



**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Financial Statements

June 30, 2019 and 2018

(With Independent Auditors' Report Thereon)



KPMG LLP  
345 Park Avenue  
New York, NY 10154-0102

## Independent Auditors' Report

The Board of Directors  
Junior Achievement of New York, Inc.:

We have audited the accompanying financial statements of Junior Achievement of New York, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, 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 U.S. generally accepted accounting principles; 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 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 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of New York, Inc. as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



*Emphasis of Matter*

As discussed in note 21 to the financial statements, Junior Achievement of New York, Inc. adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, during the year ended June 30, 2019 on a retrospective basis. Our opinion is not modified with respect to this matter.

KPMG LLP

November 26, 2019

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Statements of Financial Position

June 30, 2019 and 2018

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets:		
Cash and cash equivalents	\$ 2,169,867	1,609,695
Contributions and special events receivables, net (note 3)	645,506	498,935
Inventory	4,059	33,869
Prepaid expenses and other assets	67,314	248,092
Total current assets	2,886,746	2,390,591
Long-term assets:		
Long-term contributions receivables (pledges), net (note 3)	730,415	698,360
Fixed assets, net (note 4)	61,675	78,988
Other assets (note 6)	61,710	61,710
Total long-term assets	853,800	839,058
Total assets	\$ 3,740,546	3,229,649
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses (note 10)	\$ 376,590	317,153
Deferred revenue	95,605	59,043
Total current liabilities	472,195	376,196
Long-term liabilities:		
Deferred rent obligation (note 6)	139,599	172,444
Total long-term liabilities	139,599	172,444
Total liabilities	611,794	548,640
Net assets:		
Net assets without donor restrictions	2,328,837	1,967,649
Net assets with donor restrictions (note 5)	799,915	713,360
Total net assets	3,128,752	2,681,009
Total liabilities and net assets	\$ 3,740,546	3,229,649

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Statements of Activities

Years ended June 30, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Operating support and revenue:						
Contributions, net of participation payments of \$39,216 and \$34,386 in 2019 and 2018, respectively (note 3):						
Corporate	\$ 1,425,610	69,500	1,495,110	1,177,836	267,502	1,445,338
Government	400,983	—	400,983	115,945	—	115,945
Individual	145,164	—	145,164	224,832	—	224,832
Foundations	20,000	32,055	52,055	3,000	52,248	55,248
Total contributions, net	1,991,757	101,555	2,093,312	1,521,613	319,750	1,841,363
Special events income (note 3)	2,598,100	—	2,598,100	2,639,735	—	2,639,735
Special events expenses and participation payments	(512,958)	—	(512,958)	(536,725)	—	(536,725)
Special events income, net	2,085,142	—	2,085,142	2,103,010	—	2,103,010
In-kind contributions (note 8)	170,610	—	170,610	145,602	—	145,602
Other income	122,609	—	122,609	106,265	—	106,265
Net assets released from restriction	15,000	(15,000)	—	319,670	(319,670)	—
Total operating support and revenue	4,385,118	86,555	4,471,673	4,196,160	80	4,196,240
Operating expenses:						
Program services – education programs	3,025,079	—	3,025,079	2,683,806	—	2,683,806
Supporting services:						
Management and general	404,396	—	404,396	348,916	—	348,916
Fund-raising:						
Volunteer recruiting costs	99,076	—	99,076	92,315	—	92,315
General solicitation of funds	495,379	—	495,379	615,434	—	615,434
Total fund-raising expenses	594,455	—	594,455	707,749	—	707,749
Total supporting services	998,851	—	998,851	1,056,665	—	1,056,665
Total operating expenses	4,023,930	—	4,023,930	3,740,471	—	3,740,471
Increase in net assets from operations	361,188	86,555	447,743	455,689	80	455,769
Nonoperating activity:						
Losses on pledges	—	—	—	(8,466)	—	(8,466)
Total nonoperating activity	—	—	—	(8,466)	—	(8,466)
Increase in net assets	361,188	86,555	447,743	447,223	80	447,303
Net assets at beginning of year	1,967,649	713,360	2,681,009	1,520,426	713,280	2,233,706
Net assets at end of year	\$ 2,328,837	799,915	3,128,752	1,967,649	713,360	2,681,009

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Statement of Functional Expenses

