

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

Independent Auditors' Report

To the Board of Directors
Junior Achievement of Western New York, Inc.

We have audited the accompanying financial statements of Junior Achievement of Western New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and 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.

Auditors' 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 Western New York, Inc. as of June 30, 2019; 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 the Junior Achievement of Western New York, Inc.'s 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 6, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kerns & Associates CPAs, P.C.

Buffalo, New York
December 11, 2019

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
Current assets:		
Cash and cash equivalents	\$ 238,725	\$ 218,284
Pledges and other receivables, net of allowance of \$3,000 in 2019 and 2018	34,155	52,204
Prepaid expenses	461	3,154
	273,341	273,642
Total current assets	273,341	273,642
Other assets:		
Certificates of deposit	307,962	300,023
Property and equipment, net of accumulated depreciation and amortization of \$97,952 and \$96,126 in 2019 and 2018, respectively	24,681	21,166
	332,643	321,189
Total other assets	332,643	321,189
TOTAL ASSETS	\$ 605,984	\$ 594,831

LIABILITIES AND NET ASSETS

LIABILITIES

Current liabilities:		
Accounts payable	\$ 2,176	\$ 1,424
Accrued expenses	11,004	15,433
Scholarships payable	10,500	5,500
	23,680	22,357
Total current liabilities	23,680	22,357
Long-term liabilities:		
Scholarships payable	2,000	2,500
	2,000	2,500
TOTAL LIABILITIES	25,680	24,857

NET ASSETS

Net assets without donor restrictions	563,927	548,097
Net assets with donor restrictions	16,377	21,877
	580,304	569,974
TOTAL NET ASSETS	580,304	569,974
TOTAL LIABILITIES AND NET ASSETS	\$ 605,984	\$ 594,831

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Net assets without donor restrictions	Net assets with donor restrictions	2019	2018
REVENUE AND OTHER SUPPORT				
Contributions				
Corporate	\$ 225,030	\$ -	\$ 225,030	\$ 236,975
Individual	27,859	-	27,859	30,705
Foundations	169,744	-	169,744	128,202
Total contributions	<u>422,633</u>	<u>-</u>	<u>422,633</u>	<u>395,882</u>
Governmental income	11,150	-	11,150	17,700
Special events, net of direct expenses of \$106,314 and \$105,482 in 2019 and 2018, respectively, including in-kind contributions	208,545	12,500	221,045	227,424
In-kind contributions	31,186	-	31,186	46,089
Investment income	8,132	-	8,132	5,737
Net assets released from restrictions	18,000	(18,000)	-	-
TOTAL REVENUE AND OTHER SUPPORT	<u>699,646</u>	<u>(5,500)</u>	<u>694,146</u>	<u>692,832</u>
EXPENSES				
Program expenses				
Elementary School Program	211,877	-	211,877	348,867
Middle Grades Program	132,059	-	132,059	103,340
High School Program	145,854	-	145,854	116,952
Total program expenses	<u>489,790</u>	<u>-</u>	<u>489,790</u>	<u>569,159</u>
Management and general	89,333	-	89,333	59,065
Fundraising expenses	104,693	-	104,693	49,962
TOTAL EXPENSES	<u>683,816</u>	<u>-</u>	<u>683,816</u>	<u>678,186</u>
INCREASE (DECREASE) IN NET ASSETS	15,830	(5,500)	10,330	14,646
NET ASSETS - BEGINNING OF YEAR	<u>548,097</u>	<u>21,877</u>	<u>569,974</u>	<u>555,328</u>
NET ASSETS - END OF YEAR	<u>\$ 563,927</u>	<u>\$ 16,377</u>	<u>\$ 580,304</u>	<u>\$ 569,974</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH SUMMARIZED COMPARATIVE TOTALS FOR THE YEAR ENDED 2018)

