



Financial Statements
June 30, 2021 and 2020

Junior Achievement of Central Iowa, Inc.

Junior Achievement of Central Iowa, Inc.

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Independent Auditor's Report

The Board of Directors
Junior Achievement of Central Iowa, Inc.
Des Moines, Iowa

Report on Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Central Iowa, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, 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.

Auditor's 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Central Iowa, Inc. as of 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Des Moines, Iowa
November 18, 2021

Junior Achievement of Central Iowa, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 805,964	\$ 853,596
Program services receivable	24,269	2,494
Contributions receivable	124,576	121,816
Other	40,873	26,102
Total current assets	995,682	1,004,008
Contributions receivable, less current portion	44,812	118,474
Beneficial interest in assets held by the Community Foundation	339,296	260,820
Property and equipment, net	2,242,449	1,793,424
Total assets	\$ 3,622,239	\$ 3,176,726
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 146,002	\$ 11,810
Accrued expenses	27,916	39,936
Deferred revenue	182,121	130,090
Current portion of long-term debt	14,726	1,723
Current portion of capital lease obligation	39,917	-
Refundable advance - Paycheck Protection Program	106,353	106,300
Total current liabilities	517,035	289,859
Long-term debt, less current portion	27,694	42,420
Long-term capital lease obligation, less current portion	67,202	-
Total liabilities	611,931	332,279
Net Assets		
Without donor restrictions		
Undesignated	2,489,802	2,102,057
Designated by board for endowment	7,726	5,939
	2,497,528	2,107,996
With donor restrictions	512,780	736,451
Total net assets	3,010,308	2,844,447
Total liabilities and net assets	\$ 3,622,239	\$ 3,176,726

Junior Achievement of Central Iowa, Inc.
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support			
Contributions			
Corporate	\$ 214,354	\$ 152,038	\$ 366,392
Foundations	-	22,500	22,500
Individual	75,594	30,738	106,332
Paycheck Protection Program forgiveness	106,300	-	106,300
	<u>396,248</u>	<u>205,276</u>	<u>601,524</u>
Revenue from special events			
Contributions	353,094	-	353,094
Special event revenue	68,250	-	68,250
Less: special events expense	<u>(101,628)</u>	<u>-</u>	<u>(101,628)</u>
Net revenues from special events	<u>319,716</u>	<u>-</u>	<u>319,716</u>
Governmental income	29,175	-	29,175
Investment return, net	85	3,633	3,718
Unrealized gains (losses) on investments	1,321	56,694	58,015
Realized gains on investments	381	16,363	16,744
Other income	603	-	603
Net assets released from restrictions	<u>505,637</u>	<u>(505,637)</u>	<u>-</u>
Total revenue, gains and support	<u>1,253,166</u>	<u>(223,671)</u>	<u>1,029,495</u>
Expenses			
Program services	525,673	-	525,673
Fund raising	166,780	-	166,780
Management and general	<u>171,181</u>	<u>-</u>	<u>171,181</u>
Total expenses	<u>863,634</u>	<u>-</u>	<u>863,634</u>
Change in Net Assets	389,532	(223,671)	165,861
Net Assets at Beginning of Year	<u>2,107,996</u>	<u>736,451</u>	<u>2,844,447</u>
Net Assets at End of Year	<u>\$ 2,497,528</u>	<u>\$ 512,780</u>	<u>\$ 3,010,308</u>

Junior Achievement of Central Iowa, Inc.

Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains and Support			
Contributions			
Corporate	\$ 296,929	\$ 354,250	\$ 651,179
Foundations	1,500	308,099	309,599
Individual	94,611	53,375	147,986
	<u>393,040</u>	<u>715,724</u>	<u>1,108,764</u>
Revenue from special events			
Contributions	401,147	-	401,147
Special event revenue	69,300	-	69,300
Less: special events expense	<u>(103,718)</u>	<u>-</u>	<u>(103,718)</u>
Net revenues from special events	366,729	-	366,729
Governmental income	74,937	-	74,937
Investment return, net	109	4,667	4,776
Unrealized gains (losses) on investments	(155)	(6,630)	(6,785)
Realized gains on investments	21	880	901
Other income	8,527	-	8,527
Net assets released from restrictions	<u>379,061</u>	<u>(379,061)</u>	<u>-</u>
Total revenue, gains and support	<u>1,222,269</u>	<u>335,580</u>	<u>1,557,849</u>
Expenses			
Program services	644,326	-	644,326
Fund raising	175,965	-	175,965
Management and general	<u>193,663</u>	<u>-</u>	<u>193,663</u>
Total expenses	<u>1,013,954</u>	<u>-</u>	<u>1,013,954</u>
Change in Net Assets	208,315	335,580	543,895
Net Assets at Beginning of Year	<u>1,899,681</u>	<u>400,871</u>	<u>2,300,552</u>
Net Assets at End of Year	<u>\$ 2,107,996</u>	<u>\$ 736,451</u>	<u>\$ 2,844,447</u>

Junior Achievement of Central Iowa, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Fund Raising	Management and General	Total Expenses
Salaries	\$ 217,789	\$ 105,525	\$ 93,636	\$ 416,950
Payroll taxes	16,624	7,993	7,353	31,970
Employee insurance and pension	27,607	13,273	12,211	53,091
General insurance	7,207	1,544	1,544	10,295
Occupancy	44,262	9,485	9,485	63,232
Technology	10,921	2,340	2,340	15,601
Stationary and supplies	1,106	238	238	1,582
Dues and subscriptions	245	53	53	351
Postage	66	308	66	440
Telephone	1,343	1,567	1,567	4,477
Staff training	14	16	16	46
Volunteer training	97	32	32	161
Advertising and promotion	6,993	777	-	7,770
Program materials	29,615	-	-	29,615
Professional fees	8,882	1,678	11,128	21,688
In-kind expense	9,346	1,168	1,168	11,682
Miscellaneous	2,394	945	793	4,132
Bad debts	-	138	-	138
Interest	2,235	894	1,341	4,470
Depreciation	47,016	18,806	28,210	94,032
BizTown items	241	-	-	241
Program and support fees	91,670	-	-	91,670
Special events expense	-	101,628	-	101,628
	<u>525,673</u>	<u>268,408</u>	<u>171,181</u>	<u>965,262</u>
Less expenses included with revenues on statement of activities				
Special events expense	-	(101,628)	-	(101,628)
Total expenses included in expense section on statement of activities	<u>\$ 525,673</u>	<u>\$ 166,780</u>	<u>\$ 171,181</u>	<u>\$ 863,634</u>

Junior Achievement of Central Iowa, Inc.
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Fund Raising	Management and General	Total Expenses
Salaries	\$ 248,818	\$ 106,005	\$ 82,796	\$ 437,619
Payroll taxes	18,651	7,853	6,217	32,721
Employee insurance and pension	42,880	18,054	14,293	75,227
General insurance	5,751	1,220	1,743	8,714
Occupancy	32,027	12,484	18,652	63,163
Technology	12,976	2,781	2,781	18,538
Stationary and supplies	1,827	443	498	2,768
Dues and subscriptions	231	56	63	350
Postage	431	105	118	654
Telephone	1,452	1,695	1,695	4,842
Staff training	5,231	1,744	1,744	8,719
Volunteer training	1,737	-	-	1,737
Advertising and promotion	5,956	662	-	6,618
Program materials	88,449	-	-	88,449
Professional fees	-	-	26,874	26,874
In-kind expense	50,315	-	12,579	62,894
Miscellaneous	6,099	1,479	1,664	9,242
Bad debts	-	6,744	-	6,744
Interest	139	34	38	211
Depreciation	36,514	14,606	21,908	73,028
BizTown items	1,913	-	-	1,913
Program and support fees	82,929	-	-	82,929
Special events expense	-	103,718	-	103,718
	<u>644,326</u>	<u>279,683</u>	<u>193,663</u>	<u>1,117,672</u>
Less expenses included with revenues on statement of activities				
Special events expense	-	(103,718)	-	(103,718)
Total expenses included in expense section on statement of activities	<u>\$ 644,326</u>	<u>\$ 175,965</u>	<u>\$ 193,663</u>	<u>\$ 1,013,954</u>

