REPORT OF INDEPENDENT AUDITORS
AND CONSOLIDATED FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

# JUNIOR ACHIEVEMENT – ROCKY MOUNTAIN, INC.

June 30, 2021 and 2020

MOSSADAMS

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# Report of Independent Auditors

The Board of Directors
Junior Achievement - Rocky Mountain, Inc.

## Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Junior Achievement - Rocky Mountain, Inc., which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional and natural expense, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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

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

### *Auditor's Responsibility*

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

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

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

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement - Rocky Mountain, Inc. as of June 30, 2021 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited Junior Achievement – Rocky Mountain, Inc.'s June 30, 2020 consolidated financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Moss Adams LLP

Denver, Colorado
October 21, 2021

# Junior Achievement – Rocky Mountain, Inc.
## Consolidated Statements of Financial Position

**ASSETS**

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 2,090,577 | $ 933,298 |
| Pledges receivable, net, current | 107,036 | 267,361 |
| Accounts receivable | 118,958 | 15,605 |
| Prepaid expense and other assets | 81,746 | 54,295 |
| Total current assets | 2,398,317 | 1,270,559 |
| LONG-TERM ASSETS | | |
| Pledges receivable, net, long-term | 677,358 | 990,073 |
| Investment in Kinslow Memorial Fund | 38,460 | 38,456 |
| Net assets of Junior Achievement - Rocky Mountain, Inc. Endowment Fund | 1,353,993 | 1,173,676 |
| Property and equipment, net | 3,621,448 | 3,677,467 |
| Total long-term assets | 5,691,259 | 5,879,672 |
| TOTAL ASSETS | $ 8,089,576 | $ 7,150,231 |

**LIABILITIES AND NET ASSETS**

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable and accrued expenses | $ 294,029 | $ 245,139 |
| Deferred revenue, current | 204,692 | 160,997 |
| Paycheck Protection Program loan, current | 65,156 | 196,585 |
| Total current liabilities | 563,877 | 602,721 |
| LONG-TERM LIABILITIES | | |
| Deferred revenue, long-term | 192,179 | 200,508 |
| Other liabilities | 8,381 | 8,381 |
| Paycheck Protection Program loan, long-term | 378,586 | 247,115 |
| Total long-term liabilities | 579,146 | 456,004 |
| TOTAL LIABILITIES | 1,143,023 | 1,058,725 |
| COMMITMENTS AND CONTINGENCIES (NOTES 5 AND 6) | | |
| NET ASSETS | | |
| Net assets without donor restrictions | 4,418,174 | 4,007,105 |
| Net assets with donor restrictions | 2,528,379 | 2,084,401 |
| TOTAL NET ASSETS | 6,946,553 | 6,091,506 |
| TOTAL LIABILITIES AND NET ASSETS | $ 8,089,576 | $ 7,150,231 |

See accompanying notes.

# Junior Achievement – Rocky Mountain, Inc.
## Consolidated Statements of Activities

| | Years Ended June 30, | | | |
|---|---|---|---|---|
| | 2021 | | | 2020 |
| REVENUE, GAINS, AND OTHER SUPPORT | Net Assets Without Donor Restrictions | Net Assets With Donor Restrictions | Total | Total |
| Contributions and program | | | | |
| Corporate | $ 1,599,545 | $ 99,607 | $ 1,699,152 | $ 3,851,695 |
| Individual | 402,456 | 88,570 | 491,026 | 992,117 |
| Foundations | 459,208 | 150,116 | 609,324 | 485,376 |
| Total contributions and program | 2,461,209 | 338,293 | 2,799,502 | 5,329,188 |
| Special events gross | 513,947 | - | 513,947 | 242,334 |
| Less special event expenses | (352,439) | - | (352,439) | (334,689) |
| Special events, net | 161,508 | - | 161,508 | (92,355) |
| Realized gains or loss | - | 679 | 679 | 10,208 |
| In-kind contributions | 10,000 | - | 10,000 | 77,992 |
| Gain from forgiveness of PPP loan | 443,700 | - | 443,700 | - |
| Other income | 208,894 | - | 208,894 | 229,832 |
| Net assets released | | | | |
| Time restrictions | 75,311 | (75,311) | - | - |
| Total public support and revenue | 3,360,622 | 263,661 | 3,624,283 | 5,554,865 |
| EXPENSES | | | | |
| Program expenses | 2,027,631 | - | 2,027,631 | 3,000,288 |
| Fundraising expenses | 553,466 | - | 553,466 | 532,928 |
| Management, general, and building expense | 427,524 | - | 427,524 | 501,478 |
| Total expenses | 3,008,621 | - | 3,008,621 | 4,034,694 |
| ENDOWMENT FUND | | | | |
| Net assets released from restrictions | 59,068 | (59,068) | - | - |
| Increase in net assets from endowment fund | - | 239,385 | 239,385 | 43,047 |
| Total change in endowment fund | 59,068 | 180,317 | 239,385 | 43,047 |
| CHANGES IN NET ASSETS | 411,069 | 443,978 | 855,047 | 1,563,218 |
| NET ASSETS, beginning of year | 4,007,105 | 2,084,401 | 6,091,506 | 4,528,288 |
| NET ASSETS, end of year | $ 4,418,174 | $ 2,528,379 | $ 6,946,553 | $ 6,091,506 |