	Program Expenses				Support Services				2019 Total	2018 Total
	Elementary School Program	Middle Grades Program	High School Program	Total Program Services	Management and General	Fund - raising	Total Support Services			
Salaries	\$ 76,052	\$ 69,138	\$ 72,595	\$ 217,785	\$ 51,854	\$ 76,052	\$ 127,906	\$ 345,691	\$ 349,137	
Payroll taxes	5,526	5,024	5,275	15,825	3,768	5,526	9,294	25,119	24,922	
Employee benefits	7,025	6,387	6,706	20,118	4,790	7,025	11,815	31,933	26,975	
Pension expense	12,743	11,585	12,164	36,492	8,689	12,743	21,432	57,924	54,765	
Total salaries and benefits	<u>101,346</u>	<u>92,134</u>	<u>96,740</u>	<u>290,220</u>	<u>69,101</u>	<u>101,346</u>	<u>170,447</u>	<u>460,667</u>	<u>455,799</u>	
Program materials	47,724	16,297	17,689	81,710	-	-	-	81,710	75,205	
Insurance	-	-	-	-	-	-	-	-	103	
Outside services	-	-	-	-	1,722	-	1,722	1,722	1,675	
Rent	8,180	3,791	3,990	15,961	2,193	1,796	3,989	19,950	19,950	
Equipment lease	294	101	109	504	-	-	-	504	504	
Copier	634	294	309	1,237	170	139	309	1,546	1,692	
Computer software	-	-	-	-	2,049	-	2,049	2,049	1,531	
Stationary and supplies	1,524	520	565	2,609	-	-	-	2,609	2,699	
Dues and subscriptions	1,226	739	816	2,781	1,116	-	1,116	3,897	4,198	
Postage and delivery	833	386	406	1,625	223	183	406	2,031	1,958	
Telephone	1,353	627	660	2,640	362	297	659	3,299	3,310	
Staff training	2,338	798	866	4,002	-	-	-	4,002	4,180	
Travel	2,158	737	800	3,695	-	-	-	3,695	3,101	
Volunteer recognition	57	19	21	97	-	-	-	97	32	
Volunteer recognition - in-kind	1,679	574	622	2,875	-	-	-	2,875	3,853	
Public relations	1,079	369	400	1,848	-	-	-	1,848	1,835	
Public relations - in-kind	16,354	5,585	6,062	28,001	-	-	-	28,001	39,725	
Professional fees	-	-	-	-	9,700	-	9,700	9,700	9,000	
Scholarship	-	-	6,000	6,000	-	-	-	6,000	6,000	
Recruitment	1,836	627	680	3,143	-	-	-	3,143	426	
Program and support fees	19,018	6,494	7,049	32,561	-	-	-	32,561	32,742	
Miscellaneous	-	-	-	-	1,557	-	1,557	1,557	1,012	
Expenses before depreciation and amortization	<u>207,633</u>	<u>130,092</u>	<u>143,784</u>	<u>481,509</u>	<u>88,193</u>	<u>103,761</u>	<u>191,954</u>	<u>673,463</u>	<u>670,530</u>	
Depreciation and amortization	4,244	1,967	2,070	8,281	1,140	932	2,072	10,353	7,656	
Total	<u>\$ 211,877</u>	<u>\$ 132,059</u>	<u>\$ 145,854</u>	<u>\$ 489,790</u>	<u>\$ 89,333</u>	<u>\$ 104,693</u>	<u>\$ 194,026</u>	<u>\$ 683,816</u>	<u>\$ 678,186</u>	

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 10,330	\$ 14,646
Adjustments to reconcile increase in net assets to net cash flows from operating activities:		
Depreciation and amortization	10,353	7,656
Changes in assets and liabilities:		
Pledges receivable	18,049	(10,646)
Prepaid expenses	2,693	4,902
Accounts payable	752	(1,667)
Accrued expenses	(4,429)	6,035
Scholarships payable	4,500	(4,500)
Net cash provided by operating activities	42,248	16,426
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(13,868)	(5,522)
Purchases of certificates of deposit	(7,939)	(68,417)
Net cash used in investing activities	(21,807)	(73,939)
INCREASE (DECREASE) IN CASH	20,441	(57,513)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	218,284	275,797
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 238,725	\$ 218,284
Supplemental schedule of noncash investing activities:		
Disposal of fully depreciated fixed assets	\$ 8,526	\$ -

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose

Junior Achievement of Western New York, Inc. (the Organization) is a not-for-profit corporation affiliated with Junior Achievement USA, a national organization. The Organization provides young people with business and economic experiences through a series of programs:

The Elementary School Program helps students learn the basic concepts of business and economics and how education is relevant to the workplace. The sequential activities build on studies from each preceding grade and prepare students for secondary school and lifelong learning.

The Middle Grades Program builds on concepts the students learned in Junior Achievement's Elementary School Program and reinforces the value of workforce readiness, entrepreneurship, and financial literacy. Students are introduced to many economic concepts and useful facts about the working world.

The High School program teaches students about concepts relating to entrepreneurship, financial literacy, and work readiness. The volunteers bring real life business experience and guidance into the classroom at a time that represents an essential crossroads for young people.

The Organization's primary source of funding is contributions from local businesses and private funding.