Year ended June 30, 2019

	<b>Program services</b>		<b>Supporting services</b>		<b>Total</b>	<b>Total operating expenses</b>	<b>Special events expense</b>	<b>Participation payments</b>
	<b>Education programs</b>	<b>Management and general</b>	<b>Fund-raising – volunteer recruiting</b>	<b>Fund-raising – general solicitation</b>				
Salaries and benefits (note 7)	\$ 1,836,675	226,439	75,480	377,399	679,318	2,515,993	—	—
Office and occupancy (note 6)	393,988	44,875	14,958	74,792	134,625	528,613	—	—
Travel, meetings, and conferences	34,621	5,198	1,423	7,114	13,735	48,356	—	—
Program materials and other costs	584,235	714	—	—	714	584,949	—	—
Outside services	152,486	124,325	6,267	31,333	161,925	314,411	463,048	—
Depreciation	23,074	2,845	948	4,741	8,534	31,608	—	—
Participation payments	—	—	—	—	—	—	—	89,126
	<u>\$ 3,025,079</u>	<u>404,396</u>	<u>99,076</u>	<u>495,379</u>	<u>998,851</u>	<u>4,023,930</u>	<u>463,048</u>	<u>89,126</u>

**Summary of expenses netted from revenue on statements of activities**

	<b>Special events expenses</b>	<b>Participation payments</b>	<b>Total</b>
Contributions	\$ —	39,216	39,216
Special events	463,048	49,910	512,958
	<u>\$ 463,048</u>	<u>89,126</u>	<u>552,174</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Statement of Functional Expenses

Year ended June 30, 2018

	<b>Program services</b>	<b>Supporting services</b>			<b>Total</b>	<b>Total operating expenses</b>	<b>Special events expense</b>	<b>Participation payments</b>
	<b>Education programs</b>	<b>Management and general</b>	<b>Fund-raising – volunteer recruiting</b>	<b>Fund-raising – general solicitation</b>				
Salaries and benefits (note 7)	\$ 1,622,152	214,697	71,566	477,104	763,367	2,385,519	—	—
Office and occupancy (note 6)	346,816	41,932	13,977	93,181	149,090	495,906	—	—
Travel, meetings, and conferences	19,209	3,897	847	5,650	10,394	29,603	—	—
Program materials and other costs	561,334	—	—	—	—	561,334	—	—
Outside services	112,702	85,532	4,972	33,148	123,652	236,354	485,145	—
Depreciation	21,593	2,858	953	6,351	10,162	31,755	—	—
Participation payments	—	—	—	—	—	—	—	85,966
	<u>\$ 2,683,806</u>	<u>348,916</u>	<u>92,315</u>	<u>615,434</u>	<u>1,056,665</u>	<u>3,740,471</u>	<u>485,145</u>	<u>85,966</u>

**Summary of expenses netted from revenue on statements of activities**

	<b>Special events expenses</b>	<b>Participation payments</b>	<b>Total</b>
Contributions	\$ —	34,386	34,386
Special events	485,145	51,580	536,725
	<u>\$ 485,145</u>	<u>85,966</u>	<u>571,111</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Statements of Cash Flows

Years ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase in net assets	\$ 447,743	447,303
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	31,608	31,755
Losses on pledges	—	8,466
Changes in operating assets and liabilities:		
Contributions and special events receivables, net	(178,626)	55,611
Inventory	29,810	3,083
Prepaid expenses and other assets	180,778	(26,997)
Other assets	—	39,905
Accounts payable and accrued expenses	59,437	125,365
Deferred revenue	36,562	47,653
Deferred rent obligation	(32,845)	(26,962)
Net cash provided by operating activities	<u>574,467</u>	<u>705,182</u>
Cash flows from investing activity:		
Purchase of fixed assets	<u>(14,295)</u>	<u>(24,885)</u>
Net cash used in investing activities	<u>(14,295)</u>	<u>(24,885)</u>
Net increase in cash and cash equivalents	560,172	680,297
Cash and cash equivalents at beginning of year	<u>1,609,695</u>	<u>929,398</u>
Cash and cash equivalents at end of year	<u>\$ 2,169,867</u>	<u>1,609,695</u>

See accompanying notes to financial statements.



## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2019 and 2018

### (1) Description of Organization

The mission of Junior Achievement of New York, Inc. (JA New York) is to inspire and prepare young people to succeed in a global economy. Through a dedicated volunteer network of corporate and community individuals, JA New York provides high-quality K-12 in-school, workplace-based, after-school, and summer educational programs. JA New York educational programs impact important societal issues including youth development, economic development, and education development, and focus on three key content areas: work readiness, entrepreneurship, and financial literacy.

