

Junior Achievement of Southeast Texas, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2022 and 2021

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.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Junior Achievement of Southeast Texas, Inc. (Junior Achievement), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Junior Achievement as of June 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Junior Achievement and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Junior Achievement's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Blazek & Vetterling

October 20, 2022

Junior Achievement of Southeast Texas, Inc.

Statements of Financial Position as of June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets:		
Cash	\$ 284,305	\$ 635,035
Contributions receivable (Note 3)	505,633	506,750
Special event receivables	146,075	84,472
Prepaid expenses and other assets	<u>105,826</u>	<u>111,591</u>
Total current assets	<u>1,041,839</u>	<u>1,337,848</u>
Long-term assets:		
Investments (Note 4)	7,978,914	8,464,877
Cash restricted for acquisition of long-term assets	1,315,638	
Contributions receivable restricted for long-term assets (Note 3)	4,003,657	
Property and equipment, net (Note 5)	<u>1,752,048</u>	<u>1,835,084</u>
Total long-term assets	<u>15,050,257</u>	<u>10,299,961</u>
TOTAL ASSETS	<u>\$ 16,092,096</u>	<u>\$ 11,637,809</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 194,676	\$ 28,754
Accrued salaries and related benefits	89,342	74,002
Scholarships payable	130,000	147,000
Deferred special event revenue	170,247	594,900
Advanced contributions		50,000
Paycheck Protection Program refundable advance (Note 2)		<u>512,600</u>
Total current liabilities	<u>584,265</u>	<u>1,407,256</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,736,431	2,324,878
Board-designated	<u>5,699,200</u>	<u>5,347,525</u>
Total net assets without donor restrictions	7,435,631	7,672,403
With donor restrictions (Note 6)	<u>8,072,200</u>	<u>2,558,150</u>
Total net assets	<u>15,507,831</u>	<u>10,230,553</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 16,092,096</u>	<u>\$ 11,637,809</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statement of Activities for the year ended June 30, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions, grants, and class sponsorships:			
Corporate	\$ 1,527,328	\$ 1,219,959	\$ 2,747,287
Individual	357,694	3,336,051	3,693,745
Foundations	48,521	1,974,419	2,022,940
Government grant		704,189	704,189
Total contributions, grants, and class sponsorships	<u>1,933,543</u>	<u>7,234,618</u>	<u>9,168,161</u>
Special event revenue	1,952,008		1,952,008
Direct donor benefit costs	<u>(240,592)</u>		<u>(240,592)</u>
Special event revenue, net	<u>1,711,416</u>		<u>1,711,416</u>
Net investment return (Note 4)	(927,185)		(927,185)
Class fees	196,171		196,171
Contributed nonfinancial assets (Note 7)	<u>41,126</u>		<u>41,126</u>
Total revenue	<u>2,955,071</u>	<u>7,234,618</u>	<u>10,189,689</u>
Net assets released from restrictions:			
Time restriction expired	232,718	(232,718)	
Donor purpose restriction accomplished	<u>1,487,850</u>	<u>(1,487,850)</u>	
Total	<u>4,675,639</u>	<u>5,514,050</u>	<u>10,189,689</u>
EXPENSES:			
Education programs	3,659,365		3,659,365
Management and general	400,381		400,381
Fundraising	<u>852,665</u>		<u>852,665</u>
Total expenses	<u>4,912,411</u>		<u>4,912,411</u>
CHANGES IN NET ASSETS	(236,772)	5,514,050	5,277,278
Net assets, beginning of year	<u>7,672,403</u>	<u>2,558,150</u>	<u>10,230,553</u>
Net assets, end of year	<u>\$ 7,435,631</u>	<u>\$ 8,072,200</u>	<u>\$ 15,507,831</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 4)	1,279,905		1,279,905
Class fees	22,500		22,500
Contributed nonfinancial assets (Note 7)	<u>49,299</u>		<u>49,299</u>
Total revenue	<u>3,894,735</u>	<u>1,289,383</u>	<u>5,184,118</u>
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.