See accompanying notes.

## Junior Achievement – Rocky Mountain, Inc.
### Consolidated Statements of Functional and Natural Expenses

| | Years Ended June 30, | | | | |
|---|---|---|---|---|---|
| | 2021 | | | | 2020 |
| | Program Services | Fund-Raising | Management and General | Total | Total |
| Payroll and related expenses | $ 1,113,180 | $ 452,954 | $ 242,688 | $ 1,808,822 | $ 2,191,193 |
| Professional services | 36,176 | 618 | (4,620) | 32,174 | 42,922 |
| Occupancy | 164,364 | 22,848 | 178,829 | 366,041 | 404,528 |
| Other expenses | 17,929 | 56,509 | 1,687 | 76,125 | 113,031 |
| Supplies | 61,251 | 280 | 150 | 61,681 | 136,059 |
| In-kind expenses | 5,000 | 128 | - | 5,128 | 77,993 |
| Travel and meals | 1,880 | 345 | 184 | 2,409 | 32,168 |
| Insurance | 39,505 | 1,957 | 1,044 | 42,506 | 40,038 |
| Advertising and marketing | 29,055 | 1,507 | - | 30,562 | 34,993 |
| Information technology | 20,381 | 4,430 | 2,363 | 27,174 | 26,250 |
| Bank charges | 12,008 | 2,611 | 1,392 | 16,011 | 9,241 |
| Other program related | 192,713 | 2,142 | - | 194,855 | 504,979 |
| Printing | 29,315 | 6,373 | 3,399 | 39,087 | 61,090 |
| Dues and subscriptions | 304,707 | 728 | 389 | 305,824 | 357,179 |
| Professional development | 167 | 36 | 19 | 222 | 3,030 |
| Total expenses | $ 2,027,631 | $ 553,466 | $ 427,524 | $ 3,008,621 | $ 4,034,694 |

See accompanying notes.

## Junior Achievement – Rocky Mountain, Inc.
### Consolidated Statements of Functional and Natural Expenses – Year Ended June 30, 2020

| | Years Ended June 30, | | | |
|---|---|---|---|---|
| | 2020 | | | |
| | Program Services | Fund-Raising | Management and General | Total |
| Payroll and related expenses | $ 1,512,912 | $ 402,722 | $ 275,559 | $ 2,191,193 |
| Professional services | 41,025 | 1,174 | 723 | 42,922 |
| Occupancy | 175,797 | 22,825 | 205,906 | 404,528 |
| Other expenses | 28,502 | 81,778 | 2,751 | 113,031 |
| Supplies | 133,811 | 1,392 | 856 | 136,059 |
| In-kind expenses | 72,993 | - | 5,000 | 77,993 |
| Travel and meals | 27,152 | 4,167 | 849 | 32,168 |
| Insurance | 38,527 | 935 | 576 | 40,038 |
| Advertising and marketing | 33,809 | 1,184 | - | 34,993 |
| Information technology | 20,258 | 3,710 | 2,282 | 26,250 |
| Bank charges | 7,131 | 1,306 | 804 | 9,241 |
| Other program related | 503,275 | 1,704 | - | 504,979 |
| Printing | 47,146 | 8,632 | 5,312 | 61,090 |
| Dues and subscriptions | 355,611 | 971 | 597 | 357,179 |
| Professional development | 2,339 | 428 | 263 | 3,030 |
| Total expenses | $ 3,000,288 | $ 532,928 | $ 501,478 | $ 4,034,694 |

See accompanying notes.