Adoption of Accounting Standard

The Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which became effective for annual financial statements issued for fiscal years beginning after December 15, 2017. ASU 2016-14 improves the financial reporting of not-for-profit organizations by providing more useful information to donors, grantors, creditors and other financial statement users. ASU 2016-14 changes the existing classes of net assets, improves the transparency and utility of liquidity information, changes the required presentation of cash flow information and requires the presentation of expenses by both function and natural classification. As a result of the adoption of ASU 2016-14, the Organization has presented its net asset classifications as such and expanded the disclosures related to supporting service expenses and liquidity information.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization reports 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 Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purposes in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions which are expected to be met by the Organization or by the passage of time. For the years ended June 30, 2019 and 2018 there were \$16,377 and \$21,877, respectively, in net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Certificates of Deposit

The Organization maintains certificates of deposit with a maturity in excess of three months.

Pledges and Other Receivable

Pledges and other receivables are stated at the amounts management expects to collect from outstanding balances. Based on management’s assessment, the Organization provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts amounted to \$3,000 at June 30, 2019 and 2018.

Property and Equipment

Property and equipment is carried at cost, net of accumulated depreciation. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Expenditures for repairs and maintenance are charged to operations as incurred.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions received are measured at their fair values, and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same reporting period are reported as net assets without donor restrictions.

Advertising Expense

Advertising costs are expensed as incurred. For the years ended June 30, 2019 and 2018, the amount charged to expense was \$45,617 and \$57,452, respectively, and is reflected in public relations expense and special events expense (reported net of special events revenue) in the accompanying statement of functional expenses and statement of activities.

In-Kind Contributions

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated materials and services are recorded at their fair market values in the year received.

Donated materials, including items that may be donated for special events, are recognized as contributions and recorded at their fair market values when received and reflected as special events revenue and in-kind contributions in the accompanying statement of activities.

A summary of donated materials and services for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Advertising	\$ 43,769	\$ 57,452
Materials	25,151	28,644
Total	<u>\$ 68,920</u>	<u>\$ 86,096</u>

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions (continued)

A summary of donated materials and services by natural expense category for the years ended June 30, 2019 and 2018 are as follows:

	2019	2018
Special events (netted against revenue)	\$ 37,734	40,007
Public relations	28,000	39,725
Volunteer recognition	2,875	3,853
Program materials	311	2,511
	<u>\$ 68,920</u>	<u>\$ 86,096</u>

Income Taxes

The Organization is a 501(c)(3) organization exempt from income taxes under Section 501(a) of the Internal Revenue Code.

Use of Estimates

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management has evaluated all allocations of expenses. Most expenses are directly charged to programmatic or management and general depending on the nature of the expense. In 2019, the Organization changed its allocation methodologies to allocate expenses across programs and supporting services. Below is a summary of allocation methodologies for certain expenses:

- Salaries are allocated based on time and efforts of program or supporting services benefitted,
- Program materials and other program related expenses are allocated across programs based on number of students, and
- Occupancy related costs are allocated based on the square footage.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Reclassifications have been made to certain amounts in the 2018 financial statements in order to conform to the 2019 presentations.

NOTE 2 – LIQUIDITY RESOURCES

The Organization's primary source of financial assets is contributions from the public. The Organization has at its disposal cash and cash equivalents, which provide sources of liquidity. The following reflects the Organization's financial assets as of June 30, 2019 and 2018:

Financial assets at year end:	2019	2018
Cash and cash equivalents	\$ 238,725	\$ 218,284
Pledges and other receivables	34,155	52,204
Total financial assets available	<u>272,880</u>	<u>270,488</u>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Net assets with donor restrictions	<u>16,377</u>	<u>21,877</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 256,503</u>	<u>\$ 248,611</u>

NOTE 3 – CERTIFICATES OF DEPOSIT

The Organization held certificates of deposit totaling \$307,962 and \$300,023 on June 30, 2019 and 2018, respectively. The certificates of deposit bear interest rates between 2.37% and 2.72% and mature on various dates between December 25, 2019 and June 30, 2023.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment, net of accumulated depreciation consisted of the following at June 30, 2019 and 2018:

	2019	2018
Equipment	\$ 56,402	\$ 51,061
Furniture and fixtures	13,760	13,760
Leashold improvements	<u>52,471</u>	<u>52,471</u>
	122,633	117,292
Less: accumulated depreciation	<u>(97,952)</u>	<u>(96,126)</u>
	<u>\$ 24,681</u>	<u>\$ 21,166</u>

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE 4 – PROPERTY AND EQUIPMENT (continued)

Depreciation and amortization expense amounted to \$10,352 and \$7,656 for the years ended June 30, 2019 and 2018. Leasehold improvements were written off subsequent to year end due to abandonment of the lease. See notes 11 and 13.

