

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**

Financial Statements

Years Ended June 30, 2022 and 2021

With

Independent Auditor's Report



**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**

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## **Independent Auditor's Report**

Board of Directors  
Junior Achievement of Oklahoma, Inc.

### **Opinion**

We have audited the accompanying financial statements of Junior Achievement of Oklahoma, Inc., (Junior Achievement) which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Oklahoma, Inc. 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Oklahoma, Inc., 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 opinions.

### **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 the 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 of Oklahoma, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's 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 auditor's 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 of Oklahoma, Inc.'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 of Oklahoma, Inc.'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.

MORSE & CO., PLLC

Tulsa, Oklahoma  
December 5, 2022

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

**ASSETS**

<b>Assets</b>	<b>2022</b>	<b>2021</b>
Cash and cash equivalents	\$ 419,382	\$ 737,576
Endowment funds	8,519	90,749
Pledges receivable, net	20,522	88,296
Prepaid expenses	45,955	35,019
Investments	766,942	393,064
Pledges receivable, net - restricted	89,799	79,643
Endowment funds - restricted	482,232	482,232
Property and equipment, net	1,910,251	1,939,185
<b>Total assets</b>	<b>\$ 3,743,602</b>	<b>\$ 3,845,764</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ -	\$ 6,306
Accrued liabilities	81,067	15,241
Notes payable	29,167	297,938
<b>Total liabilities</b>	<b>110,234</b>	<b>319,485</b>
<b>Net assets</b>		
Without donor restrictions	3,048,918	2,964,404
With donor restrictions	584,450	561,875
<b>Total net assets</b>	<b>3,633,368</b>	<b>3,526,279</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,743,602</b>	<b>\$ 3,845,764</b>

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support and revenue</b>			
Contributions and grants	\$ 767,799	\$ 99,287	\$ 867,086
Fundraising income	323,302	-	323,302
Program income	729,074	-	729,074
In-kind contributions	166,704	-	166,704
Interest income	31,444	-	31,444
Unrealized loss on investments, net	(251,491)	-	(251,491)
Realized gain on investments, net	20,775	-	20,775
PPP loan forgiveness	252,105	-	252,105
Miscellaneous income	2,307	-	2,307
Net assets released from restrictions	76,712	(76,712)	-
<b>Total public support and revenue</b>	<b>2,118,731</b>	<b>22,575</b>	<b>2,141,306</b>
<b>Expenses</b>			
Program services	1,635,456	-	1,635,456
Management and general	186,596	-	186,596
Fundraising	212,165	-	212,165
<b>Total expenses</b>	<b>2,034,217</b>	<b>-</b>	<b>2,034,217</b>
<b>Change in net assets</b>	<b>84,514</b>	<b>22,575</b>	<b>107,089</b>
<b>Net assets, beginning of year</b>	<b>2,964,404</b>	<b>561,875</b>	<b>3,526,279</b>
<b>Net assets, end of year</b>	<b>\$ 3,048,918</b>	<b>\$ 584,450</b>	<b>\$ 3,633,368</b>

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support and revenue</b>			
Contributions and grants	\$ 612,109	\$ 74,138	\$ 686,247
Fundraising income	382,909	-	382,909
Program income	144,566	-	144,566
In-kind contributions	4,200	-	4,200
Interest income	23,718	-	23,718
Unrealized gain on investments	98,412	-	98,412
Realized gain on investments, net	39,569	-	39,569
PPP loan forgiveness	257,600	-	257,600
Oklahoma Department of Commerce Grant	25,000	-	25,000
Tulsa County RESET Grant	20,000	-	20,000
Economic Injury Disaster Loan Advance Grant	10,000	-	10,000
Miscellaneous income	666	-	666
Net assets released from restrictions	106,511	(106,511)	-
<b>Total public support and revenue</b>	<u>1,725,260</u>	<u>(32,373)</u>	<u>1,692,887</u>
<b>Expenses</b>			
Program services	1,091,699	-	1,091,699
Management and general	172,498	-	172,498
Fundraising	184,576	-	184,576
<b>Total expenses</b>	<u>1,448,773</u>	<u>-</u>	<u>1,448,773</u>
<b>Change in net assets</b>	276,487	(32,373)	244,114
<b>Net assets, beginning of year</b>	<u>2,687,917</u>	<u>594,248</u>	<u>3,282,165</u>
<b>Net assets, end of year</b>	<u>\$ 2,964,404</u>	<u>\$ 561,875</u>	<u>\$ 3,526,279</u>

