

WE ENVISION A WORLD WHERE YOUNG PEOPLE HAVE THE SKILL SET AND MINDSET TO BUILD THRIVING COMMUNITIES.



Thank you for supporting Junior Achievement North!

Support from the Minnesota Department of Education allowed Junior Achievement North to provide our unique experiential learning programs, JA BizTown and JA Finance Park, to students across Minnesota, helping them build foundational skills and access resources that will prepare them for success in school and in life.

With this funding, JA North was able to reduce program fees for schools and families, increasing accessibility for these high-impact programs. With your support, we have exposed students to new careers and industries, taught budgeting and money management, and brought real-world learning to life. We are incredibly grateful!



CLOSING THE GAPS

Our programming is critical in addressing the skills, wealth, and opportunity gaps we're currently experiencing. Tomorrow's leaders need our support today.

JUNIOR ACHIEVEMENT IS PART OF THE SOLUTION

85%

of alumni say JA played an important role in fostering a **belief they could achieve their goals.**

JA Alumni report an **increase in their standard** of living between childhood and adulthood, an indicator of economic mobility.



91%

of JA Alumni reported **being confident in managing money.**

(Source: 2020 JA Alumni survey by Ipsos; 2016 JA Alumni survey)

Program Impact in Minnesota:



82,398 Minnesota students received Junior Achievement programming



57% of students served in the 11 County Metro Area, and 43% across Greater Minnesota.



15,993 students served in learning labs during 2022-23 school year



25,000 students anticipated in learning labs for 2023-24 school year



38% of Junior Achievement North students qualify for free and reduced lunch.

"I wish I had this program when I was younger. Teaching students to set aside money at an early age for expenses they might have will help set them up for success."

– Jenny, JA BizTown Volunteer



Junior Achievement™
North

“THE ACTIVITIES IN FINANCE PARK GIVE US A CHANCE TO REALLY FEEL WHAT IT'S LIKE TO CREATE AND MANAGE A BUDGET BY OURSELVES.”

– HARPER, JA FINANCE PARK STUDENT



Thank You for Your Support

Through JA BizTown and JA Finance Park, students see the relevance of what they are learning in the classroom and its application to the real world.

Support from the Minnesota Department of Education helps ensure that more students from across the state have access to these impactful programs. Thanks to the generosity of JA North supporters, students are empowered to learn how to build financially stable futures, find careers they're passionate about, and unleash their entrepreneurial spirits.

Thank you for supporting JA North students. Together, with students, we can build brighter futures.

Strategic Minnesota Impact

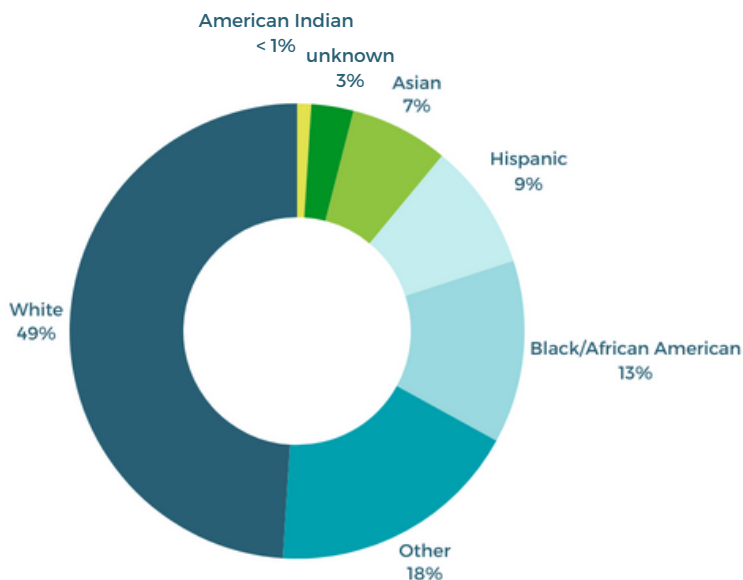
429 Schools served

2,656 Teachers utilizing curriculum

6,973 Volunteer experiences

610,942 Student programming contact hours

Junior Achievement North Student Demographics



The learning became real for them when they discovered that they'd be working in real businesses that they see in their community. The fun activities kept students engaged throughout the experience.

– Chris, JA BizTown Teacher

The Power of Partnerships

Junior Achievement North takes a collaborative approach to our work, which has led us to form strong partnerships with a variety of financial literacy and programmatic organizations. These partnerships take many forms and serve as a way to share our expertise as well as learn from others who are doing important work with similar goals. Some of the key organizations we collaborate with include:

- BestPrep
- Sanneh Foundation
- Jump\$tart Coalition
- Science Museum of Minnesota
- Gear Up
- Green Garden Bakery
- Breakthrough Twin Cities
- Financial institutions such as U.S. Bank, Affinity Plus, and RBC Wealth Management

Junior Achievement North and Junior Achievement North Foundation

Consolidated Financial Statements
and Supplementary Information

June 30, 2023 and 2022

Junior Achievement North and Junior Achievement North Foundation

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June 30, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of
Junior Achievement North and Junior Achievement North Foundation

Opinion

We have audited the consolidated financial statements of Junior Achievement North and Junior Achievement North Foundation (the Organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization 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 (GAAP).

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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information presented on pages 28 to 31 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. The consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. Also, the other information presented on page 32 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. We express no opinion on the other information.

Baker Tilly US, LLP

Minneapolis, Minnesota
November 28, 2023

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Financial Position

June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,000,457	\$ -	\$ 2,000,457
Investments (Note 3)	1,556,554	7,996,343	9,552,897
Pledges receivable, net (Note 4)	462,842	1,035,371	1,498,213
Other receivables	31,614	-	31,614
Inventory	33,640	-	33,640
Prepaid assets	27,848	-	27,848
Total current assets	<u>4,112,955</u>	<u>9,031,714</u>	<u>13,144,669</u>
Long-Term Assets			
Property and equipment, net			
Land and land improvements	1,123,312	-	1,123,312
Buildings	14,853,414	-	14,853,414
Furniture and equipment	1,214,450	-	1,214,450
	<u>17,191,176</u>	<u>-</u>	<u>17,191,176</u>
Less accumulated depreciation	<u>(3,289,489)</u>	<u>-</u>	<u>(3,289,489)</u>
Total property and equipment, net	13,901,687	-	13,901,687
Cash and cash equivalents for long-term purposes	29,922	-	29,922
Investments (Note 3)	1,717,217	860,580	2,577,797
Pledges receivable for long-term purposes, net (Note 4)	-	999,675	999,675
Note receivable, NMTC (Note 7)	11,303,400	-	11,303,400
Total long-term assets	<u>26,952,226</u>	<u>1,860,255</u>	<u>28,812,481</u>
Total assets	<u>\$ 31,065,181</u>	<u>\$ 10,891,969</u>	<u>\$ 41,957,150</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 22,928	\$ -	\$ 22,928
Other payables	331,017	-	331,017
Current maturity of long-term liabilities	16,682	-	16,682
Total current liabilities	<u>370,627</u>	<u>-</u>	<u>370,627</u>
Long-Term Liabilities			
Notes payable NMTC A (Note 7)	4,336,600	-	4,336,600
Notes payable NMTC B (Note 7), net	11,111,562	-	11,111,562
Total long-term liabilities	<u>15,448,162</u>	<u>-</u>	<u>15,448,162</u>
Total liabilities	<u>15,818,789</u>	<u>-</u>	<u>15,818,789</u>
Net Assets			
Without donor restrictions	15,246,392	-	15,246,392
With donor restrictions	-	10,891,969	10,891,969
Total net assets	<u>15,246,392</u>	<u>10,891,969</u>	<u>26,138,361</u>
Total liabilities and net assets	<u>\$ 31,065,181</u>	<u>\$ 10,891,969</u>	<u>\$ 41,957,150</u>

