

**JUNIOR ACHIEVEMENT OF
SOUTHEASTERN MICHIGAN, INC.**

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

TABLE OF CONTENTS

Page

INDEPENDENT AUDITOR'S REPORT 1-2

FINANCIAL STATEMENTS

Statements of Financial Position - June 30, 2021 and 2020.....3

Statement of Activities - Year Ended June 30, 2021.....4

Statement of Activities - Year Ended June 30, 2020.....5

Statement of Functional Expenses - Year Ended June 30, 2021.....6

Statement of Functional Expenses - Year Ended June 30, 2020.....7

Statements of Cash Flows - Years Ended June 30, 2021 and 2020.....8

Notes to the Financial Statements..... 9-16

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Junior Achievement of Southeastern Michigan, Inc.
Detroit, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Southeastern Michigan, 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 Southeastern Michigan, 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.

Maney Costain PC

September 24, 2021

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF FINANCIAL POSITION

	June 30	
	2021	2020
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,362,030	\$ 1,109,972
Current Investments	-	-
Pledges Receivable - net of allowance for uncollectable pledges in the amount of \$1,000 for 2021 and 2020	198,582	260,000
Prepaid Assets	10,598	13,773
Total Current Assets	1,571,210	1,383,745
Long Term Assets		
Investments	370,201	285,659
Long-term Pledges - Restricted - net	150,000	125,000
Fixed Assets - net	1,885,067	1,970,650
Total Long Term Assets	2,405,268	2,381,309
Total Assets	\$ 3,976,478	\$ 3,765,054
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 17,118	\$ 3,119
Other Payables	83,112	44,751
Paycheck Protection Program Loan	231,383	189,682
Total Current Liabilities	331,613	237,552
NET ASSETS		
Net Assets without Donor Restrictions	2,981,979	2,625,641
Board Designated Net Assets	-	-
Total Net Assets without Donor Restrictions	2,981,979	2,625,641
Net Assets with Donor Restrictions	662,886	901,861
TOTAL NET ASSETS	3,644,865	3,527,502
TOTAL LIABILITIES AND NET ASSETS	\$ 3,976,478	\$ 3,765,054

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021
(With Comparative Totals for the Year Ended June 30, 2020)

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total 2021	Total 2020
	Operating	Board Designated	Total			
PUBLIC SUPPORT AND REVENUES						
Contributions						
Corporate	\$ 596,040	\$ -	\$ 596,040	\$ 30,000	\$ 626,040	\$ 1,012,990
Individual	136,795	-	136,795	-	136,795	88,617
Foundations	66,098	-	66,098	-	66,098	152,330
Total Contributions	798,933	-	798,933	30,000	828,933	1,253,937
Special Events Gross	486,882	-	486,882	8,750	495,632	420,171
Less Special Event Expenses	89,291	-	89,291	-	89,291	68,352
Special Events Net	397,591	-	397,591	8,750	406,341	351,819
Investment return, net	650	-	650	6,092	6,742	6,202
Unrealized Gains or Loss on Investments	-	-	-	78,450	78,450	8,850
In-Kind Contributions	15,841	-	15,841	-	15,841	59,730
Paycheck Protection Program Loan Forgiveness	189,682	-	189,682	-	189,682	-
Other Income	77,246	-	77,246	-	77,246	40,343
Net Assets Released						
Purpose restrictions	362,267	-	362,267	(362,267)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	1,842,210	-	1,842,210	(238,975)	1,603,235	1,720,881
EXPENSES						
Program Expense						
Traditional Programs	997,938	-	997,938	-	997,938	1,115,559
Finance Park	283,189	-	283,189	-	283,189	413,353
Total Program Expense	1,281,127	-	1,281,127	-	1,281,127	1,528,912
Supporting Services						
Management and General Expense	22,325	-	22,325	-	22,325	36,951
Fund Raising Expense	182,420	-	182,420	-	182,420	198,196
Total Supporting Services	204,745	-	204,745	-	204,745	235,147
TOTAL EXPENSES	1,485,872	-	1,485,872	-	1,485,872	1,764,059
Change in Net Assets	356,338	-	356,338	(238,975)	117,363	(43,178)
Net Assets, Beginning of Year	2,625,641	-	2,625,641	901,861	3,527,502	3,570,680
Net Assets, End of Year	\$ 2,981,979	\$ -	\$ 2,981,979	\$ 662,886	\$ 3,644,865	\$ 3,527,502

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(With Comparative Totals for the Year Ended June 30, 2019)

