DASZKALBOLTON
accountants & advisors

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.

Financial Statements

June 30, 2021 and 2020

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Independent Auditors' Report

To the Board of Directors
Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of Junior Achievement of the Palm Beaches & Treasure Coast, Inc. (the "Organization"), which comprise the statements of financial position at June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization at June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Daszkal Bolton LLP

Boca Raton, Florida
November 9, 2021

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
Statements of Financial Position
June 30, 2021 and 2020

Assets

		2021		2020
Current assets:				
Cash and cash equivalents	$	838,252	$	432,048
Grants receivable		-		138,000
Prepaid expenses		4,235		2,350
Total current assets		842,487		572,398
Property and equipment, net		17,333		23,178
Total assets	$	859,820	$	595,576

Liabilities and Net Assets

		2021		2020
Current liabilities:				
Accounts payable and accrued expenses	$	47,334	$	30,893
Deferred income		44,500		117,500
Notes payable, current		-		46,622
Total current liabilities		91,834		195,015
Other liabilities:				
Notes payable, non-current		119,440		111,408
Total liabilities		211,274		306,423
Commitments and contingencies				
Net assets:				
Without donor restriction		636,046		241,847
With donor restriction		12,500		47,306
Total net assets		648,546		289,153
Total liabilities and net assets	$	859,820	$	595,576

See accompanying notes to financial statements.

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2021 and 2020

	June 30, 2021			June 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Support and revenues:						
Contributions	$ 159,920	$ 12,500	$ 172,420	$ 69,751	$ -	$ 69,751
Grants and contract agreements	1,024,309	-	1,024,309	829,179	100,000	929,179
Paycheck protection program loan forgiveness	108,030	-	108,030	-	-	-
Special fund-raising activities, net of costs of $6,379 and $49,806, respectively	25,656	-	25,656	101,920	-	101,920
Other income	13,289	-	13,289	6,708	-	6,708
Net assets released from restriction	47,306	(47,306)	-	77,694	(77,694)	-
Total support and revenues	1,378,510	(34,806)	1,343,704	1,085,252	22,306	1,107,558
Expenses:						
Program services	694,673	-	694,673	807,594	-	807,594
Management and general	148,083	-	148,083	141,908	-	141,908
Fundraising	141,555	-	141,555	151,952	-	151,952
Total expenses	984,311	-	984,311	1,101,454	-	1,101,454
Change in net assets	394,199	(34,806)	359,393	(16,202)	22,306	6,104
Net assets, beginning of year	241,847	47,306	289,153	258,049	25,000	283,049
Net assets, end of year	$ 636,046	$ 12,500	$ 648,546	$ 241,847	$ 47,306	$ 289,153

See accompanying notes to financial statements.

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total
Salaries and related expenses	$ 465,940	$ 130,947	$ 104,702	$ 701,589
Franchise fees	97,516	-	-	97,516
Office and occupancy	52,125	2,316	3,476	57,917
Outside services	35,974	1,673	4,184	41,831
Supplies	20,757	6,577	13,734	41,068
Dues and subscriptions	11,755	3,725	7,778	23,258
Travel and training expenses	4,390	1,391	2,905	8,686
Depreciation	5,787	58	-	5,845
Postage and printing	347	967	3,987	5,301
Office expenses	82	429	789	1,300
Total functional expenses	$ 694,673	$ 148,083	$ 141,555	$ 984,311

See accompanying notes to financial statements.

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Salaries and related expenses	$ 489,370	$ 100,753	$ 129,539	$ 719,662
Franchise fees	116,001	-	-	116,001
Supplies	73,249	32,891	2,680	108,820
Office and occupancy	48,653	2,162	3,244	54,059
Outside services	31,524	1,466	3,666	36,656
Travel and training expenses	20,764	395	2,815	23,974
Dues and subscriptions	8,840	1,270	2,168	12,278
Office expenses	7,685	1,443	3,000	12,128
Postage and printing	5,362	1,225	4,546	11,133
Depreciation	4,795	40	-	4,835
Miscellaneous	1,351	263	294	1,908
Total functional expenses	$ 807,594	$ 141,908	$ 151,952	$ 1,101,454

See accompanying notes to financial statements.

Junior Achievement of the Palm Beaches & Treasure Coast, Inc.
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 359,393	$ 6,104
Adjustments to reconcile the changes in net assets to net cash provided by operating activities:		
Paycheck protection program loan forgiveness	(108,030)	-
Depreciation	5,845	4,835
Changes in operating assets and liabilities:		
Grants receivable	138,000	(138,000)
Contributions receivable	-	25,000
Prepaid expenses	(1,885)	3,252
Accounts payable and accrued expenses	16,441	25,239
Deferred income	(73,000)	117,500
Net cash provided by operating activities	336,764	43,930
Cash flows from investing activities:		
Purchases of property and equipment	-	(19,558)
Net cash used in investing activities	-	(19,558)
Cash flows from financing activities:		
Repayments on note payables	(50,000)	-
Borrowings on notes payable	119,440	158,030
Net cash provided by financing activities	69,440	158,030
Increase in cash and cash equivalents	406,204	182,402
Cash and cash equivalents at beginning of year	432,048	249,646
Cash and cash equivalents at end of year	$ 838,252	$ 432,048

See accompanying notes to financial statements.

