

**JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.**

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2019
AND
INDEPENDENT AUDITORS' REPORT

**JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.**

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

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statement of financial position	2
Statement of activities and changes in net assets	3
Statement of functional expenses	4
Statement of cash flows	5
Notes to financial statements	6 - 16

INDEPENDENT AUDITORS' REPORT

Junior Achievement of Central Upstate New York, Inc.
Rochester, New York

We have audited the accompanying financial statements of Junior Achievement of Central Upstate New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 organization'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 organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Central Upstate New York, Inc. as of June 30, 2020, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Central Upstate New York, Inc.'s June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 26, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davie Kaplan, CPA, P.C.

Rochester, NY

October 1, 2020

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Financial Position as of June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 541,004	\$ 292,405
Pledges receivable	29,744	157,650
Investments	445,171	422,444
Prepaid expenses	<u>2,535</u>	<u>2,544</u>
	<u>1,018,454</u>	<u>875,043</u>
Other asset		
Long-term pledges receivable	<u>102,500</u>	<u>38,834</u>
	<u>\$ 1,120,954</u>	<u>\$ 913,877</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 946	\$ 17,489
Accounts payable - other	-	161
Accrued expenses and other liabilities	748	1,203
Deferred revenue	<u>30,250</u>	<u>36,250</u>
	<u>31,944</u>	<u>55,103</u>
Long-term liability		
Paycheck protection program loan	<u>90,446</u>	<u>-</u>
Net assets		
Net assets without donor restrictions		
Board designated	445,171	422,444
Undesignated	<u>83,133</u>	<u>96,317</u>
	528,304	518,761
Net assets with donor restrictions	<u>470,260</u>	<u>340,013</u>
	<u>998,564</u>	<u>858,774</u>
	<u>\$ 1,120,954</u>	<u>\$ 913,877</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2020</u>	<u>Total 2019</u>
Revenue, gains, and other support				
Contributions				
Corporate	\$ 169,687	\$ -	\$ 169,687	\$ 274,932
Foundations	86,812	119,000	205,812	69,688
Individual	<u>64,662</u>	<u>11,247</u>	<u>75,909</u>	<u>71,316</u>
Total contributions	321,161	130,247	451,408	415,936
Governmental	48,286	-	48,286	35,177
In-kind revenue	56,268	-	56,268	82,419
Interest	800	-	800	194
Investment income realized	9,819	-	9,819	10,458
Other	423	-	423	6,663
Special events (net of related expenses, 2020 - \$133,843, 2019 - \$135,473)	224,377	-	224,377	240,297
Unrealized gain on investments	<u>12,908</u>	<u>-</u>	<u>12,908</u>	<u>17,993</u>
	<u>674,042</u>	<u>130,247</u>	<u>804,289</u>	<u>809,137</u>
Expenses				
Program	539,063	-	539,063	621,506
Fund raising	103,967	-	103,967	93,181
Management and general	<u>21,469</u>	<u>-</u>	<u>21,469</u>	<u>21,441</u>
	<u>664,499</u>	<u>-</u>	<u>664,499</u>	<u>736,128</u>
Total change in net assets	9,543	130,247	139,790	73,009
Net assets, beginning of year	<u>518,761</u>	<u>340,013</u>	<u>858,774</u>	<u>785,765</u>
Net assets, end of year	<u>\$ 528,304</u>	<u>\$ 470,260</u>	<u>\$ 998,564</u>	<u>\$ 858,774</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Functional Expenses for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	<u>Program</u>	<u>Fund Raising</u>	<u>Management and General</u>
Salaries	\$ 316,265	\$ 63,534	\$ 11,103
Junior Achievement Worldwide fees	50,341	4,442	4,442
In-kind special events	35,068	18,076	124
Employee benefits and payroll taxes	39,449	8,279	1,157
Rent and utilities	27,484	4,967	662
Supplies and materials	30,304	42	42
Outside services	13,683	2,761	2,818
Telephone	6,964	464	309
Miscellaneous	6,903	-	-
Capstone	6,270	-	-
Travel	3,276	-	-
Office equipment	1,520	761	761
Insurance	716	129	17
Recognition and public relations	105	489	-
Postage and freight	509	23	34
Conferences	206	-	-
Total expenses before depreciation	<u>539,063</u>	<u>103,967</u>	<u>21,469</u>
Depreciation	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 539,063</u>	<u>\$ 103,967</u>	<u>\$ 21,469</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

.....June 30.....