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total 2020	Total 2019
	Operating	Board Designated	Total			
PUBLIC SUPPORT AND REVENUES						
Contributions						
Corporate	\$ 696,890	\$ -	\$ 696,890	\$ 316,100	\$ 1,012,990	\$ 1,083,990
Individual	88,617	-	88,617	-	88,617	81,037
Foundations	27,330	-	27,330	125,000	152,330	106,136
Total Contributions	812,837	-	812,837	441,100	1,253,937	1,271,163
Special Events Gross	410,171	-	410,171	10,000	420,171	620,241
Less Special Event Expenses	68,352	-	68,352	-	68,352	141,567
Special Events Net	341,819	-	341,819	10,000	351,819	478,674
Governmental Revenue	-	-	-	-	-	10,000
Investment return, net	1,834	-	1,834	4,368	6,202	6,930
Unrealized Gains or Loss on Investments	-	-	-	8,850	8,850	7,750
In-Kind Contributions	59,730	-	59,730	-	59,730	134,359
Other Income	40,343	-	40,343	-	40,343	46,359
Net Assets Released						
Purpose restrictions	102,875	-	102,875	(102,875)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	1,359,438	-	1,359,438	361,443	1,720,881	1,955,235
EXPENSES						
Program Expense						
Traditional Programs	1,115,559	-	1,115,559	-	1,115,559	1,220,347
Finance Park	413,353	-	413,353	-	413,353	484,583
Total Program Expense	1,528,912	-	1,528,912	-	1,528,912	1,704,930
Supporting Services						
Management and General Expense	36,951	-	36,951	-	36,951	31,876
Fund Raising Expense	198,196	-	198,196	-	198,196	210,505
Total Supporting Services	235,147	-	235,147	-	235,147	242,381
TOTAL EXPENSES	1,764,059	-	1,764,059	-	1,764,059	1,947,311
Change in Net Assets	(404,621)	-	(404,621)	361,443	(43,178)	7,924
Net Assets, Beginning of Year	3,030,262	-	3,030,262	540,418	3,570,680	3,562,756
Net Assets, End of Year	\$ 2,625,641	\$ -	\$ 2,625,641	\$ 901,861	\$ 3,527,502	\$ 3,570,680

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services			Grand Total
	Traditional Programs	Finance Park	Total	Management	Fundraising	Total	
Salaries	\$ 554,725	\$ 133,946	\$ 688,671	\$ 3,313	\$ 121,456	\$ 124,769	\$ 813,440
Employee benefits, payroll taxes and related costs	62,658	15,313	77,971	2,009	13,493	15,502	93,473
General insurance	16,589	4,542	21,131	1,563	1,727	3,290	24,421
Outside service	26,043	7,213	33,256	2,265	2,502	4,767	38,023
Rent	974	9,255	10,229	162	325	487	10,716
Leased equipment	5,952	1,630	7,582	142	1,038	1,180	8,762
Office, telephone & utilities	65,349	19,045	84,394	5,045	7,688	12,733	97,127
Training and seminar expenses	255	70	325	6	45	51	376
Travel	960	295	1,255	23	167	190	1,445
Volunteer training & recognition	210	-	210	-	-	-	210
Board & Committee	2,139	586	2,725	51	373	424	3,149
Public relations	25,728	1,586	27,314	138	1,011	1,149	28,463
Scholarship expenses	4,000	-	4,000	-	-	-	4,000
Professional fees	18,782	5,143	23,925	1,770	1,955	3,725	27,650
Program materials	45,043	912	45,955	-	-	-	45,955
Program & support fees	112,726	30,865	143,591	2,688	19,664	22,352	165,943
Fund raising expenses	-	-	-	-	3,375	3,375	3,375
Depreciation & amortization	30,100	49,921	80,021	2,899	4,663	7,562	87,583
Miscellaneous expenses	10,473	2,867	13,340	251	1,829	2,080	15,420
Allowance for uncollectible pledges	-	-	-	-	500	500	500
Contributions in-kind	15,232	-	15,232	-	609	609	15,841
TOTAL EXPENSES	\$ 997,938	\$ 283,189	\$ 1,281,127	\$ 22,325	\$ 182,420	\$ 204,745	\$ 1,485,872
Percent of Total Expenses	67%	19%	86%	2%	12%	14%	100%

