

**JUNIOR ACHIEVEMENT OF ARIZONA, INC.  
AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Junior Achievement of Arizona, Inc. and Affiliates  
Tempe, Arizona

We have audited the accompanying consolidated financial statements of Junior Achievement of Arizona, Inc. and Affiliates (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Board of Directors  
Junior Achievement of Arizona, Inc. and Affiliates

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Arizona, Inc. and Affiliates as of June 30, 2021 and 2020, and the change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Phoenix, Arizona  
October 28, 2021

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

	2021	2020
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,222,397	\$ 1,413,031
Investments	2,498,331	1,640,529
Pledges Receivable, Net	454,553	305,564
Other Receivables	418,080	18,579
Prepaid Assets	97,561	93,905
In-Kind Inventories	3,000	4,377
Total Current Assets	4,693,922	3,475,985
<b>OTHER ASSETS</b>		
Investments in Endowments	581,358	441,452
Pledges Receivable, Net of Current Portion	253,087	368,973
Other Long-Term Assets	34,172	32,830
Fixed Assets, Net	2,367,218	1,911,492
Total Other Assets	3,235,835	2,754,747
Total Assets	\$ 7,929,757	\$ 6,230,732
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 30,375	\$ 33,768
Accrued Liabilities	214,666	241,832
Obligations Under Capital Leases, Current Portion	26,297	18,968
Loans Payable, Current Portion	12,750	6,112
Total Current Liabilities	284,088	300,680
<b>NONCURRENT LIABILITIES</b>		
Obligations Under Capital Leases, Net of Current Portion	19,745	46,042
Loans Payable, Net of Current Portion	569,779	597,572
Total Noncurrent Liabilities	589,524	643,614
Total Liabilities	873,612	944,294
<b>NET ASSETS</b>		
Without Donor Restrictions	5,769,140	3,863,957
With Donor Restrictions	1,287,005	1,422,481
Total Net Assets	7,056,145	5,286,438
Total Liabilities and Net Assets	\$ 7,929,757	\$ 6,230,732

See accompanying Notes to Consolidated Financial Statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, LOSSES, AND OTHER SUPPORT</b>			
Contributions:			
Corporate	\$ 781,156	\$ 393,099	\$ 1,174,255
Individual	465,868	18,726	484,594
Foundations	412,512	36,125	448,637
Government	492,102	9,036	501,138
Total Contributions	2,151,638	456,986	2,608,624
Special Events	960,887	8,056	968,943
Less Direct Costs of Benefit Donors	(118,188)	-	(118,188)
Special Events, Net	842,699	8,056	850,755
 Gains, Losses, and Other Support:			
Forgiveness of Paycheck Protection Program Loan	423,684	-	423,684
Donated Items, Goods, and Services	387,844	-	387,844
Governmental Revenue	28,952	-	28,952
Other Income	42,482	9,941	52,423
Realized Gain on Investments	239,982	40,059	280,041
Unrealized Gain on Investments	126,869	108,187	235,056
Net Assets Released from Restrictions	758,705	(758,705)	-
Total Gains, Losses and Other Support	2,008,518	(600,518)	1,408,000
 Total Revenues, Gains, Losses and Other Support	5,002,855	(135,476)	4,867,379
 <b>EXPENSES</b>			
Program Services	1,792,363	-	1,792,363
Fundraising:			
Cost of Soliciting Volunteers	2,077	-	2,077
Cost of Soliciting Contributions	919,139	-	919,139
Total Fundraising	921,216	-	921,216
Management and General	384,093	-	384,093
Total Expenses	3,097,672	-	3,097,672
 <b>CHANGE IN NET ASSETS</b>	1,905,183	(135,476)	1,769,707
Net Assets - Beginning of Year	3,863,957	1,422,481	5,286,438
 <b>NET ASSETS - END OF YEAR</b>	\$ 5,769,140	\$ 1,287,005	\$ 7,056,145