<u>Total</u> <u>2020</u>	<u>Total</u> <u>2019</u>
\$ 390,902	\$ 392,585
59,225	33,941
53,268	63,394
48,885	47,987
33,113	34,352
30,388	71,921
19,262	17,243
7,737	7,929
6,903	13,652
6,270	32,059
3,276	7,551
3,042	2,977
862	1,104
594	3,170
566	369
<u>206</u>	<u>4,647</u>
664,499	734,881
<u>-</u>	<u>1,247</u>
<u>\$ 664,499</u>	<u>\$ 736,128</u>

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Cash Flows for the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 139,790	\$ 73,009
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Depreciation	-	1,247
Unrealized gain on investments	<u>(12,908)</u>	<u>(17,993)</u>
	126,882	56,263
Increase (decrease) in cash due to changes in operating assets and liabilities		
Pledges receivable	127,906	(53,378)
Long-term pledges receivable	(63,666)	111,945
Prepaid expenses	9	413
Accounts payable	(16,543)	7,333
Accounts payable - Other	(161)	(330)
Accrued expenses and other liabilities	(455)	390
Deferred revenue	<u>(6,000)</u>	<u>7,000</u>
	<u>167,972</u>	<u>129,636</u>
Cash flows from investing activities		
Purchase of investments	<u>(9,819)</u>	<u>(10,458)</u>
Cash flows from financing activities		
Proceeds from paycheck protection program loan	<u>90,446</u>	<u>-</u>
Net increase in cash	248,599	119,178
Cash, beginning of year	<u>292,405</u>	<u>173,227</u>
Cash, end of year	<u>\$ 541,004</u>	<u>\$ 292,405</u>

The accompanying Notes to Financial Statements
are an integral part of this statement.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

1. Description of Organization

Junior Achievement of Central Upstate New York, Inc. (the Organization) operates as a licensee of Junior Achievement USA. As a licensee, the Organization incurs license fees and program materials expense to Junior Achievement USA (JA USA) throughout the year. The Organization's purpose is to prepare and inspire youth to succeed in a global economy. The Organization's primary sources of support are derived from major businesses and schools in the Rochester, greater Syracuse, and Southern Tier areas of New York.

The Organization is actively raising funds in connection with the creation of the JA Discovery Center to house JA Finance Park and JA BizTown programs in Rochester, New York (Capstone).

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

New accounting pronouncements

In May, 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The new model creates a five-step process for revenue recognition that focuses on recognizing revenue based on distinct performance obligations detailed within the contract, and determining whether revenue should be recognized at a point in time or over time. Under the new standard, enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers are required. The guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted, and requires a modified retrospective approach. The Organization has adopted this guidance for the year ended June 30, 2020.

Management has analyzed the impact surrounding the implementation of ASU No. 2014-09, and has determined that there is not a material impact. As a result, no adjustment was necessary to opening retained earnings for the current year.

In June, 2018 the FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The guidance is effective for annual periods beginning after December 15, 2018, with early adoption permitted, and requires a modified prospective approach. The Organization has adopted this guidance for the year ended June 30, 2020.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

New accounting pronouncements (Continued)

Management has analyzed the impact surrounding the implementation of ASU No. 2018-08, and has determined that there is not a material impact.

Financial statement presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets and changes therein are classified and reported as follows:

Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

With donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions and/or the passage of time or net assets subject to donor-imposed stipulations that will be maintained permanently.

Pledges

Contributions are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful pledges is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributed materials and services

Contributed materials and services are reflected in the financial statements at the estimated fair value of the materials and services received. The contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

The Organization maintains cash at financial institutions which may exceed federally insured amounts at times.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

The Organization accounts for investments in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC Topic 820 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs are quoted prices for similar assets in markets that are not active, inputs other than quoted prices that are observable and market corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Property and equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support 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, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method or declining balance methods over the estimated useful lives of the related assets which range from five to seven years. Maintenance and repairs are charged to operations as incurred. Significant improvements or renewals are capitalized.

Contributions

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Donor restricted contributions are reported as increases in net assets with donor restrictions. Contributions which have restrictions satisfied in the same period they are received are recorded as increases in net assets without donor restrictions. The Organization records special events revenue equal to the cost of direct benefits to donors and contribution revenue for the difference.

