

**Junior Achievement  
of Greater Boston, Inc.**

Financial Statements  
and  
Independent Auditors' Report  
June 30, 2023 and 2022



**DANIEL DENNIS & Co**  
Certified Public Accountants

*Independent Auditors' Report*

To the Board of Directors of  
**Junior Achievement of Greater Boston, Inc.**

***Opinion***

We have audited the accompanying financial statements of Junior Achievement of Greater Boston, Inc., which comprise the statement 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 consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Greater Boston, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Greater Boston, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Greater Boston, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement of Greater Boston, 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 Greater Boston, 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.

*Daniel Dennis & Company LLP*

*November 30, 2023*

**Junior Achievement of Greater Boston, Inc.**

## Statements of Financial Position

June 30, 2023 and 2022

***Assets***

|                             | 2023               | 2022               |
|-----------------------------|--------------------|--------------------|
| <i>Current Assets</i>       |                    |                    |
| Cash and cash equivalents   | \$ 194,593         | \$ 687,379         |
| Accounts receivable         | 15,000             | 300                |
| Pledges receivable          | 1,183,599          | 1,176,158          |
| Other investments           | 306,523            | -                  |
| Inventory                   | -                  | 374                |
| Prepaid expenses            | <u>14,534</u>      | <u>46,994</u>      |
| Total current assets        | <u>1,714,249</u>   | <u>1,911,205</u>   |
| <i>Long Term Assets</i>     |                    |                    |
| Cash and cash equivalents   | 230,258            | 82,546             |
| Investments, at fair value  | 1,323,672          | 720,445            |
| Security deposit            | -                  | 12,000             |
| Property and equipment, net | <u>121,128</u>     | <u>170,523</u>     |
| Total long term assets      | <u>1,675,058</u>   | <u>985,514</u>     |
| Total assets                | <u>\$3,389,307</u> | <u>\$2,896,719</u> |

***Liabilities and Net Assets***

|   |                    |                    |
|---|--------------------|--------------------|
| <i>Current Liabilities</i>                  |                    |                    |
| Accounts payable and accrued expenses       | \$ 368,311         | \$ 352,118         |
| Refundable advances                         | -                  | 10,000             |
| Notes Payable - current portion             | <u>-</u>           | <u>16,667</u>      |
| Total current liabilities                   | <u>368,311</u>     | <u>378,785</u>     |
| <i>Long Term Liabilities</i>                |                    |                    |
| Notes payable - long term portion           | <u>-</u>           | <u>12,500</u>      |
| Total long term liabilities                 | <u>-</u>           | <u>12,500</u>      |
| Total liabilities                           | <u>368,311</u>     | <u>391,285</u>     |
| <i>Net Assets</i>                           |                    |                    |
| Net assets without donor restrictions       | 649,234            | 925,066            |
| Board designated net assets                 | <u>1,696,342</u>   | <u>646,094</u>     |
| Total net assets without donor restrictions | 2,345,576          | 1,571,160          |
| Net assets with donor restrictions          | <u>675,420</u>     | <u>934,274</u>     |
| Total net assets                            | <u>3,020,996</u>   | <u>2,505,434</u>   |
| Total liabilities and net assets            | <u>\$3,389,307</u> | <u>\$2,896,719</u> |

*See accompanying notes to financial statements.*

**Junior Achievement of Greater Boston, Inc.**  
**Statements of Activities**  
For the Years Ended June 30, 2023 and 2022

