



Junior Achievement of Central Virginia, Inc.

Financial Statements

June 30, 2020

Junior Achievement of Central Virginia, Inc.

Table of Contents

	<i>Page</i>
<i>Independent Auditor's Report</i>	1 - 2
<i>Financial Statements</i>	
<i>Statement of financial position</i>	3
<i>Statement of activities</i>	4
<i>Statement of functional expenses</i>	5
<i>Statement of cash flows</i>	6
<i>Notes to financial statements</i>	7 - 14

Independent Auditor's Report

Board of Directors
Junior Achievement of Central Virginia, Inc.
Richmond, Virginia

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Central Virginia, Inc., which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 Virginia, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Central Virginia, Inc.'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 28, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Mitchell Wiggins

Richmond, Virginia
October 9, 2020

Junior Achievement of Central Virginia, Inc.

Statement of Financial Position

June 30, 2020, with Comparative Totals as of June 30, 2019

Assets	2020	2019
Current Assets		
Cash and cash equivalents	\$ 873,228	\$ 489,374
Cash, restricted to capital campaign	-	526,436
	<u>873,228</u>	<u>1,015,810</u>
Contributions receivable, net, current portion		
Other	-	10,000
Programs and other support, net of allowance for doubtful accounts of \$3,000 and \$0 for 2020 and 2019, respectively	192,452	220,992
Restricted to capital campaign	128,000	438,233
Donated rent receivable	212,235	206,454
Inventory, program materials	3,538	8,257
Prepaid expenses and other assets	15,175	10,714
Total current assets	<u>1,424,628</u>	<u>1,910,460</u>
Long-Term Assets		
Contributions receivable, net, less current portion		
Programs and other support	55,502	-
Restricted to capital campaign	42,083	72,651
Donated rent receivable	1,467,241	1,679,476
Property and equipment, net	1,387,285	1,721,346
Total long-term assets	<u>1,952,111</u>	<u>3,473,473</u>
Total assets	<u>\$ 4,376,739</u>	<u>\$ 5,383,933</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 706	\$ 911,574
Due to other Junior Achievement organization	-	10,000
Accrued liabilities	38,374	55,987
Deferred revenue	-	16,000
Refundable advance	140,458	-
Total current liabilities	<u>179,538</u>	<u>993,561</u>
Net Assets		
Net assets without donor restrictions	2,100,089	1,324,496
Net assets with donor restrictions	2,097,112	3,065,876
Total net assets	<u>4,197,201</u>	<u>4,390,372</u>
Total liabilities and net assets	<u>\$ 4,376,739</u>	<u>\$ 5,383,933</u>

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Activities

Year Ended June 30, 2020, with Comparative Totals for the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2020	2019
Public Support and Revenues				
Contributions				
Corporate	\$ 360,161	\$ 35,000	\$ 395,161	\$ 374,139
Individual	72,883	-	72,883	102,570
Foundations	317,123	-	317,123	348,071
	<u>750,167</u>	<u>35,000</u>	<u>785,167</u>	<u>824,780</u>
Capital campaign	-	239,580	239,580	158,438
Total contributions	<u>750,167</u>	<u>274,580</u>	<u>1,024,747</u>	<u>983,218</u>
Special events, gross	369,970	-	369,970	447,845
In-kind contributions	57,041	-	57,041	110,895
Other income	29,748	-	29,748	31,924
	<u>1,206,926</u>	<u>274,580</u>	<u>1,481,506</u>	<u>1,573,882</u>
Net Assets Released from Restrictions				
Satisfaction of program restrictions	1,243,344	(1,243,344)	-	-
Total public support and revenues	<u>2,450,270</u>	<u>(968,764)</u>	<u>1,481,506</u>	<u>1,573,882</u>
Expenses				
Program services				
High school programs	1,159,756	-	1,159,756	1,094,098
Middle school programs	130,213	-	130,213	67,833
Elementary school programs	136,476	-	136,476	280,416
Total program services	<u>1,426,445</u>	<u>-</u>	<u>1,426,445</u>	<u>1,442,347</u>
Supporting services				
Management and general	162,371	-	162,371	151,820
Fund raising	85,861	-	85,861	184,087
Total supporting services	<u>248,232</u>	<u>-</u>	<u>248,232</u>	<u>335,907</u>
Total expenses	<u>1,674,677</u>	<u>-</u>	<u>1,674,677</u>	<u>1,778,254</u>
Change in net assets	<u>775,593</u>	<u>(968,764)</u>	<u>(193,171)</u>	<u>(204,372)</u>
Net assets, beginning	1,324,496	3,065,876	4,390,372	4,594,744
Net assets, ending	<u>\$ 2,100,089</u>	<u>\$ 2,097,112</u>	<u>\$ 4,197,201</u>	<u>\$ 4,390,372</u>