See notes to consolidated financial statements

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Financial Position

June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 2,443,211	\$ 422,600	\$ 2,865,811
Investments (Note 3)	196,447	-	196,447
Pledges receivable, net (Note 4)	270,841	871,016	1,141,857
Other receivables	169,724	-	169,724
Inventory	20,010	-	20,010
Prepaid assets	53,818	-	53,818
Total current assets	<u>3,154,051</u>	<u>1,293,616</u>	<u>4,447,667</u>
Long-Term Assets			
Property and equipment, net			
Land and land improvements	1,076,900	-	1,076,900
Buildings	14,853,414	-	14,853,414
Furniture and equipment	1,249,655	-	1,249,655
	<u>17,179,969</u>	<u>-</u>	<u>17,179,969</u>
Less accumulated depreciation	<u>(2,652,033)</u>	<u>-</u>	<u>(2,652,033)</u>
Total property and equipment, net	14,527,936	-	14,527,936
Cash and cash equivalents for long-term purposes	39,942	-	39,942
Investments (Note 3)	-	803,151	803,151
Pledges receivable for long-term purposes, net (Note 4)	-	543,871	543,871
Note receivable, NMTC (Note 7)	11,303,400	-	11,303,400
Total long-term assets	<u>25,871,278</u>	<u>1,347,022</u>	<u>27,218,300</u>
Total assets	<u>\$ 29,025,329</u>	<u>\$ 2,640,638</u>	<u>\$ 31,665,967</u>
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 17,328	\$ -	\$ 17,328
Other payables	348,051	-	348,051
Current maturity of long-term liabilities	27,758	-	27,758
Total current liabilities	<u>393,137</u>	<u>-</u>	<u>393,137</u>
Long-Term Liabilities			
Capital lease	2,778	-	2,778
Notes payables (Note 7)	12,500	-	12,500
Notes payable NMTC A (Note 7)	4,336,600	-	4,336,600
Notes payable NMTC B (Note 7), net	11,015,303	-	11,015,303
Total long-term liabilities	<u>15,367,181</u>	<u>-</u>	<u>15,367,181</u>
Total liabilities	<u>15,760,318</u>	<u>-</u>	<u>15,760,318</u>
Net Assets			
Without donor restrictions	13,265,011	-	13,265,011
With donor restrictions	-	2,640,638	2,640,638
Total net assets	<u>13,265,011</u>	<u>2,640,638</u>	<u>15,905,649</u>
Total liabilities and net assets	<u>\$ 29,025,329</u>	<u>\$ 2,640,638</u>	<u>\$ 31,665,967</u>

See notes to consolidated financial statements

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Activities

Year Ended June 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions:			
Corporate	\$ 1,321,674	\$ 2,556,141	\$ 3,877,815
Individual	2,585,033	-	2,585,033
Foundations	1,369,820	6,944,710	8,314,530
In-kind contributions	80,281	-	80,281
Special events, net of direct benefit to donors	367,034	2,500	369,534
Government grant revenue	51,624	-	51,624
Program fees	286,331	-	286,331
Unrealized gains on investments	88,953	52,154	141,107
Realized gains on investments	174,828	-	174,828
Interest and dividends, net	302,191	14,422	316,613
Other income	52,764	-	52,764
Net assets released from restriction	1,318,596	(1,318,596)	-
	<u>7,999,129</u>	<u>8,251,331</u>	<u>16,250,460</u>
Expenses			
Program expenses	4,316,756	-	4,316,756
Fundraising expenses			
Volunteer recruitment	365,351	-	365,351
Contribution solicitation	864,901	-	864,901
Management and general expenses	470,740	-	470,740
	<u>6,017,748</u>	<u>-</u>	<u>6,017,748</u>
Change in net assets	1,981,381	8,251,331	10,232,712
Net Assets, Beginning	<u>13,265,011</u>	<u>2,640,638</u>	<u>15,905,649</u>
Net Assets, Ending	<u>\$ 15,246,392</u>	<u>\$ 10,891,969</u>	<u>\$ 26,138,361</u>

See notes to consolidated financial statements

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Activities

Year Ended June 30, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions:			
Corporate	\$ 1,500,210	\$ 1,053,221	\$ 2,553,431
Individual	633,811	2,281	636,092
Foundations	350,423	171,000	521,423
In-kind contributions	42,784	-	42,784
Special events, net of direct benefit to donors	428,925	85,986	514,911
Government grant revenue	70,835	-	70,835
Program fees	213,162	-	213,162
Unrealized losses on investments	(54,629)	(160,951)	(215,580)
Realized gains on investments	3,542	-	3,542
Interest and dividends, net	238,605	20,678	259,283
Other income	2,490	-	2,490
Gain on forgiveness of debt	588,062	-	588,062
Net assets released from restriction	1,185,864	(1,185,864)	-
	<u>5,204,084</u>	<u>(13,649)</u>	<u>5,190,435</u>
Total revenues, gains and other support			
Expenses			
Program expenses	3,924,827	-	3,924,827
Fundraising expenses			
Volunteer recruitment	251,073	-	251,073
Contribution solicitation	683,585	-	683,585
Management and general expenses	503,223	-	503,223
	<u>5,362,708</u>	<u>-</u>	<u>5,362,708</u>
Total expenses			
Change in net assets	(158,624)	(13,649)	(172,273)
Net Assets, Beginning	<u>13,423,635</u>	<u>2,654,287</u>	<u>16,077,922</u>
Net Assets, Ending	<u>\$ 13,265,011</u>	<u>\$ 2,640,638</u>	<u>\$ 15,905,649</u>

See notes to consolidated financial statements

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Supporting Services				Total
	Program	Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Personnel					
Salaries and wages	\$ 1,872,266	\$ 216,783	\$ 496,396	\$ 258,395	\$ 2,843,840
Payroll taxes, benefits and development	284,668	32,961	75,474	39,288	432,391
Total personnel	<u>2,156,934</u>	<u>249,744</u>	<u>571,870</u>	<u>297,683</u>	<u>3,276,231</u>
Materials, principally purchased from the National Organization	142,652	-	-	-	142,652
Other program costs	108,804	-	-	-	108,804
Scholarships	35,719	-	-	-	35,719
National Organization participation fees	305,054	-	24,002	58,068	387,124
Professional services	222,349	25,745	58,952	30,685	337,731
Office supplies, equipment and maintenance	111,778	12,942	29,636	15,427	169,783
Building maintenance	288,814	16,543	34,384	14,512	354,253
Travel	18,738	2,170	4,968	2,585	28,461
Interest	306,331	17,546	36,469	15,392	375,738
Miscellaneous	44,699	5,176	33,568	6,274	89,717
Cost of direct benefits to donors	-	-	182,074	-	182,074
Total expenses before depreciation	<u>3,741,872</u>	<u>329,866</u>	<u>975,923</u>	<u>440,626</u>	<u>5,488,287</u>
Depreciation	574,884	35,485	71,052	30,114	711,535
Total expenses	<u>4,316,756</u>	<u>365,351</u>	<u>1,046,975</u>	<u>470,740</u>	<u>6,199,822</u>
Cost of Direct Benefit to Donors Netted Against Revenue	<u>-</u>	<u>-</u>	<u>(182,074)</u>	<u>-</u>	<u>(182,074)</u>
Total expenses, net	<u>\$ 4,316,756</u>	<u>\$ 365,351</u>	<u>\$ 864,901</u>	<u>\$ 470,740</u>	<u>\$ 6,017,748</u>

