



FINANCIAL STATEMENTS

Year Ended June 30, 2022

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.

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements - Continued

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

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

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

Other Matter

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and our report dated October 1, 2021, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Hellman, Seibert & Schmitz, P.C.

Lake Oswego, Oregon
September 29, 2022

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Statement of Financial Position

June 30, 2022 <i>(With Comparative Amounts for 2021)</i>	2022	2021
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 269,163	\$ 297,049
Accounts receivable	26,996	7,579
Contributions receivable - net <i>(Note 4)</i>	124,778	158,765
Prepaid expenses	3,873	4,355
Inventory	25,324	30,812
Total current assets	450,134	498,560
Long-term assets:		
Investments <i>(Notes 5 and 20)</i>	876,109	1,080,510
Beneficial interest in assets held by Oregon Community Foundation <i>(Notes 6 and 20)</i>	114,354	121,092
Land, building, and equipment - net <i>(Note 7)</i>	2,157,290	2,219,438
Total long-term assets	3,147,753	3,421,040
Total assets	\$ 3,597,887	\$ 3,919,600
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and other liabilities	\$ 46,155	\$ 46,227
Accrued payroll and compensated absences	6,241	9,488
Deferred revenue	43,812	4,501
Current portion of long-term debt <i>(Note 8)</i>	16,667	16,667
Total current liabilities	112,875	76,883
Long-term debt - net of current portion and discount <i>(Note 8)</i>	11,122	26,205
Total liabilities	123,997	103,088
Commitments <i>(Notes 10, 11, and 19)</i>		
Net assets:		
Without donor restrictions:		
Undesignated	2,529,967	2,785,056
Board designated for operating reserve <i>(Note 3)</i>	864,725	992,864
Total without donor restrictions	3,394,692	3,777,920
With donor restrictions <i>(Note 12)</i>	79,198	38,592
Total net assets	3,473,890	3,816,512
Total liabilities and net assets	\$ 3,597,887	\$ 3,919,600

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, 2022 *(With Comparative Totals for 2021)*

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2022	2021
Operating revenues, gains, and other support:						
Contributions:						
Corporate	\$ 425,200	\$ -	\$ 425,200	\$ -	\$ 425,200	\$ 593,420
Individuals	27,797	-	27,797	5,776	33,573	33,969
Foundations	181,300	-	181,300	20,000	201,300	74,000
Total contributions	634,297	-	634,297	25,776	660,073	701,389
Imputed interest contribution	-	-	-	-	-	4,970
Contributions - nonfinancial assets <i>(Note 17)</i>	17,249	-	17,249	-	17,249	-
Special events:						
Revenues	115,423	-	115,423	-	115,423	134,661
Expenses	(49,925)	-	(49,925)	-	(49,925)	(43,042)
Net special events	65,498	-	65,498	-	65,498	91,619
Realized and unrealized gain (loss) on investments	-	(140,644)	(140,644)	-	(140,644)	174,433
Interest and dividend income	-	19,243	19,243	-	19,243	15,382
Net increase (decrease) in beneficial interest in assets held by Oregon Community Foundation <i>(Note 20)</i>	-	(6,738)	(6,738)	-	(6,738)	32,680
JA BizTown student fees	112,522	-	112,522	-	112,522	14,713
JA BizTown summer camp fees	23,403	-	23,403	-	23,403	-
JA Finance Park student fees	1,452	-	1,452	-	1,452	8,396
Other income	3,600	-	3,600	-	3,600	4,644
Net assets released from restrictions <i>(Note 12)</i>	35,170	-	35,170	(35,170)	-	-
Net operating revenues, gains, and other support (carried forward)	893,191	(128,139)	765,052	(9,394)	755,658	1,048,226

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, 2022 *(With Comparative Totals for 2021)*