## Junior Achievement – Rocky Mountain, Inc.
### Consolidated Statements of Cash Flows

| | Years Ended June 30, 2021 | Years Ended June 30, 2020 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | $ 855,047 | $ 1,563,218 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation | 184,068 | 213,563 |
| Increase in net assets of endowment funds | (239,385) | (43,047) |
| Forgiveness of PPP loan | (443,700) | - |
| Change in operating assets and liabilities | | |
| Pledges receivable | 473,039 | (956,695) |
| Accounts receivable | (103,353) | 209,119 |
| Prepaid expenses, deposits, and other current assets | (27,451) | 268,390 |
| Accounts payable and accrued expenses | 48,891 | (76,936) |
| Deferred revenue | 35,366 | (51,042) |
| Other assets | (4) | (4) |
| Net cash provided by operating activities | 782,518 | 1,126,566 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (47,905) | (2,353,596) |
| Proceeds from distribution of endowment | 59,068 | 60,072 |
| Net cash provided by (used in) investing activities | 11,163 | (2,293,524) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital improvement loan payments | (80,144) | - |
| Paycheck Protection Program loan proceeds | 443,742 | 443,700 |
| Net cash provided by financing activities | 363,598 | 443,700 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 1,157,279 | (723,258) |
| CASH AND CASH EQUIVALENTS, beginning of year | 933,298 | 1,656,556 |
| CASH AND CASH EQUIVALENTS, end of year | $ 2,090,577 | $ 933,298 |
| NON-CASH FINANCING ACTIVITIES | | |
| Property additions financed through a loan payable | $ 80,144 | $ - |

See accompanying notes.

## Note 1 – Summary of Accounting Policies

### Nature of Organization

Junior Achievement – Rocky Mountain, Inc. (Junior Achievement or the Organization) was founded in 1950 as a nonprofit corporation chartered by Junior Achievement USA (National), also a nonprofit corporation. In partnership with the business community, educators, and volunteers, Junior Achievement prepares young people to thrive in the 21st century workplace and global economy by inspiring a passion in free enterprise and entrepreneurship and instilling an understanding of personal financial literacy. During the year ended June 30, 2020, JA Free Enterprise, LLC, a wholly owned subsidiary of Junior Achievement-Rocky Mountain, Inc., was formed to hold the assets for the Free Enterprise Center (FEC), which is currently under construction.

### Basis of Presentation

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report the Organization's financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification of ASC.

The consolidated financial statements are presented on the basis of net assets without donor restrictions and with donor restrictions.

- *Net Assets without Donor Restrictions* – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors' stipulations results in the release of such restrictions.

- *Net Assets with Donor Restrictions* – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Net assets with donor restrictions are designated by donors for specific purposes. Some net assets with donor restrictions are required by donors to be held in perpetuity.

*Expiration of Donor-Imposed Restrictions* – Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purposes and by occurrence of events specified by the donors, including the passage of time. Donor restriction on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

**Note 1 – Summary of Accounting Policies (continued)**

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with the Organization's audited consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

**Principles of Consolidation**
The consolidated financial statements and accompanying notes include the accounts of Junior Achievement – Rocky Mountain, Inc. and its wholly owned subsidiary, JA Free Enterprise Center, LLC. Accordingly, all significant inter-company transactions and balances have been eliminated in consolidation.

**Junior Achievement – Rocky Mountain Inc. Endowment Fund**
In 2004, the Organization signed an endowment fund agreement (the endowment) with Community First Foundation (the Foundation), an unrelated community foundation. The purpose of the endowment is to implement the Organization's programs in Colorado. The Organization does not determine the investment objectives or direction of the endowment fund (the Fund); that is at the discretion of the Foundation.

The Fund is held and managed by the Foundation, and the Organization may take distributions from the endowment to carry out the Organization's programs. Distributions are currently limited to 5% of the fair market value of the endowment on an annual basis. The Organization requested and received a 5% distribution of $59,068 and $60,072 during the years ended June 30, 2021 and 2020, respectively. In addition, the Organization may receive loans from the endowment in the case of financial hardship.