Junior Achievement of Central Iowa, Inc.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 165,861	\$ 543,895
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	94,032	73,028
Bad debts	138	6,744
Contributed property and equipment capitalized	(30,000)	(5,138)
Contributions restricted for investment in endowment	-	(1,000)
Change in beneficial interest in assets held at Community Foundation		
Realized and unrealized losses (gains) on investments	(74,759)	5,884
Investment return, net	(3,717)	(4,776)
Paycheck Protection Program forgiveness	(106,300)	-
Decrease (increase) in operating assets		
Contributions and program services receivables	48,989	(58,069)
Other	(14,771)	(4,391)
Imputed interest	2,444	-
Increase (decrease) in operating liabilities		
Accounts payable	134,192	2,739
Accrued expenses	(12,020)	(19,611)
Deferred revenue	52,031	(43,315)
Refundable advance - Payment Protection Program	106,353	106,300
Net Cash from Operating Activities	362,473	602,290
Cash Flows from Investing Activities		
Addition to endowment held at Community Foundation	-	(1,000)
Purchases of property and equipment	(389,369)	(130,070)
Net Cash used for Investing Activities	(389,369)	(131,070)
Cash Flows from Financing Activities		
Payments on capital lease obligation	(16,569)	-
Collections from contributions restricted for investment in endowment	-	1,000
Payments on long-term debt	(4,167)	-
Proceeds from issuance of long-term debt	-	44,143
Net Cash (used for) from Financing Activities	(20,736)	45,143
Net (Decrease) Increase in Cash and Cash Equivalents	(47,632)	516,363
Cash and Cash Equivalents at Beginning of Year	853,596	337,233
Cash and Cash Equivalents at End of Year	\$ 805,964	\$ 853,596
Supplemental Disclosure of Non-cash Investing Activity		
Equipment financed through capital lease arrangement	\$ 123,688	\$ -

See Notes to Financial Statements

Note 1 - Nature of Organization and Significant Accounting Policies

Principal Business Activity

The mission of Junior Achievement of Central Iowa, Inc. (the Organization) is to empower young people to create a bright future. The Organization is supported primarily through contributions from the public and special events.

The Organization has been granted an exclusive franchise by Junior Achievement, Inc. (J.A.), the national organization, to develop the Junior Achievement Program in Central Iowa. The franchise agreement requires the Organization to remit to J.A. participation payments based upon the Organization's total revenue, less certain revenue items not subject to participation fees. In addition, the Organization purchases many of its program supplies from J.A.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Concentrations of Credit and Market Risk

Financial instruments that potentially expose the Organization to concentrations of credit and market risk consist of cash and cash equivalents. Cash and cash equivalents which, at times, may exceed federally insured limits are maintained at well-capitalized financial institutions. The Organization has not experienced any losses on its cash and cash equivalents.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables

Contributions Receivable

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Allowance for uncollectable contributions receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions receivable are written off when deemed uncollectable. As of June 30, 2021 and 2020, no allowance for uncollectable contributions receivable was deemed necessary.

Program Services Receivable

Program services receivable consists primarily of amounts due from schools for BizTown and other related program fees. Allowance for uncollectable program services receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Program services receivables are written off when deemed uncollectable. As of June 30, 2021 and 2020, no allowance for uncollectable program services receivable was deemed necessary.

Receivables from contracts with customers are reported as program services receivables, net in the accompanying statements of financial position. Contract liabilities are reported as deferred revenue in the accompanying statements of financial position.

Total program services receivables as of July 01, 2019 were \$30,494.

Beneficial Interest in Assets Held by Community Foundation

The Organization has established an endowment fund under the Community Foundation of Greater Des Moines (the Community Foundation) Agency Endowment Fund Program and named the Organization as beneficiary. The Organization granted variance power to the Community Foundation, which allows the Community Foundation to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the Community Foundation's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by the Community Foundation for the Organization's benefit and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

Property and Equipment

Property and equipment additions over \$2,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets ranging from 15-39 years for the building and improvements, and 5-7 years for furniture and equipment, or in the case of capitalized leased assets, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are charged to operations when incurred.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Deferred Revenue

The Organization's annual golf event fund raiser is generally not held until after the fiscal year-end. Deferred revenue represents participant payments for both contributions and direct benefits to donors received before the event occurs and also certain other miscellaneous fees for program services.