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2020

	Program Services			Supporting Services			Grand Total
	Traditional Programs	Finance Park	Total	Management	Fundraising	Total	
Salaries	\$ 558,576	\$ 162,589	\$ 721,165	\$ 24,337	\$ 124,658	\$ 148,995	\$ 870,160
Employee benefits, payroll taxes and related costs	159,888	49,782	209,670	5,508	25,299	30,807	240,477
General insurance	13,861	4,693	18,554	343	2,307	2,650	21,204
Outside service	22,339	5,268	27,607	363	2,450	2,813	30,420
Rent	1,261	9,216	10,477	44	195	239	10,716
Leased equipment	6,020	2,100	8,120	150	1,011	1,161	9,281
Office, telephone & utilities	58,158	21,633	79,791	1,229	8,359	9,588	89,379
Training and seminar expenses	1,321	693	2,014	30	208	238	2,252
Travel	16,523	4,165	20,688	183	1,226	1,409	22,097
Volunteer training & recognition	371	-	371	-	-	-	371
Board & Committee	1,626	567	2,193	40	273	313	2,506
Public relations	19,760	5,884	25,644	419	2,831	3,250	28,894
Professional fees	15,095	4,974	20,069	354	2,393	2,747	22,816
Program materials	81,672	20,393	102,065	-	-	-	102,065
Program & support fees	100,323	34,991	135,314	2,320	2,320	4,640	139,954
Fund raising expenses	-	-	-	-	10,378	10,378	10,378
Depreciation & amortization	29,235	48,396	77,631	738	9,802	10,540	88,171
Miscellaneous expenses	4,468	1,559	6,027	111	750	861	6,888
Allowance for uncollectible pledges	5,494	-	5,494	133	673	806	6,300
Contributions in-kind	19,568	36,450	56,018	649	3,063	3,712	59,730
TOTAL EXPENSES	\$ 1,115,559	\$ 413,353	\$ 1,528,912	\$ 36,951	\$ 198,196	\$ 235,147	\$ 1,764,059
Percent of Total Expenses	63%	24%	87%	2%	11%	13%	100%

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ 117,363	\$ (43,178)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities		
Change in Allowance for Uncollectible Pledges	-	(30,000)
Paycheck Protection Program Loan Forgiveness	(189,682)	-
Depreciation and Amortization	87,583	88,171
Unrealized (Gain) Loss on Marketable Securities	(78,450)	(8,850)
(Increase) Decrease in Pledges Receivable	36,418	119,420
(Increase) Decrease in Prepaid Assets	3,175	(566)
Increase (Decrease) in Accounts Payable and Other Payables	52,360	(57,108)
	<u>28,767</u>	<u>67,889</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Marketable Securities	(6,092)	(5,177)
Expenditures for Property and Equipment	(2,000)	(63,146)
	<u>(8,092)</u>	<u>(68,323)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Paycheck Protection Program Loan	231,383	189,682
	<u>231,383</u>	<u>189,682</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	252,058	189,248
CASH AND CASH EQUIVALENTS, at beginning of year	<u>1,109,972</u>	<u>920,724</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 1,362,030</u>	<u>\$ 1,109,972</u>
SUPPLEMENTAL INFORMATION FOR CASH FLOWS		
Paycheck Protection Program Loan Forgiveness	<u>\$ 189,682</u>	<u>\$ -</u>

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION, RISK, AND UNCERTAINTIES

Junior Achievement of Southeastern Michigan, Inc. was organized in September 1949 as a private, nonprofit corporation. The Organization was formed to provide young people with practical economic education programs and experiences in the competitive private enterprise system through a partnership with the business and education communities.

The Organization is dedicated to educating students in grades K-12 about entrepreneurship, work readiness, and financial literacy through experiential, hands-on programs. The programs help prepare young people for the real world by showing them how to generate income and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Students put these lessons into action, and learn the value of contributing to their communities. The Organization's unique approach allows volunteers from the community to deliver our curriculum while sharing their experiences with students. Embodying the heart of the Organization, the classroom volunteers transform the key concepts of the lessons into a message that inspires and empowers students to believe in themselves, showing them they can make a difference in the world.

The Organization also offers two additional opportunities for young people. The *JA Finance Park®* program is a reality based hands-on simulation for middle grade students that enables them to build foundations for making intelligent lifelong personal finance decisions. Students create personal budgets and are introduced to automotive transportation, banking, clothing, communications, education, entertainment, food, furniture, healthcare, home improvement, housing, insurance, investing, mortgage, non-profit and utility industries and careers. Most of all, the hands-on nature of the program helps students develop a realistic understanding of the economic issues they will face upon graduation. The *JA Inspire Program* is Junior Achievement's capstone career development program for 7th-12th grade students brought to life by our region's employers. Using virtual technology, JA Inspire features an online platform filled with local business exhibits providing downloadable career information and videos. The JA Inspire program is adaptable for in-class or remote learning. Participants have the opportunity to explore various career pathways, gain information on career entry and requirements, and access tips on professionalism and business etiquette.