See accompanying Notes to Consolidated Financial Statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, LOSSES, AND OTHER SUPPORT</b>			
Contributions:			
Corporate	\$ 899,413	\$ 418,400	\$ 1,317,813
Individual	388,934	50,260	439,194
Foundations	172,453	295,631	468,084
Total Contributions	1,460,800	764,291	2,225,091
Special Events	932,799	24,900	957,699
Less Direct Costs of Benefit Donors	(154,470)	-	(154,470)
Special Events, Net	778,329	24,900	803,229
 Gains, Losses, and Other Support:			
Donated Items, Goods, and Services	583,585	-	583,585
Governmental Revenue	235,167	-	235,167
Other Income	139,588	13,314	152,902
Realized Gain (Loss) on Investments	44,509	14,325	58,834
Unrealized Gain on Investments	(23,249)	(25,914)	(49,163)
Net Assets Released from Restrictions	988,074	(988,074)	-
Total Gains, Losses and Other Support	1,967,674	(986,349)	981,325
 Total Revenues, Gains, Losses and Other Support	4,206,803	(197,158)	4,009,645
 <b>EXPENSES</b>			
Program Services	2,828,033	-	2,828,033
Fundraising:			
Cost of Soliciting Volunteers	6,591	-	6,591
Cost of Soliciting Contributions	808,961	-	808,961
Total Fundraising	815,552	-	815,552
Management and General	507,485	-	507,485
Total Expenses	4,151,070	-	4,151,070
 <b>CHANGE IN NET ASSETS</b>	55,733	(197,158)	(141,425)
 Net Assets - Beginning of Year	3,808,224	1,619,639	5,427,863
 <b>NET ASSETS - END OF YEAR</b>	\$ 3,863,957	\$ 1,422,481	\$ 5,286,438

See accompanying Notes to Consolidated Financial Statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2021**

	Support Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 1,087,039	\$ 273,065	\$ 681,787	\$ 954,852	\$ 2,041,891
Office and Occupancy	186,369	74,524	91,594	166,118	352,487
Travel, Meetings and Conferences	6,981	3,789	3,395	7,184	14,165
Program Delivery and Development	360,010	-	-	-	360,010
Outside Services	27,441	17,110	27,651	44,761	72,202
Depreciation	103,841	14,144	12,140	26,284	130,125
Donated Goods and Services	20,682	1,461	17,117	18,578	39,260
Fundraising Events	-	-	87,532	87,532	87,532
Direct Costs of Donor Benefits	-	-	118,188	118,188	118,188
Total	<u>1,792,363</u>	<u>384,093</u>	<u>1,039,404</u>	<u>1,423,497</u>	<u>3,215,860</u>
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:					
Direct Costs of Benefit Donors	<u>-</u>	<u>-</u>	<u>(118,188)</u>	<u>(118,188)</u>	<u>(118,188)</u>
Total Expenses by Function	<u>\$ 1,792,363</u>	<u>\$ 384,093</u>	<u>\$ 921,216</u>	<u>\$ 1,305,309</u>	<u>\$ 3,097,672</u>

See accompanying Notes to Consolidated Financial Statements.



**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2020**

	Support Services				Total
	Program Services	Management and General	Fundraising	Total Support Services	
Salaries and Benefits	\$ 1,504,804	\$ 346,311	\$ 637,118	\$ 983,429	\$ 2,488,233
Office and Occupancy	236,980	83,222	69,050	152,272	389,252
Travel, Meetings and Conferences	38,382	7,480	14,496	21,976	60,358
Program Delivery and Development	436,392	899	1,290	2,189	438,581
Outside Services	32,990	14,454	19,675	34,129	67,119
Depreciation	102,026	14,859	8,032	22,891	124,917
Donated Goods and Services	476,459	40,260	40,383	80,643	557,102
Fundraising Events	-	-	25,508	25,508	25,508
Direct Costs of Donor Benefits	-	-	154,470	154,470	154,470
Total	<u>2,828,033</u>	<u>507,485</u>	<u>970,022</u>	<u>1,477,507</u>	<u>4,305,540</u>
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:					
Direct Costs of Benefit Donors	<u>-</u>	<u>-</u>	<u>(154,470)</u>	<u>(154,470)</u>	<u>(154,470)</u>
Total Expenses by Function	<u>\$ 2,828,033</u>	<u>\$ 507,485</u>	<u>\$ 815,552</u>	<u>\$ 1,323,037</u>	<u>\$ 4,151,070</u>