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 107,089	\$ 244,114
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	104,658	107,676
Unrealized (gain) loss on investments	251,491	(98,424)
Realized gain on investments	(20,775)	(46,018)
Gain of forgiveness of PPP loan	(252,105)	(257,600)
Changes in assets and liabilities:		
Pledges receivable	57,618	210,373
Prepaid expenses	(10,936)	(6,413)
Accounts payable	(7,178)	1,226
Accrued liabilities	66,698	9,348
Total adjustments	<u>296,560</u>	<u>164,282</u>
Net cash provided by operating activities	<u>296,560</u>	<u>164,282</u>
Cash flows from investing activities		
Investment activity, net	(522,364)	16,879
Purchase of equipment	<u>(75,724)</u>	<u>-</u>
Net cash provided by (used for) investing activities	<u>(598,088)</u>	<u>16,879</u>
Cash flows from financing activities		
Payments on long-term debt	(16,666)	(241,311)
Proceeds from notes payable	<u>-</u>	<u>252,105</u>
Net cash provided by (used for) financing activities	<u>(16,666)</u>	<u>10,794</u>
Change in cash and cash equivalents	(318,194)	191,955
Cash and cash equivalents, beginning of year	<u>737,576</u>	<u>545,621</u>
Cash and cash equivalents, end of year	<u>\$ 419,382</u>	<u>\$ 737,576</u>
Supplemental disclosure of cash flows		
Cash paid for interest	<u>\$ -</u>	<u>\$ 5,874</u>

See independent auditor's report and accompanying notes to financial statements.



**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 909,462	\$ 109,909	\$ 109,921	\$ 1,129,292
General operations	318,782	58,132	34,543	411,457
Programs	257,292	-	-	257,292
Development	9,953	355	52,534	62,842
Program and support fees	139,967	18,200	15,167	173,334
Total functional expenses	<u>\$ 1,635,456</u>	<u>\$ 186,596</u>	<u>\$ 212,165</u>	<u>\$ 2,034,217</u>

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 660,845	\$ 104,258	\$ 105,179	\$ 870,282
General operations	220,927	51,530	23,940	296,397
Programs	68,411	350	292	69,053
Development	15,721	3	41,534	57,258
Program and support fees	125,795	16,357	13,631	155,783
Total functional expenses	<u>\$ 1,091,699</u>	<u>\$ 172,498</u>	<u>\$ 184,576</u>	<u>\$ 1,448,773</u>

See independent auditor's report and accompanying notes to financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Organization***

Junior Achievement of Oklahoma, Inc. (Junior Achievement or JA) has fostered strong partnerships throughout Oklahoma since 1966. Businesses, foundations and school districts alike stand behind Junior Achievement's time tested program because of the direct impact on individual students and the communities throughout our state. Strong future leaders with financial literacy skills, who are ready for their place in the workforce, will contribute to a building and sustaining a thriving economy. Junior Achievement is preventative in nature giving preference in service to schools with high poverty rates and matching volunteers who serve as role models showing students the wide range of career opportunities available to them.

With 76% growth in students served during the past 10 years Junior Achievement is more committed than ever to changing the trajectory of Oklahoma students thereby strengthening our businesses with quality employees and bolstering our state. Junior Achievement has a portfolio of 21 curriculum offerings, most of which are taught by volunteers at school sites. However, onsite capstone programs such as JA BizTown, JA Inspire, and JA Finance Park, are increasing JA's impact providing a more robust experience for students. These capstone programs are the greatest focus for growth for Junior Achievement and come during a time when school budgets are tight, and JA can serve as a solution provider for educational mandates passed down from the Oklahoma legislature. While there are many organizations focused on the needs of today, JA is focused on the demands of tomorrow.