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Functional Expenses

Year Ended June 30, 2020, with Comparative Totals for the Year Ended June 30, 2019

	Program Services			Total Program	Supporting Services		Total Supporting	Totals	
	High School	Middle School	Elementary School		Management & General	Fund Raising		2020	2019
Salaries	\$ 303,388	\$ 66,470	\$ 69,811	\$ 439,669	\$ 77,141	\$ 17,479	\$ 94,620	\$ 534,289	\$ 535,281
Payroll taxes	20,339	4,840	5,506	30,685	8,935	2,025	10,960	41,645	39,846
Employee benefits	45,854	10,383	10,384	66,621	7,878	1,785	9,663	76,284	71,743
Pension/annuity	22,511	4,952	5,544	33,007	8,470	1,919	10,389	43,396	41,464
Subtotal	392,092	86,645	91,245	569,982	102,424	23,208	125,632	695,614	688,334
Bad debts	9,219	2,193	2,495	13,907	4,050	918	4,968	18,875	425
Bank fees	1,292	307	350	1,949	567	128	695	2,644	2,585
Capital campaign	-	-	-	-	-	-	-	-	8
Computer maintenance	7,107	1,691	1,924	10,722	3,122	707	3,829	14,551	15,490
Depreciation	330,421	1,657	663	332,741	1,076	244	1,320	334,061	335,164
Dues and subscription	1,772	422	480	2,674	778	176	954	3,628	2,927
Finance Park expenses	12,053	39	-	12,092	-	-	-	12,092	8,617
Fundraising	-	-	-	-	-	4,943	4,943	4,943	4,571
General insurance	4,729	1,125	1,281	7,135	2,078	470	2,548	9,683	10,670
Leased equipment	2,064	491	558	3,113	907	206	1,113	4,226	3,510
Meetings	572	136	154	862	251	57	308	1,170	3,570
Miscellaneous	377	90	102	569	166	38	204	773	3,154
Participation fees	43,166	10,271	11,686	65,123	18,964	4,297	23,261	88,384	49,569
Postage and delivery	620	148	168	936	272	62	334	1,270	1,430
Printing	3,566	848	965	5,379	1,566	355	1,921	7,300	7,304
Professional fees	8,791	2,092	2,380	13,263	3,862	875	4,737	18,000	17,550
Program materials	11,075	5,800	5,289	22,164	-	-	-	22,164	67,730
Property taxes	2,432	579	658	3,669	1,068	242	1,310	4,979	5,884
Public relations	2,696	641	730	4,067	1,184	269	1,453	5,520	8,446
Rent	304,354	8,161	8,265	320,780	13,411	3,039	16,450	337,230	337,231
Scholarships	3,747	1,963	1,790	7,500	-	-	-	7,500	10,002
Special events	-	-	-	-	-	44,127	44,127	44,127	149,655
Staff training	4,406	1,049	1,193	6,648	1,936	438	2,374	9,022	10,041
Stationery and supplies	4,706	1,119	1,274	7,099	2,068	468	2,536	9,635	15,316
Telephone	5,500	1,309	1,489	8,298	2,416	547	2,963	11,261	9,492
Travel	1,846	833	786	3,465	205	47	252	3,717	6,531
Volunteer training	1,153	604	551	2,308	-	-	-	2,308	3,048
Total expenses	\$ 1,159,756	\$ 130,213	\$ 136,476	\$ 1,426,445	\$ 162,371	\$ 85,861	\$ 248,232	\$ 1,674,677	\$ 1,778,254