Statements of Functional Expenses for the years ended June 30, 2022 and 2021

	2022			
	EDUCATION PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 2,058,589	\$ 249,928	\$ 479,772	\$ 2,788,289
Consulting fees – 3DE	478,135			478,135
Program materials and supplies	455,224			455,224
Professional services		69,872	174,309	244,181
Facilities	159,258	8,123	22,639	190,020
Depreciation	113,038	12,840	14,347	140,225
Special event supplies			121,010	121,010
Technology and communication	88,185	10,127	19,865	118,177
Insurance	90,154	1,996	3,831	95,981
National participation fee	52,153	6,173	11,850	70,176
Training, recruiting and other	67,959		1,500	69,459
Scholarships and awards	67,766			67,766
Bank and credit card fees		32,973		32,973
Office supplies	13,143	5,329	3,111	21,583
Travel	15,761	3,020	431	19,212
Total expenses	<u>\$ 3,659,365</u>	<u>\$ 400,381</u>	<u>\$ 852,665</u>	4,912,411
Direct donor benefit costs				<u>240,592</u>
Total				<u>\$ 5,153,003</u>

	2021			
	EDUCATION PROGRAMS	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and related expenses	\$ 1,851,168	\$ 286,335	\$ 383,627	\$ 2,521,130
Consulting fees – 3DE	263,750			263,750
Program materials and supplies	316,405			316,405
Professional services		125,515	60,000	185,515
Facilities	110,795	4,475	16,704	131,974
Depreciation	112,305	12,921	14,438	139,664
Special event supplies			18,532	18,532
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
Training, recruiting and other	7,931	1,148	47	9,126
Scholarships and awards	123,000			123,000
Bank and credit card fees		42,650		42,650
Office supplies	2,283	5,508	1,226	9,017
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>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statements of Cash Flows for the years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 5,277,278	\$ 1,150,105
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	1,143,632	(1,128,612)
Contributions restricted for long-term assets	(5,501,179)	
Depreciation	140,225	139,664
Donated equipment	(21,800)	
Changes in operating assets and liabilities:		
Contributions receivable	1,117	(280,958)
Special event receivables	(61,603)	12,720
Prepaid expenses and other assets	5,765	(26,466)
Accounts payable	165,922	(43,959)
Accrued salaries and related benefits	15,340	(221,272)
Scholarships payable	(17,000)	68,500
Deferred special event revenue	(424,653)	(45,980)
Advanced contributions	(50,000)	25,000
Paycheck Protection Program refundable advance	<u>(512,600)</u>	<u>(114,147)</u>
Net cash provided (used) by operating activities	<u>160,444</u>	<u>(465,405)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(1,688,220)	(5,502,281)
Purchases of certificates of deposit	(500,000)	
Proceeds from sales of investments	1,482,075	5,507,209
Net change in money market mutual funds and certificates of deposit	48,476	93,779
Purchases of property and equipment	<u>(35,389)</u>	<u> </u>
Net cash provided (used) by investing activities	<u>(693,058)</u>	<u>98,707</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term assets	<u>1,497,522</u>	
NET CHANGE IN CASH	964,908	(366,698)
Cash, beginning of year	<u>635,035</u>	<u>1,001,733</u>
Cash, end of year	<u>\$ 1,599,943</u>	<u>\$ 635,035</u>
<i>Reconciliation of cash balances:</i>		
Cash	\$ 284,305	\$ 635,035
Cash restricted for acquisition of long-term assets	<u>1,315,638</u>	<u> </u>
Total cash	<u>\$ 1,599,943</u>	<u>\$ 635,035</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Notes to Financial Statements for the years ended June 30, 2022 and 2021

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 Austin, Texas, 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 on-line 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.

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 external and direct internal 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 and a useful life in excess of one year 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.

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.

Special event revenue includes elements of both contributions and exchange transactions and is recognized when an event occurs. Direct donor benefit costs represent 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, 2022, 2021, or 2020.

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>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 284,305	\$ 635,035
Contributions and special event receivables	651,708	591,222
Investments	7,978,914	8,464,877
Cash restricted for acquisition of long-term assets	1,315,638	
Contributions receivable restricted for long-term assets	<u>4,003,657</u>	<u> </u>
Total financial assets	14,234,222	9,691,134
Less financial assets not available for general expenditure:		
Donor-restricted assets not expected to be satisfied within the coming year	(7,321,893)	(2,015,432)
Board-designated reserve funds	<u>(5,699,200)</u>	<u>(5,347,525)</u>
Total financial assets available for general expenditure	<u>\$ 1,213,129</u>	<u>\$ 2,328,177</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.

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. 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 2nd Draw PPP loan of \$515,348. The 2nd Draw PPP loan was forgiven in August 2021 and was recognized as a government grant.

In addition, during fiscal year 2022, JASET received an Employee Retention Credit grant under the Coronavirus Aid, Relief and Economic Security Act in the amount of \$188,841.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

During fiscal year 2022, JASET began a \$23.7 million *Building Tomorrows* capital campaign to fund construction of a new building to house the corporate office and a new Finance Park and Biztown. During the year ended June 30, 2022, JASET incurred approximately \$174,000 of expenses relating to the *Building Tomorrows* capital campaign. These expenses are reported as fundraising expenses in the statement of activities. Through June 30, 2022, total contributions to the campaign were approximately \$5.7 million before pledge allowances and discounts.