The primary investment objectives of the Fund are to preserve capital; enhance the real, inflation-adjusted purchasing power of these funds; and to provide a predictable, steady, and increasing stream of funding for the Organization's operations. The goal of the Fund is to attain an average annual real total return in excess of the policy index consisting of an asset allocation of approximately 65% equities and 35% fixed income and cash and cash equivalents. The Fund utilizes both passive investment strategies (e.g., index funds and exchange-traded funds) and active management strategies (e.g., actively managed mutual funds, etc.) as appropriate to provide exposure to certain asset classes and potential returns above those which may be achieved through passive investments. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to broad manager discretion, subject to usual standards of fiduciary prudence.

**Kinslow Memorial Fund**
The Kinslow Memorial Fund is an amount designated by the donor for future scholarships and is recorded as net assets with donor restriction until such grants are made. The investment is an interest-bearing bank account.

**Note 1 – Summary of Accounting Policies (continued)**

**Volunteer Recruitment**
To achieve its program goals, the Organization utilizes volunteers to teach in the classroom. To fulfill its growing commitment, the Organization incurs time and expenses for recruitment of volunteers each year. The costs incurred for recruitment of classroom volunteers are included in program expenses. Costs associated with training and coordination of classroom volunteers are recorded with program expenses.

**Functional Allocation of Expenses**
The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

**Use of Estimates**
The preparation of the Organization's consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Organization's significant estimates include depreciation and expense allocation.

**Financial Instruments and Credit Risk Concentration**
Financial instruments which potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable, and pledges receivable. The Organization places its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

As of June 30, 2021 and 2020, 27% and 28%, respectively, of the pledges receivable balance was from one board member. Junior Achievement continually monitors the collections of accounts receivable and pledges receivable and adjusts its allowances related to such receivables, when appropriate.

**Revenue Recognition**
Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Junior Achievement reports gifts of cash and other assets as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support. 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 statements of activities as net assets released from restriction. The Organization reviews these promises for collectability, and, as of June 30, 2021 and 2020, all receivables and promises to give were determined to be collectible.

Amounts received as conditional promises to give are recorded as refundable receivables and are not recorded as an increase in net assets until such time that the conditions are substantially met. There were no conditional promises to give for the years ended June 30, 2021 and 2020.

**Note 1 – Summary of Accounting Policies (continued)**

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The Organization recognizes income for special events and program revenue, which includes sponsorships, donations, tables, and other day of event benefits, on the day of the event or straight-line over time if a multiple day event or sponsorship. Any amount received prior to the date of the event or sponsorship is recorded as deferred revenue and then recognized as revenue when the performance obligation is satisfied.

Special events and contributions and program revenue include both revenue from contracts with customers, that fall under Accounting Standards Codification (ASC) 606 guidance and nonreciprocal transactions, that fall under ASC 958 guidance. The breakout for the year ended June 30, 2021 is as follows:

| | |
|---|---|
| Revenue from contracts with customers | $ 378,722 |
| Nonreciprocal transactions | 135,225 |
| Special events gross revenue | $ 513,947 |
| Revenue from contracts with customers | $ 549,810 |
| Nonreciprocal transactions | 2,249,692 |
| Contributions and program revenue | $ 2,799,502 |

For certain transactions, the Organization acts as an agent on behalf of other organizations. Revenue and expenses for the transactions are not recognized on the statements of activities.

**Cash and Cash Equivalents**
The Organization considers cash and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**Property, Equipment, and Depreciation**
Property and equipment are stated at cost. Depreciation and amortization are computed over the estimated useful lives of the assets varying from 3 to 30 years using the straight-line method. Management capitalizes all physical assets with a cost greater than $500 and a useful life in excess of one year.

**Deferred Revenue**
Deferred revenue represents funds received prior to year-end that relate to exchange transactions, such as sponsorship of specific programs with naming opportunities, tables, and other day of event benefits, which will be recognized as revenue in the subsequent years when these services are rendered. See Note 3 for further discussion relating to deferred rental revenue as of June 30, 2021 and 2020.

**Note 1 – Summary of Accounting Policies (continued)**

**Donated Materials, Equipment, and Services**
Contributed facilities, materials, and professional services are reflected at their estimated fair market value if an objective basis is available to determine such value.

Volunteers from the community donate a significant number of hours in assisting the Organization in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying consolidated financial statements as no objective basis is available to measure the value of such services.

**Income Taxes**
The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, under National's exemption. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Organization has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's consolidated financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization does not have any position that would be considered an uncertain tax position. The Organization recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were accrued at June 30, 2021 and 2020.