Deferred revenue

The Organization receives sponsorships in advance from donors for future fundraising events that provide a reciprocal transfer to the donor. These sponsorships are recorded as a liability until the special event has been completed.

Functional allocation of expenses

The costs of providing program services, fund raising and management and general functions have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based upon management estimates.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application of state law.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

2. Summary of Significant Accounting Policies (Continued)

Income taxes (Continued)

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2020 and 2019.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of New York. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2017.

Retirement plan

The Organization has a Section 403(b) Retirement Plan for its employees. All employees are eligible and may elect to have the Organization purchase retirement annuities and mutual fund contracts, on a pre-tax basis, as part of their compensation.

The maximum contribution an employee may make each year is subject to statutory limits. The Plan does not require any contributions by the Organization and may be terminated at any time.

Recognition and public relation costs

Recognition and public relation costs are expensed as incurred.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

Management's review of subsequent events

The Organization evaluated events occurring between the end of the most recent fiscal year and October 1, 2020, the date the financial statements were available to be issued.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

3. Comparative Totals for the Year Ended June 30, 2019

The totals presented for the year ended June 30, 2019 are for comparative purposes only and are not intended to be a full and complete disclosure.

4. Contributed Materials, Services, and Property

The Organization records various types of in-kind contributions, including contributed tangible assets and services. The contributions of tangible assets are recognized at the date of the contribution and are recorded at fair market value. Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills that are provided by individuals possessing those skills that typically would need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are recorded by the gross method, with offsetting amounts included in expenses.

During the years ended June 30, 2020 and 2019, contributed services of \$3,000 and \$3,600 were recorded as operating contributions, respectively. During the years ended June 30, 2020 and 2019, \$-0- of property was recorded as operating contribution.

The following is a summary of the functional expenses for which the contributed services were utilized:

	<u>2020</u>	<u>2019</u>
Rent and utilities	<u>\$ 3,000</u>	<u>\$ 3,600</u>

During the years ended June 30, 2020 and 2019, contributed services and materials of \$53,268 and \$63,394 were received and recorded as special event revenue and expense, respectively.

During the year ended June 30, 2019, contributed services of \$15,425 were received and recorded as Capstone project revenue and expense.

5. Investments

The Organization's investment strategy is to create two funds: a long-term board designated fund (the Board Designated Fund), and a short-term fund used for operations (the Operating Fund), collectively referred to as the Funds.

The Board Designated Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a modest annual distribution to provide perpetual financial support to the Organization. The Operating Fund is to be invested with the objective of remaining relatively liquid, preserving principal and providing working capital for the Organization. As of June 30, 2020, the Operating Fund has not been funded.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

5. Investments (Continued)

Investments are recorded at fair value based on quoted prices in active markets and consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Investments:		
Mutual funds	<u>\$ 445,171</u>	<u>\$422,444</u>

All of the Organization's investments are measured using Level 1 inputs (Note 2). There were no investments measured using Level 2 and 3 inputs. There were no transfers between categories and no changes in valuation methods during the years ended June 30, 2020 and 2019.

Investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends	\$ 9,819	\$ 10,458
Unrealized gain on investments	<u>12,908</u>	<u>17,993</u>
	<u>\$ 22,727</u>	<u>\$ 28,451</u>

6. Board Designated Net Assets

Board designated net assets consists of the following:

	<u>2020</u>	<u>2019</u>
Board designated fund balance	<u>\$ 445,171</u>	<u>\$ 422,444</u>

The purpose of the designation is to ensure the stability of the mission, programs and ongoing operations of the Organization. The funds are to be used only with the direction and approval of the Board of Directors.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

7. Property and Equipment

Property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 27,095	\$ 27,095
Furniture and fixtures	<u>21,070</u>	<u>21,070</u>
	48,165	48,165
Less: Accumulated depreciation	<u>48,165</u>	<u>48,165</u>
	<u>\$ -</u>	<u>\$ -</u>

8. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purpose:

	<u>2020</u>	<u>2019</u>
Contributions designated for the Capstone project	<u>\$ 470,260</u>	<u>\$ 340,013</u>

During the years ended June 30, 2020 and 2019, contributions with donor restrictions made by individual members of the Board of Directors (Board) totaling \$0- and \$35,000 were released from restriction by the Board, respectively.

