

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL  
PENNSYLVANIA, INC.**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022  
AND  
INDEPENDENT AUDITOR'S REPORT



**McKONLY & ASBURY**  
CPAs & Business Advisors

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

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MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES  
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Junior Achievement of South Central Pennsylvania, Inc.

### Opinion

We have audited the financial statements of Junior Achievement of South Central Pennsylvania, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of South Central Pennsylvania, Inc. as of June 30, 2023 and 2022, 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 (GAAS). 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 South Central Pennsylvania, 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 opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of South Central Pennsylvania, Inc.'s ability to continue as a going concern for 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 GAAS 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 GAAS, 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 South Central Pennsylvania, 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 South Central Pennsylvania, 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.

*McKonly & Asbury, LLP*

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 265,113	\$ 342,787
Grants receivable	277,907	250,000
Promises to give	112,500	140,000
Inventory	52,431	98,864
Prepaid expenses	18,718	6,630
Total current assets	726,669	838,281
<b>Long term assets</b>		
Beneficial interest in assets held by community foundations	26,320	24,862
Certificate of deposit - with donor restrictions	-	1,000
Fixed assets, net	643,084	592,035
Total long term assets	669,404	617,897
Total assets	\$ 1,396,073	\$ 1,456,178
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 49,971	\$ 134,059
Accrued expenses	43,079	32,973
Finance leases payable - current	9,635	9,635
Payroll liabilities	7,167	10,251
Deferred revenue	2,300	2,500
Total current liabilities	112,152	189,418
<b>Long term liabilities</b>		
Finance leases payable - long term	8,539	17,420
<b>Net Assets</b>		
Without donor restrictions	1,136,562	1,083,478
With donor restrictions	138,820	165,862
Total net assets	1,275,382	1,249,340
Total liabilities and net assets	\$ 1,396,073	\$ 1,456,178

The accompanying notes are an integral part of the financial statements.

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Public Support and Revenues:			
Contributions			
Corporate	\$ 605,637	\$ 62,500	\$ 668,137
Individual	45,144	-	45,144
Foundations	617,221	-	617,221
Total Contributions	<u>1,268,002</u>	<u>62,500</u>	<u>1,330,502</u>
Special Events Gross	214,710	-	214,710
Less Special Event Expenses	<u>(25,840)</u>	<u>-</u>	<u>(25,840)</u>
Special Events, Net	188,870	-	188,870
Public Sector Funding	616,402	-	616,402
Investment Return, net	1,347	1,458	2,805
Other Income	6,555	-	6,555
Net Assets Released			
Time restrictions	<u>91,000</u>	<u>(91,000)</u>	<u>-</u>
Total Public Support and Revenues	<u>2,172,176</u>	<u>(27,042)</u>	<u>2,145,134</u>
Expenses			
Program	1,871,044	-	1,871,044
Fundraising	119,198	-	119,198
Management and general	128,850	-	128,850
Total Expenses	<u>2,119,092</u>	<u>-</u>	<u>2,119,092</u>
Change in net assets	53,084	(27,042)	26,042
Net Assets, Beginning of Year	<u>1,083,478</u>	<u>165,862</u>	<u>1,249,340</u>
Net Assets, End of Year	<u>\$ 1,136,562</u>	<u>\$ 138,820</u>	<u>\$ 1,275,382</u>

The accompanying notes are an integral part of the financial statements.

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<b>Net Assets Without Donor Restrictions</b>	<b>Net Assets With Donor Restrictions</b>	<b>Total</b>
Public Support and Revenues:			
Contributions			
Corporate	\$ 654,638	\$ 140,000	\$ 794,638
Individual	35,206	-	35,206
Foundations	576,263	-	576,263
Total Contributions	<u>1,266,107</u>	<u>140,000</u>	<u>1,406,107</u>
Special Events Gross	152,077	-	152,077
Less Special Event Expenses	<u>(22,159)</u>	<u>-</u>	<u>(22,159)</u>
Special Events Net	129,918	-	129,918
Public Sector Funding	691,564	-	691,564
Investment Return, net	1,061	(3,436)	(2,375)
Net Assets Releases			
Purpose restrictions	5,570	(5,570)	-
Time restrictions	<u>123,115</u>	<u>(123,115)</u>	<u>-</u>
Total Operating Support and Revenue	<u>2,217,335</u>	<u>7,879</u>	<u>2,225,214</u>
Expenses			
Program	1,725,278	-	1,725,278
Fundraising	195,387	-	195,387
Management and general	<u>121,111</u>	<u>-</u>	<u>121,111</u>
Total Expenses	2,041,776	-	2,041,776
Change in net assets	175,559	7,879	183,438
Net Assets, Beginning of Year	<u>907,919</u>	<u>157,983</u>	<u>1,065,902</u>
Net Assets, End of Year	<u>\$ 1,083,478</u>	<u>\$ 165,862</u>	<u>\$ 1,249,340</u>