Junior Achievement served 35,497 students in fiscal year 2022 and 21,489 in 2021. One measure of program impact to these students is through contact hours. In 2022, contact hours were 677,513 compared to 364,039 contact hours in 2021. The contact hour impact was achieved by 2,904 business and community volunteers in 2022 and 224 volunteers in 2021. The value of these volunteers is significant to Junior Achievement, with an estimated value of \$869,748 in 2022 and \$63,930 in 2021 based on an estimated 29,040 volunteer hours in 2022 and 2,440 hours in 2021. This value is determined by applying the National volunteer wage rate of \$29.95 per hour for 2022 and \$28.54 per hour for 2021 (a rate established by Independent Sector, a leadership network for nonprofit organizations).

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Junior Achievement and changes therein are classified and reported as follows:

***Net Assets Without Donor Restrictions*** - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Basis of Accounting (Continued)***

***Net Assets With Donor Restrictions*** - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of Junior Achievement and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 8.

***Fair Value Measurements***

Junior Achievement records certain financial assets and liabilities at 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. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include Junior Achievement's own internal data.

***Cash and Cash Equivalents***

Junior Achievement defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available and will be consumed during the next operating cycle.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Revenue Recognition***

Contributions are recorded when the donor makes a promise to give to Junior Achievement that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. All contributions are considered available for immediate use unless specifically restricted by the donor or subject to other legal restrictions.

Junior Achievement recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution
- 2) Identify any donor-imposed conditions or restrictions regarding its use
- 3) Distinguish between barriers and donor-imposed restrictions.
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue.

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows are as follows: (1) overall economic conditions; (2) demand for Junior Achievement's services; (3) the timing of program revenue is outside of Junior Achievement's control.

Junior Achievement recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which Junior Achievement expects to be entitled by applying the following five-step process specified in ASC 606:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

Junior Achievement considers the sale of curriculum to be a contract with a customer. Revenue is generated from the sale of curriculum to customers. Such revenues are recorded when due from customers and are recognized as earned.

Junior Achievement evaluates the collectability of amounts due from customers and maintains a write-off account for estimated losses resulting from the inability of customers to make required payments due. The balance of amounts due from customers are generally deemed uncollectible thirty days beyond the date.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Accounts Receivable***

Accounts receivable are short-term, noninterest bearing, and uncollateralized; and are reflected in the statement of financial position net of the allowance for doubtful accounts. Management's assessment of the allowance for doubtful accounts is based on the overall creditworthiness of the individual accounts, existing economic conditions, and the amount and age of past due accounts. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. No allowance for doubtful accounts is considered necessary.

***Pledges Receivable***

Contributions are recognized when the donor makes a promise to give to Junior Achievement that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable are reported at net realizable value measured using present value techniques and historical discount rates, if at the time the promise is made, payment is expected to be received in one year or more. Multi-year pledges are revalued annually. Pledges receivable that are expected to be collected within one year are reported at fair value in accordance with authoritative guidance. Management believes that the use of fair value reduces the cost of measuring pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements.

When estimating the fair value of pledges receivable, management considers the historical trends of collection, the type of donor (individual or corporation/foundation), general economic conditions in the geographic area in which the majority of the Junior Achievement's donors live, and market interest rate assumptions for individuals and corporations/foundations. The discount rate utilized by management is equivalent to the U.S. Treasury Yield rate. The interest resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue over the term of the pledge. Management has determined that an allowance of \$7,708 and \$3,683 was necessary for the years ended June 30, 2022 and 2021, respectively.

***Property and Equipment***

Donations of property and equipment are recorded as support at their estimated fair value and depreciated over the estimated useful lives using the straight-line method. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Junior Achievement reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. Junior Achievement reclassifies such net assets with donor restrictions to net assets without donor restrictions at that time.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Property and Equipment (Continued)***

Property and equipment purchased by Junior Achievement is recorded at cost and depreciated over estimated useful lives ranging from 5 to 40 years using the straight-line method. Junior Achievement follows the practice of capitalizing expenditures in excess of \$1,000.

Junior Achievement records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by Junior Achievement, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded during the years ended June 30, 2022 and 2021.

***Contributed Services***

During the years ended June 30, 2022 and 2021, Junior Achievement received services contributed by volunteers. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts. Additionally, the value of contributed services which did meet the requirements for recognition in the financial statements was not material and has not been recorded.

***Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and building depreciation which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, equipment depreciation, and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions on certain test dates and is reviewed annually by management.

***Income Taxes***

Junior Achievement is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. Junior Achievement has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

Junior Achievement has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-25, Accounting for Uncertainty in Income Taxes. Junior Achievement will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority.

