

# **Junior Achievement of Chicago**

Financial Report  
June 30, 2022

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## Independent Auditor's Report

Board of Directors  
Junior Achievement of Chicago

### Opinion

We have audited the financial statements of Junior Achievement of Chicago, which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Junior Achievement of Chicago as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Chicago and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Chicago's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement of Chicago's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Chicago'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.

*RSM US LLP*

Chicago, Illinois  
October 26, 2022

**Junior Achievement of Chicago**

**Statements of Financial Position  
June 30, 2022 and 2021**

	2022	2021
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,018,667	\$ 1,887,631
Pledges receivable	129,000	108,000
Prepaid expenses and other	285,786	375,674
<b>Total current assets</b>	<b>2,433,453</b>	<b>2,371,305</b>
Investments	<b>21,591,528</b>	24,163,624
Assets held under 457(b) plan	<b>308,408</b>	387,181
Equipment:		
Office equipment and furniture	697,484	616,805
Automobiles	24,493	24,493
	<b>721,977</b>	641,298
Less accumulated depreciation	<b>637,727</b>	601,816
	<b>84,250</b>	39,482
<b>Total assets</b>	<b>\$ 24,417,639</b>	<b>\$ 26,961,592</b>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 9,935	\$ 9,071
Accrued expenses	430,951	439,971
Deferred revenue	397,175	668,979
Awards payable	22,221	19,721
<b>Total current liabilities</b>	<b>860,282</b>	1,137,742
457(b) plan deferred compensation liability	<b>308,408</b>	387,181
Net assets:		
Without donor restrictions:		
Operations	3,947,421	3,971,145
Investment in equipment	84,250	39,482
Board-designated endowments	19,038,267	21,211,786
	<b>23,069,938</b>	25,222,413
With donor restrictions	179,011	214,256
<b>Total net assets</b>	<b>23,248,949</b>	25,436,669
<b>Total liabilities and net assets</b>	<b>\$ 24,417,639</b>	<b>\$ 26,961,592</b>

See notes to financial statements.

## Junior Achievement of Chicago

### Statements of Activities Years Ended June 30, 2022 and 2021

	2022	2021
Activities without donor restrictions:		
Operating:		
Support and revenue:		
Contributions:		
Corporate and individuals	\$ 2,624,069	\$ 2,661,088
Grants and program sponsorships	368,589	396,500
Special events	1,767,332	923,295
Contributed services	-	22,500
Net assets released from restrictions	8,500	8,500
	<u>4,768,490</u>	<u>4,011,883</u>
Less expenses related to special events	226,909	128,292
Net contributions	4,541,581	3,883,591
Other income and losses	183	14,397
Loss on investments	(26,759)	-
Investment income	15,794	2,019
Appropriation of Board-designated endowments	2,500	-
<b>Total operating support and revenue</b>	<u>4,533,299</u>	<u>3,900,007</u>
Expenses:		
Program services	2,942,373	2,257,687
Management and general	612,466	687,898
Development and fundraising	607,416	542,939
Designation of Board-designated endowments	350,000	400,000
<b>Total operating expenses</b>	<u>4,512,255</u>	<u>3,888,524</u>
<b>Increase in net assets without donor restrictions from operating activities</b>	<u>21,044</u>	<u>11,483</u>
Nonoperating:		
Support and revenue:		
Board-designated contributions	100,000	-
Investment interest and dividends	259,817	156,325
(Loss) gain on investments	(2,880,836)	5,389,778
Designation of Board-designated endowments	350,000	400,000
<b>Total nonoperating support and revenue</b>	<u>(2,171,019)</u>	<u>5,946,103</u>
Expenses:		
Appropriation of Board-designated endowments	2,500	-
<b>(Decrease) increase in net assets without donor restrictions from nonoperating activities</b>	<u>(2,173,519)</u>	<u>5,946,103</u>
<b>(Decrease) increase in net assets without donor restrictions</b>	<u>(2,152,475)</u>	<u>5,957,586</u>
Activities with donor restrictions:		
Contributions	-	46,650
Investment interest and dividends	2,651	1,300
(Loss) gain on investments	(29,396)	44,806
Net assets released from restrictions	(8,500)	(8,500)
<b>Decrease (increase) in net assets with donor restrictions</b>	<u>(35,245)</u>	<u>84,256</u>
<b>Decrease (increase) in net assets</b>	<u>(2,187,720)</u>	<u>6,041,842</u>
Net assets:		
Beginning of year	<u>25,436,669</u>	<u>19,394,827</u>
End of year	<u>\$ 23,248,949</u>	<u>\$ 25,436,669</u>

See notes to financial statements.

