	21,150	21,150	22,121
Participation fees paid to JA USA (Note 15)	113,514	4,935	4,935	123,384	122,513
Scholarship expense	-	-	-	-	4,000
Staff training	958	160	479	1,597	6,956
Travel and meals	1,504	251	752	2,507	11,328
Volunteer training, recruiting, and recognition	-	-	-	-	1,882
Public relations	1,117	-	744	1,861	21,563
Amortization of imputed interest	2,008	-	-	2,008	-
Program materials (Note 15)	9,969	690	710	11,369	66,607
Banking and office services	1,738	579	3,475	5,792	8,843
Summer camp expense	2,837	-	-	2,837	20,046
Miscellaneous expense	-	3	-	3	1,561
Transportation	3,738	-	-	3,738	7,843
Board expenses	82	79	79	240	2,298
Total operating expenses before depreciation and amortization (carried forward)	746,730	112,433	200,394	1,059,557	1,396,344

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, 2021 *(With Comparative Totals for 2020)*

	Program Services	Management and General	Fundraising	Total	
				2021	2020
Total operating expenses before depreciation and amortization (brought forward)	\$ 746,730	\$ 112,433	\$ 200,394	\$ 1,059,557	\$ 1,396,344
Depreciation and amortization	22,695	1,261	1,261	25,217	29,095
Total operating expenses	769,425	113,694	201,655	1,084,774	1,425,439
Non-operating expenses:					
Depreciation and amortization	43,347	2,408	2,408	48,163	48,606
Capital campaign - BizTown 2.0	-	-	-	-	21,718
Total non-operating expenses	43,347	2,408	2,408	48,163	70,324
Total expenses	\$ 812,772	\$ 116,102	\$ 204,063	\$ 1,132,937	\$ 1,495,763

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

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Statement of Cash Flows

Year Ended June 30, 2021 <i>(With Comparative Totals for 2020)</i>	2021	2020
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 210,714	\$ (139,188)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	73,380	77,701
Interest expense on below market interest loan	2,008	-
Realized and unrealized loss (gain) on investments	(174,433)	3,573
Net decrease (increase) in beneficial interest in assets held by Oregon Community Foundation	(32,680)	459
Paycheck Protection Program loan forgiveness	(295,425)	-
Contribution revenue on interest-free note payable	(4,970)	-
Loss on disposal of equipment	-	422
Net changes in:		
Contributions receivable	52,581	135,787
Prepaid expenses	14,274	2,164
Accounts receivable	94,512	(13,566)
Inventory	8,772	(14,640)
Accounts payable and other liabilities	30,681	(24,967)
Accrued payroll and compensated absences	(1,909)	(915)
Deferred revenue	(838)	(57,174)
Scholarships payable	(3,000)	-
Net cash used by operating activities	(26,333)	(30,344)
Cash flows from investing activities:		
Purchase of property and equipment	(2,407)	(69,412)
Proceeds from sale of investments	-	100,000
Purchases of investments	(215,382)	(18,370)
Net cash provided (used) by investing activities	(217,789)	12,218
Cash flows from financing activities:		
Payments on long-term debt	(4,166)	-
Proceeds from long-term debt	-	50,000
Proceeds from Paycheck Protection Program loan	156,645	138,780
Net cash provided by financing activities	152,479	188,780
Net increase (decrease) in cash and cash equivalents	(91,643)	170,654
Cash and cash equivalents, beginning of year	388,692	218,038
Cash and cash equivalents, end of year	\$ 297,049	\$ 388,692

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, 2021, the Organization incurred program service expenses in the following major areas while serving 15,310 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 - The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Contributions are recorded as restricted support if they are received with donor stipulations that limit the use of the contribution.

Conditional promises to give - that is, those with a measureable performance or other barrier and right of return, are not recognized until the conditions on which they depend have been met. Conditional grants and contracts whose conditions are satisfied in the same reporting period in which the revenue is received are reported as an increase in net assets without donor restrictions.

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, 597 volunteers donated a total of 4,085 hours for programs for the year ended June 30, 2021.

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 and exchange traded 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, 2021, the Organization had accounts receivable outstanding greater than 90 days of \$635.

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.

Note Payable and Interest Discount - Debt agreements with interest terms lower than those available to an independent borrower represent a contribution to the Organization. For long-term notes, the Organization records the loan at its inception at face value less a discount, with the discount recognized with donor restrictions as an imputed interest contribution. Over the term of the note, the discount is amortized using the effective interest method and recorded as imputed interest for loans below fair value on the statement of functional expenses.