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***Income Taxes***

Junior Achievement's evaluation as of June 30, 2022 and 2021, revealed no uncertain tax positions that would have a material impact on the financial statements. Junior Achievement will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. Junior Achievement is no longer subject to tax examinations by taxing authorities for years before 2018.

***Advertising Costs***

Junior Achievement expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2022 and 2021, was \$50,640 and \$36,150, respectively. Advertising expenses include in-kind donations.

***Accounting Estimates***

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the allowance for doubtful accounts and accrued expenses. Revisions in estimated contract profits are made in the year in which circumstances requiring the revision become known.

***Reclassification of Prior Year Presentation***

Certain prior year amounts have been reclassified for consistency with the current period presentation. These reclassifications had no effect on the reported results of operations.

***Subsequent Events***

Junior Achievement received a gift of \$900,000 on August 29, 2022 from philanthropist MacKenzie Scott. This gift is being utilized to increase programmatic capacity, and therefore has been restricted for use in a capital campaign.

Junior Achievement has evaluated subsequent events through December 5, 2022, the date the financial statements were available to be issued.

(Continued)



**NOTE 2 - ENDOWMENT INVESTMENTS**

Junior Achievement's endowment consists of four individual funds established for operations in Tulsa, Bartlesville and Oklahoma City, as well as maintenance of the physical assets in Tulsa. Junior Achievement transferred an initial contribution of trust investments to the Tulsa Community Foundation, Bartlesville Community Foundation and Oklahoma City Community Foundation (Collectively referred to as the "Foundations") and named itself the beneficiary. Junior Achievement executed an "Agency Fund Agreement" with the Foundations, creating an agency fund. The Board of Trustees of the Foundations shall have the power to modify any restriction or condition on distributions from the fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundations. All contributions to this fund are irrevocable once accepted by the Foundations. Funds held by the Foundations have been recorded as an asset at fair market value.

The funds held by the Foundations represent Junior Achievement's only endowments, which includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Board of Directors of Junior Achievement has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Junior Achievement classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Junior Achievement in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Junior Achievement considers the following factors in making a determination to appropriate or accumulate net assets with donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Junior Achievement and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of Junior Achievement
7. The investment policies of Junior Achievement

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

The composition of beneficial interest in assets held by the Foundations by fund type at June 30, was as follows:

2022	Unrestricted	Board Restricted	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 482,232	\$ 482,232
Board-designated endowment funds	8,519	-	-	8,519
Total	<u>\$ 8,519</u>	<u>\$ -</u>	<u>\$ 482,232</u>	<u>\$ 490,751</u>
2021	Unrestricted	Board Restricted	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 482,232	\$ 482,232
Board-designated endowment funds	90,749	-	-	90,749
Total	<u>\$ 90,749</u>	<u>\$ -</u>	<u>\$ 482,232</u>	<u>\$ 572,981</u>

Endowment assets earnings are designated for the operations of JA BizTown and general operations in Oklahoma City and Bartlesville.

Investments at June 30, 2022, are summarized as follows:

	Fair Value	Cost
Tulsa Community Foundation	\$ 351,335	\$ 359,445
Bartlesville Community Foundation	124,242	121,745
Oklahoma City Community Foundation	15,174	15,174
Total	<u>\$ 490,751</u>	<u>\$ 496,364</u>

Investments at June 30, 2021, are summarized as follows:

	Fair Value	Cost
Tulsa Community Foundation	\$ 405,075	\$ 338,318
Bartlesville Community Foundation	149,533	119,456
Oklahoma City Community Foundation	18,373	18,373
Total	<u>\$ 572,981</u>	<u>\$ 476,147</u>

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

Changes in the beneficial interest in assets held by the Foundation for the years ending June 30, 2022 and 2021 are as follows:

	<u>Unrestricted</u>	<u>Board Restricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2020	\$ 52,298	\$ -	\$ 482,232	\$ 534,530
Investment return:				
Net realized and unrealized appreciation	<u>38,451</u>	<u>-</u>	<u>-</u>	<u>38,451</u>
Endowment net assets, June 30, 2021	90,749	-	482,232	572,981
Investment return:				
Net realized and unrealized depreciation	<u>(82,230)</u>	<u>-</u>	<u>-</u>	<u>(82,230)</u>
Endowment net assets, June 30, 2022	<u>\$ 8,519</u>	<u>\$ -</u>	<u>\$ 482,232</u>	<u>\$ 490,751</u>