JA New York is a New York not-for-profit corporation and a franchise of JA USA, formerly JA Worldwide. JA New York serves the five boroughs of New York City, Long Island and the Hudson Valley area.

The Boards of Directors of JA New York and Junior Achievement of the Hudson Valley, Inc. (JA Hudson Valley), another not-for-profit franchise of JA USA that serves the Counties of Westchester, Rockland, Putnam and Orange in the State of New York, approved an acquisition in which JA Hudson Valley merged into JA New York and JA New York is the surviving corporation, effective December 31, 2015. The primary purpose of combining the two organizations is to expand the delivery of programs in the metro New York areas in a more effective and cost-efficient manner.

### (2) Summary of Significant Accounting Policies

The accompanying financial statements of JA New York have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

#### (a) Basis of Presentation

JA New York's financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under Accounting Standard Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and changes therein are classified and reported as follows:

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions and/or the passage of time or net assets subject to donor-imposed stipulations that will be maintained permanently.

JA New York's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

Revenues and gains and losses on other assets or liabilities are reported as changes in net assets without donor restriction unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in net assets without donor restriction.

## **JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

### Notes to Financial Statements

June 30, 2019 and 2018

#### **(b) Cash and Cash Equivalents**

JA New York has several bank accounts at June 30, 2019 and June 30, 2018 containing balances, which exceed Federal Deposit Insurance Corporation (FDIC) limits. JA New York believes that no significant risk exists at June 30, 2019 and June 30, 2018 with respect to these balances. JA New York classifies cash equivalent funds that are in short-term, highly liquid investments that are readily available to known amounts of cash. JA New York has \$678,901 of cash equivalents at June 30, 2019 and did not hold any cash equivalents as of June 30, 2018.

#### **(c) Inventory**

Inventory is recorded at the lower of cost or net realizable value, cost being determined on a first-in, first-out (FIFO) basis. Inventory primarily consists of education and program materials, including Junior Achievement program kits, textbooks, training materials, and related marketing materials. Management analyzes inventory for obsolescence and records an allowance for obsolete inventory, if necessary.

#### **(d) Fixed Assets**

Fixed assets are recorded at cost if purchased, or fair value at date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

#### **(e) Contributions**

Contributions and special events revenue, which include unconditional promises to give or pledges, are recognized, at fair value, as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional pledges to be paid in future years are discounted to a present value using a risk-adjusted discount rate. Amortization of the discount is recorded as additional contribution revenue over the life of the commitment. Any decreases in the quantity or nature of assets expected to be received subsequent to the initial recognition of the pledge are reported as a loss in the applicable net asset class.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of property and equipment are recorded as increases in net assets with donor restrictions, which are released from restriction as depreciated.

#### **(f) In-Kind Contributions**

In-kind contributions are recognized as revenue and expense or assets at the fair value of those goods and services provided they meet the criteria for recognition. In-kind contributions principally consist of professional services, public relations, program event space, and donated software and hardware.

#### **(g) Participation Fees**

Each franchised Junior Achievement area is required to pay franchise fees (participation payments) to the national organization, JA USA, on all contributions, special events income, and certain grant income raised in its territory in accordance with a scale established by the board of directors of JA USA and ratified by the areas. Such amounts are recorded as a reduction of revenue, and amounted to approximately \$89,000 in fiscal year 2019 and \$86,000 in fiscal year 2018.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2019 and 2018

#### **(h) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Significant estimates include the fair value of contributions, including in-kind contributions; the allowance for uncollectible contributions and special events receivable; and the allocation of expenses by functional category. Actual results could differ from those estimates.

#### **(i) Income Taxes**

JA New York is a not-for-profit organization that has been classified by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization, which is not a private foundation. JA New York recognizes the impact of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to JA New York's tax-exempt purpose is subject to tax under Internal Revenue Code Section 511. JA New York did not have any material unrelated business income tax liability for the years ended June 30, 2019 and 2018. JA New York evaluates, on an annual basis, the effects of any uncertain tax positions on its financial statements. As of June 30, 2019, JA New York has not identified or provided for any such positions.