**Fair Value of Financial Instruments**
The Organization's financial instruments consist of cash and cash equivalents, pledge and accounts receivables, accounts payable, accrued liabilities, and the Endowment Fund. The carrying value of cash and cash equivalents, pledge and accounts receivables, accounts payable, and accrued liabilities are considered to be representative of their fair market value due to the short maturity of these instruments. The fair value of the Organization's Endowment Fund is discussed in Note 2.

**Adoptions of Recent Accounting Pronouncements**
In May 2014, the FASB issued a new standard to achieve a consistent application of revenue recognition within the U.S., resulting in a single revenue model to be applied by companies under U.S. generally accepted accounting principles. The new standard (ASC 606), *Revenue from Contracts with Customers* (Topic 606), as amended, is effective on a modified retrospective basis for the first fiscal year beginning after December 15, 2020. Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016. The Organization has decided not to early adopt. The Organization evaluated the impact of the adoption on its consolidated financial statements, noting an immaterial effect on the current year.

## Note 1 – Summary of Accounting Policies (continued)

### New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases*. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the consolidated financial statements, with certain practical expedients available. The Organization is evaluating the impact of the pending adoption of the new standard on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets. This ASU modifies the disclosure requirements for contributed nonfinancial assets. The Organization will be required to present any contributed nonfinancial assets as a separate line item in the statement of activities and would require disclosure of the types of contributed nonfinancial assets, a description of any donor-imposed restrictions and a description of the valuation techniques and inputs used to determine the fair value of the contributed nonfinancial asset. The amendments in ASU 2020-07 are effective for all entities for fiscal years beginning after June 15, 2021 and must be applied on a retrospective basis. The Organization is in the process of determining the impact of this pronouncement.

## Note 2 – Pledges Receivable

As of June 30, 2021 and 2020, the Organization’s pledges receivable consist of the following:

| | June 30, | |
|---|---|---|
| | 2021 | 2020 |
| FEC pledges | $ 831,335 | $ 1,368,603 |
| Other pledges | 95,707 | 75,312 |
| Gross pledges receivable | 927,042 | 1,443,915 |
| Less present value discount | (142,648) | (186,481) |
| Net pledges receivable | 784,394 | 1,257,434 |
| Less current portion, net | (107,036) | (267,361) |
| Net pledges receivable, net, long-term | $ 677,358 | $ 990,073 |

### Note 2 – Pledges Receivable (continued)

The Organization used a discount rate of 5% as of June 30, 2021 and 2020.

As of June 30, 2021, the Organization had $2,275,000 in conditional promises to give, which are not recorded in the financial statements until the passage of time or the occurrence of a specific event. The purpose of the conditional pledges is related to the construction of the FEC.

### Note 3 – Fair Value Measurements

The Organization has adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for all financial instruments. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

**Level 1** – Quoted prices in active markets for identical assets or liabilities.

**Level 2** – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**Level 3** – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A fair value asset or liability is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. As of June 30, 2021 and 2020, the Organization’s endowment valuation was based on an allocated benefit for funds that have been donated on the Organization’s behalf and matched according to the Organization’s agreement with the Foundation. The Foundation is invested in a variety of mutual funds and other equity investments. Although those investments might rise to a Level 1 or Level 2 classification on their own, the assets are owned by the Foundation, and Junior Achievement receives an allocated benefit. Therefore, the data sources utilized in these valuation models are considered Level 3 inputs in the fair value hierarchy.

### Note 3 – Fair Value Measurements (continued)

| Assets | Beginning Balance | Contributions/ (Distributions) | Increase/ (Decrease) in Net Assets of Endowment Fund | Ending Balance |
|---|---|---|---|---|
| Junior Achievement – Rocky Mountain Inc. Endowment Fund (Note 1) | | | | |
| Year ended June 30, 2021 | $ 1,173,676 | $ (59,068) | $ 239,385 | $ 1,353,993 |
| Year ended June 30, 2020 | $ 1,190,701 | $ (60,072) | $ 43,047 | $ 1,173,676 |