NOTE 5 – SCHOLARSHIPS PAYABLE

Maturity of scholarships payable is as follows for the years ending June 30:

	2019	2018
2020	\$ 10,500	\$ 5,500
2021	2,000	2,500
	<u>\$ 12,500</u>	<u>\$ 8,000</u>

NOTE 6 – LINE OF CREDIT

The Organization has entered into a line of credit agreement with a bank. Amounts borrowed on the line bear interest at the bank's prime plus 1% (6.5% at June 30, 2019) and are secured by a general security agreement. No amounts were borrowed on the line during the years ended June 30, 2019 and 2018.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2019	2018
Scholarships	\$ 3,877	\$ 4,377
Bowl-a-thon	10,000	10,000
Stock Market Challenge	2,500	7,500
Total	<u>\$ 16,377</u>	<u>\$ 21,877</u>

Net assets released from donor imposed restrictions consisted of the following for the years ended June 30,:

	2019	2018
Scholarships	\$ 500	\$ 500
Stock Market Challenge	7,500	2,500
Bowl-a-thon	10,000	-
Total	<u>\$ 18,000</u>	<u>\$ 3,000</u>

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 8 – TRANSACTIONS WITH AFFILIATE

The Organization is an independently operated affiliate of Junior Achievement USA (JA USA). The Organization pays a license fee to JA USA in exchange for access to national student programs, employee benefit plans, and regional and national conferences.

Beginning in 2020, JA USA changed the model to calculate the licensing fees. Currently there is a 2-tier system whereby the Organization pays 9% on the first \$300,000 and 1.9% on revenue over \$300,000. The new license fee scale will be based on revenues as follows:

- 11.5% of gross revenues up to \$1 million;
- 9.5% of gross revenues above \$1 million up to \$2 million; and
- 7.5% of gross revenues above \$2 million

A one year license fee agreement was signed with JA USA for the years ended June 30, 2019 and 2018. This agreement stipulates that JA USA waives the right to receive license fee percentages on contributions raised by the Organization. The annual participation fees are based upon actual reported revenue for the second preceding year and are payable in ten equal installments commencing in September of each fiscal year. Based upon this calculation from the years ended June 30, 2019 and 2018, respectively, the Organization will pay \$81,864 and \$74,685 as a license fee for the years ended June 30, 2021 and 2020, respectively. The participation fees paid in the years ended June 30, 2019 and 2018 were \$32,561 and \$32,742 respectively.

NOTE 9 – PENSION PLAN

Effective June 30, 2019, the Board of Directors of the Organization approved the termination of the defined benefit plan (the Plan), at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. Participating employers will be required to make contributions equal to 13.25% of participants' eligible compensation.

The Organization offered a noncontributory defined benefit pension plan to its employees. The Plan is administered by the Organization and covered all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. The Plan is a multi-employer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participating employers were required to fund the Plan, as determined by the JA USA's Board of Directors, based on an annual actuarial valuation. The Organization made contributions equal to 16.75% of plan participants' eligible compensation. 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.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 9 – PENSION PLAN (continued)

The risks to the Organization of participating in this multi-employer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer 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 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 participation in this Plan for the year ended June 30, 2019 is outlined in the table below. There have been no significant changes that affect the comparability of 2019 and 2018 contributions.

Pension Fund	Plan Number	2018	2019	2018
Retirement Plan For Employees of Junior Achievement USA	PN333	92%	<u>\$ 57,924</u>	<u>\$ 54,765</u>

NOTE 10 – 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 a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

NOTE 11 – LEASE

The Organization entered into a lease to rent office space which expired July 31, 2019. The lease required monthly payments of \$1,663. Rent expense for each of the years ended June 30, 2019 and 2018 was \$19,950. See note 13 for the subsequent event related to abandonment of leasehold improvements.

In June 2019, the Organization entered into a new lease effective July 1, 2019, which expires on June 30, 2024.

JUNIOR ACHIEVEMENT OF WESTERN NEW YORK, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

NOTE 11 – LEASE (continued)

Total minimum rental commitments at June 30, 2019 are as follows:

2020	\$ 22,500
2021	22,956
2022	23,436
2023	23,904
2024	<u>24,408</u>
	<u>\$ 117,204</u>

NOTE 12 – STATE UNEMPLOYMENT INSURANCE

Effective January 1, 1988, the Organization elected to become self-insured for New York State Unemployment Insurance purposes. Accordingly, any future claims paid by New York State must be reimbursed out of current operations. No unemployment claims were paid for the years ended June 30, 2019 and 2018.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent to June 30, 2019, the Organization moved its office and entered into a new lease (note 11). In July 2019, leasehold improvements from the prior location with a cost of \$52,471 and net book value of \$0 were abandoned.

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through December 11, 2019 (the date on which the financial statements were available to be issued).