See notes to consolidated financial statements

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Supporting Services				Total
	Program	Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Personnel					
Salaries and wages	\$ 1,596,250	\$ 155,138	\$ 327,945	\$ 263,397	\$ 2,342,730
Payroll taxes, benefits and development	198,536	19,296	40,789	32,761	291,382
Total personnel	<u>1,794,786</u>	<u>174,434</u>	<u>368,734</u>	<u>296,158</u>	<u>2,634,112</u>
Materials, principally purchased from the National Organization	82,221	-	-	-	82,221
Other program costs	72,397	-	-	-	72,397
Scholarships	27,500	-	-	-	27,500
National Organization participation fees	414,304	-	32,598	78,865	525,767
Professional services	190,493	15,200	26,334	25,301	257,328
Office supplies, equipment and maintenance	114,908	11,168	23,607	18,961	168,644
Building maintenance	237,847	9,207	28,044	15,356	290,454
Travel	8,116	789	1,667	1,340	11,912
Interest	319,189	12,356	37,635	20,607	389,787
Miscellaneous	54,822	4,374	93,249	7,366	159,811
Cost of direct benefits to donors	-	-	124,199	-	124,199
Total expenses before depreciation	<u>3,316,583</u>	<u>227,528</u>	<u>736,067</u>	<u>463,954</u>	<u>4,744,132</u>
Depreciation	608,244	23,545	71,717	39,269	742,775
Total expenses	<u>3,924,827</u>	<u>251,073</u>	<u>807,784</u>	<u>503,223</u>	<u>5,486,907</u>
Cost of Direct Benefit to Donors Netted Against Revenue	<u>-</u>	<u>-</u>	<u>(124,199)</u>	<u>-</u>	<u>(124,199)</u>
Total expenses, net	<u>\$ 3,924,827</u>	<u>\$ 251,073</u>	<u>\$ 683,585</u>	<u>\$ 503,223</u>	<u>\$ 5,362,708</u>

See notes to consolidated financial statements

Junior Achievement North and Junior Achievement North Foundation

Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 10,232,712	\$ (172,273)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	807,794	839,033
Unrealized (gains) losses on investments	(141,107)	215,580
Realized gains on investments	(174,828)	(3,542)
Gain on forgiveness of debt	-	(588,062)
Loss on disposal of equipment	1,641	-
Changes in assets and liabilities:		
Pledges receivable	(532,860)	388,533
Other receivables	138,110	277,816
Inventory	(13,630)	(11,290)
Prepaid assets	25,970	522,225
Accounts payable	5,600	15,878
Other payables	(17,034)	(30,138)
Gifts restricted for long term purposes	(279,300)	-
Net cash provided by operating activities	<u>10,053,068</u>	<u>1,453,760</u>
Cash Flows From Investing Activities		
Purchase of property and equipment	(86,927)	-
Purchase of investments	(31,089,768)	(251,527)
Proceeds from the sale of investments	<u>20,274,607</u>	<u>422,181</u>
Net cash (used in) provided by investing activities	<u>(10,902,088)</u>	<u>170,654</u>
Cash Flows From Financing Activities		
Payments on long-term debt and finance/capital leases	<u>(26,354)</u>	<u>(525,127)</u>
Net cash used in financing activities	<u>(26,354)</u>	<u>(525,127)</u>
Net change in cash and cash equivalents	(875,374)	1,099,287
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>2,905,753</u>	<u>1,806,466</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 2,030,379</u>	<u>\$ 2,905,753</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 279,500</u>	<u>\$ 293,500</u>

See notes to consolidated financial statements

Junior Achievement North and Junior Achievement North Foundation

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

1. Nature of Operations and Significant Accounting Policies

Organization

The accompanying consolidated financial statements include the accounts of Junior Achievement North (Junior Achievement or JA North) and the Junior Achievement North Foundation (the Foundation). All inter-organization accounts and transactions have been eliminated in the accompanying consolidated financial statements. Junior Achievement North and the Junior Achievement North Foundation are collectively referred to as the Organization.

Junior Achievement operates in the states of Minnesota, North Dakota and three counties of western Wisconsin. Junior Achievement's revenues are derived primarily from corporate and individual contributions, class fees and fundraising events held locally. The Foundation was incorporated in April 1997 as a not-for-profit organization to be operated exclusively for the benefit of and to carry out the purposes of Junior Achievement. The Foundation's primary sources of financial support are individual contributors. Additionally, the Organization is an affiliate of Junior Achievement, USA Inc. (the National Organization) and Junior Achievement Worldwide, Inc. (the Global Organization).

Junior Achievement Programming

Junior Achievement North prepares young people with the skillset and mindset to build thriving communities. Through financial literacy, career readiness and entrepreneurial programming, we play a critical role in addressing the skills, wealth, and opportunity gaps our communities face.

Junior Achievement North offers programming to K-12 students across its region, which helps students build financial stability, connects them to real life skills and careers, ignites youth entrepreneurship, and cultivates engaged community leaders. Junior Achievement empowers students to make connections between what they learn in school and how it can be applied in the real world. This approach enhances the relevance of their classroom learning and demonstrates the power of education in future endeavors.

Programs and materials are generally available free of charge to schools and educators located in a sponsored school district, with the exception of Capstone programs.

During the 2022-23 school year, we served students from kindergarten through high school broken down across our region and by level as follows:

By Region

11-County Metro Area	47,035
Greater Minnesota	35,363
North Dakota	16,606
Western Wisconsin	4,080
Virtual Options	2,529

By Level

Elementary	63 %
Middle	20 %
High School	15 %
Other	2 %

To achieve this reach, we implement classroom programming, on-site learning labs and virtual options to meet students where and how they're learning.

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Elementary school programs - During elementary school programs, students build a solid foundation and learn basic concepts of business, finance, community engagement and the importance of education. Through experiential lessons and connecting with community volunteers, Junior Achievement brings learning to life through engaging lessons for students.

Middle school programs – In middle school, students build on concepts learned in elementary school and lessons are designed to build foundational financial skills, expose students to a variety of career opportunities, and cultivate an entrepreneurial spirit. The programs supplement standard school curricula and build communication skills essential to success outside of school. Volunteers support teachers by implementing lessons in classrooms, which helps build community connections and enhances learning.

High school programs - Junior Achievement's high school programs help students make informed, intelligent decisions about their future, and foster skills that will be valuable as they graduate from high school and take their next steps. Two highlights of our high school programming include JA Company Program and JA Job Shadow.

The JA Company Program is a business and leadership experience for 9th-12th grade students. Students are encouraged to use innovative thinking to create, market and operate their own business as part of a school-based organization, club, or in an after-school setting. Through this in-depth leadership and entrepreneurship program, students gain real world business experience by working in teams to conceptualize, capitalize and manage their own small businesses. Hosted and advised by entrepreneurs and volunteers, students gain insight around larger concepts like market research, business leadership and financial management while developing valuable career and leadership skills.