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Statement of Cash Flows Year Ended June 30, 2020

Cash Flows from Operating Activities	
Change in net assets	\$ (193,171)
<i>Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities</i>	
Depreciation	334,061
Donated rent included in contributions receivable	206,454
Contributions restricted for long-term purposes	(239,580)
<i>Changes in operating assets</i>	
Contributions receivable	(16,962)
Inventory, program materials	4,719
Prepaid expenses	(4,461)
<i>Changes in operating liabilities</i>	
Accounts payable	(910,868)
Due to other Junior Achievement organization	(10,000)
Accrued liabilities	(17,613)
Deferred revenue	(16,000)
Refundable advance	140,458
Net cash and cash equivalents (used in) operating activities	<u>(722,963)</u>
Cash Flows from Financing Activities	
Cash contributions for long-term purposes	<u>580,381</u>
Net cash and cash equivalents provided by financing activities	<u>580,381</u>
Net change in cash	(142,582)
Cash and cash equivalents, beginning	<u>1,015,810</u>
Cash and cash equivalents, ending	<u>\$ 873,228</u>

See Notes to Financial Statements

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 1. Nature of Organization and Summary of Significant Accounting Policies

Nature of the organization

Junior Achievement of Central Virginia, Inc. (the Organization) is a regional franchise of Junior Achievement USA®, which is a national nonprofit organization. The primary purpose of the Organization is to deliver educational programs about free enterprise, personal finance, and economics to public and private schools in Central Virginia to prepare students for key economic and workforce issues they will face.

A summary of the Organization's significant accounting policies follows:

Financial statement presentation

Under current accounting standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. The net asset classes are summarized as follows:

Net assets without donor restrictions include resources that can be used currently for the general operations and programs of the Organization.

Net assets with donor restrictions include contributions restricted by donor designation and are reported as increases in net assets with donor restrictions. When a restriction expires, contributions with donor restrictions are released and reclassified to without donor restrictions.

Basis of accounting

The financial statements are presented on the accrual basis of accounting.

Use of estimates

The preparation of 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, and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For purposes of reporting the statement of cash flows, the Organization includes all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less as cash and cash equivalents on the accompanying statement of financial position. The Organization may, at times, have cash in excess of insured limits. The Organization's cash is in institutions whose credit ratings are monitored by management to minimize the concentration of credit risk. At June 30, 2020, the Organization had cash balances that were in excess of insured limits.

Contributions receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Donations or contributions of assets other than cash and gifts-in-kind are recorded at their estimated fair market value. Gifts of property and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

Contributions receivable are carried at net present value less an estimate made for doubtful accounts based on a review of all outstanding amounts on a regular basis. Management determines the allowance by calculating the average of the actual write-off percentage for the preceding five-year period. A \$3,000 allowance was deemed necessary by management at June 30, 2020. Receivables are written off when deemed uncollectible.

The contributions receivable included as a long-term asset are expected to be collected between 2021 - 2024. At June 30, 2020, a discount of \$6,221 was recorded utilizing a discount rate of 4%.

Inventory

Inventory, consisting of program and marketing materials, is recorded at cost.

Property and equipment

Acquisitions of property and equipment are recorded at cost. Depreciation of property and equipment is computed using the straight-line method over the estimated useful lives of the respective assets. Estimated useful lives are 2 to 10 years.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for charitable contributions under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(1). The Organization is subject to tax on any unrelated business income that it may generate.

The Organization follows generally accepted accounting principles regarding "Accounting for Uncertain Tax Positions." This standard provides detailed guidance for financial statement recognition, measurement, and disclosure of uncertain tax positions recognized in the Organization's financial statements. It requires an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will not be sustained upon examination. The Organization has determined that it does not have any material unrecognized tax benefits or obligations at June 30, 2020 and 2019. The tax years of 2017 to 2019 remain subject to examination by the taxing authorities.

The Organization includes penalties and interest assessed by income taxing authorities in management and general expenses. The Organization did not have penalties and interest relating to income taxes for the year ended June 30, 2020.