Note 1 – Nature of Organization

Junior Achievement of the Palm Beaches & Treasure Coast, Inc. (the "Organization"), is a not-for-profit organization established to conduct educational programs to enhance the knowledge of the American free enterprise system among elementary, middle and high school students by affording them an opportunity to participate in activities that parallel the operations of a business. The Organization is a franchise of Junior Achievement USA ("JA USA") and its mission is to educate and inspire young people to value free enterprise, understand business and economics and be workforce ready. To accomplish this mission, the Organization recruits individuals from the business and educational community to teach students the basic tenets of running a business based on predetermined class lectures and activities prepared by JA USA. The Organization's primary funding source is from grant and donor contributions.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restriction to net assets without donor restriction in the statements of activities and changes in net assets.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities and changes in net assets. Certain program and support expenses, such as salaries, benefits and other administrative costs, are allocated among program services, management and general and fundraising based on management's analysis of these costs.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Summary of Significant Accounting Policies, continued

Contributions and Revenue

Contributions received, including unconditional promises to give, are recognized as revenue when the donor's commitment is received. All contributions are considered to be available without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for a future period or restricted by the donor for specific purposes are reported as net assets with donor restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Contributions that are restricted by the donor are reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized.

Special fund-raising activities revenue is recognized at the time of the special event and presented net of related costs. Grant contract revenue is recognized when the requirements under the grant have been fulfilled.

Donated Services and Materials

Contributed services are recognized if the services received create or enhance non-financial assets or require specialized skills and are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In-kind contributions are recognized at fair value when donated services received create or enhance long-lived assets or require specialized skills and when goods that would typically need to be purchased are provided by donation.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with original maturities of three (3) months or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost or, if donated, at approximate fair value at the date of donation. Donations of long-lived assets are reported as not having implied time restrictions on the use of such property unless specified by the donor. Expenditures for major additions and improvements are capitalized and minor replacements, maintenance, and repairs are charged to expense as incurred. When property and equipment is retired, or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is included in the results of activities for the respective period. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from three (3) to five (5) years.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"), except for income from activities not related to its tax-exempt purpose. No provision for income taxes was recorded during the years ended June 30, 2021 or 2020 since the Organization had no significant unrelated business income. The Organization is not a private foundation pursuant to section 509(a)(1) of the IRC.

Note 2 – Summary of Significant Accounting Policies, continued

Income Taxes, continued

In accordance with U.S. GAAP on accounting for uncertainty in income taxes, the Organization recognizes tax liabilities for uncertain tax positions when it is more likely than not that a tax position will not be sustained upon examination and settlement with various taxing authorities. Liabilities for uncertain tax positions are measured based upon the largest amount of benefit that is greater than 50% likely of being realized upon settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods. The Organization's tax years subject to examination by tax authorities generally remain open for three (3) years from the date of filing.

Fair Value of Financial Instruments

The Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 825, *Disclosure About Fair Value of Financial Instruments*, requires certain disclosures regarding the fair value of financial instruments. The Organization estimates that the fair value of all financial instruments at June 30, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statements of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Accounting Pronouncements Adopted

The Organization has adopted the financial statement presentation and disclosure standards contained in the FASB Accounting Standards Update ("ASU") No. 2018-08 – Not-for-Profit Entities (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The change has been applied retrospectively with no effect on beginning net assets.

The Organization has adopted ASU 2014-09, Revenue from Contracts with Customers (Topic 606). ASU 2014-09 affects any entity that either enters int contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. Under ASU 2014-09, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects in exchange for goods or services. The change has been applied retrospectively with no effect on beginning net assets.

Recent Accounting Pronouncement

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than twelve (12) months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statements of functional expenses. Due to the COVID-19 pandemic, relief has been offered by the FASB and the effective date has been extended to fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization is currently evaluating the potential impact of this ASU on the financial statements.

Note 2 – Summary of Significant Accounting Policies, continued

Reclassification of Prior Year Presentation

Certain prior year amounts on the accompanying statement of activities and changes in net assets have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

Date of Management's Review

Management has evaluated subsequent events through November 9, 2021, the date which the financial statements were available to be issued, for matters that require adjustment to or disclosure in the financial statements.

Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021, consist of the following:

Financial assets at June 30, 2021		
Cash and cash equivalents	$	838,252
Grants receivable		-
Total financial assets		838,252
Less: financial assets not available for general expenditure		(12,500)
Total financial assets available within one year to meet cash needs for general expenditures	$	825,752

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

Note 4 – Property and Equipment

Property and equipment consisted of the following at June 30:

		2021		2020
Furniture and other equipment	$	170,325	$	170,325
Computer equipment		25,363		25,363
		195,688		195,688
Less: accumulated depreciation		(178,355)		(172,510)
Property and equipment, net	$	17,333	$	23,178

Depreciation expense totaled $5,845 and $4,835 for the years ended June 30, 2021 and 2020, respectively.