JA Job Shadow connects students with local businesses to help them explore potential career paths and gain exposure to industries in their area. Through this experiential opportunity, students can see firsthand what it's like to interact in a professional environment, learn what skills companies are looking for in candidates, make connections to business leaders, discover new career paths, and prepare to be part of the future workforce our communities need.

Virtual Learning Options

We meet students where they're at. The virtual innovations we started developing in 2020 will remain part of our on-going programming so we can continue to reach a broader group of students within the region. We have leveraged virtual content to meet the continual needs of remote learning opportunities, which means students who couldn't before receive classroom programming or make it to our learning labs now have access to those experiences, including virtual volunteer videos, JA BizTown Online Adventures, and JA Finance Park Virtual.

Capstone Experiences

Capstone programs bring learning to life for students. These programs are centered on a learning laboratory experience that provides a tangible way for students to apply what they have learned in the classroom while onsite in the Junior Achievement learning labs. Capstone programs include JA BizTown and JA Finance Park.

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JA BizTown – Elementary and Middle school students are not old enough to drive, work, vote or be a CEO. But that doesn't stop them from operating banks, managing restaurants, writing checks, and voting for mayor at JA BizTown. The program combines in-class learning with a day-long visit to this fully interactive simulated lab. JA BizTown helps students connect the dots between what they learn in school and the real world. Through daily lessons, interactive activities, and participation in this simulated community designed to support differentiated learning styles, students develop a strong understanding of the relationship between what they learn in school and their successful participation in an economy and community.

JA Finance Park - Students practice planning for a successful future during this learning simulation that covers critical personal finance concepts and career exploration. JA Finance Park is designed to be taught to middle school and high school students by classroom teachers. At the culmination of this program, students visit JA Finance Park in a virtual simulation or an on-site day to put into practice what they have learned about economic options and the principles of budgeting. Assisted by their teachers and a staff of trained volunteers, students explore budgeting and how educational and financial decisions can impact your future.

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization presents information regarding its financial position and activities according to two classes of net assets: net assets with donor restriction or net assets without donor restriction, based on the existence or absence of donor-imposed restrictions.

Net Asset Classifications

Contributions received are recorded as an increase in net assets without donor restriction or net assets with donor restrictions, depending on the existence or nature of any donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restriction - Net assets without donor restriction include all assets, liabilities and related revenues and expenses arising from the operations of the Organization, which are not subject to any donor restrictions. The Organization's Board of Directors has the ability to designate identified amounts of net assets without restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of uncollected long-term pledges receivable and unexpended amounts that may be used only after a specified date or only for a specified purpose or both. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, these assets will be reclassified to net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Certain net assets with donor restriction may consist of gifts and pledges whose principal balance is required by the donor to remain intact in perpetuity.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

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Cash, Cash Equivalents and Restricted Cash

The Organization's cash balances are held primarily at three financial institutions and at times exceed FDIC insurance limits.

The Organization considers all cash on deposit, money market funds and any highly liquid instruments or certificates of deposit purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments in cash equivalents, money market and marketable securities are recorded at current fair values primarily based on quoted market prices. Donated investments are initially recorded at their fair value on the date of donation and thereafter at the current fair value. Realized and unrealized gains and losses are recorded as they occur.

Investment income earned is recorded as net assets without donor restriction or net assets with donor restriction, depending on the existence and/or nature of any donor restrictions.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over estimated useful lives by use of the straight-line method. The estimated useful life for buildings is 30 years and for furniture and equipment is 5 years. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. The present value of finance (capital) lease obligations are classified as long-term debt and the related assets are included in equipment. Amortization of equipment under finance (capital) leases is included in depreciation expense. The Organization capitalizes property and equipment additions in excess of \$1,000.

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals. No impairments of long-lived assets were recorded during the years ended June 30, 2023 or 2022.

Note Receivable, NMTC

The note receivable related to the New Markets Tax Credit (NMTC) program financing structure, is due from an unrelated financial institution and has a payment schedule timed to coincide with payments due under the NMTC notes payable (see Note 8).

Debt Issuance Costs

Debt issuance costs relate to the Hemak Experiential Learning Center renovation project funding by the NMTC program financing. These costs are being amortized over the life of the debt on a straight-line basis. These costs are presented net against the notes payable to which they relate (see Note 7).

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Income Taxes

The Internal Revenue Service has determined that Junior Achievement and the Foundation, through the Junior Achievement USA group exemption, are nonprofit entities exempt from federal and state income taxes under the provisions of the Internal Revenue Code, Section 501(c)(3) and applicable state statutes.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of June 30, 2023 or 2022. The Organization's tax returns are subject to review and examination by federal and state authorities.

Change in Net Assets

The change in net assets on the statement of activities reflects the difference between revenues and expenses within the fiscal year. The change in net assets can result in an increase or decrease in consolidated net assets. The revenues reflect the contributions and program fees received by the Organization, special events revenue received, investment income and unrealized and realized gains or losses on investments. The expenses reflect the direct and indirect expenses of operating programs, fundraising and management and general expenses of the Organization. Management's approach to operating the Organization is to be prudent with the resources and assets of the Organization by budgeting for a surplus, i.e., an increase in consolidated net assets. A surplus in the change in net assets provides for consistent cash flow, and a reduced need for obtaining financing which reduces the Organization's per student costs for programs and services offered by Junior Achievement.

Contributions and Pledges

The Organization reports gifts of cash and other assets as net assets with donor restriction if they are received with donor stipulations that limit the use of the donated assets. When a donor 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. The Organization classifies restricted gifts for which the restrictions expire in the same year as net assets without donor restrictions.

Unconditional promises to give are recognized as revenues in the period received as assets or decreases of liabilities, depending on the form of the benefit received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are recognized when the conditions on which they depend are met. The Organization had no conditional promises to give at June 30, 2023 and 2022.

Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash inflows. The discounts on those amounts are computed using interest rates applicable in the years in which the promises were received. Amortization of the discounts, if considered significant to the consolidated financial statements, is included in contribution revenue. An allowance for uncollectible pledges receivable is based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are written off when deemed uncollectible.

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The Organization reports gifts of land, buildings, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

For the year ended June 30, 2023, 66% of the Organization's contribution revenue, totaling \$10,100,000, was from two donors.

Program Fees

Fees for the Capstone program and summer camps are recognized in the period services are provided to the participants. Payments received prior to the commencement of the program are deferred to the applicable period. Satellite fees represent sales of curriculum to volunteer-run locations and are recognized upon delivery of the curriculum to the location. Satellite fees are not discounted, and no allowance has been recorded.

Donated Materials and Services

Donated materials and other gifts-in-kind are shown as revenues, gains and other support in the accompanying statements at their estimated fair values at date of receipt. The Organization recognizes contributed services at their estimated fair value if the services meet the requirements for recognition under accounting principles generally accepted in the United States of America, which are generally that the services provided require specialized skills and would have been purchased if not provided by contribution. The Organization's programs are delivered to students primarily by volunteers. Thus, the Organization is the beneficiary of significant amounts of time donated by a substantial number of volunteers. However, no amounts are recognized for these donated services since they do not meet the criteria for recognition. The Organization had in-kind donations for the fiscal years ending June 30, 2023 and 2022 of approximately \$80,300 and \$42,800, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. The functional allocation of expenses was based upon management's best estimates considering direct costs, square footage, labor and other factors. Accordingly, the following costs have been allocated among the programs and supporting services benefitted using the following methods:

- Personnel - labor allocation
- National Organization participation fees - usage of services provided
- Professional services - direct allocation and labor
- Office supplies, equipment and maintenance - labor allocation
- Building maintenance - square footage based on primary usage
- Travel - labor allocation
- Interest - square footage based on primary usage
- Miscellaneous - direct costs and labor allocation
- Depreciation - square footage based on primary usage

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Newly Adopted Accounting Pronouncement

Effective July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all related amendments, using the modified retrospective approach. The Organization's 2022 financial statements continue to be accounted for under the FASB's Topic 840 and have not been adjusted.