The accompanying notes are an integral part of the financial statements.

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Expenses			Total
	Program	Fundraising	Management and General	
Classroom programs	\$ 82,289	\$ -	\$ -	\$ 82,289
Depreciation and amortization	63,315	2,841	14,215	80,371
Education materials	50,681	-	-	50,681
JA Inspire	4,281	-	-	4,281
Insurance expense	22,757	666	1,863	25,286
Program insurance	41,210	-	-	41,210
Office expense	32,556	839	2,750	36,145
Other employee benefits	43,350	1,559	3,259	48,168
Payroll taxes	91,929	3,871	17,455	113,255
Participation fee	163,522	-	-	163,522
Professional services	-	-	51,614	51,614
Repairs and maintenance	25,037	-	-	25,037
Salaries and wages	1,172,085	107,343	34,000	1,313,428
Information technology	27,897	520	1,747	30,164
Training and travel	24,691	475	-	25,166
Utilities	25,444	1,084	1,947	28,475
	<u>\$ 1,871,044</u>	<u>\$ 119,198</u>	<u>\$ 128,850</u>	<u>\$ 2,119,092</u>
Special Events Expenses	-	25,840	-	25,840
Total Expenses	<u>\$ 1,871,044</u>	<u>\$ 145,038</u>	<u>\$ 128,850</u>	<u>\$ 2,144,932</u>

The accompanying notes are an integral part of the financial statements



**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Expenses			Total
	Program	Fundraising	Management and General	
Classroom programs	\$ 78,186	\$ -	\$ -	\$ 78,186
Depreciation and amortization	88,188	5,187	10,375	103,750
Misc expense	-	-	1,153	1,153
Education materials	73,442	-	-	73,442
JA Inspire	38,824	-	-	38,824
Insurance expense	12,811	801	2,402	16,014
Program insurance	25,906	-	-	25,906
Office expense	30,196	3,235	1,618	35,049
Other employee benefits	31,999	765	2,444	35,208
Loss on disposal of fixed assets	-	-	1,124	1,124
Payroll taxes	80,960	13,822	3,950	98,732
Participation fee	195,527	-	-	195,527
Professional services	-	-	56,073	56,073
Repairs and maintenance	20,190	-	-	20,190
Salaries and wages	979,984	167,034	35,701	1,182,719
Information technology	31,080	2,377	3,108	36,565
Training and travel	11,097	584	-	11,681
Utilities	26,888	1,582	3,163	31,633
	<u>\$ 1,725,278</u>	<u>\$ 195,387</u>	<u>\$ 121,111</u>	<u>\$ 2,041,776</u>
Special Events Expenses	<u>-</u>	<u>22,159</u>	<u>-</u>	<u>22,159</u>
Total Expenses	<u>\$ 1,725,278</u>	<u>\$ 217,546</u>	<u>\$ 121,111</u>	<u>\$ 2,063,935</u>