Contributions receivable at June 30, 2022 consist of the following:

Contributions receivable	\$ 4,695,589
Discount to net present value at 2.99%	<u>(186,299)</u>
Total	4,509,290
Less: Contributions receivable restricted for long-term assets	<u>(4,003,657)</u>
Contributions receivable for operations, net	<u>\$ 505,633</u>

At June 30, 2022, approximately 44% of contributions receivable are due from three donors.

Contributions receivable at June 30, 2022 are expected to be collected as follows:

Receivable in one year	\$ 1,597,663
Receivable in one to five years	<u>3,097,926</u>
Total contributions receivable	<u>\$ 4,695,589</u>

NOTE 4 – 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, 2022 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	\$ 3,424,176			\$ 3,424,176
Fixed-income mutual funds	2,717,855			2,717,855
Equity exchange-traded funds	704,418			704,418
Money market mutual funds	330,005			330,005
Fixed-income exchange-traded funds	<u>298,019</u>			<u>298,019</u>
Total investments measured at fair value	<u>\$ 7,474,473</u>	<u>\$ 0</u>	<u>\$ 0</u>	7,474,473
Non-negotiable certificates of deposit				<u>504,441</u>
Total investments				<u>\$ 7,978,914</u>

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	\$ 3,805,444			\$ 3,805,444
Fixed-income mutual funds	2,861,747			2,861,747
Equity exchange-traded funds	1,070,634			1,070,634
Money market mutual funds	378,481			378,481
Fixed-income exchange-traded funds	<u>344,130</u>			<u>344,130</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>

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>2022</u>	<u>2021</u>
Interest and dividends	\$ 268,865	\$ 198,009
Net realized gain on investments	182,256	724,715
Net unrealized gain (loss) on investments	(1,325,888)	403,897
Custodial and investment management fees	<u>(52,418)</u>	<u>(46,716)</u>
Net investment return	<u>\$ (927,185)</u>	<u>\$ 1,279,905</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2022</u>	<u>2021</u>
Land	\$ 354,257	\$ 354,257
Buildings and improvements	3,292,825	3,287,283
Furniture, fixtures and equipment	<u>775,061</u>	<u>737,975</u>
Total property and equipment, at cost	4,422,143	4,379,515
Accumulated depreciation	<u>(2,670,095)</u>	<u>(2,544,431)</u>
Property and equipment, net	<u>\$ 1,752,048</u>	<u>\$ 1,835,084</u>

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2022</u>	<u>2021</u>
Capital campaign and other capital projects	\$ 7,296,893	\$ 1,977,598
3DE instructional model	497,473	310,000
Time-restricted for future periods	252,834	270,552
Scholarships	<u>25,000</u>	<u> </u>
Total net assets with donor restrictions	<u>\$ 8,072,200</u>	<u>\$ 2,558,150</u>

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets were recognized as follows:

<u>CONTRIBUTED NONFINANCIAL ASSETS</u>	<u>UTILIZED IN PROGRAMS/ ACTIVITIES</u>	<u>DONOR RESTRICTIONS</u>	<u>VALUATION TECHNIQUES AND INPUTS</u>	<u>2022 REVENUE RECOGNIZED</u>	<u>2021 REVENUE RECOGNIZED</u>
Computer equipment	Administrative	None	Fair value estimated on basis of retail price for similar items.	\$21,800	
Professional services	Administrative	None	Fair value estimated on the basis of current rates for similar services.		\$43,750
Other	Educational programs and special events	None	Fair value estimated on basis of retail price for similar items.	\$19,236	\$5,549

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, 2022, volunteers instructed 4,634 classes, delivering 928,966 instructional hours and learning experiences to 103,307 students. During the year ended June 30, 2021, volunteers instructed 3,582 classes, delivering 283,518 instructional hours and learning experiences to 78,384 students during a year when COVID-19 cancelled most class-based programs.

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 \$70,000 and \$66,000 for the years ended June 30, 2022 and 2021, respectively.

JASET reimburses JAUSA for certain costs such as student liability insurance, program materials, and other miscellaneous items. Reimbursement to JAUSA for these items was approximately \$860,000 and \$823,000 during 2022 and 2021, respectively.

JASET participates in a self-funded medical, dental and other benefits plan covering full-time employees of JASET and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of JASET, JA Worldwide, Inc. and employees of Junior Achievement Areas in the United States 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 JASET. JASET's premium expense for the Health and Welfare Plan for the years ended June 30, 2022 and 2021 was \$305,568 and \$347,522, 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 expenses of approximately \$478,000 in 2022 and \$264,000 in 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 \$65,000 in 2022 and \$63,000 in 2021.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 20, 2022, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.