ASU No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At the date of adoption, the Organization recorded finance lease right-of-use assets totaling approximately \$4,900 in property and equipment, and a liability totaling approximately \$4,200 included in current maturity of long-term liabilities on the consolidated statement of financial position as of June 30, 2023.

The standard provides for several optional practical expedients. Upon transition to Topic 842, the Organization elected to apply the package of practical expedients permitted under the transition guidance, which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs. In addition, the Organization elected the accounting policy upon adoption to use a risk-free discount rate for the initial and subsequent measurement of the lease liability for its finance lease.

Future Accounting Pronouncement

During June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. ASU No. 2016-13 requires financial assets measured at amortized cost to be presented at the net amount expected to be collected, through an allowance for credit losses that is deducted from the amortized cost basis. The measurement of expected credit losses is based on relevant information about past events, including historical experience, current conditions and reasonable and supportable forecasts that affect the collectability of the reported amount.

ASU No. 2016-13 (as amended) is effective for annual periods beginning after December 15, 2022. The Organization is currently assessing the effect that ASU No. 2016-13 (as amended) will have on its consolidated financial statements.

2. Liquidity and Availability

The Organization's financial assets available within one year of the consolidated statement of financial position date for general expenditure such as operating expenses are approximated as follows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 2,000,500	\$ 2,865,800
Pledges receivable (due within one year)	1,498,200	1,141,900
Other receivable	31,600	169,700
Investments (without donor restrictions)	<u>1,556,600</u>	<u>196,400</u>
Total financial assets available to meet cash needs for general expenses within one year	<u>\$ 5,086,900</u>	<u>\$ 4,373,800</u>

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due. Cash in excess of daily requirements is typically invested in short-term, liquid securities.

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3. Investments and Fair Value Measurements

Investments consist of the following instruments at June 30, as approximated:

	<u>2023</u>	<u>2022</u>
Certificates of deposit	\$ 1,238,700	\$ -
Fixed income securities	8,314,200	-
Mutual funds – fixed income	987,600	189,900
Mutual funds – equity	1,501,700	754,500
Real asset funds	<u>88,500</u>	<u>55,200</u>
Total investments	12,130,700	999,600
Less amounts classified as short-term investments	<u>(9,552,900)</u>	<u>(196,400)</u>
Long-term investments	<u>\$ 2,577,800</u>	<u>\$ 803,200</u>

Accounting standards define fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under these standards, a three-level hierarchy is used for fair value measurements based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include the reporting entity's own data.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As of June 30, 2023, all investments are classified as Level 1 according to the fair value hierarchy.

The fair value of mutual funds and exchange traded funds are classified as Level 1, as values are determined by reference to quoted market prices in an active market. There have been no changes in the techniques and inputs used as of June 30, 2023 and 2022.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. There were no changes in the assumptions or methodologies used to determine the Organization's estimates of fair value during the years ended June 30, 2023 and 2022.

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4. Pledges Receivable

Pledges receivable consisted of the following at June 30, as approximated:

	<u>2023</u>	<u>2022</u>
Net pledges receivable for operations, unrestricted	\$ 497,800	\$ 305,800
Net pledges receivable for operations, purpose or time restricted	2,135,400	1,414,900
Less discount on long-term net pledges	(100,300)	-
Less allowance for doubtful pledges	(35,000)	(35,000)
Total	<u>\$ 2,497,900</u>	<u>\$ 1,685,700</u>

Pledges totaling \$999,700 and \$543,900 as of June 30, 2023 and 2022, respectively, represent those which are due within five years and are classified as long-term in the consolidated financial statements. The remaining \$1,498,200 and \$1,141,800 in pledges as of June 30, 2023 and 2022, respectively, represent operating pledges that are due within one year.

As of June 30, 2023, 41% of the Organization's pledges receivable, totaling \$1,079,300, was from two donors. As of June 30, 2022, 11% of pledges receivable, totaling \$190,304, was from one donor.

5. Employee Retention Credit

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan Act (ARPA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020, and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer. The Organization qualified for the ERC as its operations were partially suspended during 2020 and the first half of 2021 due to orders from the State of Minnesota limiting certain of its activities due to COVID-19 and/or it experienced a significant decline in gross receipts (for 2020, defined as a 50% decline in gross receipts when compared to the same calendar quarter in 2019, and for 2021, defined as a 20% decline in gross receipts when compared to the same quarter in 2019). The Organization averaged less than 100 full-time employees (FTEs) during 2019, therefore, it was considered a small employer during 2020 and 2021. As a small employer, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2020, the ERC equaled 50% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit for each employee of \$5,000. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$28,000 for each employee.

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. The Organization claimed credits totaling \$447,500 relating to the 2020 ERC credit and the 2021 ERC credit for quarter 1 and quarter 2 of calendar 2021. The amount was included in government grant revenue and other receivables on the consolidated financial statements for the year ended June 30, 2021, and \$31,600 remains in other receivables as of June 30, 2023.

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6. Employee Retirement Plans

403(b) Plan

All employees of the Organization are eligible to participate and contribute a portion of their salary to a 403(b) retirement plan of their choice. Currently, all participating employees are contributing to a plan sponsored by the Organization and administered by T. Rowe Price. The Organization has elected not to provide for employer contributions and therefore contributions are limited to employees' elected contributions.

401(k) Plan

Effective August 1, 2020, all employees of the Organization who have reached age 18 and twelve months of service are eligible to participate in the JA USA 401(k) Plan. The multiple employer plan allows for Safe Harbor Contributions for all participants based on 3% of participants' eligible compensation regardless of whether the employee elects to contribute to the plan. Employer contributions were \$68,500 and \$49,200 for years ended June 30, 2023 and 2022, respectively.

Defined Benefit Pension Plan (Terminated Effective June 30, 2019)

The Organization was a participant in the contributory multi-employer defined benefit pension plan of the National Organization (EIN 13-1635270; Plan Number: 333). Participation in the Plan was mandatory for all employees. Benefits were determined based on years of service and salary history.

Effective June 30, 2019, the Board of Directors of the National Organization approved the termination of the Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. During 2020, Plan participants elected the mode of their distribution (whether lump sum or annuity) and the Plan liquidated and distributed benefit payments accordingly.

Upon the conclusion of the necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC) during fiscal year ending June 30, 2023, the remaining Plan assets were used to pay final administrative costs, repay advances from the National Organization and then distributed to participating employers on a pro-rata basis. As a result, the Organization received approximately \$40,900 from the Plan during fiscal year ending June 30, 2023. The proceeds are recorded as other income on the consolidated statement of activities.

7. Debt and New Market Tax Credit Program Financing

Line of Credit

The Organization has a \$500,000 asset-based line of credit with a financial institution that matures on November 30, 2024. The interest rate provided under the line of credit agreement is a variable rate based on Wall Street Journal Midwest Edition Prime with a floor rate of 4.00%. Borrowings will be secured by all pledge receivables. As of the date of this report, there have been no borrowings on this line of credit.