The accompanying notes are an integral part of the financial statements

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities :		
Change in net assets	\$ 26,042	\$ 183,438
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities :		
Depreciation and amortization	80,371	103,750
Loss on disposal of fixed assets	-	1,124
Change in value of beneficial interest in		
Assets held by community foundations	(1,458)	3,436
(Increase) Decrease :		
Accounts receivable	(27,907)	16,000
Promises to give, net	27,500	(16,885)
Prepaid expenses	(12,088)	15,220
Inventory	46,433	(47,894)
Certificate of deposit	1,000	-
Increase (Decrease) :		
Accounts payable	(84,088)	112,690
Accrued expenses	10,106	6,183
Payroll liabilities	(3,084)	1,719
Deferred revenue	(200)	(2,500)
Net cash and cash equivalents provided by operating activities	62,627	376,281
Cash flows from investing activities :		
Purchase of fixed assets	(131,420)	(87,385)
Net cash and cash equivalents used in investing activities	(131,420)	(87,385)
Cash flows from financing activities :		
Principal payments on finance leases payable	(8,881)	(8,594)
Net cash and cash equivalents used in financing activities	(8,881)	(8,594)
Net increase (decrease) in cash and cash equivalents	(77,674)	280,302
Cash and cash equivalents, beginning of year	342,787	62,485
Cash and cash equivalents, end of year	\$ 265,113	\$ 342,787

The accompanying notes are an integral part of the financial statements

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

## NOTES TO FINANCIAL STATEMENTS

### 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### ***Nature of Activities***

Junior Achievement of South Central Pennsylvania, Inc. (the Organization) is a nonprofit organization whose purpose is to provide elementary through high school students with practical economic education about the private enterprise system. Area businesses and educational organizations participate with students to achieve this objective. The Organization focuses on several regions – Harrisburg, Lancaster, Lebanon, and York. Revenues are derived principally from the Organization’s fundraising events, contributions, and government grants.

#### ***Basis of Accounting***

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### ***Basis of Presentation***

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities* which requires the Organization 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.

#### ***Use of 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 and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

#### ***Accounts Receivable***

The Organization considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

## NOTES TO FINANCIAL STATEMENTS

### ***Promises to Give***

Promises to give are recognized when the Organization is notified of the promises. The Organization considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for uncollectible promises to give will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Promises to give that are receivable in more than one year from the statement of financial position date are discounted to present value, if the related discount is considered significant, using a risk-adjusted rate.

### ***Beneficial Interest in Assets Held by Community Foundations***

Beneficial interest in assets held by community foundations is reported at fair value as determined by the community foundations.

### ***Fixed Assets***

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Purchased fixed assets are recorded at cost. Donated fixed assets are recorded at fair value at the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the respective assets.

### ***Inventory***

Inventories are recorded at the lower of cost (determined on the first-in, first-out basis) or market value. Inventories include educational materials for volunteers to use.

### ***Public Sector Funding***

Public sector funding includes state grants and other government funding which are recognized when funds are received, and any conditions are satisfied.

### ***Contributions***

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in 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 statements of activities as net assets released from restrictions. However, if restrictions expire for net assets with donor restrictions in the same year that the contribution is received, then the contribution is recorded without donor restriction on the statements of activities.

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

## NOTES TO FINANCIAL STATEMENTS

### ***Functional Allocation of Expenses***

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### ***Income Taxes***

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section in the Pennsylvania Revenue Code. Therefore, there is no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in these financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before June 30, 2020.

### ***Recently Adopted Accounting Standard***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. To increase transparency and comparability amount organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through practical expedients available. Lease disclosures for the year ended June 30, 2022, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for existing capital leases as finance leases under the new guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

The new lease accounting standard replaces capital leases with finance leases. As a result of the adoption of the new standard on July 1, 2022, the Organization recognized a lease liability relating to finance leases at the carrying amount of the capital lease obligations on June 30, 2022.

### ***Subsequent Events***

Management evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.

## JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 2. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and cash equivalents	\$ 265,113	\$ 324,287
Certificate of deposit	-	1,000
Accounts receivable	277,907	250,000
Promises to give	112,500	140,000
Beneficial interest in assets Held by community foundations	26,320	24,862
Total financial assets	<u>681,840</u>	<u>740,149</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions, net of promises to give to be received within one year	<u>26,320</u>	<u>25,862</u>
Financial assets available to meet expenses over the next year	<u>\$ 655,520</u>	<u>\$ 714,287</u>

The Organization's plan is generally to maintain financial assets to meet 90 days of operating expenses. As described in Note 9, the Organization also has two committed lines of credit in the total amount of \$605,000, which it could draw upon in the event of an unanticipated liquidity need.

#### 3. NON-CASH CONTRIBUTIONS

A substantial number of volunteers have donated their time to the Organization's program services and fundraising campaigns during the year. The value of donated services is reflected in the accompanying financial statements if the services meet the criteria for recognition. The values of donated materials and other assets are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. There were no non-cash contributions reported for the years ended June 30, 2023 or 2022.