See accompanying Notes to Consolidated Financial Statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,769,707	\$ (141,425)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	130,125	124,917
Forgiveness of Paycheck Protection Program Loan	(423,684)	-
Net Realized and Unrealized (Gains) Losses on Investments	(515,097)	9,671
Loss on Disposal of Fixed Assets	724	-
Amortization of Discount on Pledges Receivable	(16,114)	(5,631)
Donated Fixed Assets	(348,640)	(39,030)
(Increase) Decrease in Assets:		
Pledges Receivable	(16,989)	355,769
Other Receivables	(399,501)	(15,110)
Prepaid Assets	(3,656)	5,436
In-Kind Inventory	1,377	4,934
Other Long-Term Assets	(1,342)	(1,358)
Increase (Decrease) in Liabilities:		
Accounts Payable	(3,393)	(71,895)
Accrued Liabilities	(27,166)	46,274
Net Cash Provided by Operating Activities	146,351	272,552
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets	(237,935)	(42,303)
Purchases of Investments	(2,318,605)	(2,221,524)
Sales of Investments	1,835,994	1,769,998
Net Cash Used by Investing Activities	(720,546)	(493,829)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable	405,029	603,684
Payments on Loans Payable	(2,500)	-
Repayments of Obligations Under Capital Leases	(18,968)	(13,631)
Net Cash Provided by Financing Activities	383,561	590,053
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(190,634)	368,776
Cash and Cash Equivalents - Beginning of Year	1,413,031	1,044,255
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 1,222,397	\$ 1,413,031
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Donated Fixed Assets	\$ 348,640	\$ 39,030
Cash Paid for Interest	\$ -	\$ 25,117

See accompanying Notes to Consolidated Financial Statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

These consolidated financial statements include the accounts of Junior Achievement of Arizona, Inc. (Junior Achievement), and the Foundation for Junior Achievement of Arizona, Inc. (the Foundation). These entities (collectively, the Organization) are under common management and control. All material inter-affiliate accounts and transactions have been eliminated in these consolidated financial statements.

These consolidated financial statements do not include the Junior Achievement Endowment Fund, which is an endowment set up for the benefit of Junior Achievement at the Arizona Community Foundation. Although, as beneficiary, Junior Achievement is entitled to receive the income from the endowment and the income is to be used solely for the Organization's programs, the trustees of the endowment, Arizona Community Foundation, have variance power in determining the beneficiary. Because of that power, the endowment does not meet the requirements for recording in the Organization's consolidated financial statements under Financial Accounting Standards Board Codification (FASC) 958-20, *Not-for-Profit, and Financially Interrelated Entities*.

Junior Achievement of Arizona has been educating K-12 students about entrepreneurship, work readiness, and financial literacy since 1957, and has offices in Tempe and Tucson.

**Basis of Consolidated Financial Statements**

The Organization's consolidated financial statements are prepared using the accrual basis of accounting. Accordingly, all revenues are recognized when earned, and all expenses are recognized when incurred.

**Management Estimates**

The preparation of consolidated financial statements in accordance 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, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Management is of the opinion that the estimates used in these consolidated financial statements are materially correct, however, actual results may differ.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Fair Value of Financial Instruments**

The Organization uses fair value measurements to record certain assets and liabilities included in these consolidated financial statements. Accounting principles generally accepted in the United States of America establish a hierarchy that prioritizes inputs used in measuring fair value. The three levels of inputs are:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

*Level 2* – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

*Level 3* – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, pledges receivable, other receivables, accounts payable, and accrued liabilities approximate their carrying value, principally because of the short maturity of those instruments.

The Organization carries all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (Level 1 measurements) in the consolidated statements of financial position. Unrealized gains and losses are included in the accompanying consolidated statements of activities and changes in net assets.

The same valuation techniques were used during the years ended June 30, 2021 and 2020.

**Cash and Cash Equivalents**

The Organization maintains substantially all of its available cash at a national financial institution and its affiliated brokerage firm. The Organization's funds maintained at the financial institution are insured by the Federal Deposit Insurance Corporation up to a maximum of \$250,000. Funds maintained at the brokerage firm are insured by the Securities Investment Protection Corporation up to a maximum amount of \$500,000, including a maximum of \$250,000 for cash balances. The Organization, at times, may maintain balances in excess of these insured limits.

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Pledges Receivable**

Pledges receivable consists primarily of amounts pledged as support in connection with the Organization's annual fund-raising campaigns and certain special events. These pledges are reported as an increase in net assets in the year in which the pledge is made by the donor.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Amortization of the related discounts is included in contribution revenue over the life of the promise.

The Organization uses the allowance method to determine potentially uncollectible pledges receivable. This allowance is based on historical collection experience and management's analysis of specific pledges.