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Paycheck Protection Program Loan (PPP)

In February 2021, the Organization received loan proceeds in the amount of \$588,100 under the PPP which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying businesses in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying businesses to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA and are forgivable after a "covered period" (eight or twenty-four weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. The Organization met the PPP's loan forgiveness requirements, and therefore applied for forgiveness during 2022. Legal release was received in September 2021; therefore the Organization recorded a gain on forgiveness of debt on the statement of activities for the year ended June 30, 2022.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request.

Promissory Note

The Organization has a \$50,000 promissory note due March 31, 2024 with no interest due if payments are made as scheduled in the note. If the payments are made after the due date, the note shall revert to a demand note bearing interest at 2% over Citibank prime with the unpaid balance due immediately. No collateral was required. Outstanding balances were \$12,500 and \$29,200 at June 30, 2023 and 2022, respectively.

New Market Tax Credit Program Financing

On June 28, 2018, the Organization closed on \$16,000,000 New Market Tax Credit program financing. The financing provides federal tax incentives to the investing banks in exchange for which the Organization anticipates forgiveness of a portion of the outstanding principal balance remaining at the end of the initial seven-year period. There are two types of NMTC notes payables. Notes Payable A for \$11,303,400 and Notes Payable B for \$4,336,600, both with interest only payments due quarterly at an annual rate of 1.7839% through June 2025, then quarterly installments of \$834,400, including interest and principal, through June 2048. Any unpaid principal balance and all accrued interest will be due and payable at the maturity date, subject to an early termination provision in June 2025. The Notes are secured by real and personal property owned by the Organization with a current book value of \$13,901,700 on June 30, 2023. In connection with the NMTC program financing, the Foundation, acting as a leveraged lender, entered into a note receivable arrangement with an unrelated organization totaling \$11,303,400. The Note Receivable bears an interest rate of 2% over a 30-year term. The repayment terms and the collateral on the Note Receivable approximate the terms and the collateral of the NMTC notes payable. Interest income earned on the Note Receivable will be included in investment income. The Foundation anticipates purchasing the security interest in the unrelated organization in seven years. This unrelated organization holds the Notes Payable A and B. After the purchase, the Foundation would own both the Note Receivable and the Notes Payable A and they would cancel. In addition, at this time, it is anticipated that Notes Payable B will be forgiven, and the Organization would realize approximately \$3,200,000 benefit, net of program costs of approximately \$1,800,000.

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Maturities of long-term notes payable are approximated as follows:

	2023			2022 Total
	Repayable	Forgivable	Total	
Years ending June 30:				
2024	\$ 12,500	\$ -	\$ 12,500	
2025	-	-	-	
2026	-	512,200	512,200	
2027	-	568,300	568,300	
2028	-	578,500	578,500	
Thereafter		13,981,000	13,981,000	
Total	<u>\$ 12,500</u>	<u>\$ 15,640,000</u>	15,652,500	\$ 15,669,200
Less debt issue costs, net of accumulated amortization			(191,800)	(288,100)
Less amounts reflected as current			(12,500)	(16,700)
			<u>\$ 15,448,200</u>	<u>\$ 15,364,400</u>

8. Net Assets With Donor Restrictions

Net assets with donor restrictions are limited by donor-imposed stipulations requiring principal to be invested in perpetuity while net investment income may be expended or may be limited by donor restrictions to support program activities or the occurrence of other specified events or passage of time.

Net assets with donor restrictions are restricted for the following purposes at June 30, as approximated:

	2023	2022
Restricted for subsequent fiscal year operations	\$ 10,031,400	\$ 1,837,500
JA Foundation Endowment ⁽¹⁾	578,700	578,700
JA Foundation Endowment, unappropriated earnings	281,900	224,400
	<u>\$ 10,892,000</u>	<u>\$ 2,640,600</u>

⁽¹⁾ The JA Foundation Endowment Fund represents gifts donated with the stipulation that the principal be maintained intact in perpetuity and that the investment income is used to carry out the purposes of Junior Achievement North. These donor-restricted endowment funds are further described in Note 10.

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9. Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended June 30, as approximated:

	<u>2023</u>	<u>2022</u>
Satisfaction of program and time restrictions	\$ 1,314,500	\$ 1,160,200
Appropriation of endowment earnings	4,100	25,700
	<u>\$ 1,318,600</u>	<u>\$ 1,185,900</u>

10. Endowment Funds

The Organization's endowment consists of donor-restricted funds established for the support of the Organization as discussed in Note 8. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment assets consist of cash, investments, and pledge receivables.

Interpretation of Relevant Law

Minnesota has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's Board of Directors has interpreted the Minnesota UPMIFA 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 to be held in perpetuity (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 endowment fund that is not classified as net assets to be held in perpetuity, is classified as net assets with purpose or time restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 fund;
- (2) The purposes of the Organization and the donor-restricted endowment fund;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Organization; and
- (7) The investment policies of the Organization.

Return Objectives and Risk Parameters

The Organization has adopted 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.

Junior Achievement North and Junior Achievement North Foundation

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as any board-designated funds. As of June 30, 2023 and 2022, the Organization had no board-designated endowment funds.

As approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that generate a composite fund total return over any five-year moving time period that exceeds the return of a hybrid index comprised of the 90-day Treasury bill rate, S&P 500 index, Russell 2000 Small Cap Index, MSCI EAFE Index, MSCI Emerging Markets Index, and the Barclays Multiverse Index, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5% over any five-year moving time period. Actual returns in any given time period may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy 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 (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy for distribution of its endowment assets is the lesser of 4% of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned or 4% of its investments value as of December 31. Depending on the composite fund total return of the hybrid index as previously described, the Organization may not meet a positive growth rate each year based on market conditions. However, management has determined this is a conservative and appropriate benchmark for the Organization's intentions related to the growth and preservation of the funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment and Restricted Net Asset Composition by Type of Fund

All net assets of the JA Foundation endowment fund are net assets with donor restrictions, totaling approximately \$860,600 and \$803,100 at June 30, 2023 and 2022, respectively.

**Junior Achievement North and
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Notes to Consolidated Financial Statements
June 30, 2023 and 2022

Changes in Endowment Net Assets

	June 30, 2023, as approximated		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets, beginning	\$ -	\$ 803,100	\$ 803,100
Investment return:			
Unrealized gain on investments	-	52,200	52,200
Interest and dividends	-	14,400	14,400
Total investment return	-	66,600	66,600
Appropriation of endowment assets for:			
Expenditure (donor advised)	-	(5,000)	(5,000)
Expenditure (spending policy)	-	(4,100)	(4,100)
Total appropriations	-	(9,100)	(9,100)
Net assets, ending	<u>\$ -</u>	<u>\$ 860,600</u>	<u>\$ 860,600</u>
	June 30, 2022, as approximated		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets, beginning	\$ -	\$ 974,100	\$ 974,100
Investment return:			
Unrealized loss on investments	-	(161,000)	(161,000)
Interest and dividends	-	20,700	20,700
Total investment return	-	(140,300)	(140,300)
Appropriation of endowment assets for:			
Expenditure (donor advised)	-	(5,000)	(5,000)
Expenditure (spending policy)	-	(25,700)	(25,700)
Total appropriations	-	(30,700)	(30,700)
Net assets, ending	<u>\$ -</u>	<u>\$ 803,100</u>	<u>\$ 803,100</u>

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2023 and 2022.

