

Junior Achievement of Southeast Texas, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2021 and 2020

Junior Achievement of Southeast Texas, Inc.

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Independent Auditors' Report

To the Board of Directors of
Junior Achievement of Southeast Texas, Inc.:

We have audited the accompanying financial statements of Junior Achievement of Southeast Texas, Inc., which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 our audits 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 Southeast Texas, Inc. as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blazek & Vetterling

October 27, 2021

Junior Achievement of Southeast Texas, Inc.

Statements of Financial Position as of June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash	\$ 635,035	\$ 1,001,733
Contributions receivable	506,750	225,792
Special event receivables	84,472	97,192
Prepaid expenses and other assets	<u>111,591</u>	<u>85,125</u>
Total current assets	<u>1,337,848</u>	<u>1,409,842</u>
Long-term assets:		
Investments (Note 3)	8,464,877	7,434,972
Property and equipment, net (Note 4)	<u>1,835,084</u>	<u>1,974,748</u>
Total long-term assets	<u>10,299,961</u>	<u>9,409,720</u>
TOTAL ASSETS	<u>\$ 11,637,809</u>	<u>\$ 10,819,562</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 28,754	\$ 72,713
Accrued salaries and related benefits	74,002	295,274
Scholarships payable	147,000	78,500
Deferred special event revenue	594,900	640,880
Advanced contributions	50,000	25,000
Paycheck Protection Program refundable advance (Note 2)	<u>512,600</u>	<u>626,747</u>
Total current liabilities	<u>1,407,256</u>	<u>1,739,114</u>
Net assets:		
Without donor restrictions (Note 5)	7,672,403	6,676,850
With donor restrictions (Note 6)	<u>2,558,150</u>	<u>2,403,598</u>
Total net assets	<u>10,230,553</u>	<u>9,080,448</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,637,809</u>	<u>\$ 10,819,562</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statement of Activities for the year ended June 30, 2021

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions, grants, and class sponsorships:			
Corporate	\$ 1,264,362	\$ 561,500	\$ 1,825,862
Individual	463,220	46,052	509,272
Foundations	81,739	50,000	131,739
Government grant		631,831	631,831
Total contributions, grants and class sponsorships	<u>1,809,321</u>	<u>1,289,383</u>	<u>3,098,704</u>
Special event revenue	870,595		870,595
Direct donor benefit costs	<u>(136,885)</u>		<u>(136,885)</u>
Special event revenue, net	<u>733,710</u>		<u>733,710</u>
Net investment return (Note 3)	1,279,905		1,279,905
Class fees	22,500		22,500
In-kind contributions (Note 7)	<u>49,299</u>		<u>49,299</u>
Total revenue	3,894,735	1,289,383	5,184,118
Net assets released from restrictions:			
Time restriction expired	121,000	(121,000)	
Donor purpose restriction accomplished	<u>1,013,831</u>	<u>(1,013,831)</u>	
Total	<u>5,029,566</u>	<u>154,552</u>	<u>5,184,118</u>
EXPENSES:			
Education programs	3,009,509		3,009,509
Management and general	499,599		499,599
Fundraising	<u>524,905</u>		<u>524,905</u>
Total expenses	<u>4,034,013</u>		<u>4,034,013</u>
CHANGES IN NET ASSETS	995,553	154,552	1,150,105
Net assets, beginning of year	<u>6,676,850</u>	<u>2,403,598</u>	<u>9,080,448</u>
Net assets, end of year	<u>\$ 7,672,403</u>	<u>\$ 2,558,150</u>	<u>\$ 10,230,553</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statement of Activities for the year ended June 30, 2020