**Fixed Assets**

Fixed assets are stated at historical cost, or if donated, at the fair market value at the date of the gift. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from one to thirty-nine years. It is the Organization's policy to capitalize fixed assets with a cost in excess of \$2,500.

Maintenance and repairs are charged to expense and renewals and improvements are capitalized. When fixed assets are retired or disposed of, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in the consolidated statements of activities and changes in net assets.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Net Assets (Continued)**

*Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

**Revenue Recognition**

Contributions, including unconditional promises to give, are recognized as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Unconditional contribution pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain Organization grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021, outstanding conditional contributions approximating \$40,750 for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

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

**Donated Services**

The Organization recognizes contribution revenue when certain specialized services are received if the services (a) create or enhance nonfinancial 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. These revenues are recorded at the estimated fair market value of the services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its programs and services. The fair market value of these services has not been reflected in these consolidated financial statements.

**Functional Expenses**

Costs are allocated among program and supporting services based on the relative benefit to each. Costs unrelated to program services are allocated between fundraising and management and general expenses.

**Income Taxes**

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201(4) of the Arizona Revised Statutes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

The Organization utilizes the provisions of FASC 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Based on the Organization's evaluation of the June 30, 2018 through 2020 income tax returns and positions expected to be taken in the June 30, 2021 income tax returns, the Organization did not engage in activities or take uncertain tax positions that would jeopardize its tax-exempt status, or generate unrelated business income, which would be subject to taxation. In the event the Organization is assessed interest or penalties by major tax jurisdictions, it will be included in the provision for income taxes in the consolidated financial statements.

**Advertising Costs**

The Organization uses third-party advertising and its own website to promote its programs among the public it serves. All advertising costs are expensed as incurred. The Organization did not incur any advertising costs during the years ended June 30, 2021 or 2020.

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Concentration of Revenues**

The majority of the Organization's revenues arises from contributions and support from businesses, foundations, and individuals, most of whom are located or reside in the Phoenix and Tucson, Arizona metropolitan areas.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2021 AND 2020**

**NOTE 2 LIQUIDITY**

The Organization strives to maintain liquid financial assets sufficient to cover three to six months of general expenditures. At June 30, 2021, the Organization had liquid financial assets on hand to cover 9.31 months of general expenditures.

The following table reflects the Organization's financial assets, available for general expenditures within one year of the consolidated statement of financial position date:

	2021	2020
Total Financial Assets	\$ 5,427,806	\$ 4,188,128
Available Line of Credit	-	450,000
Donor Imposed Restrictions:		
Restricted Funds	(705,647)	(981,029)
Endowments	(581,358)	(441,452)
Net Financial Assets Available to Meet Cash Needs after Donor-Imposed Restrictions	<u>\$ 4,140,801</u>	<u>\$ 3,215,647</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

**NOTE 3 INVESTMENTS**

Investments consist of the following as of June 30:

	2021				
	Carrying Amount	Not Held at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity Funds	\$ 1,532,174	\$ -	\$ 1,532,174	\$ -	\$ -
Mutual Funds	1,297,165	-	1,297,165	-	-
Fixed Income	218,665	-	218,665	-	-
Cash Held for Endowments	31,685	31,685	-	-	-
Total Investments	<u>\$ 3,079,689</u>	<u>\$ 31,685</u>	<u>\$ 3,048,004</u>	<u>\$ -</u>	<u>\$ -</u>
	2020				
	Carrying Amount	Not Held at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity Funds	\$ 1,104,977	\$ -	\$ 1,104,977	\$ -	\$ -
Mutual Funds	339,245	-	339,245	-	-
Fixed Income	523,628	-	523,628	-	-
Alternative Investments	31,545	-	31,545	-	-
Real Property	33,372	-	33,372	-	-
Cash Held for Endowments	49,214	49,214	-	-	-
Total Investments	<u>\$ 2,081,981</u>	<u>\$ 49,214</u>	<u>\$ 2,032,767</u>	<u>\$ -</u>	<u>\$ -</u>

See Note 11 for a discussion of certain endowments included in the above balances.