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Junior Achievement to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2022 and 2021.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, Junior Achievement relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Junior Achievement targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

***Return Objectives and Risk Parameters***

Junior Achievement has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Junior Achievement must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

Junior Achievement has a policy of appropriating its endowment fund for distribution as needed. Distribution requires an affirmative majority vote of the Board of Directors. In establishing this policy, Junior Achievement considered the long-term expected return on its endowment. Accordingly, over the long term, Junior Achievement expects the current spending policy to allow its endowment to grow. This is consistent with Junior Achievement's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**NOTE 3 - FAIR VALUE OF ASSETS AND LIABILITIES**

Financial assets and liabilities measured at fair value on a recurring basis consist of pledges receivable and beneficial interest in assets held by the Foundations. The following tables summarize the balances of Junior Achievement's assets at June 30:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2022</u>			
Beneficial interest in assets held by Foundations	\$ -	\$ 490,751	\$ -
Investments	766,942	-	-
	<u>\$ 766,942</u>	<u>\$ 490,751</u>	<u>\$ -</u>
<u>June 30, 2021</u>			
Beneficial interest in assets held by Foundations	\$ -	\$ 572,981	\$ -
Investments	393,064	-	-
	<u>\$ 393,064</u>	<u>\$ 572,981</u>	<u>\$ -</u>

The beneficial interest in assets held by the Foundations is valued using quoted market prices of the underlying securities that comprise the interest.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 4 – INVESTMENTS**

Investments consist of general investments and endowment funds. Investments are presented in the financial statements at fair market value and are summarized as follows at June 30, 2022:

	<u>Market Value</u>	<u>Cost</u>
Equity funds	\$ 597,709	\$ 634,254
Fixed income funds	550,606	615,154
Alternative investments / short term investments	47,077	50,898
Cash and cash equivalents	<u>62,301</u>	<u>62,301</u>
Total	<u>\$ 1,257,693</u>	<u>\$ 1,362,607</u>

Investments are summarized as follows at June 30, 2021:

	<u>Market Value</u>	<u>Cost</u>
Equity funds	\$ 446,798	\$ 317,995
Fixed income funds	445,787	424,504
Alternative investments / short term investments	31,083	29,738
Cash and cash equivalents	<u>42,377</u>	<u>42,377</u>
Total	<u>\$ 966,045</u>	<u>\$ 814,614</u>

Net investment income consists of the following for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 23,755	\$ 15,395
Realized investment gain	31,325	47,742
Unrealized investment gain (loss)	(251,491)	98,412
Fees	<u>(10,550)</u>	<u>(8,173)</u>
Total	<u>\$ (206,961)</u>	<u>\$ 153,376</u>

**NOTE 5 - NOTES PAYABLE**

On May 20, 2020, Junior Achievement accepted terms of a loan from the Achievement Foundation in the amount of \$50,000. The purpose is to assist Junior Achievement areas who are in financial need by providing interest free loans. The loan is payable in twelve equal installments of \$4,167 payable quarterly beginning June 30, 2021. The balance was \$29,167 and \$45,833 as of June 30, 2022 and 2021, respectively.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

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**NOTE 6 – FORGIVENESS OF PPP LOAN**

On January 20, 2021, Junior Achievement received a second installment of loan proceeds in the amount of \$252,105 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduced salaries during the period. Junior Achievement was granted forgiveness by the Small Business Administration on October 7, 2022. The amount has been recognized as a separate line item within the Statement of Activities for the year ended June 30, 2022.

On April 13, 2020, Junior Achievement received the initial installment of loan proceeds in the amount of \$257,600 under the PPP. Junior Achievement was granted forgiveness by the Small Business Administration on November 19, 2020. The amount has been recognized as a separate line item within the Statement of Activities for the year ended June 30, 2021.