### Note 4 – Property and Equipment

Property and equipment consisted of the following:

| | June 30, 2021 | June 30, 2020 | Estimated Useful Lives |
|---|---|---|---|
| Building | $ 724,437 | $ 724,437 | 30 yrs |
| Building improvements | 1,924,789 | 1,844,645 | 10 to 30 yrs |
| Finance park | 833,420 | 833,420 | 3 to 5 yrs |
| Furniture and equipment | 402,997 | 400,254 | 3 to 7 yrs |
| Gross depreciable assets | 3,885,643 | 3,802,756 | |
| Less accumulated depreciation and amortization | (2,822,778) | (2,638,710) | |
| Net depreciable assets | 1,062,865 | 1,164,046 | |
| Land | 1,460,858 | 1,460,858 | |
| Construction in progress | 1,097,725 | 1,052,563 | |
| Total | $ 3,621,448 | $ 3,677,467 | |

Depreciation expenses of $184,068 and $213,563 have been recorded for the years ended June 30, 2021 and 2020, respectively.

Land and construction in progress are for the FEC, which is in the beginning phases of construction in south metro Denver. This location will be used as the new administrative offices of the Organization, as well as provide an environment for middle and high school students to interact in simulations to discover career paths, set practical goals so they can gain the knowledge and skills to attain those careers, and understand how to manage their finances.

### Note 4 – Property and Equipment (continued)

As of June 30, 2021, the Organization owned the second floor of an office building which was acquired from a wholly owned subsidiary of the Denver Metro Chamber of Commerce (the Chamber), and it is where the Organization's administrative office and training facilities are located. The Organization sold its share of the building on August 13, 2021 (see Note 12).

In March 2015, the office building condominium association, of which the Organization's share was 21.6%, entered into a 30-year rooftop lease and assignment agreement with an unrelated lessee for an upfront lump sum. The Organization's net share of the proceeds was $249,861 and was recorded as deferred rental revenue with revenue recorded over 30 years. As the Organization sold its share of the building subsequent to year-end, the deferred revenue reported on the statement of financial position of $200,508 will be recognized at the time of the sale.

The Organization leased certain office space and use of the Organization's conference room to tenants of a portion of the second floor. Minimum future rental receivables to the Organization under non-cancelable operating leases as of June 30, 2021, were as follows:

| Year Ended June 30, | |
|---|---|
| 2022 | $ 29,214 |

During the years ended June 30, 2021 and 2020, the Organization had rental and parking income of $194,146 and $227,178, respectively, which is included in other income, and allocable building operating expenses in 2021 and 2020 of $199,210 and $224,162, respectively. Building operating expense is included in general, administrative, and building expense.

### Note 5 – In-Kind Contributions

In-kind contributions consisted of the following:

| | June 30, 2021 | June 30, 2020 |
|---|---|---|
| In-kind contributions - special events | $ 3,633 | $ 450 |
| In-kind contributions - programs and other | 5,000 | 72,993 |
| In-kind contributions - general and administrative | 5,000 | 5,000 |
| Total | $ 13,633 | $ 78,443 |
| Included in special events gross revenue | $ 3,633 | $ 450 |
| Included in in-kind contribution revenue | 10,000 | 77,993 |
| Total | $ 13,633 | $ 78,443 |

## Note 6 – National Franchise Fees

As an affiliate of National, the Organization is generally obligated to pay fees to National based on the prior year's audited financial statements, as follows: a tiered fee of 11.5% of the first $1,000,000 of contributions and grants received; 9.5% of revenue on the next $1,000,000; and 7.5% of revenue on amounts above $2,000,000; an ongoing technology fee of 5% on certain revenue items; and a program and support fee of 2.5% on certain revenue items. The Organization also purchases program materials from National. As a result of this agreement, for the years ended June 30, 2021 and 2020, total franchise fee expenses of $301,356 and $350,310 were paid to National, respectively, and are recognized in program expense in the accompanying statements of activities. The Organization will pay franchise fees of $278,040 and $262,272 for the years ended June 30, 2022 and 2023, respectively. During the year ended June 30, 2021, National reduced the total fees by a blanket 5% for those affiliates in good standing. The amounts disclosed in this footnote reflect this blanket reduction. As of the date of the issuance of the consolidated financial statements, the Organization is an affiliate in good standing with National.

## Note 7 – Commitments and Contingencies

### Employee Benefit Plan

The Organization has a defined contribution 403(b) plan (the Plan), whereby eligible employees may contribute a percentage or dollar amount of their compensation. The Plan provides for a matching contribution by the Organization up to 3% of the employee's wages if the employee's base contribution is at least 1% of their wages. The Organization's contributions are vested 25% per year beginning with the second year of service. For the years ended June 30, 2021 and 2020, contributions to the Plan by the Organization totaled $46,378 and $73,857, respectively.