**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 4 PLEDGES RECEIVABLE**

Pledges receivable consist of the following as of June 30:

	2021	2020
Corporate Campaigns	\$ 621,435	\$ 661,256
Special Events Campaigns	119,169	38,230
All Other Campaigns	11,399	35,528
Total	<u>752,003</u>	<u>735,014</u>
Less: Allowance for Uncollectible Pledges	(11,000)	(11,000)
Less: Unamortized Discount	(33,363)	(49,477)
Pledges Receivable, Net	<u>\$ 707,640</u>	<u>\$ 674,537</u>
Amounts Due in:		
Less than One Year	\$ 465,553	\$ 316,564
One to Five Years	286,450	418,450
Total	<u>\$ 752,003</u>	<u>\$ 735,014</u>

Pledges receivable with due dates extending beyond one year were discounted using rates effective on the date of the pledge, which approximated 4.3% and 5.5% as of June 30, 2021 and 2020, respectively.

**NOTE 5 FIXED ASSETS**

Fixed assets consist of the following as of June 30:

	2021	2020
Building	\$ 3,324,976	\$ 2,725,225
Equipment	297,485	409,560
Land Improvements - Parking Lot	351,340	351,340
Furniture	175,568	182,873
Sponsor Improvements	113,464	128,220
Construction in Progress	-	30,103
Total	<u>4,262,833</u>	<u>3,827,321</u>
Less: Accumulated Depreciation	<u>2,353,315</u>	<u>2,373,529</u>
Total	1,909,518	1,453,792
Land	457,700	457,700
Fixed Assets, Net	<u>\$ 2,367,218</u>	<u>\$ 1,911,492</u>

Depreciation expense was \$130,125 and \$124,917 for the years ended June 30, 2021 and 2020, respectively, and is allocated to program services, fundraising, and management and general expense in the consolidated statements of activities.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 6 LIFE INSURANCE POLICIES**

The Organization owns and is the beneficiary of life insurance policies on three individuals. These policies have a consolidated face value of \$48,000, and have estimated death values of \$69,086 and \$68,128 as of June 30, 2021 and 2020, respectively. The individuals on two of the policies provide the Organization with the funds to make the related premium payments. Upon the death of the insured, the Organization will receive all benefits payable and, if the policy is terminated prior to the death of the insured, the Organization will receive the policy cash surrender value. As of June 30, 2021 and 2020, respectively, the estimated net cash value of the policies was \$29,064 and \$27,722, which is included in long-term assets in the consolidated statements of financial position.

**NOTE 7 LINE OF CREDIT**

The Organization had a revolving line of credit agreement with a national financial institution which allowed for advances to a maximum of \$450,000. This line of credit accrued interest at the greater of 5% or the prime rate plus 1%, was secured by substantially all of the Organization's net assets without donor restrictions, and matured during February 2021. The line of credit was closed during the fiscal year ended June 30, 2021.

**NOTE 8 OBLIGATIONS UNDER CAPITAL LEASES**

The Organization leases certain fixed assets under agreements that have been classified as capital leases. The related assets are included in fixed assets at a cost of \$83,237 at June 30, 2021 and 2020 with accumulated depreciation of \$68,671 and \$40,926, respectively. The fixed assets serve as collateral under these capital leases.

Obligations under capital leases consist of the following as of June 30:

	2021	2020
Obligations Under Capital Leases	\$ 46,042	65,010
Less: Current Portion	26,297	18,968
Obligations Under Capital Leases, Long-Term	<u>\$ 19,745</u>	<u>\$ 46,042</u>

Future minimum payments under these lease agreements are as follows during the years ending June 30:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 37,800
2023	21,988
Total Lease Payments	59,788
Less: Amount Representing Interest	(13,746)
Total	<u>\$ 46,042</u>

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 9 LONG-TERM DEBT**

Notes payable consisted of the following at June 30, 2021 and 2020:

<u>Description</u>	<u>2021</u>	<u>2020</u>
Note payable to Achievement Foundation, Inc. (Related party - JA USA); payable in quarterly installments of \$2,500 through March 2024. The loan is interest free.	\$ 27,500	\$ 30,000
Economic Injury Disaster Loan through the Small Business Administration which bears interest at a rate of 2.75% and requires monthly principal and interest payments of \$641 starting June 2021 and matures June 2050. The loan is secured by all tangible and intangible personal property.	150,000	150,000
Paycheck Protection Program loan through the Small Business Administration which bore interest at a rate of 1% and required interest only payments starting October 2020 and matures April 2022. The loan was forgiven in December 2020.	-	423,684
Paycheck Protection Program loan through the Small Business Administration which bears interest at a rate of 1% and requires interest only payments starting January 2021 and matures January 2026. The loan may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program.	405,029	-
Total Debt	<u>582,529</u>	<u>603,684</u>
Less: Current Maturities	<u>12,750</u>	<u>6,112</u>
Total Long-Term Debt, Net	<u>\$ 569,779</u>	<u>\$ 597,572</u>

