

**Junior Achievement
of Greater Boston, Inc.**

Financial Statements
and
Independent Auditors' Report
June 30, 2022 and 2021



DANIEL DENNIS & Co
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Junior Achievement of Greater Boston, Inc.

Opinion

We have audited the accompanying financial statements of Junior Achievement of Greater Boston, Inc., which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Greater Boston, Inc. as of June 30, 2022 and 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Greater Boston, Inc. 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 the 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 Junior Achievement of Greater Boston, Inc.'s ability to continue as a going concern for 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.

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 Junior Achievement of Greater Boston, Inc.'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 Junior Achievement of Greater Boston, Inc.'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.

Daniel Dennis & Company LLP

December 11, 2022

Junior Achievement of Greater Boston, Inc.

Statements of Financial Position

June 30, 2022 and 2021

<i>Assets</i>		
	2022	2021
<i>Current Assets</i>		
Cash and cash equivalents	\$ 687,379	\$ 412,541
Accounts receivable	300	134,211
Pledges receivable	1,176,158	435,520
Inventory	374	2,988
Prepaid expenses	<u>46,994</u>	<u>11,234</u>
Total current assets	<u>1,911,205</u>	<u>996,494</u>
<i>Long Term Assets</i>		
Cash and cash equivalents	82,546	9,073
Investments, at fair value	720,445	886,104
Security deposit	12,000	12,000
Property and equipment, net	<u>170,523</u>	<u>42,684</u>
Total long term assets	<u>985,514</u>	<u>949,861</u>
Total assets	<u>\$ 2,896,719</u>	<u>\$ 1,946,355</u>
<i>Liabilities and Net Assets</i>		
<i>Current Liabilities</i>		
Accounts payable and accrued expenses	\$ 352,118	\$ 161,511
Refundable advances	10,000	20,000
Deferred revenue	-	213,575
Notes Payable - current portion	<u>16,667</u>	<u>16,667</u>
Total current liabilities	<u>378,785</u>	<u>411,753</u>
<i>Long Term Liabilities</i>		
Notes payable - long term portion	12,500	29,166
Deferred rent payable	<u>-</u>	<u>11,845</u>
Total long term liabilities	<u>12,500</u>	<u>41,011</u>
Total liabilities	<u>391,285</u>	<u>452,764</u>
<i>Net Assets</i>		
Net assets without donor restrictions	925,066	(70,406)
Board designated net assets	<u>646,094</u>	<u>720,291</u>
Total net assets without donor restrictions	1,571,160	649,885
Net assets with donor restrictions	<u>934,274</u>	<u>843,706</u>
Total net assets	<u>2,505,434</u>	<u>1,493,591</u>
Total liabilities and net assets	<u>\$ 2,896,719</u>	<u>\$ 1,946,355</u>

See accompanying notes to financial statements.