### Debt

The Organization has a $275,000 line of credit available through October 1, 2021 bearing a 5.00% interest rate. The Organization did not draw on this line during the fiscal years ended June 30, 2021 and 2020. The Organization intends to extend the availability of this credit line for another year.

### Operating Lease

The Organization leases office space for its Northern Chapter under an operating lease agreement for $20,328 and $19,620 for the years ending June 30, 2021 and 2020, respectively. The Organization has the following minimum lease payments:

| Years Ending June 30, | |
|---|---|
| 2022 | $ 19,830 |
| 2023 | 20,356 |
| 2024 | 10,310 |
| Total | $ 50,496 |

**Note 7 – Commitments and Contingencies (continued)**

The Organization leases copy machines for both its Denver and Northern Colorado locations under operating lease agreements for $42,485 and $66,402 for the years ending June 30, 2021 and 2020, respectively. The Organization has the following future minimum lease payments:

| Years Ending June 30, | |
|---|---|
| 2022 | $ 33,358 |
| 2023 | 29,968 |
| 2024 | 1,885 |
| Total | $ 65,211 |

**COVID-19 Pandemic**
On March 11, 2020, the World Health Organization officially declared COVID-19, the disease caused by the novel coronavirus, a pandemic, which continues as of the date these consolidated financial statements are available for issuance. The pandemic has had an impact to the Organization's operations during the years ended June 30, 2021 and 2020 due to events having to be canceled during the beginning part of the fiscal year, reducing general contributions, as well as those from special events. Given the dynamic nature of these circumstances and business disruption, the impact to the Organization's operations subsequent to June 30, 2021 is uncertain.

**Note 8 – Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following balances:

| | June 30, | |
|---|---|---|
| | 2021 | 2020 |
| Purpose restricted | | |
| Business Week | $ 54,696 | $ 54,696 |
| Free Enterprise Center | 792,938 | 587,750 |
| Stock Market Challenge | 224,943 | 186,867 |
| Scholarships | 6,101 | 6,101 |
| Total purpose restricted | 1,078,677 | 835,414 |
| Time restricted | 95,709 | 75,311 |
| Amounts required to be retained in perpetuity | 1,353,993 | 1,173,676 |
| Total net assets with donor restrictions | $ 2,528,379 | $ 2,084,401 |

## Note 9 – Liquidity and Availability of Financial Assets

The Organization receives substantially all of its operating revenue from donors. The timing and amount of revenue received are often controlled by the donor. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent, approved budget; maintaining adequate liquid assets to fund near-term operating needs; maintaining sufficient liquidity to meet expected and unexpected revenue and expense fluctuations. The Organization strives to maintain current financial assets less current liabilities at a minimum of 90 days of operating expenses. The Organization targets maintaining a minimum amount of cash on hand equal to at least three months of average cash expenditures and maintains a line of credit to ensure it can maintain operations without disruption.

The following table reflects the Organization's financial resources as of June 30, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | |
|---|---|
| Financial assets | |
| Cash and cash equivalents | $ 2,090,577 |
| Accounts receivable | 118,958 |
| Pledges receivable | 784,394 |
| Investment in Kinslow Memorial Fund | 38,460 |
| Net assets of Junior Achievement – Rocky Mountain, Inc. Endowment Fund | 1,353,993 |
| Total financial assets | 4,386,382 |
| Less assets unavailable for general expenditures within one year due to | |
| Receivables scheduled to be collected in more than one year | (677,358) |
| Assets restricted by donor with time or purpose restrictions | (2,528,379) |
| Unused line of credit balance | 275,000 |
| Financial assets available to meet cash needs for general expenditures within one year | $ 1,455,645 |

## Note 10 – Related Party Transactions

As of June 30, 2021 and 2020, $412,401 and $714,423, respectively, of the pledge receivables balance was from various board members.

**Note 11 – Paycheck Protection Program Loan**

In April 2020, the Organization was granted a loan from a financial institution in the amount of $443,700, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The loan was forgiven in its entirety on January 12, 2021 and is recorded as income from extinguishment of debt under unrestricted net assets on the statement of activities.