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions, grants, and class sponsorships:			
Corporate	\$ 1,616,623	\$ 189,000	\$ 1,805,623
Individual	468,462	5,000	473,462
Foundations	<u>69,364</u>	<u>260,000</u>	<u>329,364</u>
Total contributions, grants and class sponsorships	<u>2,154,449</u>	454,000	<u>2,608,449</u>
Special event revenue	657,503		657,503
Direct donor benefit costs	<u>(91,555)</u>		<u>(91,555)</u>
Special event revenue, net	<u>565,948</u>		<u>565,948</u>
Net investment return (Note 3)	305,986		305,986
Class fees	219,721		219,721
In-kind contributions (Note 7)	<u>73,406</u>		<u>73,406</u>
Total revenue	3,319,510	454,000	3,773,510
Net assets released from restrictions:			
Time restriction expired	134,195	(134,195)	
Donor purpose restriction accomplished	<u>59,454</u>	<u>(59,454)</u>	
Total	<u>3,513,159</u>	<u>260,351</u>	<u>3,773,510</u>
EXPENSES:			
Education programs	4,316,621		4,316,621
Management and general	410,942		410,942
Fundraising	<u>706,239</u>		<u>706,239</u>
Total expenses	<u>5,433,802</u>		<u>5,433,802</u>
CHANGES IN NET ASSETS	(1,920,643)	260,351	(1,660,292)
Net assets, beginning of year	<u>8,597,493</u>	<u>2,143,247</u>	<u>10,740,740</u>
Net assets, end of year	<u>\$ 6,676,850</u>	<u>\$ 2,403,598</u>	<u>\$ 9,080,448</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statements of Functional Expenses for the years ended June 30, 2021 and 2020

	2021			
	EDUCATION PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 1,851,168	\$ 286,335	\$ 383,627	\$ 2,521,130
Program materials	313,569			313,569
Consulting fees – 3DE	263,750			263,750
Professional services		125,515	60,000	185,515
Depreciation	112,305	12,921	14,438	139,664
Facilities	110,795	4,475	16,704	131,974
Scholarships and awards	123,000			123,000
Technology and communication	77,250	11,243	16,841	105,334
Insurance	94,049	2,177	3,089	99,315
National participation fee	48,397	7,241	10,274	65,912
Bank and credit card fees		42,650		42,650
Special event supplies			18,532	18,532
Recruiting, training and other	7,931	1,148	47	9,126
Office supplies	2,283	5,508	1,226	9,017
Program supplies	2,836			2,836
Travel	2,176	386	127	2,689
Total expenses	<u>\$ 3,009,509</u>	<u>\$ 499,599</u>	<u>\$ 524,905</u>	4,034,013
Direct donor benefit costs				<u>136,885</u>
Total				<u>\$ 4,170,898</u>

	2020			
	EDUCATION PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 2,556,513	\$ 250,947	\$ 549,513	\$ 3,356,973
Program materials	993,053			993,053
Professional services	36,174	76,371	7,890	120,435
Depreciation	111,117	12,838	14,344	138,299
Facilities	142,197	3,419	12,906	158,522
Scholarships and awards	80,162			80,162
Technology and communication	114,119	10,227	23,975	148,321
Insurance	96,850	1,545	3,439	101,834
National participation fee	89,656	8,702	19,370	117,728
Bank and credit card fees		31,033		31,033
Special event supplies			67,870	67,870
Recruiting, training and other	13,884	3,827	860	18,571
Office supplies	17,394	5,473	3,585	26,452
Program supplies	33,979			33,979
Travel	31,523	6,560	2,487	40,570
Total expenses	<u>\$ 4,316,621</u>	<u>\$ 410,942</u>	<u>\$ 706,239</u>	5,433,802
Direct donor benefit costs				<u>91,555</u>
Total				<u>\$ 5,525,357</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statements of Cash Flows for the years ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 1,150,105	\$ (1,660,292)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation	139,664	138,299
Net realized and unrealized gain on investments	(1,128,612)	(124,574)
Changes in operating assets and liabilities:		
Contributions receivable	(280,958)	(30,448)
Special event receivables	12,720	232,065
Prepaid expenses and other assets	(26,466)	88,891
Accounts payable	(43,959)	(22,219)
Accrued salaries and related benefits	(221,272)	140,886
Scholarships payable	68,500	(37,000)
Deferred special event revenue	(45,980)	606,620
Advanced contributions	25,000	25,000
Paycheck Protection Program refundable advance	<u>(114,147)</u>	<u>626,747</u>
Net cash used by operating activities	<u>(465,405)</u>	<u>(16,025)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(5,502,281)	(2,289,387)
Proceeds from sales of investments	5,507,209	2,762,872
Net change in money market mutual funds and certificates of deposit	93,779	69,689
Purchases of property and equipment	<u> </u>	<u>(54,577)</u>
Net cash provided by investing activities	<u>98,707</u>	<u>488,597</u>
NET CHANGE IN CASH	(366,698)	472,572
Cash, beginning of year	<u>1,001,733</u>	<u>529,161</u>
Cash, end of year	<u>\$ 635,035</u>	<u>\$ 1,001,733</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Notes to Financial Statements for the years ended June 30, 2021 and 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Junior Achievement of Southeast Texas, Inc. (JASET) is a non-profit organization operating under an agreement with Junior Achievement USA, Inc. (JAUSA). JASET is located in Houston, Texas with satellite offices in Beaumont, Texas, Bryan-College Station, Texas and Lake Charles, Louisiana.