Junior Achievement North and Junior Achievement North Foundation

Notes to Consolidated Financial Statements
June 30, 2023 and 2022

11. Contributed Nonfinancial Assets (In-kind Contributions)

For the years ended June 30, the approximated contributed nonfinancial assets recognized within the consolidated statement of activities included:

	<u>2023</u>	<u>2022</u>
Technology equipment for office space	\$ -	\$ 9,600
Office supplies	29,200	-
Special events - supplies and printing	35,900	16,200
Office space and storage	4,500	17,000
Program supplies for students	10,700	-
	<u>80,300</u>	<u>42,800</u>
Totals	<u>\$ 80,300</u>	<u>\$ 42,800</u>

The value of contributed nonfinancial assets is established based on the estimated value of purchasing such items or services. All contributed nonfinancial assets received were utilized during the reporting period as provided in the expense categories above and were not subject to donor-imposed restrictions.

12. Volunteer Recruitment

Junior Achievement North has included the costs associated with recruiting volunteers for delivering classroom programs as a fundraising expense. These expenses, totaling approximately \$365,400 and \$251,100 in fiscal years 2023 and 2022, respectively, are directly related to recruiting the volunteers necessary to provide over 717,000 and 551,323 contact hours related to Junior Achievement programs during fiscal years 2023 and 2022, respectively.

13. Related-Party Transactions

At June 30, 2023 and 2022, board members' pledges receivable totaled \$52,700 and \$32,100, respectively.

The Organization was a participant in the contributory multi-employer defined benefit pension plan of the National Organization and contributed to the Plan. During the year ended June 30, 2023, the Organization received approximately \$40,900 upon dissolution of the Plan. (See Note 6)

The Organization purchases its materials from, and pays a contractual participation fee to, the National and Global Organizations. Participation fees are paid on a graduated scale of up to 10%, based on cash collected from net public support.

14. Subsequent Events

The Organization has evaluated subsequent events through November 28, 2023, the date which the consolidated financial statements were available to be issued.

Subsequent to June 30, 2023, the Organization signed a commitment for a capital project with a not-to-exceed price of \$982,000. The work is expected to be completed in fiscal year 2025 and is partially grant funded.

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidating Statement of Financial Position
June 30, 2023

	Junior Achievement North	Junior Achievement North Foundation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 1,160,563	\$ 839,894	\$ -	\$ 2,000,457
Investments	9,552,897	-	-	9,552,897
Intercompany receivable	139,337	-	(139,337)	-
Pledges receivable, net	1,473,213	25,000	-	1,498,213
Other receivables	31,614	-	-	31,614
Inventory	33,640	-	-	33,640
Prepaid assets	27,848	-	-	27,848
Total current assets	<u>12,419,112</u>	<u>864,894</u>	<u>(139,337)</u>	<u>13,144,669</u>
Long-Term Assets				
Property and equipment, net				
Land and land improvements	1,123,312	-	-	1,123,312
Buildings	14,853,414	-	-	14,853,414
Furniture and equipment	1,214,450	-	-	1,214,450
	<u>17,191,176</u>	<u>-</u>	<u>-</u>	<u>17,191,176</u>
Less accumulated depreciation	<u>(3,289,489)</u>	<u>-</u>	<u>-</u>	<u>(3,289,489)</u>
Total property and equipment, net	13,901,687	-	-	13,901,687
Cash and cash equivalents for long-term purposes	29,922	-	-	29,922
Investments	-	2,577,797	-	2,577,797
Pledges receivable for long-term purposes, net	999,675	-	-	999,675
Note receivable, NMTC	-	11,303,400	-	11,303,400
Total long-term assets	<u>14,931,284</u>	<u>13,881,197</u>	<u>-</u>	<u>28,812,481</u>
Total assets	<u>\$ 27,350,396</u>	<u>\$ 14,746,091</u>	<u>\$ (139,337)</u>	<u>\$ 41,957,150</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 22,928	\$ -	\$ -	\$ 22,928
Intercompany payable	-	139,337	(139,337)	-
Other payables	331,017	-	-	331,017
Current maturity of long-term liabilities	16,682	-	-	16,682
Total current liabilities	<u>370,627</u>	<u>139,337</u>	<u>(139,337)</u>	<u>370,627</u>
Long-Term Liabilities				
Notes payable NMTC A	4,336,600	-	-	4,336,600
Notes payable NMTC B, net	11,111,562	-	-	11,111,562
Total long-term liabilities	<u>15,448,162</u>	<u>-</u>	<u>-</u>	<u>15,448,162</u>
Total liabilities	<u>15,818,789</u>	<u>139,337</u>	<u>(139,337)</u>	<u>15,818,789</u>
Net Assets				
Without donor restrictions	1,500,218	13,746,174	-	15,246,392
With donor restrictions	10,031,389	860,580	-	10,891,969
Total net assets	<u>11,531,607</u>	<u>14,606,754</u>	<u>-</u>	<u>26,138,361</u>
Total liabilities and net assets	<u>\$ 27,350,396</u>	<u>\$ 14,746,091</u>	<u>\$ (139,337)</u>	<u>\$ 41,957,150</u>

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidating Statement of Financial Position
June 30, 2022

	Junior Achievement North	Junior Achievement North Foundation	Eliminations	Total
Assets				
Current Assets				
Cash and cash equivalents	\$ 2,536,178	\$ 329,633	\$ -	\$ 2,865,811
Investments	-	196,447	-	196,447
Intercompany receivable	361,472	-	(361,472)	-
Pledges receivable, net	1,079,357	62,500	-	1,141,857
Other receivables	169,724	-	-	169,724
Inventory	20,010	-	-	20,010
Prepaid assets	53,818	-	-	53,818
Total current assets	<u>4,220,559</u>	<u>588,580</u>	<u>(361,472)</u>	<u>4,447,667</u>
Long-Term Assets				
Property and equipment, net				
Land and land improvements	1,076,900	-	-	1,076,900
Buildings	14,853,414	-	-	14,853,414
Furniture and equipment	1,249,655	-	-	1,249,655
	<u>17,179,969</u>	<u>-</u>	<u>-</u>	<u>17,179,969</u>
Less accumulated depreciation	<u>(2,652,033)</u>	<u>-</u>	<u>-</u>	<u>(2,652,033)</u>
Total property and equipment, net	14,527,936	-	-	14,527,936
Cash and cash equivalents for long-term purposes	39,942	-	-	39,942
Investments	-	803,151	-	803,151
Pledges receivable for long-term purposes, net	543,871	-	-	543,871
Note receivable, NMTC	-	11,303,400	-	11,303,400
Total long-term assets	<u>15,111,749</u>	<u>12,106,551</u>	<u>-</u>	<u>27,218,300</u>
Total assets	<u>\$ 19,332,308</u>	<u>\$ 12,695,131</u>	<u>\$ (361,472)</u>	<u>\$ 31,665,967</u>
Liabilities and Net Assets				
Current Liabilities				
Accounts payable	\$ 17,328	\$ -	\$ -	\$ 17,328
Intercompany payable	-	361,472	(361,472)	-
Other payables	348,051	-	-	348,051
Current maturity of long-term liabilities	27,758	-	-	27,758
Total current liabilities	<u>393,137</u>	<u>361,472</u>	<u>(361,472)</u>	<u>393,137</u>
Long-Term Liabilities				
Capital leases	2,778	-	-	2,778
Notes payables	12,500	-	-	12,500
Notes payable NMTC A	4,336,600	-	-	4,336,600
Notes payable NMTC B, net	11,015,303	-	-	11,015,303
Total long-term liabilities	<u>15,367,181</u>	<u>-</u>	<u>-</u>	<u>15,367,181</u>
Total liabilities	<u>15,760,318</u>	<u>361,472</u>	<u>(361,472)</u>	<u>15,760,318</u>
Net Assets				
Without donor restrictions	1,734,503	11,530,508	-	13,265,011
With donor restrictions	1,837,487	803,151	-	2,640,638
Total net assets	<u>3,571,990</u>	<u>12,333,659</u>	<u>-</u>	<u>15,905,649</u>
Total liabilities and net assets	<u>\$ 19,332,308</u>	<u>\$ 12,695,131</u>	<u>\$ (361,472)</u>	<u>\$ 31,665,967</u>