The scheduled maturities of long-term debt as of June 30, 2021, are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 12,750
2023	21,455
2024	18,955
2025	11,455
2026	11,455
Thereafter	506,459
Total	<u>\$ 582,529</u>

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 10 NET ASSETS**

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Subject to Expenditure for Specified Purposes	\$ 360,710	\$ 330,646
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	344,937	650,383
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	267,648	127,742
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
General Operations	148,700	148,700
Programs	95,000	95,000
Scholarships	70,010	70,010
Total Endowment Net Assets	<u>581,358</u>	<u>441,452</u>
Total Net Assets with Donor Restrictions	<u>\$ 1,287,005</u>	<u>\$ 1,422,481</u>

**NOTE 11 ENDOWMENT ASSETS**

The Organization's endowments include five individual donor-restricted funds. Endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The majority of the endowment funds of the Organization are included in the Organization's equity and mutual fund investments summarized in Note 3.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 11 ENDOWMENT ASSETS (CONTINUED)**

Balances and changes in endowment assets as of and for the years ended June 30, 2021 and 2020 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment Assets -			
June 30, 2019	\$ -	\$ 460,154	\$ 460,154
Donor Contributions	-	-	-
Investment Return:			
Investment Income	-	13,314	13,314
Net Appreciation (Realized/ Unrealized Gains)	-	(11,589)	(11,589)
Amounts Expended	-	(20,427)	(20,427)
Endowment Assets -			
June 30, 2020	-	441,452	441,452
Donor Contributions	-	-	-
Investment Return:			
Investment Income	-	9,941	9,941
Net Appreciation (Realized/ Unrealized Gains)	-	148,246	148,246
Amounts Expended	-	(18,281)	(18,281)
Endowment Assets -			
June 30, 2021	<u>\$ -</u>	<u>\$ 581,358</u>	<u>\$ 581,358</u>

**Interpretation of Relevant Law**

The Foundations' trustees have interpreted the Arizona Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2021 and 2020, there were no such donor stipulations.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give, net of discount and allowance for doubtful accounts) and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 11 ENDOWMENT ASSETS (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

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

The Organization follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy as approved by the Foundations' trustees, the endowment assets are invested in a manner that is intended to produce results that over time exceed the total return of the various benchmark indices in the investment policy guidelines, while assuming an appropriate level of investment risk.

To address its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Organization's spending policy complies with the spending limitations in the donor gift instruments.

**Fund 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 the Act requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2021 or 2020.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 12 OPERATING LEASES**

The Organization is party to an operating lease agreement for a lot used as an additional parking lot for the Organization's office located in Tempe, Arizona. This lease requires monthly payments of \$1,616 through May 31, 2023. Future minimum lease payments under this agreement are as follows:

Year Ending June 30,	Amount
2022	\$ 24,160
2023	24,160
Total	\$ 48,320

The Organization incurred rent expense of \$20,114 and \$21,896 under this lease agreement, and an additional month-to-month lease for storage space, during the years ended June 30, 2021 and 2020, respectively.

The Organization's Tucson office space is provided at no charge by a former member of one of the Organization's boards of directors.

**NOTE 13 DONATED ITEMS, GOODS, AND SERVICES**

Contributed goods and materials, fixed assets, and services are recorded in the accompanying consolidated financial statements at estimated fair market value on the date of receipt. Contributed items, goods, and services received by the Organization to be used as auction items or otherwise be provided to donors and participants in connection with special events are recorded at estimated fair market value as in-kind inventory and in-kind revenue. When the Organization utilizes the contributed items, goods and services at the special events, in-kind inventory, and in-kind revenue are reduced and the proceeds from the sale of the contributed items, goods, and services are recorded as special events revenue.