|  | <u>2023</u>  |   |                                | <u>2022</u>  |   |                                |
|--|--|---|--------------------------------|--|---|--------------------------------|
|  | <i>Net Assets<br/>Without Donor<br/>Restrictions</i> | <i>Net Assets<br/>With Donor<br/>Restrictions</i> | <i>Total<br/>June 30, 2023</i> | <i>Net Assets<br/>Without Donor<br/>Restrictions</i> | <i>Net Assets<br/>With Donor<br/>Restrictions</i> | <i>Total<br/>June 30, 2022</i> |
|  | <i>Public Support and Revenues</i>                   |   |                                |  |   |                                |
| Contributions:   |  |   |                                |  |   |                                |
| Corporations   | \$ 512,851   | \$ 209,674  | \$ 722,525                     | \$ 408,228   | \$ 298,844  | \$ 707,072                     |
| Individuals  | 1,548,430  | -   | 1,548,430                      | 1,052,858  | -   | 1,052,858                      |
| Foundations  | <u>573,500</u>                                       | <u>57,500</u>                                     | <u>631,000</u>                 | <u>373,750</u>                                       | <u>89,500</u>                                     | <u>463,250</u>                 |
| Total contributions  | <u>2,634,781</u>                                     | <u>267,174</u>                                    | <u>2,901,955</u>               | <u>1,834,836</u>                                     | <u>388,344</u>                                    | <u>2,223,180</u>               |
| Special events   | 489,202  | -   | 489,202                        | 414,745  | -   | 414,745                        |
| Less special events expenses                                 | <u>(279,452)</u>                                     | <u>-</u>  | <u>(279,452)</u>               | <u>(137,359)</u>                                     | <u>-</u>  | <u>(137,359)</u>               |
| Net special events income                                    | <u>209,750</u>                                       | <u>-</u>  | <u>209,750</u>                 | <u>277,386</u>                                       | <u>-</u>  | <u>277,386</u>                 |
| Investment return, net                                       | 33,790   | 5,832   | 39,622                         | 7,840  | 1,902   | 9,742                          |
| Unrealized gain/(loss) on investments                        | 9,852  | (450)   | 9,402                          | (92,009)   | (22,181)  | (114,190)                      |
| Realized gain/(loss) on investments                          | 6,751  | 1,569   | 8,320                          | 9,971  | 2,289   | 12,260                         |
| In-kind contributions  | 6,000  | -   | 6,000                          | 117,316  | 268,983   | 386,299                        |
| Other income   | 14,226   | -   | 14,226                         | 308,113  | -   | 308,113                        |
| Net assets released from restriction<br>purpose restrictions | <u>532,979</u>                                       | <u>(532,979)</u>                                  | <u>-</u>                       | <u>548,769</u>                                       | <u>(548,769)</u>                                  | <u>-</u>                       |
| Total public support and revenues                            | <u>3,448,129</u>                                     | <u>(258,854)</u>                                  | <u>3,189,275</u>               | <u>3,012,222</u>                                     | <u>90,568</u>                                     | <u>3,102,790</u>               |
| <i>Expenses</i>  |  |   |                                |  |   |                                |
| Program expenses   | 1,519,102  | -   | 1,519,102                      | 1,206,463  | -   | 1,206,463                      |
| Management and general expense                               | 647,116  | -   | 647,116                        | 482,769  | -   | 482,769                        |
| Fundraising  | <u>507,495</u>                                       | <u>-</u>  | <u>507,495</u>                 | <u>401,715</u>                                       | <u>-</u>  | <u>401,715</u>                 |
| Total expenses   | <u>2,673,713</u>                                     | <u>-</u>  | <u>2,673,713</u>               | <u>2,090,947</u>                                     | <u>-</u>  | <u>2,090,947</u>               |
| Change in net assets   | <u>774,416</u>                                       | <u>(258,854)</u>                                  | <u>515,562</u>                 | <u>921,275</u>                                       | <u>90,568</u>                                     | <u>1,011,843</u>               |
| Net assets, beginning of year                                | <u>1,571,160</u>                                     | <u>934,274</u>                                    | <u>2,505,434</u>               | <u>649,885</u>                                       | <u>843,706</u>                                    | <u>1,493,591</u>               |
| Net assets, end of year                                      | <u>\$ 2,345,576</u>                                  | <u>\$ 675,420</u>                                 | <u>\$ 3,020,996</u>            | <u>\$ 1,571,160</u>                                  | <u>\$ 934,274</u>                                 | <u>\$ 2,505,434</u>            |

*See accompanying notes to financial statements.*

**Junior Achievement of Greater Boston, Inc.**  
**Statements of Functional Expenses**  
**For the Years Ended June 30, 2023 and 2022**