	Without Donor Restrictions			With Donor Restrictions	Total	
	Undesignated	Board Designated	Total		2022	2021
Net operating revenues, gains, and other support (brought forward)	\$ 893,191	\$ (128,139)	\$ 765,052	\$ (9,394)	\$ 755,658	\$ 1,048,226
Operating expenses:						
Program services	836,514	-	836,514	-	836,514	769,425
Supporting services:						
Management and general	145,883	-	145,883	-	145,883	113,694
Fundraising	180,991	-	180,991	-	180,991	201,655
Total operating expenses	1,163,388	-	1,163,388	-	1,163,388	1,084,774
Increase (decrease) in net assets from operations	(270,197)	(128,139)	(398,336)	(9,394)	(407,730)	(36,548)
Non-operating items:						
Paycheck Protection Program loan forgiveness	-	-	-	-	-	295,425
Employee retention tax credit revenue <i>(Note 9)</i>	82,755	-	82,755	-	82,755	-
Capital campaign - JA 2.0 contributions <i>(Note 18)</i>	-	-	-	50,000	50,000	-
Depreciation and amortization <i>(Note 18)</i>	(49,065)	-	(49,065)	-	(49,065)	(48,163)
Capital campaign - JA 2.0 <i>(Note 18)</i>	(18,582)	-	(18,582)	-	(18,582)	-
Total non-operating items	15,108	-	15,108	50,000	65,108	247,262
Increase (decrease) in net assets	(255,089)	(128,139)	(383,228)	40,606	(342,622)	210,714
Net assets, beginning of year	2,785,056	992,864	3,777,920	38,592	3,816,512	3,605,798
Net assets, end of year	\$ 2,529,967	\$ 864,725	\$ 3,394,692	\$ 79,198	\$ 3,473,890	\$ 3,816,512

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, 2022 (With Comparative Totals for 2021)

	Program Services	Management and General	Fundraising	Total	
				2022	2021
Operating expenses:					
Salaries and wages	\$ 398,377	\$ 85,822	\$ 98,775	\$ 582,974	\$ 572,508
Payroll taxes	33,704	7,261	8,357	49,322	49,170
Employee insurance (Note 14)	32,502	7,002	8,059	47,563	63,159
Pension expense (Note 19)	13,803	2,974	3,422	20,199	22,097
General insurance	8,892	1,779	1,186	11,857	11,081
Insurance - in-school programs	12,699	-	-	12,699	13,472
Outside services	1,020	-	-	1,020	-
Equipment expense (Note 11)	25,356	1,950	11,702	39,008	34,680
Office and organization maintenance	32,283	6,457	4,304	43,044	28,338
Computer software	19,369	6,456	6,456	32,281	32,181
Stationery supplies	2,004	286	573	2,863	751
Simulation Day supplies - BizTown	13,611	-	-	13,611	240
Stationery supplies - Finance Park	821	-	-	821	-
Subscriptions and dues	2,662	444	1,331	4,437	2,697
Postage and delivery	5,577	310	310	6,197	3,221
Telephone	6,494	1,391	1,391	9,276	8,781
Utilities	18,804	4,029	4,029	26,862	18,882
Professional fees	7,664	7,897	7,664	23,225	21,816
Bad debt expense	-	-	3,663	3,663	21,150
Participation fees paid to JA USA (Note 15)	123,041	5,350	5,350	133,741	123,384
Staff training	4,089	681	2,044	6,814	1,597
Travel and meals	3,230	530	1,590	5,350	2,507
Volunteer training, recruiting, and recognition	5,812	1,363	680	7,855	-
Public relations	6,100	-	4,067	10,167	1,861
Amortization of imputed interest	-	1,584	-	1,584	2,008
Program materials (Note 15)	26,333	79	82	26,494	11,369
Banking and office services	2,892	826	4,544	8,262	5,792
Summer camp expense	6,518	-	-	6,518	2,837
Transportation	3,661	-	-	3,661	3,738
Board expenses	815	790	790	2,395	240
Total operating expenses before depreciation and amortization (carried forward)	818,133	145,261	180,369	1,143,763	1,059,557

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, 2022 *(With Comparative Totals for 2021)*

	Program Services	Management and General	Fundraising	Total	
				2022	2021
Total operating expenses before depreciation and amortization (brought forward)	\$ 818,133	\$ 145,261	\$ 180,369	\$ 1,143,763	\$ 1,059,557
Depreciation and amortization	18,381	622	622	19,625	25,217
Total operating expenses	836,514	145,883	180,991	1,163,388	1,084,774
Non-operating expenses:					
Depreciation and amortization	44,159	2,453	2,453	49,065	48,163
Capital campaign - JA 2.0	-	-	18,582	18,582	-
Total non-operating expenses	44,159	2,453	21,035	67,647	48,163
Total expenses	\$ 880,673	\$ 148,336	\$ 202,026	\$ 1,231,035	\$ 1,132,937