On February 16, 2021, the organization was granted a second PPP loan from a financial institution in the amount of $443,742, which matures on February 16, 2026 and bears interest at a rate of 1% per annum, payable monthly, commencing on June 1, 2022. The note may be prepaid by the Organization at any time prior to maturity with no prepayment penalties. Funds from the loan may only be used for payroll costs, costs used to continue group healthcare benefits, mortgage payments, rent and utilities within 24 weeks of the disbursement of the loan. Under the terms of the PPP, certain amounts of the loan may be forgiven if they are used for qualifying expenses as described in the CARES Act with no more than 40% of any forgiveness allowed for non-payroll costs. Forgiveness is subject to the sole approval of the Small Business Administration (SBA), and as noted in Note 11, was fully forgiven subsequent to year-end.

The Organization has elected to apply ASC 470 to the PPP loan, recording a liability for the loan proceeds. If the loan is forgiven, in part or in whole, a gain will be recognized when approval is received from the SBA in the amount of the forgiveness.

Future maturities of the PPP loan, before any forgiveness, are as follows:

| Years Ending June 30, | |
|---|---|
| 2022 | $ 65,156 |
| 2023 | 87,638 |
| 2024 | 88,518 |
| 2025 | 89,407 |
| 2026 | 90,305 |
| Thereafter | 22,718 |
| Total | $ 443,742 |

**Note 12 – Subsequent Events**

The Organization has evaluated subsequent events through October 21, 2021, the date on which the consolidated financial statements were issued. Other than discussed below, no items were identified that require disclosure in the consolidated financial statements.

On August 13, 2021, the Organization sold its office space in Denver to the Denver Metro Chamber of Commerce for $5,100,000. Subsequently, the Organization entered into a leasing agreement for the previously owned space with the Denver Metro Chamber of Commerce for one year with minimum lease payments of $421,191 for fiscal 2022.

**Note 12 – Subsequent Events (continued)**

On August 27, 2021, the Organization received notification that all outstanding principal and interest had been paid by the SBA for the second PPP loan dated February 16, 2021, and, as such, the loan was fully forgiven, and no principal payments will be due for the loan.

# Supplementary Information

# Independent Auditor's Report on the Supplementary Information

The Board of Directors
Junior Achievement - Rocky Mountain, Inc.

## Report on the Financial Statements

We have audited the consolidated financial statements of Junior Achievement - Rocky Mountain, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon, dated October 21, 2021, which contained an unmodified option on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. We have not performed any procedures in respect to the audited consolidated financial statements subsequent to October 21, 2021.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Denver, Colorado
October 21, 2021

# Junior Achievement – Rocky Mountain, Inc.
## Revenue Subject to License Fee
## Year Ended June 30, 2021

| | | |
|---|---|---|
| REVENUE PER FINANCIAL STATEMENTS | | |
| Total unrestricted revenue | $ | 3,360,622 |
| Total permanently restricted revenue | | 239,385 |
| Add in prior-year pledges receivable | | 1,257,434 |
| Subtract current-year pledges receivable | | (784,394) |
| Add in prior-year accounts receivable – gross | | 15,605 |
| Subtract current-year accounts receivable – gross | | (118,958) |
| Add special event expenses | | 352,439 |
| Adjusted total revenue | | 4,322,133 |
| SUBTRACT | | |
| In-kind | | (10,000) |
| In-kind special event (if included in special event revenue) | | (3,633) |
| Realized gains/losses | | (679) |
| Unrealized gains/losses | | (180,317) |
| Investment income | | - |
| Interest | | (675) |
| Rental income | | (178,746) |
| Actual pledges write-offs | | (3,350) |
| Gain from forgiveness of PPP loan | | (443,700) |
| Other income – reimbursed income | | (9,540) |
| Pass-through from Junior Achievement USA (license exempt only) | | (135,600) |
| Capital campaign for construction | | (658,938) |
| Scholarships for higher education | | - |
| TOTAL SUBJECT TO PROGRAM & SUPPORT FEE | $ | 2,696,955 |
| Gifts of any dollar value received through an individual's estate | | - |
| TOTAL 2.5% REVENUE | $ | - |
| Ongoing technology hardware for student use | | - |
| TOTAL 5% REVENUE | $ | - |
| REMAINING REVENUE SUBJECT TO 3-TIER PROGRAM AND SUPPORT FEE | $ | 2,696,955 |
| (11.5% of first $1,000,000, 9.5% next $1,000,000, 7.5% above $2,000,000) | | |
| LICENSE FEE CALCULATED | $ | 262,272 |