|                               | 2023                       |   |                          |                            | 2022                       |   |                          |                            |
|-------------------------------|----------------------------|---|--------------------------|----------------------------|----------------------------|---|--------------------------|----------------------------|
|                               | <i>Program</i>             | <i>General<br/>and<br/>Admini-<br/>stration</i> | <i>Fund<br/>Raising</i>  | <i>Total<br/>Expenses</i>  | <i>Program</i>             | <i>General<br/>and<br/>Admini-<br/>stration</i> | <i>Fund<br/>Raising</i>  | <i>Total<br/>Expenses</i>  |
| Salaries and related expenses | \$ 1,128,233               | \$ 426,300                                      | \$ 392,039               | \$ 1,946,572               | \$ 795,238                 | \$ 292,011                                      | \$ 316,567               | \$ 1,403,816               |
| Program materials             | 65,733                     | -   | -                        | 65,733                     | 63,272                     | -   | -                        | 63,272                     |
| Rent                          | 67,133                     | 25,366  | 23,327                   | 115,826                    | 63,916                     | 23,470  | 25,443                   | 112,829                    |
| License fee                   | 45,816                     | 78,004  | 14,387                   | 138,207                    | 84,203                     | 61,819  | 19,504                   | 165,526                    |
| Office expenses               | 21,295                     | 5,778   | 5,315                    | 32,388                     | 53,696                     | 2,193   | 2,380                    | 58,269                     |
| Travel, auto and meals        | 33,076                     | 12,497  | 11,493                   | 57,066                     | 10,169                     | 3,733   | 4,048                    | 17,950                     |
| Professional fees             | 5,576                      | 69,236  | 25,937                   | 100,749                    | 23,215                     | 74,240  | 9,241                    | 106,696                    |
| Telephone                     | 6,400                      | 2,418   | 2,224                    | 11,042                     | 6,093                      | 2,237   | 2,426                    | 10,756                     |
| Insurance                     | 4,655                      | 816   | 751                      | 6,222                      | 5,596                      | 704   | 764                      | 7,064                      |
| Training                      | 9,905                      | 12,433  | 3,442                    | 25,780                     | 1,660                      | 4,011   | 661                      | 6,332                      |
| Public relations              | -                          | -   | 5,081                    | 5,081                      | -                          | -   | 897                      | 897                        |
| Scholarships                  | 38,000                     | -   | -                        | 38,000                     | 42,489                     | -   | -                        | 42,489                     |
| Payroll and bank fees         | 18,833                     | 7,117   | 6,544                    | 32,494                     | 15,542                     | 5,780   | 6,154                    | 27,476                     |
| Depreciation                  | 57,365                     | 2,024   | 1,861                    | 61,250                     | 25,571                     | 9,390   | 10,179                   | 45,140                     |
| Bad debt expense              | 6,955                      | 2,628   | 2,417                    | 12,000                     | 1,393                      | 511   | 555                      | 2,459                      |
| Utilities                     | -                          | -   | -                        | -                          | 128                        | 47  | 51                       | 226                        |
| Other expenses                | 10,127                     | 2,499   | 12,677                   | 25,303                     | 14,282                     | 2,623   | 2,845                    | 19,750                     |
| <b>Total expenses</b>         | <b><u>\$ 1,519,102</u></b> | <b><u>\$ 647,116</u></b>                        | <b><u>\$ 507,495</u></b> | <b><u>\$ 2,673,713</u></b> | <b><u>\$ 1,206,463</u></b> | <b><u>\$ 482,769</u></b>                        | <b><u>\$ 401,715</u></b> | <b><u>\$ 2,090,947</u></b> |