Special events

Special events revenue is recorded when earned, which is when the event is held.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 1. Nature of Organization and Summary of Significant Accounting Policies (continued)

Affiliations and participation fees

The Organization is affiliated with Junior Achievement USA®, the national headquarters for all Junior Achievement franchises. Junior Achievement USA® performs all research and development on educational materials and provides information on programming, training, marketing, and fund raising for a fee, at a discount, to its franchises. The Organization pays an annual fee to Junior Achievement USA®. The total license fee paid for the year ending June 30, 2020 was \$88,384.

Donations in-kind

Donated materials, equipment, and services, which enhance financial assets or would otherwise be purchased, are reflected as contributions in the accompanying financial statements at the estimated fair value of similar goods and services at the date of donation. A substantial number of volunteers have donated approximately 7,741 hours of volunteer time during the current year to the Organization's program services and its fundraising campaigns; however, these services did not meet the recognition criteria contained in the authoritative literature.

Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited and functions served. Expenses requiring allocation on a reasonable basis are consistently applied. Indirect expense include salaries/benefits, depreciation, rent, and other expenses. These are allocated based on a percentage of staff time spent in program or supporting service areas.

Note 2. Property and Equipment

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

Furniture and fixtures	\$ 8,254
Equipment	153,212
Finance Park	1,800,000
Finance Park Technology	92,766
Finance Park Career Center	354,375
	<u>2,408,607</u>
Less accumulated depreciation	<u>1,021,322</u>
	<u>\$ 1,387,285</u>

Note 3. Line of Credit

The Organization has a revolving line of credit with a maximum borrowing amount of \$110,000 and is secured by all of the Organization's assets. Interest accrues on the outstanding balance at a rate of the index (prime rate) plus 2% (currently 5.25%). There was no amount outstanding under the line of credit during the year and as of June 30, 2020. There are no financial covenants required by the lending institution.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 4. Multiemployer Benefit Plans

Pension Plan

Effective September 30, 2014, the Organization elected to freeze its participation in the noncontributory defined benefit pension plan (the Plan) described below. Prior to June 30, 2019, Junior Achievement USA® offered a noncontributory defined benefit pension plan to its employees. The Plan is administered by Junior Achievement USA® and covers all full-time employees of Junior Achievement USA®, JA Worldwide, Inc., and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multiemployer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. Prior to June 30, 2019, the respective participants' employers were required to fund the Plan, as determined necessary by Junior Achievement USA®'s Board of Directors, based on an annual actuarial valuation. The Organization recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of Junior Achievement 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. In connection with the termination of the plan, Junior Achievement USA®, obtained a loan to fund the estimated required contributions to terminate the Plan. The Plan requires that participating employers remain liable for any funding obligations under the Plan, including the above mentioned loan, until all liabilities and obligations of the Plan have been satisfied, and are thereby required to make contributions equal to 13.25% for participants' eligible compensation.

During 2020, Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump sum elections) or transferred (annuity elections). The remaining assets in the Plan, as detailed below, are restricted for additional, future termination and other required administrative expenses. Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2020.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 4. Multiemployer Benefit Plans (continued)

The risks to the Organization of participating in this multiemployer pension plan 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; and
3. If the Organization chooses to stop participating in the Plan, the Organization would be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The Organization's contributions to the Plan are outlined in the table below. The Organization's contributions do not represent more than 5% of total contributions to the Plan. The "EIN/Pension Plan Number" column provides the Employer Identification Number (EIN) and the three-digit plan number. The Plan's funded status available in 2020 and 2019 is for years ended June 30, 2020 and 2019, respectively.

Pension Fund	EIN/Pension Plan Number	Funded Status		Contribution of Organization	
		2020	2019	2020	2019
Retirement Plan for Employees of Junior Achievement USA®	13-1635270/333	N/A	108%	\$ 29,980	\$ 29,980

Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental, and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multiemployer plan. Premiums are paid into the Health and Welfare Plan for each participant by the Organization. All assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the Organization. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

The Organization's premium expense for the Health and Welfare Benefits Plan for the year ended June 30, 2020 was \$76,284.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 5. 401(k) Plan

The Organization has established an employer sponsored 401(k) retirement plan for all eligible employees. As of January 1, 2020, the Organization amended the plan to be a Safe Harbor plan and the Organization will make a non-elective contribution of 3% of each eligible employee's salary. The Organization's contributions totaled \$13,415 for the fiscal year ended June 30, 2020.