Junior Achievement of Greater Boston, Inc.
Statements of Activities
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>			<u>2021</u>		
	<i>Net Assets</i>	<i>Net Assets With</i>	<i>Total</i>	<i>Net Assets</i>	<i>Net Assets With</i>	<i>Total</i>
	<i>Without Donor</i>	<i>Donor</i>		<i>Without Donor</i>	<i>Donor</i>	
	<i>Restrictions</i>	<i>Restrictions</i>	<i>June 30, 2022</i>	<i>Restrictions</i>	<i>Restrictions</i>	<i>June 30, 2021</i>
<i>Public Support and Revenues</i>						
<i>Contributions:</i>						
Corporations	\$ 408,228	\$ 298,844	\$ 707,072	\$ 254,533	\$ 204,000	\$ 458,533
Individuals	1,052,858	-	1,052,858	354,573	-	354,573
Foundations	<u>373,750</u>	<u>89,500</u>	<u>463,250</u>	<u>235,785</u>	<u>317,737</u>	<u>553,522</u>
Total contributions	<u>1,834,836</u>	<u>388,344</u>	<u>2,223,180</u>	<u>844,891</u>	<u>521,737</u>	<u>1,366,628</u>
Special events	414,745	-	414,745	575,259	-	575,259
Less special events expenses	<u>(137,359)</u>	<u>-</u>	<u>(137,359)</u>	<u>(101,250)</u>	<u>-</u>	<u>(101,250)</u>
Net special events income	<u>277,386</u>	<u>-</u>	<u>277,386</u>	<u>474,009</u>	<u>-</u>	<u>474,009</u>
Investment return, net	7,840	1,902	9,742	9,238	2,255	11,493
Unrealized gain/(loss) on investments	(92,009)	(22,181)	(114,190)	59,687	15,846	75,533
Realized gain/(loss) on investments	9,971	2,289	12,260	29,337	6,048	35,385
In-kind contributions	117,316	268,983	386,299	71,310	-	71,310
Other income	308,113	-	308,113	367,124	-	367,124
Net assets released from restriction			-			-
Purpose restrictions	<u>548,769</u>	<u>(548,769)</u>	<u>-</u>	<u>198,365</u>	<u>(198,365)</u>	<u>-</u>
Total public support and revenues	<u>3,012,222</u>	<u>90,568</u>	<u>3,102,790</u>	<u>2,053,961</u>	<u>347,521</u>	<u>2,401,482</u>
<i>Expenses</i>						
Program expenses	1,206,463	-	1,206,463	1,008,529	-	1,008,529
Management and general expense	482,769	-	482,769	353,454	-	353,454
Fundraising	<u>401,715</u>	<u>-</u>	<u>401,715</u>	<u>311,731</u>	<u>-</u>	<u>311,731</u>
Total expenses	<u>2,090,947</u>	<u>-</u>	<u>2,090,947</u>	<u>1,673,714</u>	<u>-</u>	<u>1,673,714</u>
Change in net assets	<u>921,275</u>	<u>90,568</u>	<u>1,011,843</u>	<u>380,247</u>	<u>347,521</u>	<u>727,768</u>
Net assets, beginning of year	<u>649,885</u>	<u>843,706</u>	<u>1,493,591</u>	<u>269,638</u>	<u>496,185</u>	<u>765,823</u>
Net assets, end of year	<u>\$ 1,571,160</u>	<u>\$ 934,274</u>	<u>\$ 2,505,434</u>	<u>\$ 649,885</u>	<u>\$ 843,706</u>	<u>\$ 1,493,591</u>

See accompanying notes to financial statements.

Junior Achievement of Greater Boston, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2022 and 2021

	2022				2021			
	<i>Program</i>	<i>General and Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>	<i>Program</i>	<i>General and Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>
Salaries and related expenses	\$ 795,238	\$ 292,011	\$ 316,567	\$ 1,403,816	\$ 671,964	\$ 202,573	\$ 227,294	\$ 1,101,831
Program materials	63,272	-	-	63,272	98,742	-	-	98,742
Rent	63,916	23,470	25,443	112,829	61,916	18,666	20,943	101,525
License fee	84,203	61,819	19,504	165,526	53,599	52,417	33,658	139,674
Office expenses	53,696	2,193	2,380	58,269	5,722	1,724	1,936	9,382
Travel, auto and meals	10,169	3,733	4,048	17,950	963	291	326	1,580
Professional fees	23,215	74,240	9,241	106,696	31,097	60,633	10,519	102,249
Telephone	6,093	2,237	2,426	10,756	3,945	1,189	1,334	6,468
Insurance	5,596	704	764	7,064	7,337	378	424	8,139
Training	1,660	4,011	661	6,332	507	2,329	171	3,007
Public relations	-	-	897	897	-	-	256	256
Interest expense	-	-	-	-	371	112	125	608
Scholarships	42,489	-	-	42,489	10,000	-	-	10,000
Payroll and bank fees	15,542	5,780	6,154	27,476	13,014	3,923	4,402	21,339
Depreciation	25,571	9,390	10,179	45,140	5,047	1,521	1,707	8,275
Bad debt expense	1,393	511	555	2,459	20,601	6,211	6,968	33,780
Utilities	128	47	51	226	256	77	86	419
Other expenses	14,282	2,623	2,845	19,750	23,448	1,410	1,582	26,440
Total expenses	<u>\$ 1,206,463</u>	<u>\$ 482,769</u>	<u>\$ 401,715</u>	<u>\$ 2,090,947</u>	<u>\$ 1,008,529</u>	<u>\$ 353,454</u>	<u>\$ 311,731</u>	<u>\$ 1,673,714</u>

See accompanying notes to financial statements.

Junior Achievement of Greater Boston, Inc.