*See accompanying notes to financial statements.*

**Junior Achievement of Greater Boston, Inc.**

Statements of Cash Flows

June 30, 2023 and 2022

|   | 2023              | 2022              |
|---|-------------------|-------------------|
| <i>Cash Flows from Operating Activities</i>   |                   |                   |
| Change in net assets  | \$ 515,562        | \$ 1,011,843      |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: |                   |                   |
| Depreciation  | 61,250            | 45,140            |
| Bad debt expense  | 12,000            | 2,459             |
| Net unrealized (gain)/loss on investments   | (9,402)           | 114,190           |
| Net realized gain on sale of investments  | (8,320)           | (12,260)          |
| Net investment income   | (39,622)          | (9,742)           |
| Payroll Protection Program loan forgiveness   | -                 | (213,575)         |
| Changes that provide/(use) cash:  |                   |                   |
| Accounts receivable   | (14,700)          | 133,911           |
| Pledges receivable  | (19,441)          | (743,097)         |
| Inventory   | 374               | 2,614             |
| Prepaid expenses  | 32,460            | (35,760)          |
| Accounts payable and accrued expenses   | 16,193            | 190,607           |
| Deferred rent liability   | -                 | (11,845)          |
| Refundable advances   | <u>(10,000)</u>   | <u>(10,000)</u>   |
| Net cash provided by operating activities   | <u>548,354</u>    | <u>464,485</u>    |
| <i>Cash Flows from Investing Activities</i>   |                   |                   |
| Proceeds from the sale of investments   | 2,206,397         | 784,223           |
| Purchase of investments   | (3,058,803)       | (710,753)         |
| Purchase of equipment   | <u>(11,855)</u>   | <u>(172,978)</u>  |
| Net cash used by investing activities   | <u>(864,261)</u>  | <u>(99,508)</u>   |
| <i>Cash Flows from Financing Activities</i>   |                   |                   |
| Payment of notes payable  | <u>(29,167)</u>   | <u>(16,666)</u>   |
| Net cash used in financing activities   | <u>(29,167)</u>   | <u>(16,666)</u>   |
| Net change in cash and cash equivalents   | (345,074)         | 348,311           |
| Cash and cash equivalents - beginning of year   | <u>769,925</u>    | <u>421,614</u>    |
| Cash and cash equivalents - end of year   | <u>\$ 424,851</u> | <u>\$ 769,925</u> |

*See accompanying notes to financial statements.*

## **Junior Achievement of Greater Boston, Inc.**

### Notes to the Financial Statements

June 30, 2023 and 2022

#### **1. *Nature of Organization***

Junior Achievement of Greater Boston, Inc. (the "Organization"), formally known as Junior Achievement of Northern New England, Inc., is a Massachusetts not-for-profit organization. The Organization is a regional chapter of JA USA, an international organization. The mission of the Organization is to inspire and prepare young people to succeed in a global economy. The Organization is based in Boston, Massachusetts and sponsors educational programs and events in eastern Massachusetts, central Massachusetts and New Hampshire. A description of the Organization's major programs is as follows:

##### *Elementary School*

The elementary school programs include five sequential themes for kindergarten through fifth-grade students. Students learn the basic concepts of business and economics and how education is relevant to the workplace. The sequential activities build on studies from each preceding grade and prepare students for secondary school and lifelong learning.

##### *Middle School*

The middle school programs for students in grades six through nine build on concepts the students learned in the elementary school program and help teens make difficult decisions about how to best prepare for their educational and professional future. The programs supplement standard social studies curricula and develop communication skills that are essential to success in the business world.

##### *High School*

As high school students, in grades nine through twelve, begin to position themselves for their future, there are many unanswered questions about what lies ahead. The Organization's high school programs help students make informed intelligent decisions about their future and foster skills that will be highly useful in the business world.

#### **2. *Summary of Significant Accounting Policies***

##### *Basis of Accounting*

The financial statements have been prepared on the accrual basis of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenue is recorded when earned and expenses are recorded when goods are received or services rendered.

##### *Net Asset Classification*

Net assets of the Organization are classified into two categories based on the existence or absence of donor-imposed restrictions as follows:

##### *Net Assets Without Donor Restrictions*

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Board of Directors has discretionary control over these net assets and may elect to designate such resources for specific purposes. This designation may be removed at the Board's direction.



**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

**2. *Summary of Significant Accounting Policies - Continued***

*Net Asset Classification – Continued*

*Net Assets With Donor Restrictions*

Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

*Contributions*

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions received without donor imposed restrictions, or with donor imposed restrictions that are satisfied in the same year received, are recorded as revenues within the without donor restriction net asset class. Contributions received with donor imposed specific purpose or time restrictions that are not satisfied within the same year are recorded as revenue within the net assets with donor restriction class. When a restriction has been satisfied (payment has been made in accordance with the restriction or the time restriction has expired), the net assets with donor restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that do not expire are recorded as revenue within net assets with donor restrictions class.

The Organization receives donated materials and services in support of its programs. Donated materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if they were not donated are recorded as in-kind contributions in the financial statements. Contributed goods are recorded at fair value at the date of donation. See note 9 of the Notes to the Financial Statements. Donated services such as fund-raising, clerical assistance, or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

*Cash and Cash Equivalents*

For purposes of the *Statements of Financial Position* and *Statements of Cash Flows*, the Organization defines cash and cash equivalents as short-term, highly liquid investments with initial maturities of three months or less. The long term cash and equivalents represent the money in the endowment.