Total deferred revenue as of July 01, 2019 was \$173,405.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution revenue for the difference when the event takes place. Special events revenue is available for unrestricted use by the Organization. The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Program service fees and other related programs fees received from schools are reported as governmental income on the statements of activities. These revenues are recorded at the time that the service is provided.

Contributed services are recognized as contributions if the services received create or enhance a long-lived asset or require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair value when the contribution is received. There were \$41,682 and \$68,032, of contributed services and assets recognized as revenue in the years ended June 30, 2021 and 2020, respectively.

The Organization receives various types of in-kind support including fund raising and contributed time. The Organization uses volunteers to fulfill its mission of assuring that every child in Central Iowa has an understanding of the free enterprise system. The use of volunteers to fulfill its mission is not recognized as revenue and support by the Organization.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries, payroll taxes, employee insurance and pension, general insurance, technology, stationery and supplies, dues and subscriptions, postage, telephone, staff training, advertising and promotions, and miscellaneous, which are allocated on the basis of estimates of time, effort, and use.

Income Taxes

The Organization is a nonprofit corporation and is exempt from federal and state income taxes. Management assesses the Organization's income tax status based upon evaluation of the facts, circumstances and information available. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. Management has concluded that the Organization is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. Management believes that the Organization has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

In the normal course of preparing the Organization's financial statements, management reviews events that occur after the statement of financial position date (June 30, 2021) for potential recognition or disclosure in the financial statements. Management has evaluated subsequent events through November 18, 2021, which is the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 784,508	\$ 608,026
Program services receivable	24,269	2,494
Contributions receivable	9,635	10,816
Anticipated endowment spending-rate distributions and appropriations	<u>17,000</u>	<u>13,000</u>
	<u>\$ 835,412</u>	<u>\$ 634,336</u>

Endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Spending rate distributions from donor-restricted endowments are available for general use.

A board-designated endowment of \$7,726 and \$5,939 as of June 30, 2021 and 2020, respectively, is also available to be spent by the Organization with the Board of Directors' approval.

To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of \$100,000, which it could draw upon as described in Note 5.

Note 3 - Contributions Receivable

Contributions receivable (unconditional promises to give) are estimated to be collected as follows at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 124,576	\$ 121,816
In one to five years	50,000	125,000
	<u>174,576</u>	<u>246,816</u>
Less allowance for uncollectible contributions receivable	<u>-</u>	<u>-</u>
Estimated future cash flows	174,576	246,816
Less discount to net present value at rates ranging from 1.75% to 1.95%	<u>(5,188)</u>	<u>(6,526)</u>
Total	<u><u>\$ 169,388</u></u>	<u><u>\$ 240,290</u></u>

Note 4 - Property and Equipment

Property and equipment at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 370,565	\$ 205,000
Building	3,085,187	2,711,779
Furniture and equipment	97,458	86,992
Equipment under capital lease obligation	123,688	-
Construction-in-progress	<u>-</u>	<u>130,070</u>
	3,676,898	3,133,841
Less accumulated depreciation	<u>1,434,449</u>	<u>1,340,417</u>
Property and equipment, net	<u><u>\$ 2,242,449</u></u>	<u><u>\$ 1,793,424</u></u>

Note 5 - Revolving Line of Credit

The Organization has a \$100,000 revolving line of credit with a bank lender. The line of credit matures in December 2021, interest is payable monthly at 1.50% above the lender's variable prime rate (interest rate was 4.75% at June 30, 2021) and the line is collateralized by the Organization's business assets. There were no outstanding borrowings under the line of credit as of June 30, 2021 and 2020.