#### 4. ACCOUNTS RECEIVABLE

Accounts receivable consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Grants receivable	<u>\$ 277,907</u>	<u>\$ 250,000</u>

## JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

### NOTES TO FINANCIAL STATEMENTS

#### 5. PROMISES TO GIVE

Promises to give consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Promises to give – general operations	\$ 112,500	\$ 140,000

Assuming no change in current terms, the following promises to give are due in:

	<u>2023</u>	<u>2022</u>
Less than one year	\$ 112,500	\$ 140,000
Total	<u>\$ 112,500</u>	<u>\$ 140,000</u>

#### 6. FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical investments as of the reporting date.
Level 2	Inputs to the valuation methodology are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022.

Beneficial interest in assets held by community foundations is valued at an amount determined by the foundations based on the performance of underlying investments as well as an administrative fee.

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

NOTES TO FINANCIAL STATEMENTS

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value:

	Assets at fair value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by community foundations	\$ -	\$ -	\$ 26,320	\$ 26,320
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	Assets at fair value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial interest in assets held by community foundations	\$ -	\$ -	\$ 24,862	\$ 24,862
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

For assets falling within the Level 3 in the fair value hierarchy, the activity recognized during the years ended June 30, 2023 and 2022 is as follows:

	Beneficial interest in assets held by community foundations	
Balance as of July 1, 2021	\$	28,298
Investment return		<u>(3,436)</u>
Balance as of June 30, 2022	\$	24,862
Investment return		<u>1,458</u>
Balance as of June 30, 2023	\$	<u>26,320</u>

**7. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATIONS**

The Organization is the beneficiary of endowment funds of The York County Community Foundation and Lancaster County Community Foundation (the Foundations). As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundations’ spending policy. The Foundations maintain variance power only over distributions from the funds.



## JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

### NOTES TO FINANCIAL STATEMENTS

The organizational endowment funds created by the Organization are reflected in the statements of financial position as beneficial interest in net assets of community foundations. Future contributions are at the discretion of the Board of Trustees of the Organization. Beneficial interest in assets held by community foundations totaled \$26,320 and \$24,862 as of June 30, 2023 and 2022.

In addition to the organizational endowment funds, contributions made by third parties directly to the Foundations created designated endowment funds, which are not assets of the Organization. The designated funds, therefore, are not reflected in the Statements of Financial Position. The Foundations maintain variance power over these designated endowment funds. On an annual basis, the income from the foundation endowment funds is distributed to the Organization and recorded as contributions. The Organization received \$1,347 during the years ended June 30, 2023 and 2022.

#### 8. FIXED ASSETS

Fixed assets consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Buildings and improvements	\$ 1,593,434	\$ 1,503,738
Equipment	196,438	155,740
Furniture and fixtures	<u>97,422</u>	<u>98,237</u>
	1,887,294	1,757,715
Less: accumulated depreciation	<u>(1,244,210)</u>	<u>(1,165,680)</u>
Fixed assets, net	<u>\$ 643,084</u>	<u>\$ 592,035</u>

The useful lives for purposes of computing depreciation are as follows:

Buildings and improvements	5-39 years
Equipment	5-7 years
Furniture and fixtures	5-10 years

Depreciation expense was \$80,371 and \$103,750 for the years ended June 30, 2023 and 2022, respectively.

#### 9. LINES OF CREDIT

The Organization has a line of credit of \$430,000 with a financial institution. The line of credit bears variable interest at the Wall Street Journal Prime Rate, plus ½ of one percent with a floor of 5.00% (8.50% and 5.25% as of June 30, 2023 and 2022, respectively); interest is payable on a monthly basis. The line of credit is secured by all property of the Organization. There was no outstanding balance on this line of credit at June 30, 2023 and 2022. Interest expense was zero for the years ended June 30, 2023 and 2022, respectively.

**JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

NOTES TO FINANCIAL STATEMENTS

The Organization established a line of credit of \$175,000 with a financial institution. The line of credit bears variable interest at the Wall Street Journal Prime Rate, plus ½ of one percent with a floor rate of 5.00%, and interest is payable monthly. The line of credit is secured by all property of the Organization. There was no outstanding balance at June 30, 2023 and 2022. Interest expense was zero and zero for the years ended June 30, 2023 and 2022, respectively.