*Other Investments*

Certificates of deposit are for investments that are not debt securities are included in “Other Investments” and are recorded at cost.

*Refundable Advances*

Cash received as payment in advance for participation in special events is recorded as refundable advances and is recognized as revenue when the event occurs.

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements - *Continued*

June 30, 2023 and 2022

**2. *Summary of Significant Accounting Policies – Continued***

*Inventory*

Inventory, consisting of program kits, is stated at the lower-of-cost or market based on the first-in first-out method.

*Property and Equipment*

The Organization capitalizes as property and equipment all purchases of assets having a useful life of more than one year and a cost greater than \$1,000. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized. Equipment is depreciated over 5 years and furniture and fixtures over 5-10 years.

*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 and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

*Promise to Give*

Unconditional promises to give are recognized as revenue and receivables in the period in which the promise is made. Unconditional promises to give that are expected to be collected within the next year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are discounted to the present value of their net realizable value. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Bad debt expense for fiscal years ended June 30, 2023 and 2022 was recorded in the amounts of \$12,000 and \$2,459, respectively. Management has determined that all pledges receivable are collectible as of June 30, 2023 and 2022, therefore, no allowance has been recorded.

*Accounts Receivable*

Accounts receivable represent amounts owed to the Organization for special event fees. An allowance for bad debt is provided based on management's evaluation of potential uncollectible accounts receivable at year-end. Management has determined that all accounts receivable are collectible as of June 30, 2023 and 2022; therefore, no allowance has been recorded.

*Functional Allocation of Expenses*

Expenses are charged directly to programs or general and administrative based on specific identification. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs based on personnel time estimates. The statement of functional expenses reports expenses by functional and natural classification.

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements – *Continued*

June 30, 2023 and 2022

**2. *Summary of Significant Accounting Policies - Continued***

*Fair Value Measurements*

FASB *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the 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 below:

- Level 1 Inputs - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable, such as models or other valuation methodologies; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any 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. Investments in certificates of deposit are accounted for using the cost method, subject to impairment, and adjusted through the change in net assets for observable price changes.

*Investments and Investment Income*

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Investment income earned and unrealized gains/(losses) on unrestricted investments are reported as increases/(decreases) in net assets without donor restrictions, while unrealized gains and losses on permanently restricted investments are recorded as increases/(decreases) in net assets with donor restrictions, on the statement of activities.

*Income Taxes*

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2023 and 2022, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements – *Continued*

June 30, 2023 and 2022

**2. *Summary of Significant Accounting Policies - Continued***

*Income Taxes - Continued*

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its fiscal year 2023 returns and believes they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. The Organization's 2020 through 2022 tax years remain subject to examination by Federal and state tax authorities.

**3. *Property and Equipment***

Property and equipment as of June 30, 2023 and 2022 are summarized as follows:

|                                | 2023             | 2022              |
|--------------------------------|------------------|-------------------|
| Furniture and office equipment | \$ 52,978        | \$ 41,124         |
| Leasehold Improvements         | <u>156,028</u>   | <u>156,028</u>    |
| Total                          | 209,006          | 197,152           |
| Less accumulated depreciation  | <u>(87,878)</u>  | <u>(26,629)</u>   |
| Property and equipment - net   | <u>\$121,128</u> | <u>\$ 170,523</u> |

Depreciation expense for the years ended June 30, 2023 and 2022 totaled \$61,250 and \$45,140, respectively.

**4. *Line of Credit***

The Organization had a \$330,557 revolving line of credit with Merrill Lynch Global Wealth Management, bearing interest at 3.125%. The line of credit was closed in March 2023.

**5. *Investments***

Investments consist of mutual funds, government securities and certificates of deposits at June 30, 2023 and 2022. Fair value of mutual funds and government securities is based on quoted prices in active markets. Certificate of deposit are reported at cost.

For the years ended June 30, 2023 and 2022, interest and dividend income, totaling \$39,622 and \$9,742, respectively, net of investment expenses totaling \$7,925 and \$8,839, respectively, are reported as investment return in the statements of activities. For the years ended June 30, 2023 and 2022, net realized gains totaling \$8,320 and \$12,260, respectively, and unrealized gains and losses of \$9,402 and \$(114,190), respectively are reported as such in the statements of activities.