## Junior Achievement of Chicago

### Statement of Functional Expenses Year Ended June 30, 2022

	Program Services	Management and General	Development and Fundraising	Total
Salary, payroll taxes and benefits	\$ 1,824,323	\$ 481,106	\$ 500,500	\$ 2,805,929
Rent, heat and electricity	155,945	31,188	20,793	207,926
Maintenance and cleaning	10,381	2,076	1,384	13,841
Promotional activities	2,361	1,650	26,686	30,697
Program material and related expenses	698,242	-	-	698,242
Stationery, supplies and postage	26,776	1,878	1,220	29,874
Telephone	26,619	5,348	3,457	35,424
Travel and meetings	19,746	12,733	6,906	39,385
Insurance	100,302	20,309	13,374	133,985
Staff conferences	7,555	3,213	1,881	12,649
Professional services	-	41,409	-	41,409
Computer programming	32,156	3,897	1,894	37,947
Scholarships	11,000	-	-	11,000
Depreciation	26,934	5,386	3,591	35,911
Miscellaneous	33	2,273	25,730	28,036
<b>Total expenses</b>	<b>\$ 2,942,373</b>	<b>\$ 612,466</b>	<b>\$ 607,416</b>	<b>\$ 4,162,255</b>

See notes to the financial statements.

## Junior Achievement of Chicago

### Statement of Functional Expenses Year Ended June 30, 2021

	Program Services	Management and General	Development and Fundraising	Total
Salary, payroll taxes and benefits	\$ 1,336,103	\$ 542,546	\$ 433,453	\$ 2,312,102
Rent, heat and electricity	134,541	32,235	17,939	184,715
Maintenance and cleaning	20,047	4,009	2,673	26,729
Promotional activities	4,762	1,322	23,972	30,056
Program material and related expenses	471,651	-	-	471,651
Stationery, supplies and postage	19,117	3,297	1,685	24,099
Telephone	36,301	8,132	4,870	49,303
Travel and meetings	15,307	4,327	5,973	25,607
Insurance	140,023	28,005	18,670	186,698
Staff conferences	131	7,430	-	7,561
Professional services	-	38,981	-	38,981
Computer programming	6,046	1,218	773	8,037
Scholarships	8,500	-	-	8,500
Depreciation	65,058	13,011	8,674	86,743
Miscellaneous	100	3,385	24,257	27,742
<b>Total expenses</b>	<b>\$ 2,257,687</b>	<b>\$ 687,898</b>	<b>\$ 542,939</b>	<b>\$ 3,488,524</b>

See notes to the financial statements.



## Junior Achievement of Chicago

### Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021
Cash flows from operating and nonoperating activities:		
(Decrease) increase in net assets	\$ (2,187,720)	\$ 6,041,842
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating and nonoperating activities:		
Depreciation	35,911	86,743
Loss on disposal of fixed assets	-	10,770
Loss (gain) on investments	2,936,991	(5,434,584)
Changes in operating assets and liabilities:		
Pledges receivable	(21,000)	33,094
Prepaid expenses and other	89,888	(12,232)
Accounts payable	864	7,797
Accrued expenses	(9,020)	82,746
Deferred revenue	(271,804)	303,392
Awards payable	2,500	2,000
<b>Net cash provided by operating and nonoperating activities</b>	<b>576,610</b>	<b>1,121,568</b>
Cash flows from investing activities:		
Purchase of investments	(1,935,058)	(5,593,388)
Proceeds from sale of investments	1,570,163	5,397,110
Purchase of equipment	(80,679)	(8,250)
<b>Net cash used in investing activities</b>	<b>(445,574)</b>	<b>(204,528)</b>
<b>Net increase in cash and cash equivalents</b>	<b>131,036</b>	<b>917,040</b>
Cash and cash equivalents:		
Beginning of year	1,887,631	970,591
End of year	<b>\$ 2,018,667</b>	<b>\$ 1,887,631</b>

See notes to financial statements.

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies

Junior Achievement of Chicago is a nonprofit organization which educates students, from kindergarten through 12<sup>th</sup> grade, about workforce readiness, entrepreneurship and financial literacy through experiential, hands-on programs. Junior Achievement programs help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Students put these lessons into action and learn the value of contributing to their communities. Junior Achievement of Chicago's headquarters is in downtown Chicago, Illinois, and services 12 counties in the Chicagoland area including Northwest Indiana. Junior Achievement of Chicago is affiliated with Junior Achievement USA® (JA USA), the U.S. national organization of all Junior Achievement offices in the United States of America.

A summary of significant accounting policies follows.