Education programs – JASET shares and operates with JAUSA in the development, promotion, financing, supervision and administration of three education programs. These education programs provide youth with practical and realistic education and experience in the private enterprise economic system as follows:

- *High School* – High school programs offer students opportunities to learn about business, the global economy, saving and investing, careers and interpersonal skills. Students have the chance to form and run their own company, work with various online computer simulations, and hear about the world from experienced positive adult role models. 3DE by Junior Achievement is an innovative instructional model that utilizes competency-based case methods to drive student engagement and academic performance to expand economic opportunity for all students.
- *Middle School* – Students in the middle schools receive lessons on the global marketplace, budgeting, choosing a career based on skills, and learning about economics through history. In addition, students are encouraged to continue their education past high school to be better prepared for the future. The JA Finance Park program develops students' personal money management skills, provides personal finance knowledge, and prepares them for the financial decisions and challenges of their adult lives.
- *Elementary School* – Elementary school programs focus on students' future roles as citizens, workers and consumers and emphasize the usefulness of school skills in everyday life, as well as the importance of staying in school. The Capstone program for elementary school, JA Biztown, prepares students to run their own city with lessons taught in the classroom followed by a 5-hour visit to the JA Biztown facility where students participate in an economic simulation of a city day.

Federal income tax status – JAUSA is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a publicly supported organization, which is not a private foundation under §509(a)(1). JASET is under JAUSA's group exemption and is also exempt from federal income tax under §501(c)(3) of the Code.

Cash concentration – Bank balances exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows using risk-free interest rates applicable to the years in which the promises are received. Contributions receivable at June 30, 2021 are expected to be collected as follows: \$356,750 in 2022 and \$50,000 in 2023, \$50,000 in 2024 and \$50,000 in 2025.

Investments are reported at fair value. Non-negotiable certificates of deposit are reported at face value plus accrued interest. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of investment expenses.

Property and equipment is reported at cost for purchased assets and at estimated fair value at the date of gift if donated. Depreciation is computed on a straight-line basis over estimated useful lives of 5 to 40 years. Items with an original cost of more than \$1,000 are capitalized.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions, grants, and class sponsorships are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before JASET is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as advanced contributions. JASET has received conditional contributions of approximately \$75,000 at June 30, 2021 that are conditioned upon the donors approving case challenges within the 3DE instructional model.

Special event revenue includes elements of both contributions and exchange transactions and is recognized when an event occurs. Cost of direct donor benefits provided represents the costs of goods and services provided to event attendees. Amounts received in advance are reported as deferred revenue.

Class fees are derived from providing simulated learning programs aimed at improving the financial literacy of middle and high school students and are recognized at a point in time when the goods or services are provided. All performance obligations related to class fees are satisfied within the academic year which is contained within the fiscal year. Class fees are due when the goods and services are provided. There are no contract assets or liabilities resulting from class fees at June 30, 2021, 2020, or 2019.