**Junior Achievement of Greater Boston, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2023 and 2022

**5. *Investments – Continued***

The following table sets forth by level, within the fair value hierarchy, the Organization’s investments June 30, 2023 and 2022.

| <i>Description</i>     | <i>2023</i>    | <i>2022</i>    |
|------------------------|----------------|----------------|
|                        | <i>Level 1</i> | <i>Level 1</i> |
| Corporate Bond Funds   | \$ -           | \$ 92,643      |
| Multisector Bond Funds | -              | 81,476         |
| Small Blend Funds      | -              | 38,839         |
| Large Blend Funds      | -              | 141,009        |
| Large Value Funds      | -              | 40,986         |
| Equities               | 300,610        | -              |
| Fixed Income           | 407,043        | -              |
| Alternative            | 124,399        | -              |
| Mid-Cap Value          | -              | 75,932         |
| Short Government       | 491,620        | 85,346         |
| Short Term Bond        | -              | 84,503         |
| Systematic Trend       | -              | 79,711         |
| Total                  | \$ 1,323,672   | \$ 720,445     |

The Organization at June 30, 2023, holds two certificates of deposit totaling \$306,523 earning interest at approximately 5.1% and maturing July 3, 2023. The CD’s are considered other investments and are reported as such in the *Statement of Financial Position*.

**6. *Endowment***

The Organization’s endowment consists of one permanently restricted fund and a board designated fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restrictions require the Organization to maintain permanently restricted net assets in perpetuity.

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

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements – *Continued*

June 30, 2023 and 2022

**6. *Endowment - Continued***

In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified portfolio of liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price. The goal is, net of spending, to grow the aggregate portfolio value of the endowment by at least the rate of inflation, which based on historical trends, is estimated to be 3% per annum over the Organization's investment horizon (5 years), while adhering to the risk parameters established in the investment policy. Actual returns in any given year may vary from this amount.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Organization has a policy of appropriating for distribution each year any investment earnings in excess of 3% of the fund's total return per annum, which is measured based upon the moving average of the last three year's fund total return measured at the end of the month preceding the budget process. The exact amount spent is determined in the budget process and approved by the Board.

A summary of the endowment activity is as follows:

|   | <i>2023</i>         | <i>2022</i>       |
|---|---------------------|-------------------|
| Endowment net assets - beginning of year                  | <u>\$ 802,989</u>   | <u>\$ 895,176</u> |
| Investment return:  |                     |                   |
| Investment income   | 47,899              | 18,582            |
| Contributions   | 1,003,211           | 2,366             |
| Net incoming/(outgoing) transfers                         | 7,920               | -                 |
| Net appreciation/(depreciation) (realized and unrealized) | <u>9,449</u>        | <u>(101,930)</u>  |
| Total investment return                                   | 1,068,479           | (80,982)          |
| Withdrawals   | (3,092)             | (2,366)           |
| Fees  | <u>(7,925)</u>      | <u>(8,839)</u>    |
| Endowment net assets - end of year                        | 1,860,451           | 802,989           |
| Less permanently restricted net assets                    | (100,000)           | (100,000)         |
| Less temporarily restricted net assets                    | <u>(64,109)</u>     | <u>(56,895)</u>   |
| Endowment net assets without restriction                  | <u>\$ 1,696,342</u> | <u>\$ 646,094</u> |

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements – *Continued*

June 30, 2023 and 2022

**7. Lease Commitments**

During 2022, the Organization leased new office space under a three-year term that expires November 2024. Under the terms of the lease, the lessor donated the entire rent of \$338,580 to the Organization. Rent expense for the year ended June 30, 2023 totaled \$115,826, of which \$112,860 represented in-kind expense under the new lease. The cost associated with the remainder of the lease is included in inkind contributions, see note 9, and pledged receivables per the *Statement of Financial Position*.

**8. Notes Payable**

*Second Paycheck Protection Program*

On February 2, 2021, the Organization qualified for and received the second round of a loan pursuant to the Paycheck Protection Program, for an aggregate principal amount of \$213,575 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the ten months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. On August 13, 2021 the Loan was fully forgiven. During the fiscal period 2022, \$213,575 of the loan is classified as other income on the *Statement of Activities*.

*Achievement Foundation*

On May 18, 2020, the Organization entered into an unsecured non-interest bearing note payable with the Achievement Foundation in the amount of \$50,000. Payments in the amount of \$4,167 are due quarterly starting June 2021. The note was scheduled to mature in March 2024 but was fully paid off in September 2022.