**Basis of presentation:** Junior Achievement of Chicago's financial statements have been prepared to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified into the following net asset categories, based on the existence or absence of donor-imposed restrictions, as follows:

**Without donor restrictions:** Net assets that are not subject to donor-imposed restrictions, including Board-designated net assets. These include amounts that have been designated by the Board of Directors as an endowment, but which can be released for program operations upon the direction of the Board.

**With donor restrictions:** Net assets subject to donor-imposed restrictions carry restrictions that expire upon the passing of a prescribed period or upon the occurrence of a stated event as specified by the donor. Also included in this category are net assets subject to donor-directed restrictions to be maintained in perpetuity by Junior Achievement of Chicago. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for scholarships.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law. Expiration of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets. Contributions received with donor-imposed restrictions which are met within the same year are recorded as revenue without donor restrictions.

**Accounting policies:** Junior Achievement of Chicago follows accounting standards established by the Financial Accounting Standards Board (FASB) as applicable to nonprofit organizations to ensure consistent reporting of financial position, results of activities and cash flows. References to generally accepted accounting principles in these disclosures are to the FASB Accounting Standards Codification, sometimes referred to as the Codification or ASC.

**Use of estimates:** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the reporting period. Actual results could differ from those estimates.

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Revenue recognition:** Contributions, including unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at estimated fair value at date of gift.

**Special events and deferred revenue:** Amounts received from sponsors and others in connection with future events are considered to have aspects of both contingent contributions and outstanding performance obligations. These amounts are initially recorded as deferred revenue and then recognized as revenue at the point in time in which the event occurs. Performance obligations outstanding at June 30, 2022 and 2021, amount to \$397,175 and \$668,979, respectively, and are reported as deferred revenue on the statements of financial position.

**Operations:** Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those items associated primarily with long-term investments.

Operating expenses are presented in the statements of activities on a functional basis. The statements of functional expenses present the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salary, payroll taxes and benefits which are allocated on the basis of estimates of time and effort. Rent, heat and electricity, maintenance and cleaning, telephone, insurance, computer programing and depreciation are allocated by department headcounts.

**Contributed services and donated facilities:** A substantial number of unpaid volunteers have made contributions of time to assist in development and fundraising activities and program services. These services do not meet the criteria for inclusion in the financial statements due to not requiring specialized skills. Contributed professional services and donated facilities meeting the criteria for inclusion in the financial statements, if any, are recorded at their estimated fair value.

**Cash and cash equivalents:** Cash and cash equivalents include cash on hand, cash on demand and money market funds. Junior Achievement of Chicago maintains its cash in bank accounts which, at times, may exceed federally insured limits. Junior Achievement of Chicago has not experienced any losses in such accounts.

**Investments:** Investments are stated at fair value. The fair values of investments are generally determined based on quoted market prices. Changes in fair value are recorded as realized and unrealized gains (losses) in the statements of activities.

Junior Achievement of Chicago's investment portfolio is subject to various risks, such as market risk. Because of these risks, changes in the fair value of the investments may occur, and such changes could materially affect Junior Achievement of Chicago's financial statements.

**Pledges receivable:** Pledges receivable consist of amounts unconditionally pledged but not received. An allowance for receivables is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fundraising activity. Management considers the receivables recorded at June 30, 2022 and 2021, to be fully collectible.

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 1. Nature of Organization and Significant Accounting Policies (Continued)

**Equipment:** Equipment purchases are recorded at cost. Donated assets are recorded at fair value, as of the date of contribution. The assets are depreciated over the estimated useful lives of the respective assets on a straight-line basis as follows: automobiles (five years) and office equipment and furniture (three years).

The cost and related accumulated depreciation are removed from the accounts upon retirement or other disposition. Expenditures for maintenance and repairs are charged to expense as incurred.

**Endowments:** The Board of Directors has established an endowment fund with the objective of ensuring the longevity of Junior Achievement of Chicago. The endowment fund includes donor-restricted and Board-designated endowment funds.

Contributions to the endowment fund, investment earnings on endowment fund assets and any expenses incurred related to the endowment fund are presented as nonoperating transactions in the statements of activities in order to segregate the change in the Board-designated endowment funds from the results of general operations.

**Recent accounting pronouncement:** In 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for Junior Achievement of Chicago for the fiscal year ending June 30, 2023.

Junior Achievement of Chicago is currently evaluating the impact of the adoption of this standard on its financial statements.

**Subsequent events:** Junior Achievement of Chicago has evaluated subsequent events for potential recognition and/or disclosure through October 26, 2022, the date these financial statements were available to be issued.

#### Note 2. Tax Status

According to the Internal Revenue Service, Junior Achievement of Chicago is considered a subordinate organization of Junior Achievement USA and is recognized as a 501(c)(3) organization and is entitled to all rights of a 501(c)(3) organization.