Revenue from Contracts with Customers - The Organization recognizes revenue from student fees related to JA BizTown and JA Finance Park at the amount it expects to receive when its performance obligations are satisfied, which is at the point in time the related BizTown or Finance Park program takes place. Amounts received in advance of the programs taking place are recorded as deferred revenue, which represents a contract liability.

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, 2021 and 2020, advertising expenses totaled \$1,861 and \$4,772, respectively.

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

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.

Summarized Financial Information for 2020 - The accompanying financial information as of and for the year ended June 30, 2020, 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, 2020, from which the summarized information was derived.

Adoption of New Accounting Standard - The Organization has adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU), 2014-19, *Revenue from Contracts with Customers* (Topic 606). This ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in GAAP. The ASU also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers that fall within its scope.

The Organization adopted this ASU using the modified retrospective approach. The Organization did not identify any existing unsatisfied performance obligations at July 1, 2020 (the date of initial application), and there was no significant impact on the Organization's previously recognized revenues as a result of the adoption of this ASU.

Reclassifications - Certain reclassifications have been made to the 2020 summarized information to conform to the 2021 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:

	2021	2020
Cash and cash equivalents	\$ 297,049	\$ 388,692
Accounts receivable	7,579	102,091
Contributions receivable	<u>158,765</u>	<u>159,960</u>
Total financial assets available within one year	463,393	650,743
Less amounts unavailable for general expenditure within one year due to donor-stipulated restrictions	<u>(35,630)</u>	<u>(105,952)</u>
	<u>\$ 427,763</u>	<u>\$ 544,791</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 \$992,864 and \$770,369 of net assets without donor restrictions at June 30, 2021 and 2020, 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 \$300,000 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:

	2021	2020
Unconditional promises expected to be collected in:		
Less than one year	\$ 163,765	\$ 159,960
One year to five years	<u>-</u>	<u>58,500</u>
Gross contributions receivable	163,765	218,460
Less discount to present value (3.75 percent discount rate)	<u>-</u>	<u>(2,114)</u>
Net present value	163,765	216,346
Less allowance for uncollectible amounts	<u>(5,000)</u>	<u>(5,000)</u>
	158,765	211,346
Less current portion	<u>(158,765)</u>	<u>(159,960)</u>
Long-term portion	<u>\$ -</u>	<u>\$ 51,386</u>

5. Investments

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

	2021	2020
Exchange traded funds	\$ 588,570	\$ 309,023
Mutual funds	409,337	307,733
Money market funds	<u>82,603</u>	<u>73,939</u>
	<u>\$ 1,080,510</u>	<u>\$ 690,695</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, 2021, the Organization did not receive any distributions from OCF.

At June 30, 2021 and 2020, the fair value of the Organization's beneficial interest in assets held by OCF totaled \$121,092 and \$88,412, 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:

	2021	2020
Land and land improvements	\$ 1,194,688	\$ 1,194,688
Building	632,470	632,470
Building improvements	1,022,641	1,022,641
Furniture and equipment	1,076,889	1,074,482
Software and applications	<u>129,276</u>	<u>129,276</u>
	4,055,964	4,053,557
Less accumulated depreciation and amortization	<u>(1,836,526)</u>	<u>(1,763,146)</u>
	<u>\$ 2,219,438</u>	<u>\$ 2,290,411</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, 2021:

Note payable to The Achievement Foundation, Inc. The note is unsecured and non-interest bearing. Installment payments of \$4,167 due quarterly through March 2024.	\$ 42,872
Less current portion	<u>16,667</u>
Long-term portion	<u><u>\$ 26,205</u></u>

Future principal maturities are as follows:

Years Ending June 30,	Amount
2022	\$ 16,667
2023	16,667
2024	<u>12,499</u>
	45,833
Less imputed interest discount	<u>(2,961)</u>
	<u><u>\$ 42,872</u></u>

9. Paycheck Protection Program Loans

In April 2020, the Organization received loan proceeds of \$138,780 from U.S. Bank under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) provides for full or partial loan forgiveness if loan proceeds are used for qualifying expenses and certain other conditions are satisfied.

The loan was forgiven in full by the Small Business Administration (SBA) in January 2021 and, as such, the Organization has recognized a non-operating gain on the statement of activities of \$138,780, the full amount of the original loan.