In-kind contributions – Donated materials and use of facilities are recognized as unrestricted contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Scholarships are recognized as expense when an unconditional commitment is made to the scholarship recipient. Conditional commitments are recognized in the same manner when the conditions are substantially met. Scholarships payable are expected to be paid within one year.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable

with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted on the basis of estimated employee time and effort expended on each activity.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 635,035	\$ 1,001,733
Contributions and special event receivables	591,222	322,984
Investments	<u>8,464,877</u>	<u>7,434,972</u>
Total financial assets	9,691,134	8,759,689
Less financial assets not available for general expenditure:		
Donor-restricted assets not expected to be satisfied	2,015,432	1,977,598
Board-designated reserve funds	<u>5,347,525</u>	<u>5,966,150</u>
Total financial assets available for general expenditure	<u>\$ 2,328,177</u>	<u>\$ 815,941</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, JASET considers all expenditures related to its ongoing activities of inspiring and preparing young people to succeed in a global economy, as well as the conduct of services undertaken to support those activities, to be general expenditures. As part of the organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

The Board of Directors of JASET has established a policy to maintain reserve funds equal to six months of annual operating costs, and additional amounts for facilities, scholarships and program innovation, which achieves operational standards established by JAUSA. Reserves have been released by the Board of Directors of JASET to provide working capital during times of economic or fiscal stress, upgrade technology and incent management’s achievement of financial performance goals. While the Board of Directors does not intend to utilize these investments for general expenditures, they remain available to be spent at the Board of Directors’ discretion.

In April 2020, JASET received a \$626,747 Paycheck Protection Program (PPP) loan through the Small Business Administration. PPP loan principal and interest may be forgiven, in whole or in part, if JASET meets eligibility requirements and uses the loan to fund qualified payroll and other eligible costs. In February 2021, JASET was notified that principal and interest of \$631,831 had been forgiven and that amount was recognized as a government grant. In February 2021, JASET was approved for a second PPP loan of \$512,600. Management expects the loan to be forgiven as the funds are used for payment of eligible costs. Any amounts not forgiven bear interest at 1% and are due in 2026.

NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establishes a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at June 30, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments measured at fair value:				
Equity mutual funds and exchange-traded funds:				
Large-cap	\$ 3,168,715			\$ 3,168,715
International	1,548,395			1,548,395
Emerging market	158,967			158,967
Fixed-income mutual funds and exchange-traded funds:				
Domestic	1,953,916			1,953,916
International	1,251,962			1,251,962
Money market mutual funds	<u>378,481</u>			<u>378,481</u>
Total investments measured at fair value	<u>\$ 8,460,436</u>	<u>\$ 0</u>	<u>\$ 0</u>	8,460,436
Non-negotiable certificates of deposit				<u>4,441</u>
Total investments				<u>\$ 8,464,877</u>

Assets measured at fair value at June 30, 2020 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments measured at fair value:				
Equity mutual funds and exchange-traded funds:				
Large-cap	\$ 1,609,806			\$ 1,609,806
International	793,657			793,657
Emerging market	480,793			480,793
Mid-cap	212,427			212,427
Fixed-income mutual funds and exchange-traded funds:				
Domestic	3,552,092			3,552,092
International	309,496			309,496
Money market mutual funds	<u>472,260</u>			<u>472,260</u>
Total investments measured at fair value	<u>\$ 7,430,531</u>	<u>\$ 0</u>	<u>\$ 0</u>	7,430,531
Non-negotiable certificates of deposit				<u>4,441</u>
Total investments				<u>\$ 7,434,972</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while JASET believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on investments and interest-bearing cash and consists of the following:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 198,009	\$ 219,290
Net realized gain on investments	724,715	71,819
Net unrealized gain on investments	403,897	52,755
Custodial and investment management fees	<u>(46,716)</u>	<u>(37,878)</u>
Net investment return	<u>\$ 1,279,905</u>	<u>\$ 305,986</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 354,257	\$ 354,257
Buildings and improvements	3,287,283	3,287,283
Computers, office equipment and furniture	<u>737,975</u>	<u>737,975</u>
Total property and equipment, at cost	4,379,515	4,379,515
Accumulated depreciation	<u>(2,544,431)</u>	<u>(2,404,767)</u>
Property and equipment, net	<u>\$ 1,835,084</u>	<u>\$ 1,974,748</u>