Note 6. Lease Commitments

Effective March 1, 2017, the Organization entered into an operating lease agreement for space to be used for administrative offices. The lease agreement is for 123 months ending May 31, 2027. Rent expense for the year ended June 30, 2020 on this lease amounted to \$65,971.

Effective October 30, 2017, the Organization entered into a lease agreement for space to be used for Finance Park. The initial term of the lease is for a ten-year period ending September 30, 2027, with monthly rent at \$1,000. Based on market data provided from the independent lessor, the fair market value of the space is \$22,605 per month. For the year ended June 30, 2018, the Organization recognized an in-kind contribution and donated rent receivable of \$2,295,631, which was the present value of the total in-kind rent contribution of \$2,592,600. The present value of the in-kind rent contributions was calculated using a discount rate of 2.8%. For the year ended June 30, 2020, net assets released from restrictions and rent expense of \$259,260 were recorded in connection with the lease agreement.

The Organization also leases certain office equipment under a five-year operating lease. The monthly lease amount is \$357.

Future minimum lease payments, by year and in the aggregate, under these operating leases are as follows:

<u>Year Ending June 30, 2020</u>	
2021	\$ 80,668
2022	82,079
2023	82,507
2024	83,455
2025	84,463
Thereafter	171,980
	<u>\$ 585,152</u>

Total rental expense for the year ended June 30, 2020 was \$337,230.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 7. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30, 2020 were available for the following purposes:

Education programs	\$ 1,709,978
Capital campaign	387,134
	<u>\$ 2,097,112</u>

Net assets were released from donor restrictions for the year ended June 30, 2020 by incurring expenses satisfying the restricted purposes as follows:

Education programs	\$ 343,344
Capital campaign	900,000
	<u>\$ 1,243,344</u>

Note 8. Liquidity and Availability

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash and cash equivalents	\$ 873,228
Contributions receivable	<u>2,097,513</u>
Total financial assets	2,970,741
Less long-term portion of contributions receivable	(97,585)
Less net assets with donor restrictions (Note 7)	<u>(2,097,112)</u>
Amount available for general expenditures within one year	<u>\$ 776,044</u>

The Organization only holds liquid assets consisting of cash and cash equivalents. The Organization uses a budgeting process to manage its cash flow and liquidity needs.

Note 9. Covid-19

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it be a pandemic. COVID-19 and actions to mitigate it have had, and are expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. The extent to which the COVID-19 pandemic may impact operating results, financial condition, and cash flows will depend on future developments, which are highly uncertain and cannot be predicted as of the date of this report. The Organization is adequately capitalized and continues to evaluate operational impacts and implement mitigation tactics where possible and necessary.

Junior Achievement of Central Virginia, Inc.

Notes to Financial Statements

June 30, 2020

Note 10. Payroll Protection Loan

In response to the Coronavirus pandemic, Congress established the Paycheck Protection Program (the PPP) to provide relief to small businesses during the coronavirus pandemic as part of the \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. The legislation authorized Treasury to use the SBA's 7(a) small business lending program to fund loans of up to \$10 million per borrower that qualifying businesses could spend to cover payroll, mortgage interest, rent, and utilities. The Organization applied for the PPP and was given a loan in the amount of \$140,458. Interest in the amount of 1% is due and payable at the time of the SBA's measurement of possible forgiveness. The loan is to be repaid within two years from date of funding of April 16, 2020.

The Organization has accounted for the loan proceeds as a financial liability in accordance with ASC 958-605, *Not-for-Profit Entities: Revenue Recognition*. Under this standard, a transfer of assets that is a conditional contribution is accounted for as a refundable advance until the conditions have been substantially met or explicitly waived by the resource provider. Conditions will be considered substantially met when notified by the lender of the amount forgiven. Based on the criteria, the entire amount of the PPP funds have been shown as a refundable advance on the statement of financial position.

Note 11. Subsequent Events

Management has evaluated subsequent events through October 9, 2020, the date that the financial statements were available for issue.

Note 12. Prior Year Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.