**NOTE 7 – PROPERTY AND EQUIPMENT**

At June 30, property and equipment were as follows:

	2022	2021
Building	\$ 2,500,296	\$ 2,474,295
Equipment	615,056	565,333
Land	452,304	452,304
Furnitures and fixtures	116,224	116,224
Total	3,683,880	3,608,156
Accumulated depreciation	(1,773,629)	(1,668,971)
Property and equipment, net	<u>\$ 1,910,251</u>	<u>\$ 1,939,185</u>

Depreciation in the amount of \$104,658 and \$107,676 for the years ended June 30, 2022 and 2021, respectively, has been allocated to program and supporting activities in the statement of activities.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors for the years ended June 30:

Purpose and time restrictions:

	<u>2022</u>	<u>2021</u>
Annual partnership	\$ 24,436	\$ 45,966
Individual	23,362	295
JA Investor Challenge	12,500	16,500
JA Finance Park	10,000	1,000
Golf	3,750	-
Student Fees	2,664	-
JA Classic	-	32,750
Business Success Series	-	10,000
Total	<u>\$ 76,712</u>	<u>\$ 106,511</u>

Net assets with donor restrictions, including cash and pledges receivable balances, were available for the following purposes or restricted for time at June 30:

	<u>2022</u>	<u>2021</u>
Perpetual Endowment	\$ 482,232	\$ 482,232
Golf	30,750	-
Annual partnership	25,753	33,236
JA Finance Park	20,000	10,000
JA BizTown Shop Sponsor	13,333	-
Student Fees	5,332	-
Bowling	4,000	-
Curriculum Fee	1,875	-
Individual	1,175	23,157
JA Investor Challenge	-	13,250
Total	<u>\$ 584,450</u>	<u>\$ 561,875</u>

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED JUNE 30, 2022 AND 2021

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**NOTE 9 - LIQUIDITY AND AVAILABILITY**

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

Cash and cash equivalents	\$ 419,382
Pledges receivable	<u>8,103</u>
	<u>\$ 427,485</u>

Junior Achievement regularly monitors liquidity required to meet its operating needs and other contractual commitments. Junior Achievement depends on donations from corporations, foundations, individuals, as well as grants, to fund its normal day-to-day operations. Donation levels vary in response to fundraising campaigns throughout the year. Junior Achievement also maintains an investment account which is primarily intended to fund long-term obligations.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, Junior Achievement considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, Junior Achievement operates within a balanced budget and anticipates collecting sufficient revenues and grants to cover general expenditures.

**NOTE 10 - RELATED PARTY TRANSACTIONS**

Program and support fees are calculated based on JA Area revenue reported in the audited financial statements (subject to exclusions and phase-in adjustments as may be approved by JA USA) using the Revenue 3 Tier Model fee schedule as follow: 11.5% of gross revenues up to \$1 million, 9.5% of gross revenues above \$1 million and up to \$2 million and 7.5% of gross revenues above \$2 million. Fees paid to JA USA were \$173,333 and \$155,783 for the years ended June 30, 2022 and 2021, respectively.

Junior Achievement expended \$30,058 and \$18,681 during the years ended June 30, 2022 and 2021, respectively, to JA USA, for the purchase of various classroom program supplies and materials, JA Finance Park materials, and JA BizTown program fees and materials.

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**NOTE 11 - EMPLOYEE BENEFITS**

JA USA has a self-funded medical, dental and other benefits plan covering full-time employees of Junior Achievement 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 Junior Achievement 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 Junior Achievement.

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

Junior Achievement of Oklahoma has a 401K Plan which covers all employees that exceed 1,000 hours per year, regardless of age. Junior Achievement made matching contributions of \$29,882 and \$15,480 during the years ended June 30, 2022 and 2021, respectively. Catchup contributions were made for those employees who have a combined years of service and age of 70 and employed by Junior Achievement for 10 years.

**NOTE 12 - CONCENTRATIONS OF CREDIT RISK**

Junior Achievement's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Junior Achievement maintains its cash balances at local banks. At June 30, 2022 and 2021, the balances were insured by the Federal Deposit Insurance Corporation. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the risk related to these deposits are minimal.

Junior Achievement maintains investment accounts with various Foundations. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

**NOTE 13 - NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued Accounting Standards Update ASU 2016-02, Leases (Topic 842), which provides more transparency and comparability among organizations by recognizing leased assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted.

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which improves generally accepted accounting principles by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for annual periods beginning after June 15, 2021, with early adoption permitted.

Junior Achievement will be evaluating the impact these standards will have on its financial statements and related disclosures.