**10. FINANCE LEASES PAYABLE**

In 2020, the Organization entered into a finance lease agreement for a server calling for 60 monthly payments of \$321 at an interest rate of 3.0%. Future minimum lease payments under this finance lease, together with the present value of the net minimum lease payments, consist of the following for the years ending June 30:

2024	\$	3,854
2025		3,854
2026		962
		8,670
Amount representing interest		(341)
Total	\$	8,329

In 2020, the Organization entered into a finance lease agreement for a copier calling for 60 monthly payments of \$482 at an interest rate of 3.0%. Future minimum lease payments under this finance lease, together with the present value of the net minimum lease payments, consist of the following for the years ending June 30:

2024	\$	5,781
2025		4,337
		10,118
Amount representing interest		(273)
Total	\$	9,845

The net book value of equipment under finance leases consists of the following as of June 30:

	2023	2022
Equipment under capital leases, at cost	\$ 48,612	\$ 48,612
Accumulated amortization	(31,013)	(21,290)
Total	\$ 17,599	\$ 27,322

## JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

### NOTES TO FINANCIAL STATEMENTS

The associated leased equipment is included in fixed assets. Amortization expense amounted to \$9,723 for the years ended June 30, 2023 and 2022, respectively.

#### 12. NET ASSETS WITH DONOR RESTRICTIONS

Purpose and time restricted net assets consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Promises to give – general operations	\$ 112,500	\$ 140,000
Total purpose and time restricted net assets	<u>\$ 112,500</u>	<u>\$ 140,000</u>

Perpetually restricted net assets consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Certificate of deposit	\$ -	\$ 1,000
Beneficial interest in assets held by community Foundations	<u>26,320</u>	<u>24,862</u>
Total perpetually restricted net assets	<u>26,320</u>	<u>25,862</u>
Total net assets with donor restrictions	<u>\$ 138,820</u>	<u>\$ 165,862</u>

#### 13. CONCENTRATIONS AND MAJOR CONTRIBUTORS

The Organization derives substantially all of its support from individuals and corporate sponsors located in the South Central Pennsylvania area.

The Organization receives substantial financial contributions from a few major individual contributors. These contributions enable the Organization to operate programs and provide services. Any decrease in contributions by the major contributors would cause financial hardship to the Organization and limit the Organization's ability to continue to operate programs and provide services.

#### 14. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization's accounts at a financial institution may have exceeded the insurance

# JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.

## NOTES TO FINANCIAL STATEMENTS

obtained through the FDIC from time to time throughout the year. There was no amount in excess of the FDIC limit at June 30, 2023 and 2022.

### 15. RELATED PARTIES

The Organization has the following transactions with members of its Board of Trustees and related companies for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Contributions	<u>\$ 338,886</u>	<u>\$ 455,988</u>
Promises to give	<u>\$ 15,850</u>	<u>\$ 14,250</u>

### 16. RETIREMENT PLAN

In the past, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA (JA USA).

The Organization committed to JA USA to fund the Plan at a level of \$14,911 per year. The Plan froze contributions at June 30, 2020. A liability has not been recorded since the length of the term has not been determined. The Organization did not pay any contributions to JA USA during the years ended June 30, 2023 and 2022, respectively.

### 17. HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN

The Organization participates in JA USA's Health and Welfare Plan. The Plan covers medical, dental, and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, Junior Achievement Worldwide, Inc., and employees of JA USA chapters can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the JA USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employers. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, 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 the Organization.

## **JUNIOR ACHIEVEMENT OF SOUTH CENTRAL PENNSYLVANIA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

The Organization's premium expense for the Health and Welfare Plan amounted to \$48,168 and \$35,208 for the years ended June 30, 2023 and 2022, respectively.

#### **18. PARTICIPATION FEE**

The Organization has entered into a contractual agreement with JA USA for a monthly participation fee based on revenues. Also, a per student participation fee was paid to the same organization. During 2020, there was a fee restructure with JA USA which decreased kit prices and raised the participation fee for the Organization. Participation expense was \$163,522 and \$195,527 for the fiscal years ended June 30, 2023 and 2022, respectively.



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