#### **(j) Nonoperating Activities**

Nonoperating activities in the accompanying statements of activities include losses on pledges and nonrecurring activities.

#### **(k) Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized by program and supporting services benefited in the statements of activities and functional expenses. Natural expenses attributable to more than one functional expense category are allocated using employee time and effort spent during the year on each program and supporting service category.

#### **(l) New Authoritative Accounting Pronouncements**

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*. ASU 2016-14 reduces the number of net assets from three to two: net assets without donor restrictions, previously reported as unrestricted net assets, and net assets with donor restrictions, previously reported as temporarily restricted net assets of \$713,360 and no permanently restricted net assets as of June 30, 2018. Additionally, it increases quantitative and qualitative disclosures regarding liquidity and availability of resources and requires expenses to be reported by both their natural and functional classification in one location. JA New York adopted ASU 2016-14 in fiscal year 2019 and applied the changes retrospectively. There were no material changes to the balance sheets, statements of activities, statement of functional expenses or cash flows as a result of the adoption.

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2019 and 2018

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08)*. JA New York elected to early adopt ASU 2018-08 for the year ended June 30, 2019 and have applied the standard on a modified prospective basis. The amendments in this update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transaction) within the scope of ASU 2018-08, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. JA New York made the election under this standard to simultaneously release donor restricted contributions whose restrictions are met in the same reporting period as the revenue is recognized and report these contributions within net assets without donor restriction. The application of this guidance did not have a material impact on JA New York's financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (ASU 2014-09)*, which replaces most existing revenue recognition guidance in Generally Accepted Accounting Principles (GAAP) and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. The core principle of ASU 2014-09 is that an entity should recognize revenue for the transfer of goods or services equal to the amount that it expects to be entitled to receive for those goods or services. ASU 2014-09 also requires additional disclosures about the nature, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. Effective June 30, 2019, JA New York elected the full retrospective application for the adoption of ASU 2014-09 to all contracts under the scope of the guidance and there was no material impact to JA New York's financial statements related to its existing revenue streams.

#### **(m) Subsequent Events**

JA New York has evaluated subsequent events after June 30, 2019 through November 26, 2019, the date that the financial statements were available to be issued, and did not note any material subsequent events during the period.

#### **(3) Contributions and Special Events Revenue and Receivables**

Contributions and special events receivable at June 30 are scheduled to be collected as follows:

	<u>2019</u>	<u>2018</u>
Less than 1 year	\$ 645,506	498,935
Greater than 5 years	<u>1,000,000</u>	<u>1,000,000</u>
	1,645,506	1,498,935
Unamortized discount (4.59%)	<u>(269,585)</u>	<u>(301,640)</u>
	<u>\$ 1,375,921</u>	<u>1,197,295</u>

One pledge accounted for approximately 61% of gross contributions and special events receivable (53% of net contributions and special events receivable) at June 30, 2019. One pledge accounted for approximately

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2019 and 2018

67% of gross contributions and special events receivable (58% of net contributions and special events receivable) at June 30, 2018.

In fiscal year 2008, JA New York received a \$1 million pledge from the Halbert family, which will be partially funded through an irrevocable charitable remainder unitrust. In fiscal year 2008, contributions revenue and receivable were recognized at the present value of the estimated future benefits to be received upon the death of the trust beneficiaries. The receivable is adjusted during the term of the trust for accretion of the discount and other changes in the estimate of future benefits, and is expected to be collected in more than five years. The discount rate for this pledge is based on the 20-year treasury rate at June 30, 2008.

JA New York generated approximately 56% and 53% of its contribution and special events revenue through their primary fund-raising events for fiscal year 2019 and 2018, respectively. The approximate concentration of revenue earned from each type of fundraising event is as follows:

	<u>2019</u>	<u>2018</u>
Bowl-a-thons	30%	30%
JA New York Gala	18	16
Golf Events	8	7
	<u>56%</u>	<u>53%</u>

Contributions and special events revenue in fiscal years 2019 and 2018 include \$581,448 and \$394,609, respectively, collected on behalf of JA New York by JA USA and JA Worldwide. At June 30, 2019, finder's fees of \$15,650, reimbursable expenses of \$7,228, and no contributions receivable are due from JA USA. At June 30, 2018, the receivable due from JA USA was \$46,229. Approximately 75% and 82% of contributions and special events revenue during fiscal years 2019 and 2018, respectively, were received from members of the board and their affiliated entities.