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidating Statement of Activities
Year Ended June 30, 2023

	Junior Achievement North	Junior Achievement North Foundation	Eliminations	Total
Revenues, Gains and Other Support				
Contributions:				
Corporate	\$ 3,877,815	\$ 2,222,900	\$ (2,222,900)	\$ 3,877,815
Individual	2,569,533	15,500	-	2,585,033
Foundations	8,545,598	-	(231,068)	8,314,530
In-kind contributions	80,281	-	-	80,281
Special events, net of direct benefit to donors	369,534	-	-	369,534
Government grant revenue	51,624	-	-	51,624
Program fees	286,331	-	-	286,331
Unrealized gain on investments	12,768	128,339	-	141,107
Realized gains (losses) on investments	196,264	(21,436)	-	174,828
Interest and dividends, net	43,192	273,421	-	316,613
Other income	52,764	-	-	52,764
Board-directed appropriation	40,395	(40,395)	-	-
Appropriation of endowment earnings	9,100	(9,100)	-	-
	<u>16,135,199</u>	<u>2,569,229</u>	<u>(2,453,968)</u>	<u>16,250,460</u>
Expenses				
Program expenses	6,539,656	231,068	(2,453,968)	4,316,756
Fundraising expenses:				
Volunteer recruitment	365,351	-	-	365,351
Contribution solicitation	801,437	63,464	-	864,901
Management and general expenses	469,138	1,602	-	470,740
	<u>8,175,582</u>	<u>296,134</u>	<u>(2,453,968)</u>	<u>6,017,748</u>
Change in net assets	7,959,617	2,273,095	-	10,232,712
Net Assets, Beginning	<u>3,571,990</u>	<u>12,333,659</u>	<u>-</u>	<u>15,905,649</u>
Net Assets, Ending	<u>\$ 11,531,607</u>	<u>\$ 14,606,754</u>	<u>\$ -</u>	<u>\$ 26,138,361</u>

**Junior Achievement North and
Junior Achievement North Foundation**

Consolidating Statement of Activities
Year Ended June 30, 2022

	Junior Achievement North	Junior Achievement North Foundation	Eliminations	Total
Revenues, Gains and Other Support				
Contributions:				
Corporate	\$ 2,553,431	\$ -	\$ -	\$ 2,553,431
Individual	626,092	10,000	-	636,092
Foundations	752,491	-	(231,068)	521,423
In-kind contributions	42,784	-	-	42,784
Special events, net of direct benefit to donors	514,911	-	-	514,911
Government grant revenue	70,835	-	-	70,835
Program fees	213,162	-	-	213,162
Unrealized losses on investments	(14,749)	(200,831)	-	(215,580)
Realized gain on investments	3,542	-	-	3,542
Interest and dividends, net	7,494	251,789	-	259,283
Other income	2,490	-	-	2,490
Gain on forgiveness of debt	588,062	-	-	588,062
Board-directed appropriation	10,736	(10,736)	-	-
Appropriation of endowment earnings	30,700	(30,700)	-	-
	<u>5,401,981</u>	<u>19,522</u>	<u>(231,068)</u>	<u>5,190,435</u>
Total revenues, gains and other support				
Expenses				
Program expenses	3,924,827	231,068	(231,068)	3,924,827
Fundraising expenses:				
Volunteer recruitment	251,073	-	-	251,073
Contribution solicitation	576,607	106,978	-	683,585
Management and general expenses	502,139	1,084	-	503,223
	<u>5,254,646</u>	<u>339,130</u>	<u>(231,068)</u>	<u>5,362,708</u>
Total expenses				
	147,335	(319,608)	-	(172,273)
Change in net assets				
Net Assets, Beginning	<u>3,424,655</u>	<u>12,653,267</u>	<u>-</u>	<u>16,077,922</u>
Net Assets, Ending	<u>\$ 3,571,990</u>	<u>\$ 12,333,659</u>	<u>\$ -</u>	<u>\$ 15,905,649</u>

**Junior Achievement North and
Junior Achievement North Foundation**

Schedule of Financial Position - New Market Tax Credit Transaction (Unaudited)

Portion of Business

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash	\$ 99,908	\$ 76,774
Cash in reserve	29,922	39,942
Property and equipment:		
Furniture & equipment	1,214,450	1,257,912
Building	14,853,414	14,853,414
Land (allocated from Bldg)	1,123,312	1,076,900
Less accum depreciation	<u>(3,289,489)</u>	<u>(2,652,033)</u>
	<u>\$ 14,031,517</u>	<u>\$ 14,652,909</u>
Liabilities		
Loans and lease payables	\$ 15,640,000	\$ 15,640,000
Less prepaid loan costs	<u>(191,838)</u>	<u>(288,097)</u>
	<u>15,448,162</u>	<u>15,351,903</u>
Net Position		
Net inflows (outflows)	(717,651)	(1,709,260)
JA North equity investments	<u>(698,994)</u>	<u>1,010,266</u>
	<u>(1,416,645)</u>	<u>(698,994)</u>
	<u>\$ 14,031,517</u>	<u>\$ 14,652,909</u>

**Junior Achievement North and
Junior Achievement North Foundation**

Schedule of Activities - New Market Tax Credit Transaction (Unaudited)

Portion of Business

Year Ended June 30, 2023 and 2022

	<u>Year Ended June 30, 2023</u>	<u>Year Ended June 30, 2022</u>
Revenue and Cash Flows		
Rental income	\$ 783,303	\$ 776,736
Use of reserves	10,020	10,020
	<u>793,323</u>	<u>786,756</u>
Expenses		
Operating expenses	20	20
Interest payments	279,000	279,000
CA admin fees	10,000	10,000
Noncash expenses:		
Disposals of furniture & equipment, net	1,640	-
Depreciation	711,535	734,518
Amortization of debt costs	96,259	96,258
	<u>1,098,454</u>	<u>1,119,796</u>
Distribution to Non Portion of Business, net	<u>(412,520)</u>	<u>(1,376,220)</u>
Net inflows (outflows)	<u>\$ (717,651)</u>	<u>\$ (1,709,260)</u>



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-WILL, 5TH GRADE, JA NORTH BIZTOWN STUDENT

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Volunteers mentor students and help them gather information for their personal financial decision-making.

During the JA Finance Park simulation, students apply learned concepts and assume family and income scenarios. They use bank services, experience expenses, and make investment decisions, balance family budgets, all while exploring 21st Century careers.

“JA Finance Park helped my students further explore real life experiences that they will encounter when they are on their own. It made them more aware of how many outside businesses, utilities, and family obligations will want a piece of their paycheck!”

-Janeen, JA Finance Park Teacher

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