Note 6 - Note Payable

On June 18, 2020, the Organization entered into an unsecured term note payable to Achievement Foundation, Inc. to support ongoing operations of the Organization during the Covid-19 pandemic. The note is due in quarterly installments of \$4,167 at 0% interest beginning June 30, 2021 and ending March 31, 2024. The Organization recognized the note payable at present value using an imputed interest rate of 5.25%. Upon recognition of the note payable the Organization recorded a contribution for \$5,857. The present value of the outstanding balance on this note was \$42,420 and \$44,143 at June 30, 2021 and 2020.

Future note payable maturities are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 16,668
2023	16,668
2024	12,497
Unamortized discount	<u>(3,413)</u>
Total	<u>\$ 42,420</u>

Amortization of the discount on the non-interest bearing note payable of \$2,444 and \$0 for the years ended June 30, 2021 and 2020 is reported as interest expense on the statements of functional expenses.

Note 7 - Refundable Advances – Paycheck Protection Program

The Organization was granted a \$106,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner, Bankers Trust Company, during the year ended June 30, 2020. The loan was uncollateralized and was fully guaranteed by the Federal government. The Organization elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization recognized contribution revenue for the year ended June 30, 2021 of \$106,300.

The Organization was granted a second loan for \$106,353 under the same PPP administered by a SBA approved partner, Bankers Trust Company, during the year ended June 30, 2021. The loan is uncollateralized and is fully guaranteed by the Federal government. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The Organization has initially recorded this as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan are eligible for forgiveness if the Organization maintains employment levels during its covered period and uses the funds for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2021 related to this loan. The Organization is required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness. The terms of the loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The loan may be accelerated upon the occurrence of an event of default.

Note 8 - Leases

The Organization leases various equipment under operating and capital leases expiring at various dates through 2024.

Future minimum lease payments as of June 30, 2021 are as follows:

Years Ending June 30,	Capital Leases	Operating Leases
2022	\$ 44,143	\$ 10,005
2023	44,143	5,002
2024	25,750	-
Total minimum lease payments	114,036	<u>\$ 15,007</u>
Less amount representing interest	<u>(6,917)</u>	
Capital lease obligation	<u>\$ 107,119</u>	

Lease expense for the years ended June 30, 2021 and 2020 was approximately \$11,000 and \$9,000, respectively.

Leased property under the capital lease at June 30, 2021 and 2020 includes the following:

	2021	2020
Equipment	\$ 123,688	\$ -
Less accumulated depreciation	<u>(17,178)</u>	<u>-</u>
	<u>\$ 106,510</u>	<u>\$ -</u>

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2021 and 2020 are available for the following specific purposes and programs.

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purpose (Includes Contributions Receivable)		
BizTown store front	\$ 106,000	\$ 87,000
Program sponsor	12,280	-
Finance Park	42,312	373,952
Other	5,618	5,618
	<u>166,210</u>	<u>466,570</u>
Subject to the Passage of Time		
General contributions that are not restricted by donors, but which are unavailable until due	<u>15,000</u>	<u>15,000</u>
Endowments		
Subject to appropriation as allowed by the Community Foundation	80,570	3,881
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	<u>251,000</u>	<u>251,000</u>
Total endowments	<u>331,570</u>	<u>254,881</u>
Total net assets with donor restrictions	<u>\$ 512,780</u>	<u>\$ 736,451</u>

Net assets were released from restriction by incurring expenditures satisfying the restricted purpose specified by donors. These primarily included expenditures related to Finance Park and the BizTown store front.

Note 10 - Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization’s assessment of the quality, risk, or liquidity profile of the asset or liability.

The fair value of beneficial interest in assets held by the Community Foundation is based on the fair value of fund investments as reported by the Community Foundation. This is considered to be a Level 3 measurement.