Statements of Cash Flows

June 30, 2022 and 2021

	2022	2021
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$ 1,011,843	\$ 727,768
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	45,140	8,275
Bad debt expense	2,459	33,780
Net unrealized (gain)/loss on investments	114,190	(76,575)
Net realized gain on sale of investments	(12,260)	(35,385)
Net investment income	(9,742)	(11,493)
Net loss on sale of property and equipment	-	1,042
Payroll Protection Program loan forgiveness	(213,575)	(217,290)
Changes that provide/(use) cash:		
Accounts receivable	133,911	(101,311)
Pledges receivable	(743,097)	(268,977)
Inventory	2,614	-
Prepaid expenses	(35,760)	1,230
Accounts payable and accrued expenses	190,607	80,636
Deferred rent liability	(11,845)	(724)
Refundable advances	(10,000)	(91,400)
Deferred revenue	-	223,575
	464,485	273,151
<i>Cash Flows from Investing Activities</i>		
Proceeds from the sale of investments	784,223	612,630
Purchase of investments	(710,753)	(608,702)
Purchase of equipment	(172,978)	(13,786)
	(99,508)	(9,858)
<i>Cash Flows from Financing Activities</i>		
Payment of notes payable	(16,666)	(31,567)
Payment on line of credit	-	(235,000)
Proceeds from line of credit	-	235,000
	(16,666)	(31,567)
Net increase in cash and cash equivalents	348,311	231,726
Cash and cash equivalents - beginning of year	421,614	189,888
Cash and cash equivalents - end of year	\$ 769,925	\$ 421,614
<i>Supplemental information</i>		
Interest paid	\$ -	\$ 608

See accompanying notes to financial statements.

Junior Achievement of Greater Boston, Inc.

Notes to the Financial Statements

June 30, 2022 and 2021

1. *Nature of Organization*

Junior Achievement of Greater Boston, Inc. (the "Organization"), formally known as Junior Achievement of Northern New England, Inc., is a Massachusetts not-for-profit organization. The Organization is a regional chapter of JA USA, an international organization. The mission of the Organization is to inspire and prepare young people to succeed in a global economy. The Organization is based in Boston, Massachusetts and sponsors educational programs and events in eastern Massachusetts, central Massachusetts and New Hampshire. A description of the Organization's major programs is as follows:

Elementary School

The elementary school programs include five sequential themes for kindergarten through fifth-grade students. Students learn the basic concepts of business and economics and how education is relevant to the workplace. The sequential activities build on studies from each preceding grade and prepare students for secondary school and lifelong learning.

Middle School

The middle school programs for students in grades six through nine build on concepts the students learned in the elementary school program and help teens make difficult decisions about how to best prepare for their educational and professional future. The programs supplement standard social studies curricula and develop communication skills that are essential to success in the business world.

High School

As high school students, in grades nine through twelve, begin to position themselves for their future, there are many unanswered questions about what lies ahead. The Organization's high school programs help students make informed intelligent decisions about their future and foster skills that will be highly useful in the business world.

2. *Summary of Significant Accounting Policies*

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recorded when earned and expenses are recorded when goods are received or services rendered.

Net Asset Classification

Net assets of the Organization are classified into two categories based on the existence or absence of donor-imposed restrictions as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors has discretionary control over these net assets and may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies - Continued

Net Asset Classification – Continued

Net Assets With Donor Restrictions

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

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions received without donor imposed restrictions, or with donor imposed restrictions that are satisfied in the same year received, are recorded as revenues within the without donor restriction net asset class. Contributions received with donor imposed specific purpose or time restrictions that are not satisfied within the same year are recorded as revenue within the net assets with donor restriction class. When a restriction has been satisfied (payment has been made in accordance with the restriction or the time restriction has expired), the net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that do not expire are recorded as revenue within net assets with donor restrictions class.

The Organization receives donated materials and services in support of its programs. Donated materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if they were not donated are recorded as in-kind contributions in the financial statements. Contributed goods are recorded at fair value at the date of donation. See note 9 of the Notes to the Financial Statements. Donated services such as fund-raising, clerical assistance, or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

Cash and Cash Equivalents

For purposes of the *Statements of Financial Position* and *Statements of Cash Flows*, the Organization defines cash and cash equivalents as short-term, highly liquid investments with initial maturities of three months or less. The long term cash and equivalents represent the money in the endowment.