In November 2013, JA New York received the first \$10,000 installment from an irrevocable agreement by Manuel H. Barron to support the annual Manuel H. and Claire Barron Scholarship awarded to the Student of the Year over a ten-year period through 2022. Under the agreement, Mr. Barron confirmed his intention to request aggregate distributions totaling \$100,000 from a donor-advised fund, which holds the assets being used to fund the gift to JA New York. As the donor-advised fund has variance power over the assets, the remaining installments will be recognized as contribution revenue by JA New York when received from, or unconditionally promised by, the donor-advised fund.

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Notes to Financial Statements

June 30, 2019 and 2018

**(4) Fixed Assets**

Fixed assets at June 30 consist of the following:

	<b>2019</b>	<b>2018</b>
Equipment	\$ 87,691	231,620
Furniture and fixtures	173,897	173,897
Software	254,261	263,433
	515,849	668,950
Accumulated depreciation and amortization	(454,174)	(589,962)
	\$ 61,675	78,988

**(5) Net Assets**

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

	<b>2019</b>	<b>2018</b>
Halbert pledge/trust – Inspiring Inner City Youth to Succeed	\$ 730,415	698,360
Programs and other	69,500	15,000
	\$ 799,915	713,360

**(6) Leases**

In fiscal year 2012, JA New York entered into a lease agreement for new office space and relocated its headquarters. The lease, which expires in July 2022, includes annual rent escalations and a rent credit equivalent to six months' rent. Rent expense is recorded on a straight-line basis with an associated deferred rent obligation.

The future minimum rental commitments as of June 30, 2019 required under the operating lease are as follows:

Fiscal year:		
2020	\$	306,035
2021		312,155
2022		318,398
2023		26,840
	\$	963,428

## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

### Notes to Financial Statements

June 30, 2019 and 2018

Rent expense, including utilities, was approximately \$293,000 for the year ended June 30, 2019 and \$290,000 for the year ended June 30, 2018, and is included in office and occupancy expense in the accompanying statements of functional expenses.

In conjunction with the lease, the landlord holds a security deposit from JA New York (\$59,860 at June 30, 2019 and 2018), which is included in other assets.

JA New York assumed JA Hudson Valley's lease agreement for office space effective January 1, 2016. The lease expired on August 31, 2018 and was renewed for one year at a monthly rent of \$1,900. In conjunction with the lease, the landlord holds a security deposit (\$1,850 at June 30, 2019 and 2018), which is included in other assets. Rent expense, including utilities, was approximately \$26,000 for the year ended June 30, 2019 and \$25,000 for the year ended June 30, 2018 and is included in office and occupancy expense in the accompanying statements of functional expenses.

#### **(7) Pension and Health Plans**

JA New York participates in three plans administered by JA USA, which are accounted for as multiemployer plans. The risks to JA New York of participating in multiemployer plans are different from single-employer plans in the following aspects:

1. Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
3. If a participating employer chooses to stop participating in the multiemployer plan, the employer may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

##### **(a) Multiemployer Pension Plan (Terminated effective June 30, 2019)**

Prior to June 30, 2019, JA New York offered a noncontributory defined-benefit pension plan (the Pension Plan) to its employees. The Pension Plan covers all full-time employees of JA New York. Benefits were determined based on years of service and salary history. The Pension Plan's assets are invested in various investment funds. The respective participants' employers were required to fund the Pension Plan, as determined necessary by JA USA's board of directors, based on an annual actuarial valuation. JA New York makes contributions equal to 16.75% of participants' eligible compensation. Additionally, the Pension Plan requires that participating members who withdrew from the Pension Plan remain liable for any previous funding obligations under the Pension Plan. Accordingly, JA New York recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. Pension cost for the years ended June 30, 2019 and 2018 was \$237,778 and \$263,659, respectively. There is no recognition of the funded status of the Pension Plan in the financial statements of JA New York.

Effective June 30, 2019, the Board of Directors of JA USA approved the termination of the Defined Benefit Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Pension Plan shall liquidate and distribute each participant's accrued

**JUNIOR ACHIEVEMENT OF NEW YORK, INC.**

Notes to Financial Statements

June 30, 2019 and 2018

benefits as soon as administratively practicable. The Pension Plan requires that participating employers (including JA New York) remain liable for any funding obligations under the Pension Plan, until all liabilities and obligations of the Pension Plan have been satisfied, and are thereby required to make contributions equal to 13.25% of participants' eligible compensation.