The Organization operates under a Board of Directors and a President/Chief Executive Officer (CEO). The Organization's major sources of revenue are from the contributions from various foundations, corporations, and individuals, and also revenues generated from various special fundraising events.

The Organization is required to disclose concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, and investments. The Organization places its cash and cash equivalents with FDIC insured financial institutions. The Organization has deposits held by financial institutions that are not federally insured because they exceed the insurance limits. As of June 30, 2021, the Organization's uninsured deposits totaled \$1,299,968. As of June 30, 2020, the Organization's uninsured deposits totaled \$969,161.

The extent of the impact of COVID-19 on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on employees, contributors and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition and results of operations is uncertain.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to U.S. generally accepted accounting policies (GAAP) as applicable to nonprofit entities. The financial accounting standards board (FASB) is the accepted standard setting body for establishing non-profit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Organization:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Income is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of a checking account and money market funds.

Investments

Investments include mutual funds and have readily determinable fair values and are stated at fair value as of June 30, 2021 and 2020. Fair values of all these short-term investments are determined based on quoted market prices and other relevant information generated by market transactions. Realized and unrealized gains or losses on investments are recorded in the statement of activities in the period that such gains or losses occur. Interest income is recorded when earned on an accrual basis. There were no changes in valuation techniques and related inputs during the period.

Pledges Receivable

Unconditional pledges are recognized as revenues in the period the pledge is made. Revenue on conditional pledges is recognized only when the conditions on which they depend are substantially met. These amounts, less an appropriate allowance, are recorded at their estimated fair value. The Organization accounts for bad debts on the reserve method computed on prior years' experience and management's estimate of the collectability of each specific pledge. Pledges to be collected over a period greater than one year have not been discounted, as management considers the discounts to be immaterial.

	<u>2021</u>	<u>2020</u>
Pledges receivable, beginning of year	<u>\$ 385,000</u>	<u>\$ 474,420</u>
Pledges receivable, end of year	<u>\$ 348,582</u>	<u>\$ 385,000</u>

Fixed Assets

Property and equipment acquired by the Organization are stated at cost, with items capitalized based on having a useful life of greater than one year and a historical cost of \$2,000 or more. Donated property and equipment are recorded at the fair value on the date of donation. Depreciation is provided using the straight-line method over the useful lives of the respective assets, which is 40 years for buildings and building improvements and range from three to seven years for equipment.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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 statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Functional Allocated Costs

Certain costs of the Organization have been allocated to program services, management, and fundraising activities. These costs are allocated on a basis reflecting either actual or estimated actual activity.

Net Assets

Net assets, revenues, gains and losses are classified 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 grantor restrictions. Net assets without donor restrictions as of June 30, 2021 were \$2,981,979. Net assets without donor restrictions as of June 30, 2020 were \$2,625,641.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished.

**JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor-imposed restrictions as of June 30, consists of the following:

	2021	2020
Programs for 2020 - 2021	\$ -	\$ 491,202
Programs for 2021 - 2022	232,684	75,000
Programs for 2022 - 2023	60,000	50,000
Endowment Investments	110,500	110,500
Scholarships	259,702	175,159
	\$ 662,886	\$ 901,861

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 24, 2021, the date the financial statements were available to be issued. No subsequent events requiring disclosure were noted.

NOTE 3 - TAX STATUS

Junior Achievement of Southeastern Michigan, Inc. is a nonprofit organization and has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was included in a group ruling issued to Junior Achievement USA which is located in Colorado Springs, Colorado. The Organization is not classified as a private foundation.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain taxes positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by various taxing authorities for a period of three to four years.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of June 30, 2021 and 2020 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position.