Refundable Advances

Cash received as payment in advance for participation in special events is recorded as refundable advances and is recognized as revenue when the event occurs.

Inventory

Inventory, consisting of program kits, is stated at the lower-of-cost or market based on the first-in first-out method.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements - *Continued*

June 30, 2022 and 2021

2. *Summary of Significant Accounting Policies – Continued*

Property and Equipment

The Organization capitalizes as property and equipment all purchases of assets having a useful life of more than one year and a cost greater than \$1,000. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized. Equipment is depreciated over 5 years and furniture and fixtures over 5-10 years.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Promise to Give

Unconditional promises to give are recognized as revenue and receivables in the period in which the promise is made. Unconditional promises to give that are expected to be collected within the next year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are discounted to the present value of their net realizable value. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Bad debt expense for fiscal years ended June 30, 2022 and 2021 was recorded in the amounts of \$2,459 and \$33,780, respectively. Management has determined that all pledges receivable are collectible as of June 30, 2022 and 2021, therefore, no allowance has been recorded.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization for special event fees. An allowance for bad debt is provided based on management's evaluation of potential uncollectible accounts receivable at year-end. Bad debt expense for fiscal years ended June 30, 2022 and 2021 was recorded in the amounts of \$2,459 and \$33,780, respectively. Management has determined that all accounts receivable are collectible as of June 30, 2022 and 2021; therefore, no allowance has been recorded.

Functional Allocation of Expenses

Expenses are charged directly to programs or general and administrative based on specific identification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs based on personnel time estimates. The statement of functional expenses reports expenses by functional and natural classification.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

2. Summary of Significant Accounting Policies - Continued

Fair Value Measurements

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable, such as models or other valuation methodologies; or inputs that are 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 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability'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.

Investments and Investment Income

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Investment income earned and unrealized gains/(losses) on unrestricted investments are reported as increases/(decreases) in net assets without donor restrictions, while unrealized gains and losses on permanently restricted investments are recorded as increases/(decreases) in net assets with donor restrictions, on the statement of activities.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2022 and 2021, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

2. *Summary of Significant Accounting Policies - Continued*

Income Taxes - Continued

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its fiscal year 2022 returns and believes they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. The Organization's 2019 through 2021 tax years remain subject to examination by Federal and state tax authorities.

3. *Property and Equipment*

Property and equipment as of June 30, 2022 and 2021 are summarized as follows:

	<i>2022</i>	<i>2021</i>
Furniture and office equipment	\$ 41,124	\$ 105,094
Leasehold Improvements	<u>156,028</u>	<u>-</u>
Total	197,152	105,094
Less accumulated depreciation	<u>(26,629)</u>	<u>(62,410)</u>
Property and equipment - net	<u>\$170,523</u>	<u>\$ 42,684</u>

Depreciation expense for the years ended June 30, 2022 and 2021 totaled \$45,140 and \$8,275, respectively.

4. *Line of Credit*

The Organization has a \$330,557 revolving line of credit with Merrill Lynch Global Wealth Management that has no stated expiration date, bearing interest at 3.125% and secured by the board designated endowment. At June 30, 2022 and 2021, there was no debt outstanding on this line of credit. Interest expense paid during fiscal years 2022 and 2021, was \$0 and \$608, respectively.

5. *Investments*

Investments consist of mutual funds at June 30, 2022 and 2021. Fair value of mutual funds is based on quoted prices in active markets.

For the years ended June 30, 2022 and 2021, interest and dividend income, totaling \$9,742 and \$11,493, respectively, net of investment expenses totaling \$8,839 and \$8,390, respectively, are reported as investment return in the statements of activities. For the years ended June 30, 2022 and 2021, net realized gains totaling \$12,260 and \$35,385, respectively, and unrealized losses and gains totaling (\$114,190) and \$76,575, respectively are reported as such in the statements of activities.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

5. Investments – Continued

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments at June 30, 2022 and 2021.