JA New York's participation in the Pension Plan is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. Contributions made by JA New York represented less than 5% of total plan contributions.

The following table discloses selected financial information for the Pension Plan as of and for the year ended December 31, 2018 (the date of the latest audited financial statements of the Pension Plan):

<u>Legal name</u>	<u>EIN/Pension plan number</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total contributions</u>	<u>Funded status</u>
Retirement plan for employees of Junior Achievement USA	13-1635270/PN 333	\$ 58,770,354	59,722,456	7,897,302	102%

The following table discloses selected financial information for the Pension Plan as of and for the year ended December 31, 2017 (the date of the latest audited financial statements of the Pension Plan):

<u>Legal name</u>	<u>EIN/Pension plan number</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total contributions</u>	<u>Funded status</u>
Retirement plan for employees of Junior Achievement USA	13-1635270/PN 333	\$ 65,800,607	64,117,308	7,875,486	97%

**(b) Health and Welfare Benefits Trust**

JA New York participates in a self-funded medical, dental, and other benefits plan covering full-time employees of JA New York and their beneficiaries and covered dependents. Premiums are paid into the plan for each participant by JA New York. All the assets and liabilities of the 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 JA New York.

**(c) Postretirement Benefits Plan**

JA New York participates in a postretirement benefits plan, which offers healthcare benefits to retired personnel of JA New York. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of JA New York does not believe the implicit rate subsidy amount to be material to JA New York, especially since the plan is a multiemployer plan. Accordingly, no balances or transactions of the plan are recorded in the financial statements of JA New York.



## JUNIOR ACHIEVEMENT OF NEW YORK, INC.

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JA New York's premium expense for the Benefits Trust and the Postretirement Benefits Plan for the years ended June 30, 2019 and 2018 was \$194,822 and \$168,109, respectively.

#### (8) In-Kind Contributions

In-kind contributions received are reported at fair value as both support and expense (except where capitalized) in the accompanying statements of activities and consist of the following:

	<u>2019</u>	<u>2018</u>
Training and meetings	\$ 930	1,355
Office and occupancy expense	30,000	30,000
Programs, conferences, and events	34,155	43,632
Accounting and tax services	23,000	22,373
Legal services	82,525	48,242
	<u>\$ 170,610</u>	<u>145,602</u>

In-kind contributions can fluctuate widely from year to year, based on the opportunities for such contributions available to JA New York in any given year.

In-kind contributions include contributions by board members and their affiliates of \$162,526 and \$129,907 in fiscal years 2019 and 2018, respectively.

#### (9) Line of Credit

JA New York has a line of credit (LOC) with a financial institution for an amount not to exceed \$500,000, which matures on March 3, 2020. The LOC bears interest at LIBOR plus 4.52% per annum (6.92% and 6.00% at June 30, 2019 and 2018, respectively) and is collateralized by the assets of JA New York. No amounts were drawn during fiscal 2019 or outstanding as of June 30, 2019 or 2018.

#### (10) Other Transactions with JA USA

At June 30, 2019 and 2018, accounts payable and accrued expenses included approximately \$11,496 and \$13,836, respectively, due to JA USA for purchases of program materials, insurance, and participation fees.

Under the terms of an operating agreement with JA USA, JA New York receives finder's fees from JA USA when funding is received by JA USA from a donor headquartered in JA New York's area. For the years ended June 30, 2019 and 2018, JA New York received finder's fees totaling \$115,714 and \$106,097, respectively, which is recorded in other income in the accompanying statements of activities.

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**(11) Liquidity and Availability of Resources**

Financial assets available within one year of the balance sheet date for general expenditures are as follows:

	<b>June 30</b>	
	<b>2019</b>	<b>2018</b>
Cash and cash equivalents without donor restrictions	\$ 2,169,867	1,609,695
Contributions without donor restrictions collectible within one year	645,506	498,935
Other receivables, included in prepaid expenses and other assets	<u>22,225</u>	<u>208,939</u>
	<u>\$ 2,837,598</u>	<u>2,317,569</u>

JA New York does not have any cash and cash equivalents, contributions receivable or prepaid expenses and other assets with donor restrictions that would require a reduction of the amounts above. In addition, as of June 30, 2019, JA New York has a line of credit for \$500,000. No amounts were drawn on this line of credit as of June 30, 2019.