9. Line of Credit

The Organization has a \$50,000 working capital line of credit available. The line of credit bears interest at the prime rate of interest plus 1.00% per annum. The line of credit is secured by substantially all of the assets of the Organization. The outstanding balance on the line was \$0- at June 30, 2020 and 2019. The prime rate as of June 30, 2020 is 3.25%.

10. Commitments

Junior Achievement USA franchise fees

The Organization is required to pay franchise fees under a program applying the applicable rates to the prior fiscal year qualifying contributions.

The franchise fee expense incurred to Junior Achievement USA was \$59,225 and \$33,941 for the years ended June 30, 2020 and 2019, respectively.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

10. Commitments (Continued)

Lease commitment

The Organization has a two-year lease agreement that began on January 1, 2016 at \$2,122 per month, with a 3% annual escalation. This lease was extended until December 1, 2020 with monthly rent at \$2,251 for the extension period. The future minimum lease payments required of the Organization are as follows:

<u>Year</u>	<u>Amount</u>
2021	<u>\$ 11,255</u>

Rent expense amounted to \$30,113 and \$30,752 for the years ended June 30, 2020 and 2019, respectively, for the Rochester location. As noted in Note 4, rent and utilities for the Syracuse territory is contributed to Junior Achievement for \$3,000 and \$3,600 for the years ended June 30, 2020 and 2019, respectively. Total rent expense amounted to \$33,113 and \$34,352 for the years ended June 30, 2020 and 2019, respectively.

The Organization has a lease agreement for five years for certain office equipment with monthly payments at \$234 which also includes supplies beginning in April, 2016. The future minimum lease payments required of the Organization for the years ending June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2021	<u>\$ 2,806</u>

Lease expense amounted to \$3,042 and \$2,977 for the years ended June 30, 2020 and 2019, respectively.

11. Liquidity

As of June 30, 2020, the Organization had \$648,159 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$180,259, pledges receivable of \$22,729 and without donor-restricted investments of \$445,171. As of June 30, 2019, the Organization had \$571,320 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$99,289, pledges receivable of \$49,587 and without donor-restricted investments of \$422,444. None of the financial assets were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

11. Liquidity (Continued)

The Organization has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet six months of normal operating expenses, which are approximately \$399,000. Normal operating expenses include certain fundraising and development efforts for Capstone. Capital expenditures related to any potential future construction of the Capstone site are expected to be funded primarily from donor restricted contributions, and are excluded from normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has a line of credit in the amount of \$50,000, which it could draw upon in the event of an unanticipated liquidity need (see **Line of Credit**).

The following reflects the Organization's financial assets (total assets, less nonfinancial assets such as prepaid expenses and property and equipment as of June 30, 2020 and 2019, reduced by amounts not for general use because of contractual or restrictions within one year of this date):

	<u>2020</u>	<u>2019</u>
Total assets	\$1,120,954	\$ 913,877
Less: Non-financial assets:		
Prepaid expenses	<u>(2,535)</u>	<u>(2,544)</u>
Financial assets at year-end	1,118,419	911,333
Less: Financial assets unavailable for general expenditures within one year due to:		
Satisfaction of donor restrictions	<u>(470,260)</u>	<u>(340,013)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 648,159</u>	<u>\$ 571,320</u>

12. Economic Conditions

The World Health Organization declared the coronavirus (COVID-19) to be a public health emergency on January 30, 2020. On March 13, 2020, President Trump declared a national emergency in the United States. Management is evaluating the impact of the coronavirus on operations daily. This evaluation includes the direct effect on internal operations as well as potential changes in demand for product/services, the effect on supply chains, service providers, and business partners. As of the report date, the impact on operations and financial results cannot be determined.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020
with Comparative Totals for the Year Ended June 30, 2019

13. Paycheck Protection Program Loan

On March 27, 2020, President Trump signed the CARES Act bill into law. Included in the CARES Act was the Paycheck Protection Program (PPP). The PPP was authorized to distribute loans to eligible small businesses to support job retention. The loans are eligible for forgiveness under certain conditions. Loans and portions of loans that are not forgiven shall be repaid over a period of five years at 1% interest. The Organization received a loan of \$90,446 from the PPP program on April 24, 2020, which amount remained outstanding at June 30, 2020. The Organization is currently evaluating its eligibility for loan forgiveness. Accordingly, the loan is reflected as a long-term liability in the accompanying June 30, 2020 statement of financial position, based upon the contractual terms without forgiveness.