**9. Inkind Contributions**

In-kind contributions of services and materials to support programs and special events have been recorded at fair value as both revenue and expense in the accompanying Statements of Activities. For the years ended June 30, 2023 and 2022, in-kind contributions totaled \$285,362 and \$392,794, respectively. Contributed nonfinancial assets recognized within the Statement of Financial Position and Statement of Activities include the following:

|  | <u>2023</u>       | <u>2022</u>       |
|--|-------------------|-------------------|
| Inkind pledge receivable                   | \$ 156,123        | \$ 268,983        |
| Rent                                       | 112,860           | 69,597            |
| Other expense (included in special events) | 10,379            | 6,495             |
| Student donations                          | <u>6,000</u>      | <u>47,719</u>     |
|  | <u>\$ 285,362</u> | <u>\$ 392,794</u> |

**Junior Achievement of Greater Boston, Inc.**

Notes to Financial Statements – *Continued*

June 30, 2023 and 2022

**10. *Related Party Transactions***

The Organization pays Junior Achievement USA (JA USA) an annual license fee calculated as a percentage of revenues generated. License fee expense for the years ended June 30, 2023 and 2022, was \$138,207 and \$165,526, respectively. The Organization also purchases insurance and certain program materials from JA USA. Such purchases for the years ended June 30, 2023 and 2022, amounted to \$46,256 and \$24,421 respectively.

The Organization also made payments to other Junior Achievement affiliates for conferences and member dues. Fees paid to affiliates for the years ended June 30, 2023 and 2022, amounted to \$650 and \$100, respectively.

Amounts due to JA USA at June 30, 2023 and 2022, totaled \$10,867 and \$13,815, respectively.

The Organization received contributions from JA Worldwide at June 30, 2023 and 2022 in the amount of \$6,199 and \$71,925, respectively.

**11. *Concentrations of Credit Risk***

The Organization invests in various investment securities. Investment securities 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 such changes could materially affect the amounts reported in the financial statements.

The Organization's bank account is held at a financial institution that is FDIC insured up to the maximum amount of \$250,000 per depositor. The balance on deposit in this account may exceed this insured limit at times during the fiscal year. The Organization has not experienced any losses in this account, and management believes that the Organization is not exposed to any significant credit risk on cash.

**12. *Net Assets with Donor Restrictions***

The Organization's net assets with donor restrictions at June 30, 2023 and 2022 consisted of the following:

| <i>Description</i>                        | <i>2023</i>       | <i>2022</i>       |
|---|-------------------|-------------------|
| Net appreciation on endowment investments | \$ 64,109         | \$ 56,895         |
| Program restricted                        | <u>511,311</u>    | <u>777,379</u>    |
| Total                                     | <u>\$ 575,420</u> | <u>\$ 834,274</u> |

Additionally, the Organization has received public gifts with specific donor stipulations requiring that the principal be held in perpetuity and that only a portion of the income therefrom be used for specific program purposes. These resources are, by act of Congress, under the control of the board of directors who are required to maintain and invest the funds. The balance of net assets with donor restrictions held in perpetuity at June 30, 2023 and 2022 is \$100,000 for both the years ended.



**Junior Achievement of Greater Boston, Inc.**  
Notes to Financial Statements – *Continued*  
June 30, 2023 and 2022

**13. *Availability and Liquidity***

The table below presents the Organization’s financial assets available within one year to meet its general expenditures at June 30, 2023.

*Financial assets at year end*

|                           |                  |
|---------------------------|------------------|
| Cash and cash equivalents | \$ 424,851       |
| Accounts receivable       | 15,000           |
| Pledges receivable        | 1,183,599        |
| Investments               | <u>1,630,195</u> |
| Total financial assets    | 3,253,645        |

*Less amounts not available to be used within one year*

|                                    |                  |
|------------------------------------|------------------|
| Net assets with donor restrictions | <u>(675,420)</u> |
|------------------------------------|------------------|

|  |                     |
|--|---------------------|
| Financial assets available to meet general expenditures<br>within one year | <u>\$ 2,578,225</u> |
|--|---------------------|

As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

**14. *Subsequent Events***

The Organization has evaluated subsequent events through November 30, 2023, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2023, that requires recognition or disclosure in these financial statements.