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 1,362,030	\$ 1,109,972
Investments	370,201	285,659
Receivables		
Pledges due within one year	198,582	260,000
Long-term pledges	<u>150,000</u>	<u>125,000</u>
Financial assets, at year end	2,080,813	1,780,631
Donor imposed restrictions		
Less: subject to the passage of time	(292,684)	(616,202)
Endowment fund		
Less: Perpetual funds	(110,500)	(110,500)
Less: Purpose restricted funds	<u>(259,702)</u>	<u>(175,159)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,417,927</u>	<u>\$ 878,770</u>

NOTE 5 - PLEDGES RECEIVABLE

Pledges receivable at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Pledges receivable in less than one year (net of allowance for uncollectible pledges in the amount of \$1,000 for 2021 and 2020)	\$ 198,582	\$ 260,000
Pledges receivable in one to five years	<u>150,000</u>	<u>125,000</u>
	<u>\$ 348,582</u>	<u>\$ 385,000</u>

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6 - PAYCHECK PROTECTION PROGRAM

On April 13, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender, for an aggregate principal amount of \$189,682. The principal amount of the PPP loan was subject to forgiveness upon the Organization's request to the extent that the PPP loan proceeds were used to pay PPP eligible expenses by the Organization. The initial loan recorded as debt on the Organization's June 30, 2020 financial statements received forgiveness from the SBA on November 16, 2020, as the Organization met the conditions as outlined under the loan for eligible expenses during the covered period. The Organization has recognized loan forgiveness in the amount of \$189,682 for the year ended June 30, 2021.

On January 25, 2021, the Organization qualified for and received a second PPP loan in the amount of \$231,383. The liability is potentially forgivable, to the extent the funds are used for eligible expenses over the 24-week period following the issue date. Repayment terms are one lump sum payment including interest of 1% per annum through maturity of January 25, 2026. The Organization has recorded the loan as debt on the June 30, 2021 financial statements and anticipates full loan forgiveness.

NOTE 7 - ENDOWMENT ASSETS

In 1978, a Scholarship Fund was created as a result of contributions from a donor to create a permanent endowment for the Organization. The purpose of the Scholarship Fund is to award scholarships to worthy Junior Achievement participants to assist them in attending a college, professional, or vocational school of their choice. The principal contribution amounts totaling \$110,500 is included in net assets with donor restrictions and only the earnings on the accounts are to be used to distribute scholarships. Funds are currently held in a mutual fund investment account with J.P. Morgan Securities LLC.

NOTE 8 - FINANCIAL INSTRUMENTS

All financial instruments are held for purposes other than trading. For cash and cash equivalents and pledges receivable, it is determined that fair values approximate carrying values due to the short maturity of these instruments.

**JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 9 - FAIR VALUE MEASUREMENT

A hierarchy has been established that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy under GAAP are described below.

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The following is a market value summary by the level of inputs used, as of June 30, 2021, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Valued on recurring basis				
Mutual fund	\$ 370,201	\$ 370,201	\$ -	\$ -

The following is a market value summary by the level of inputs used, as of June 30, 2020, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Valued on recurring basis				
Mutual fund	\$ 285,659	\$ 285,659	\$ -	\$ -

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - FIXED ASSETS

Depreciation expense was \$87,583 for 2021 and \$88,171 for 2020. Fixed assets consisted of the following at June 30:

	2021	2020
Land	\$ 236,000	\$ 236,000
Construction in progress	2,000	-
Building and improvements	2,999,238	2,999,238
Furniture and fixtures	324,174	324,174
Computer equipment	39,983	39,983
Total fixed assets	3,601,395	3,599,395
Less accumulated depreciation	(1,716,328)	(1,628,745)
	\$ 1,885,067	\$ 1,970,650

NOTE 11 - RELIANCE ON FUNDING SOURCES

The Organization receives a substantial amount of its support from grants and contributions from corporations, businesses, and individuals. A significant reduction in the level of this support, if it were to occur, may have an adverse effect on the Organization's programs and activities.

NOTE 12 - RETIREMENT PLAN

Defined Contribution Plan

The Organization is the sponsor of a retirement plan for the sole benefit of its employees. In January 2020, the Board of Directors of the Organization entered into an agreement to adopt the JA USA defined contribution plan. The plan is administered through Transamerica. All employees of the Organization are eligible to participate in the plan. The Organization offers a Basic Safe Harbor Match that requires employees to defer compensation to receive contribution, at the rate of 100% of 3% plus 50% of the next 2% contributed. All safe harbor contributions are 100% vested.

For the year ended June 30, 2021, the Organization had total payroll of \$809,390. The Organization made contributions to the plan in the amount of \$24,809. The employees of the Organization made contributions to the plan in the amount of \$38,120.

For the year ended June 30, 2020, the Organization had total payroll of \$830,915. The Organization made contributions to the plan in the amount of \$11,349. The employees of the Organization made contributions to the plan in the amount of \$17,233.