<i>Description</i>	<u>2022</u>	<u>2021</u>
	<i>Level 1</i>	<i>Level 1</i>
Corporate Bond Funds	\$ 92,643	\$ 201,584
Multisector Bond Funds	81,476	90,845
Small Blend Funds	38,839	42,205
Large Blend Funds	141,009	180,637
Large Value Funds	40,986	117,046
Large Growth Funds	-	92,260
Natural Resources	-	71,542
Commodities Funds	-	89,985
Mid-Cap Value	75,932	-
Short Government	85,346	-
Short Term Bond	84,503	-
Systematic Trend	<u>79,711</u>	<u>-</u>
Total	<u>\$ 720,445</u>	<u>\$ 886,104</u>

6. Endowment

The Organization’s endowment consists of one permanently restricted fund and a board designated fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restrictions require the Organization to maintain permanently restricted net assets in perpetuity.

The Board of Directors of the Organization (the Board) has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not permanently restricted is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

Junior Achievement of Greater Boston, Inc.Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

6. Endowment - Continued

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified portfolio of liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price. The goal is, net of spending, to grow the aggregate portfolio value of the endowment by at least the rate of inflation, which based on historical trends, is estimated to be 3% per annum over the Organization's investment horizon (5 years), while adhering to the risk parameters established in the investment policy. Actual returns in any given year may vary from this amount.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Organization has a policy of appropriating for distribution each year any investment earnings in excess of 3% of the fund's total return per annum, which is measured based upon the moving average of the last three year's fund total return measured at the end of the month preceding the budget process. The exact amount spent is determined in the budget process and approved by the Board.

A summary of the endowment activity is as follows:

	2022	2021
Endowment net assets - beginning of year	<u>\$ 895,176</u>	<u>\$ 771,760</u>
Investment return:		
Investment income	18,582	19,882
Contributions	2,366	2,525
Net appreciation/(depreciation) (realized and unrealized)	<u>(101,930)</u>	<u>111,960</u>
Total investment return	(80,982)	134,367
Withdrawals	(2,366)	(2,561)
Fees	<u>(8,839)</u>	<u>(8,390)</u>
Endowment net assets - end of year	802,989	895,176
Less permanently restricted net assets	(100,000)	(100,000)
Less temporarily restricted net assets	<u>(56,895)</u>	<u>(74,885)</u>
Endowment net assets without restriction	<u>\$ 646,094</u>	<u>\$ 720,291</u>

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

7. *Lease Commitments*

During January 2019, the Organization leased office space that expired in March 2024. During fiscal year 2021, a lease termination was negotiated. The provisions of the termination included a one-time fee of \$25,548 and required rent payments through March 2022. Rent expense for the year ended June 30, 2021, was \$101,525. During 2022, the Organization leased new office space under a three-year term that expires November 2024. Under the terms of the lease, the lessor donated the entire rent of \$338,580 to the Organization. Rent expense for the year ended June 30, 2022 totaled \$112,829, of which \$69,597 represented in-kind expense under the new lease. The cost associated with the remainder of the lease is included in pledged receivable, See Note 9.

8. *Notes Payable*

Paycheck Protection Program

On May 6, 2020 the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (the SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the “PPP Lender”), for an aggregate principal amount of \$217,290 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. On February 19, 2021 the Loan was fully forgiven. During the fiscal period 2021, \$217,290 of the loan is classified as other income on the *Statement of Activities*.

Second Paycheck Protection Program

On February 2, 2021, the Organization qualified for and received the second round of a loan pursuant to the Paycheck Protection Program, for an aggregate principal amount of \$213,575 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the ten months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. On August 13, 2021 the Loan was fully forgiven. During the fiscal period 2022, \$213,575 of the loan is classified as other income on the *Statement of Activities*.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

8. Notes Payable-Continued

Economic Injury and Disaster Loan

On June 11, 2020, the Organization qualified for and received an Economic Injury and Disaster Loan from the SBA in the amount of \$17,400 with an interest rate of 2.75% per annum. Monthly payments of principal and interest began in May 2021 in the amount of \$75. During 2021, the loan was paid in full.

Achievement Foundation

On May 18, 2020, the Organization entered into an unsecured non-interest bearing note payable with the Achievement Foundation in the amount of \$50,000. Payments in the amount of \$4,167 are due quarterly starting June 2021. The note matures in March 2024.