Total in-kind contributions included in revenues were as follows during the years ended June 30:

	2021	2020
Services	\$ 3,800	\$ 21,240
Goods and Materials	56,788	588,432
Fixed Assets	348,640	39,030
Total In-Kind Contributions	409,228	648,702
Items, Goods, and Services Utilized at Special Events	(21,384)	(65,117)
Total Donated Items, Goods, and Services Revenue	\$ 387,844	\$ 583,585

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 13 DONATED ITEMS, GOODS, AND SERVICES (CONTINUED)**

The contributed goods, materials, and services listed above are recorded in the following functional expense categories during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Donated Goods and Materials:		
Program Services	\$ 18,972	\$ 476,459
Management and General	246	19,020
Fundraising	<u>16,243</u>	<u>40,383</u>
Total Donated Goods and Materials	<u>\$ 35,461</u>	<u>\$ 535,862</u>
 Donated Services:		
Program Services	\$ 1,710	\$ -
Management and General	1,215	21,240
Fundraising	<u>874</u>	<u>-</u>
Total Donated Services	<u>\$ 3,799</u>	<u>\$ 21,240</u>

**NOTE 14 RETIREMENT PLANS**

The Organization has a defined contribution retirement plan which covers all employees who have met certain age and length of service requirements, as defined in the plan document.

The Organization makes contributions of 6.3% of eligible annual compensation to the plan. Contributions to the plan were \$90,432 and \$113,265 during the years ended June 30, 2021 and 2020, respectively.

The Organization has a 403(b) retirement plan. This plan allows employees to defer compensation on a pre-tax basis. The Organization does not contribute to this plan.

The Organization also has a 457(b) retirement plan. This plan allows highly compensated employees to defer additional compensation on a pre-tax basis. The Organization's president is the only employee eligible for this plan. The Organization does not contribute to this plan.



**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 15 RELATED PARTY TRANSACTIONS**

The Organization incurred national program and support fees totaling \$266,655 and \$237,263 to Junior Achievement, Inc. (JA USA) during the years ended June 30, 2021 and 2020, respectively. The fee for the year ended June 30, 2021 was based upon actual revenue reported to JA USA during the period from July 1, 2019 through June 30, 2020, less any allowed waivers. The fee for the year ended June 30, 2020 was based upon actual revenue reported to JA USA during the period from July 1, 2018 through June 30, 2019, less any allowed waivers.

The Organization incurred liability insurance premiums totaling \$23,841 and \$22,712 to JA USA during the years ended June 30, 2021 and June 30, 2020, respectively. The premium for the year ended June 30, 2021 was based upon actual student numbers reported to JA USA during the period from June 30, 2018 through June 30, 2019. The premium for the year ended June 30, 2020 was based upon actual student numbers reported to JA USA during the period from June 30, 2017 through June 30, 2018.

The Organization purchased and utilized certain educational materials from JA USA in the amounts of \$2,444 and \$51,633 during the years ended June 30, 2021 and 2020, respectively.

The Organization purchased software from JA USA in the amounts of \$240 and \$400 during the years ended June 30, 2021 and 2020, respectively.

The Organization owed JA USA \$-0- and \$21,855 at June 30, 2021 and 2020, respectively.

The Organization receives contributions, goods, and services from various members of the Organization's boards of directors and from their companies and employers, some at reduced rates and some at no cost to the Organization. Such goods and services include telephone service, legal services, advertising, moving services, and donated fixed assets. Management does not consider any of these transactions to be material to the consolidated financial statements. The amounts received from board members totaled \$262,991 and \$231,314 during the years ended June 30, 2021 and 2020, respectively. The Organization also maintains substantially all of its available funds with companies whose employees serve on its boards of directors.

The amount due from the board members as of June 30, 2021 and 2020, respectively, was \$20,301 and \$-0-.

**JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES**  
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**NOTE 16 RISKS AND UNCERTAINTIES**

The Organization invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and could materially affect the amounts reported in the consolidated statements of financial position.

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Organization, COVID-19 may impact various parts of its operations and financial results due to the impact on the Organization's ability to provide in-person programming as well as the impact on contributions, special events and other revenue. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.

**NOTE 17 SUBSEQUENT EVENTS**

The Organization was notified in August 2021 that it will be the recipient of a cost-reimbursement grant from the Governor's Emergency Education Fund of \$2.7 million dollars. Funds will be paid over a period of three years for the Organization to provide 90,000 students in need with financial literacy and workforce training.

The Organization has evaluated subsequent events through October 28, 2021, the date that these consolidated financial statements were available to be issued. There were no subsequent events that require adjustment to, or disclosure in the consolidated financial statements.

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