During the year ended June 30, 2021, the Organization applied for and received an additional PPP loan of \$156,645 from the SBA under the CARES Act. The Organization has met certain criteria under the CARES Act and intends to apply for loan forgiveness at the end of the applicable determination period. As such, proceeds from the additional loan are recognized as non-operating contribution support on the statement of activities.

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Notes to Financial Statements - Continued

10. Line of Credit

The Organization has available a \$300,000 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, 2021). The line is secured by certain real property and is due on demand. There were no borrowings outstanding at June 30, 2021. The line matures on December 11, 2021.

11. Commitments

At June 30, 2021, the Organization had entered into an operating lease agreement for certain office equipment through December 2024. Equipment expense under this lease was \$31,807. Future minimum lease payments under this operating lease are as follows:

Years Ending June 30,	Amount
2022	\$ 28,284
2023	28,284
2024	28,284
2025	<u>9,428</u>
	<u>\$ 94,280</u>

12. Restrictions and Limitations on Net Asset Balances

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

	2021	2020
High School In-Class program	\$ 33,586	\$ -
Discount on interest-free loan	2,962	-
Empower 70 scholarships	2,044	-
JA BizTown	-	67,500
JA Finance Park	<u>-</u>	<u>88,452</u>
	<u>\$ 38,592</u>	<u>\$ 155,952</u>

During the year ended June 30, 2021, net assets of \$157,960 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 was administered by Junior Achievement USA (JA USA) 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 various investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with Plan documents, the Organization made contributions equal to 16.75 percent 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 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 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 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 of approximately \$5.5 million at June 30, 2021 and 2020, are restricted for additional, future termination and other required administrative expenses. Approximately \$4 million of the Plan's assets are expected to be a return of capital to JA USA for the collateral that JA USA transferred to fund and close the revolving line of credit necessary to terminate the Plan.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will first be used to pay any final administrative costs, next will be used to repay advances from JA USA as described above, 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.

To coincide with the termination of the Plan, the Organization implemented a defined contribution 401(k) 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 and employees of Junior Achievement Areas in the United States can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2021 and 2020, was \$63,159 and \$56,459, respectively.

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.

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, 2021 and 2020, the Organization incurred participation expense of \$123,384 and \$122,513, respectively.

For the years ended June 30, 2021 and 2020, the Organization purchased program materials from JA USA totaling \$11,369 and \$66,607, respectively.

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Notes to Financial Statements - Continued

15. Related-Party Transactions - Continued

During the years ended June 30, 2021 and 2020, the Organization received contributions from members of the Board of Directors of \$20,185 and \$17,975, respectively.

The Organization contracts with certain regional affiliates for the rental of JA Finance Park. During the years ended June 30, 2021 and 2020, the Organization recorded contract revenue from Junior Achievement of Washington of \$-0- and \$29,256, respectively. During the years ended June 30, 2021 and 2020, the Organization recorded contract revenue of \$-0- and \$55,565 from Junior Achievement of Northern California.

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:

	2021	2020
Donated materials and services	<u>\$ -</u>	<u>\$ 44,053</u>

18. Non-Operating Items

Certain transactions resulting from PPP loans and the JA BizTown 2.0 Project have been excluded from normal operations on the statement of activities. These transactions, 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 4 percent of eligible compensation. Employer contributions to the defined contribution plan during the years ended June 30, 2021 and 2020, totaled \$22,097 and \$17,705, respectively.

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:

2021	Level 1	Level 3	Total
Investments:			
Exchange traded funds	\$ 588,570	\$ -	\$ 588,570
Mutual funds	409,337	-	409,337
Money market funds	<u>82,603</u>	<u>-</u>	<u>82,603</u>
Total investments	1,080,510	-	1,080,510
Beneficial interest in assets held by OCF	<u>-</u>	<u>121,092</u>	<u>121,092</u>
	<u>\$ 1,080,510</u>	<u>\$ 121,092</u>	<u>\$ 1,201,602</u>

2020	Level 1	Level 3	Total
Investments:			
Exchange traded funds	\$ 309,023	\$ -	\$ 309,023
Mutual funds	307,733	-	307,733
Money market funds	<u>73,939</u>	<u>-</u>	<u>73,939</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>

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

Exchange traded, mutual, and money market 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, 2021, is as follows:

Balance, beginning of year	\$ 88,412
Realized and unrealized gain	33,116
Interest and dividends	517
Fees paid	<u>(953)</u>
Balance, end of year	<u>\$ 121,092</u>

21. Subsequent Events

Management has evaluated subsequent events through October 1, 2021, the date the financial statements were available for issue.