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, 2022 <i>(With Comparative Totals for 2021)</i>	2022	2021
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ (342,622)	\$ 210,714
Adjustments to reconcile increase (decrease) in net assets to net cash used by operating activities:		
Depreciation and amortization	68,690	73,380
Interest expense on below market interest loan	1,584	2,008
Realized and unrealized loss (gain) on investments	140,644	(174,433)
Net decrease (increase) in beneficial interest in assets held by Oregon Community Foundation	6,738	(32,680)
Paycheck Protection Program loan forgiveness	-	(295,425)
Contribution revenue on interest-free note payable	-	(4,970)
Net changes in:		
Contributions receivable	33,987	52,581
Prepaid expenses	482	14,274
Accounts receivable	(19,417)	94,512
Inventory	5,488	8,772
Accounts payable and other liabilities	(72)	30,681
Accrued payroll and compensated absences	(3,247)	(1,909)
Deferred revenue	39,311	(838)
Scholarships payable	-	(3,000)
Net cash used by operating activities	(68,434)	(26,333)
Cash flows from investing activities:		
Purchase of property and equipment	(6,542)	(2,407)
Proceeds from sale of investments	83,000	-
Purchases of investments	(19,243)	(215,382)
Net cash provided (used) by investing activities	57,215	(217,789)
Cash flows from financing activities:		
Payments on long-term debt	(16,667)	(4,166)
Proceeds from Paycheck Protection Program loan	-	156,645
Net cash provided (used) by financing activities	(16,667)	152,479
Net decrease in cash and cash equivalents	(27,886)	(91,643)
Cash and cash equivalents, beginning of year	297,049	388,692
Cash and cash equivalents, end of year	\$ 269,163	\$ 297,049

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, 2022, the Organization incurred program service expenses in the following major areas while serving 29,000 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 using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 measurable 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.

Conditional contributions to be recognized as contributions support once certain stipulations are met totaled \$350,000 at June 30, 2022.

JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

Notes to Financial Statements - Continued

2. Summary of Significant Accounting Policies - Continued

Contributions of Nonfinancial Assets - 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, 1,795 volunteers donated a total of 5,527 hours for programs for the year ended June 30, 2022.

Contributions of supplies and other materials are recorded at their estimated fair value at the date of donation.

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, 2022, the Organization had accounts receivable outstanding greater than 90 days of \$2,920.

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, 2022 and 2021, advertising expenses totaled \$10,167 and \$1,861, 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 2021 - The accompanying financial information as of and for the year ended June 30, 2021, 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, 2021, from which the summarized information was derived.

Recent Accounting Pronouncement - In February 2016, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU, among other things, will require lessees to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and a right-of-use asset, which represents the lessee's right to use, or control the use of, a specified asset for the lease term. ASU 2016-02 is effective for the Organization on July 1, 2022. Management is evaluating the potential impact of this ASU on the Organization's financial statements.

Reclassifications - Certain reclassifications have been made to the 2021 summarized information to conform to the 2022 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:

	2022	2021
Cash and cash equivalents	\$ 269,163	\$ 297,049
Accounts receivable	26,996	7,579
Contributions receivable	<u>124,778</u>	<u>158,765</u>
Total financial assets available within one year	420,937	463,393
Less amounts unavailable for general expenditure within one year due to donor-stipulated restrictions	<u>(77,820)</u>	<u>(35,630)</u>
	<u><u>\$ 343,117</u></u>	<u><u>\$ 427,763</u></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 \$864,725 and \$992,864 of net assets without donor restrictions at June 30, 2022 and 2021, 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 consist of unconditional promises to give expected to be collected within one year:

	2022	2021
Total contributions receivable	\$ 129,778	\$ 163,765
Less allowance for uncollectible amounts	<u>(5,000)</u>	<u>(5,000)</u>
Net contributions receivable	<u>\$ 124,778</u>	<u>\$ 158,765</u>

5. Investments

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

	2022	2021
Exchange traded funds	\$ 508,000	\$ 588,570
Mutual funds	356,286	409,337
Money market funds	<u>11,823</u>	<u>82,603</u>
	<u>\$ 876,109</u>	<u>\$ 1,080,510</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, 2022, the Organization did not receive any distributions from OCF.