Note 5 – Notes Payable

During May 2020, the Organization was granted a loan (the "Loan") from a financial institution for the aggregate amount of $108,030 pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the CARES Act. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. On February 24, 2021, the Organization received official notice from the Small Business Administration for the full forgiveness of the outstanding PPP loan balance totaling $108,030.

During March 2021, the Organization was granted a second PPP loan (the "PPP Loan") from a financial institution for the aggregate amount of $119,440 pursuant to the PPP under Division A, Title I of the CARES Act. The PPP Loan, which was in the form of a note dated March 9, 2021 issued to the Organization, matures in March 2026 and bears interest at a rate of 1.0% per annum. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Organization intends to use the PPP Loan amount for qualifying expenses.

During June 2020, the Organization was granted an interest free loan from the Achievement Foundation, Inc. for an aggregate amount of $50,000. The loan was fully repaid in June 2021.

The future maturities of long-term obligations for years subsequent to June 30, 2021 are as follows:

Years Ending June 30,		
2022	$	-
2023		-
2024		-
2025		-
2026		119,440
Total	$	119,440

Note 6 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30:

	2021		2020	
Purpose restricted:				
Virtual programming	$	12,500	$	-
JA Inspire Program		-		47,306
	$	12,500	$	47,306

Note 6 – Net Assets with Donor Restrictions, continued

Net assets are released from donor restrictions by incurring costs or expenses satisfying the restricted purposes or by the passage of time. Net assets were released from restrictions for the following purposes:

	2021	2020
JA Inspire Program	$ 47,306	$ 52,694
JA BizTown	-	25,000
Total	$ 47,306	$ 77,694

Note 7 – Defined Benefit Pension and Health and Welfare Plans

Multi-employer Pension Plan (Terminated Effective June 30, 2019)

Prior to June 30, 2019, JA USA offered a noncontributory defined benefit pension plan (the "Plan") to its employees. The Plan was administered by JA USA and covered all full-time employees of JA USA, JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. Benefits were determined based on years of service and salary history. Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, JA USA and participating Junior Achievement Areas made contributions to the plan equal to 16.75% of participants' eligible compensation. JA USA 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 JA USA and participating Junior Achievement Areas continued to make contributions equal to 13.25% of participants' eligible compensation. Total contributions into the Plan for the year ended June 30, 2020 was $48,322.

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.

Note 7 – Defined Benefit Pension and Health and Welfare Plans, continued

Multi-employer Pension Plan (Terminated Effective June 30, 2019), continued

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, 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, JA USA 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, JA USA implemented a Defined Contribution 401(k) plan for eligible employees on July 1, 2019. See Note 11.

Multi-employer Health and Welfare Plan

JA USA 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 $61,672 and $61,620, respectively, and are included in salaries and related expenses in the accompanying statements of functional expenses.

Note 8 – Leases

The Organization maintained a lease for its main office location in West Palm Beach, Florida, through August 2020, which was not renewed upon expiration. The Organization entered into a new office lease at a different location on August 1, 2020 and expired on July 31, 2021. The office lease was renewed on August 1, 2021 and expires on July 31, 2022 with monthly payments of approximately $1,900. The Organization also leases certain office equipment under operating leases expiring through May 2024.

Rent expense for the years ended June 30, 2021 and 2020 totaled $26,859 and $44,781, respectively, and is included in office and occupancy expenses in the accompanying statements of functional expenses.

Future lease commitments under the terms of these lease agreements are as follows:

Years Ending June 30,	
2022	$ 26,720
2023	5,540
2024	2,990
Total	$ 35,250

Note 9 – Concentration of Credit Risk

The Organization maintains cash at a financial institution which at times may exceed federally insured limits. Deposits held at the financial institution in excess of federally insured limits at June 30, 2021 and 2020 were $579,706 and $174,900, respectively.

Note 10 – Commitments, Agreements and Contingencies

Grants

Grants require the fulfillment of certain conditions as set forth in the grant agreement. The Organization receives funding for programs which support the operations of the Organization. These grants require specific supporting documentation to be maintained and fulfillment of certain activities and conditions.

These activities and conditions are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the Organization has met all requirements and objectives of the grantor agencies and considers it unlikely that any material amount of funds would be returned, if any.

Franchise Fees

Fees are payable in monthly payments to JA USA based on the adjusted gross revenue as defined. During the years ended June 30, 2021 and 2020, the Organization incurred $97,516 and $116,001, respectively, in franchise fees to JA USA.

Line of Credit

The Organization had a $50,000 revolving line of credit, which was increased to $100,000 in April 2020. The debt bears interest at an annual rate of prime plus 2.00% (5.25% at June 30, 2021 and 2020, respectively) and matures in April 2022. At June 30, 2021 and 2020, there were no amounts drawn on the line.

Note 11 – Profit Sharing Plan

Effective July 1, 2019, JA USA implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The Organization's contributions to the plan are determined annually by the Board of Directors. Contributions to the plan were $9,852 and $2,218, for the years ended June 30, 2021, and 2020, respectively.