NOTE 5 – NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions consist of the following:

	<u>2021</u>	<u>2020</u>
Undesignated	\$ 2,324,878	\$ 710,700
Board-designated reserve funds	<u>5,347,525</u>	<u>5,966,150</u>
Total net assets without donor restrictions	<u>\$ 7,672,403</u>	<u>\$ 6,676,850</u>

Changes in board-designated reserve funds are as follows:

Board-designated reserve funds, June 30, 2019	\$ 6,067,675
Net investment return	305,986
Decrease in board-designated reserve funds	(101,525)
Appropriated for distribution:	
Operations	(260,448)
Scholarships	<u>(45,538)</u>
Board-designated reserve funds, June 30, 2020	5,966,150
Net investment return	1,279,905
Decrease in board-designated reserve funds	(1,679,700)
Appropriated for distribution:	
Operations	(62,830)
Scholarships	(101,000)
Bonuses	<u>(55,000)</u>
Board-designated reserve funds, June 30, 2021	<u>\$ 5,347,525</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2021</u>	<u>2020</u>
Buildings	\$ 1,977,598	\$ 1,977,598
3DE instructional model	310,000	250,000
Time-restricted for future periods	<u>270,552</u>	<u>176,000</u>
Total net assets with donor restrictions	<u>\$ 2,558,150</u>	<u>\$ 2,403,598</u>

NOTE 7 – IN-KIND CONTRIBUTIONS

In-kind contributions and the related asset or expense were recognized as follows:

	<u>2021</u>	<u>2020</u>
Professional services	\$ 43,750	\$ 47,500
Facilities	2,000	16,000
Education program supplies		8,345
Other	<u>3,549</u>	<u>1,561</u>
Total in-kind contributions	<u>\$ 49,299</u>	<u>\$ 73,406</u>

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles. During the year ended June 30, 2021, 787 volunteers delivered JA instructional hours and learning experiences to 78,384 students during a year when COVID-19 cancelled most class-based programs. During the year ended June 30, 2020, volunteers instructed 7,787 classes, delivering 1,047,878 instructional hours to 169,844 students before COVID-19 resulted in program cancellations.

NOTE 8 – TRANSACTIONS WITH JAUSA AND AFFILIATES

Operating Agreement

Under the terms of an operating agreement with JAUSA, JASET is required to pay a license fee equal to a percentage of contributions. JASET receives services from JAUSA, including providing program and materials development, sponsorship and management of benefit programs and technology systems to support development and human resources management. Under the terms of this agreement, JASET recognized national participation fee expense of approximately \$66,000 and \$118,000 for the years ended June 30, 2021 and 2020, respectively.

JASET reimburses JAUSA for certain costs such as student liability insurance, employee insurance, program materials, and other miscellaneous items. Reimbursement to JAUSA for these items was approximately \$823,000 and \$1,493,000 during 2021 and 2020, respectively.

3DE National, LLC (3DE) is a subsidiary of JAUSA that operates an enrichment program that reengineers high school education to be more relevant, experiential, and authentically-connected to the complexities of the real world in order to more fully prepare today's students for the demands of tomorrow's economy. JASET recognized 3DE consultant fee expense of approximately \$264,000 for the year ended June 30, 2021.

NOTE 9 – EMPLOYEE BENEFIT PLAN

JASET has a defined contribution 401(k) plan for the benefit of all employees. JASET matches employee contributions up to 3.5% of compensation. Employer matching contributions were \$63,000 in 2021 and 2020. In addition, during 2020, \$249,000 was paid to fully fund the terminated pension plan.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 27, 2021, which is the date that the financial statements were available for issuance. Effective July 1, 2021, Junior Achievement of Central Texas has merged with JASET, such that JASET will provide administrative support and governance oversight over their operations. No material or long-term liabilities were assumed in the merger. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.