At June 30, 2022 and 2021, the fair value of the Organization's beneficial interest in assets held by OCF totaled \$114,354 and \$121,092, 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:

	2022	2021
Land and land improvements	\$ 1,194,688	\$ 1,194,688
Building	632,470	632,470
Building improvements	1,005,525	1,022,641
Furniture and equipment	661,073	1,076,889
Software and applications	129,276	129,276
	<u>3,623,032</u>	<u>4,055,964</u>
Less accumulated depreciation and amortization	<u>(1,465,742)</u>	<u>(1,836,526)</u>
	<u>\$ 2,157,290</u>	<u>\$ 2,219,438</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, 2022:

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.	\$ 27,789
Less current portion	<u>(16,667)</u>
Long-term portion	<u><u>\$ 11,122</u></u>

Future principal maturities are as follows:

Years Ending June 30,	Amount
2023	\$ 16,667
2024	<u>12,500</u>
	29,167
Less imputed interest discount	<u>(1,378)</u>
	<u><u>\$ 27,789</u></u>

9. Employee Retention Tax Credits

During the year ended June 30, 2022 the Organization received Employee Retention Tax Credits (ERTC) as part of the Coronavirus Aid, Relief and Economic Security Act (the CARES Act). ERTC provides fully refundable credits against certain Social Security taxes for qualified wages of certain employees retained during the COVID-19 pandemic. The Organization recognized ERTC non-operating revenue of \$82,755 in the statement of activities for the year ended June 30, 2022.

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 (5.25 percent at June 30, 2022). The line is secured by certain real property and is due on demand. There were no borrowings outstanding at June 30, 2022. The line matures on December 11, 2022.

11. Commitments

At June 30, 2022, the Organization had entered into an operating lease agreement for certain office equipment through October 2024. Equipment expense under this lease was \$37,129. Future minimum lease payments under this operating lease are as follows:

Years Ending June 30,	Amount
2023	\$ 28,284
2024	28,284
2025	<u>9,428</u>
	<u>\$ 65,996</u>

12. Restrictions and Limitations on Net Asset Balances

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

	2022	2021
Capital Campaign - JA 2.0	\$ 50,000	\$ -
JA BizTown	20,000	-
Empower 70 scholarships	7,820	2,044
Discount on interest-free loan	1,378	2,962
High School In-Class program	<u>-</u>	<u>33,586</u>
	<u>\$ 79,198</u>	<u>\$ 38,592</u>

During the year ended June 30, 2022, net assets of \$35,170 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.

During 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, JA Worldwide, Inc. 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, 2022 and 2021, are restricted for additional benefit payments, if any, plus future termination and other required administrative expenses. Approximately \$4 million of the Plan's assets are expected to be returned to JA USA to repay the funds JA USA had advanced to the Plan to help ensure it was fully funded.

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, 2022.

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

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2022 and 2021, was \$47,563 and \$63,159, 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, 2022 and 2021, the Organization incurred participation expense of \$133,741 and \$123,384, respectively.

For the years ended June 30, 2022 and 2021, the Organization purchased program materials from JA USA totaling \$26,494 and \$11,369, respectively. During the years ended June 30, 2022 and 2021, the Organization received contributions from members of the Board of Directors of \$22,781 and \$20,185, respectively.

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. Contributions - Nonfinancial Assets

During the year ended June 30, 2022, the Organization received donated supplies and materials totaling \$17,249 that were used in its program and fundraising activities.

18. Non-Operating Items

Certain transactions resulting from CARES Act funding and the JA 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, 2022 and 2021, totaled \$20,199 and \$22,097, 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:

2022	Level 1	Level 3	Total
Investments:			
Exchange traded funds	\$ 508,000	\$ -	\$ 508,000
Mutual funds	356,286	-	356,286
Money market funds	<u>11,823</u>	<u>-</u>	<u>11,823</u>
Total investments	876,109	-	876,109
Beneficial interest in assets held by OCF	<u>-</u>	<u>114,354</u>	<u>114,354</u>
	<u>\$ 876,109</u>	<u>\$ 114,354</u>	<u>\$ 990,463</u>
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>

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, 2022, is as follows:

Balance, beginning of year	\$ 121,092
Realized and unrealized loss	(6,499)
Interest and dividends	757
Fees paid	<u>(996)</u>
Balance, end of year	<u>\$ 114,354</u>

21. Subsequent Events

Management has evaluated subsequent events through September 29, 2022, the date the financial statements were available for issue.