The following table presents assets measured at fair value on a recurring basis at June 30, 2021 and 2020:

	<u>Total</u>	<u>Fair Value Measurements at June 30, 2021 Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in assets held by Community Foundation	<u>\$ 339,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,296</u>
		<u>Fair Value Measurements at June 30, 2020 Using</u>		
	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Beneficial interest in assets held by Community Foundation	<u>\$ 260,820</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 260,820</u>

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2021 and 2020:

	Beneficial Interest in Assets Held by Community Foundation	
	2021	2020
Balance at beginning of year	\$ 260,820	\$ 260,928
Purchases/contributions of investments	-	1,000
Investment return, net and unrealized/ realized gains (losses) on investments	78,476	(1,108)
Balance at end of year	<u>\$ 339,296</u>	<u>\$ 260,820</u>

Note 11 - Endowment Funds

The Organization's endowment fund consists of funds designated by the Board of Directors and funds restricted by donors to function as a general endowment fund to support the Organization's activities. At June 30, 2021 and 2020, the endowment funds are held in an investment pool at the Community Foundation as described in Note 10. As required by generally accepted accounting principles, net assets associated with the endowment fund, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Iowa Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

Junior Achievement of Central Iowa, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

As of June 30, 2021, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 7,726	\$ -	\$ 7,726
Donor-restricted endowment funds			
Original gift amount designated for endowment by donor	-	251,000	251,000
Accumulated earnings	-	80,570	80,570
	\$ 7,726	\$ 331,570	\$ 339,296

As of June 30, 2020, endowment net asset composition by type of fund is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Board-designated endowment funds	\$ 5,939	\$ -	\$ 5,939
Donor-restricted endowment funds			
Original gift amount designated for endowment by donor	-	251,000	251,000
Accumulated earnings	-	3,881	3,881
	\$ 5,939	\$ 254,881	\$ 260,820

Investment and Spending Policies

Endowment assets, if not within the Community Foundation, would be invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return and grow the funds. Actual returns in any given year may vary from the intended rate of return. 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 seeks to have an overall level of risk equal to or less than the overall stock market.

The Organization has entered into an agreement with the Community Foundation that includes a spending-rate formula for the Endowment fund. Under the agreement, the spending formula is to release a maximum of 5% annually to the Organization for general use. The endowment funds are available to be spent by the Organization with the Board of Directors' approval in excess of the 5%; however, the fund is to be replenished as soon as surplus assets or other liquidity becomes available.

Junior Achievement of Central Iowa, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Change in the endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	\$ 5,939	\$ 254,881	\$ 260,820
Investment return, net and unrealized/ realized gains (losses) on investments	1,787	76,689	78,476
Endowment net assets, end of the year	\$ 7,726	\$ 331,570	\$ 339,296

Change in the endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of the year	\$ 5,964	\$ 254,964	\$ 260,928
Investment return, net and unrealized/ realized gains (losses) on investments	(25)	(1,083)	(1,108)
Contributions	-	1,000	1,000
Endowment net assets, end of the year	\$ 5,939	\$ 254,881	\$ 260,820

Note 12 - Commitments and Contingencies

In June 2010, the Organization and the Community Foundation executed an Amended Charitable Contribution Agreement (Agreement). The Agreement required the Organization, for as long as they own their building which houses BizTown and the Organization's administrative offices, to make annual contributions of \$24,000 to the Community Foundation. In May 2019, the Organization entered into an amended agreement with the Community Foundation requiring monthly contributions of \$2,000 through December 31, 2019, at which time contribution payments ceased. In addition, if the building is sold by the Organization, a certain percentage (50% declining to 35% depending on the date of sale) of the net sales proceeds will be contributed to the fund controlled by the Community Foundation. No liabilities have been accrued for this commitment, as the contributions required by the Agreement are contingent on the possible future sale of the building.

During fiscal-year 2011, the Organization received a \$40,000 non-cash donation of equipment and remodeling of its auditorium and classroom from the Community Foundation. As part of this donation, the Organization agreed to certain restrictions and covenants that include, among other things, Community Foundation access to the facilities and limits on rents charged to others for use of the facilities. The restrictions and covenants are effective through December 2030 or as long as the Organization owns the building.

Note 13 - Employee Benefits

The Organization has a 401(k) plan. The plan allows eligible employees to make contributions and the Organization may match a portion of the employee contributions. Employer contributions to the plan for the years ended June 30, 2021 and 2020 were \$11,774 and \$11,409, respectively.

Note 14 - COVID-19 Pandemic

The world-wide coronavirus pandemic impacted national and global economies. The Organization is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to the Organization is not known.