Future minimum payments due over the remaining term of the Achievement Foundation are as follows:

<i>Year Ended</i>	<i>Amount</i>
<i>June 30,</i>	
2023	\$ 16,667
2024	\$ 12,500

9. Inkind Contributions

In-kind contributions of services and materials to support programs and special events have been recorded at fair value as both revenue and expense in the accompanying Statements of Activities. For the years ended June 30, 2022 and 2021, in-kind contributions totaled \$392,794 and \$89,917, respectively. Contributed nonfinancial assets recognized within the Statement of Financial Position and Statement of Activities include the following:

	<u>2022</u>	<u>2021</u>
Inkind pledge receivable	\$ 268,983	\$ -
Rent	69,597	-
Professional fees	-	70,000
Other expense (included in special events)	6,495	18,607
Inkind office expense	<u>47,719</u>	<u>1,310</u>
	<u>\$ 392,794</u>	<u>\$ 89,917</u>

10. Related Party Transactions

The Organization pays Junior Achievement USA (JA USA) an annual license fee calculated as a percentage of revenues generated. License fee expense for the years ended June 30, 2022 and 2021, was \$165,526 and \$139,674, respectively. The Organization also purchases insurance and certain program materials from JA USA. Such purchases for the years ended June 30, 2022 and 2021, amounted to \$24,421 and \$28,510 respectively.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

10. *Related Party Transactions - Continued*

The Organization also made payments to other Junior Achievement affiliates for conferences and member dues. Fees paid to affiliates for the years ended June 30, 2022 and 2021, amounted to \$100 and \$600, respectively.

Amounts due to JA USA at June 30, 2022 and 2021, totaled \$13,815 and \$15,564, respectively.

The Organization received contributions from JA Worldwide at June 30, 2022 and 2021 in the amount of \$71,925 and \$13,011, respectively.

11. *Concentrations of Credit Risk*

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

The Organization's bank account is held at a financial institution that is FDIC insured up to the maximum amount of \$250,000 per depositor. The balance on deposits in this account may exceed this insured limit at times during the fiscal year. The Organization has not experienced any losses in this account, and management believes that the Organization is not exposed to any significant credit risk on cash.

12. *Net Assets with Donor Restrictions*

The Organization's net assets with donor restrictions at June 30, 2022 and 2021 consisted of the following:

<i>Description</i>	<i>2022</i>	<i>2021</i>
Net appreciation on endowment investments	\$ 56,895	\$ 74,885
Program restricted	<u>777,379</u>	<u>668,821</u>
Total	<u>\$ 834,274</u>	<u>\$ 743,706</u>

Additionally, the Organization has received public gifts with specific donor stipulations requiring that the principal be held in perpetuity and that only a portion of the income therefrom be used for specific program purposes. These resources are, by act of Congress, under the control of the board of directors who are required to maintain and invest the funds. The balance of net assets with donor restrictions held in perpetuity at June 30, 2022 and 2021 is \$100,000 for both the years ended.

Junior Achievement of Greater Boston, Inc.

Notes to Financial Statements – *Continued*

June 30, 2022 and 2021

13. *Availability and Liquidity*

The table below presents the Organization’s financial assets available within one year to meet its general expenditures at June 30, 2022.

Financial assets at year end

Cash and cash equivalents	\$ 769,925
Accounts receivable	300
Pledges receivable	1,176,158
Investments, at fair value	<u>720,445</u>
Total financial assets	2,666,828

Less amounts not available to be used within one year

Net assets with donor restrictions	<u>(934,274)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,732,554</u>

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization maintains a line of credit in the amount of \$330,557, which could be drawn upon in the event of an unanticipated liquidity need (see Note 4).

14. *Risk and Uncertainties*

During 2020, the World Health Organization declared a novel coronavirus (COVID-19) outbreak a Public Health Emergency of International Concern. This could adversely affect the Organization’s donors, members, and suppliers as a result of quarantines, facility closures, and travel and logistics restrictions in connection with the outbreak. More broadly, the outbreak could affect workforces, economies and financial markets globally, potentially leading to an economic downturn. This could decrease spending, adversely affect demand for the Organization’s services and harm the Organization’s business and results of operations. Management continues to monitor the outbreak, however, as of the date of these financial statements, the potential impact of such on the Organization’s business cannot be quantified.

15. *Subsequent Events*

The Organization has evaluated subsequent events through December 11, 2022, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2022, that requires recognition or disclosure in these financial statements.