Junior Achievement of Chicago follows the accounting standard on accounting for uncertainty in income taxes, which address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded on the financial statements. Under this guidance, Junior Achievement of Chicago may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Junior Achievement of Chicago and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities for the reporting periods presented in the financial statements.

Junior Achievement of Chicago annually files Form 990 in the U.S. federal jurisdiction and in the states of Illinois and Indiana.

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year at June 30, 2022 and 2021, are as follows:

	2022	2021
Cash and cash equivalents	\$ 2,018,667	\$ 1,887,631
Pledges receivable	129,000	108,000
Investments less endowment funds	2,374,250	2,737,582
	<u>\$ 4,521,917</u>	<u>\$ 4,733,213</u>

Endowment funds consist of donor restricted endowments of \$179,011 and \$214,256 at June 30, 2022 and 2021, respectively, and funds designated by the board as endowments. Income from donor restricted endowments is restricted for specific purpose. Donor restricted endowment funds are not available for general expenditure.

Junior Achievement of Chicago's Board-designated endowment of \$19,038,267 and \$21,211,786 at June 30, 2022 and 2021, respectively, is subject to an annual Board approved spending formula. Although Junior Achievement of Chicago does not intend to spend from the Board-designated endowment, other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation, these amounts could be made available if necessary.

As part of Junior Achievement of Chicago's liquidity management plan, cash in excess of daily requirements is invested in short-term investments and money market funds.

#### Note 4. Investments

The composition of investment assets held by Junior Achievement of Chicago is summarized as follows at June 30:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Investments—endowment:				
Morgan Stanley Money Market/ other cash holdings	\$ 1,743,865	\$ 1,743,865	\$ 3,340,145	\$ 3,340,145
Fixed income:				
Government agency obligations	1,991,217	1,974,010	999,555	999,555
Corporate debt securities	1,013,329	915,225	992,494	1,023,184
Alternative investments	2,082,995	2,717,408	1,063,762	1,342,529
Equity securities	10,274,751	14,241,020	9,816,414	17,458,211
Total investments	<u>\$ 17,106,157</u>	<u>\$ 21,591,528</u>	<u>\$ 16,212,370</u>	<u>\$ 24,163,624</u>
Cumulative unrealized gain	<u>\$ 4,485,371</u>		<u>\$ 7,951,254</u>	

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 4. Investments (Continued)

Investment return for the years ended June 30, 2022 and 2021, was as follows:

	2022	2021
Interest and dividends	\$ 383,327	\$ 251,652
Investment management fees	(105,065)	(92,008)
Net realized and unrealized (losses) gains on investments	(2,936,991)	5,434,584
	(2,658,729)	5,594,228
Less investment income on operating investments	15,794	2,019
Investment return on endowment investments	<u>\$ (2,674,523)</u>	<u>\$ 5,592,209</u>

The purpose of Junior Achievement of Chicago's endowment fund is to provide income and cash flows for carrying out the mission of Junior Achievement of Chicago. The primary objective of the investments is to preserve and enhance the real purchasing power of the fund's assets, after all withdrawals under Junior Achievement of Chicago's spending policy, on a continuous basis. At June 30, 2022, the asset allocation of the endowment fund is approximately 67% equity securities, 13% fixed income securities, 11% alternative investments and 9% money market funds. At June 30, 2021, the asset allocation of the endowment fund is approximately 72% equity securities, 8% fixed income securities, 6% alternative investments and 14% money market funds.

#### Note 5. Fair Value Disclosures

The Fair Value Measurements and Disclosures Topic of the Codification defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under the Topic as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under the Topic are described below:

- Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that Junior Achievement of Chicago has the ability to access at the measurement date.
- Level 2:** Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly, or quoted prices in active markets.
- Level 3:** Inputs are unobservable for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation.

For the years ended June 30, 2022 and 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. In determining the appropriate levels, Junior Achievement of Chicago performs a detailed analysis of the assets and liabilities that are subject to the Topic.

## Junior Achievement of Chicago

### Notes to Financial Statements

#### Note 5. Fair Value Disclosures (Continued)

**Investments in money market funds, fixed income and equity securities:** Valued at the last reported sales price on the day of valuation on a national securities exchange; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price.

**Investments in alternative investments:** The fair value of certain funds are based upon the net asset value (NAV) of units of the fund. The NAV, as provided by the investment manager, is used as a practical expedient to estimating fair value. The NAV is based upon the fair value of the underlying investments comprising the fund less its liabilities.

The following tables summarize Junior Achievement of Chicago's investments accounted for at fair value as of June 30, 2022 and 2021, using the fair value hierarchy:

Description	2022				Total
	Level 1	Level 2	Level 3	Measured at NAV <sup>(a)</sup>	
Money market funds	\$ 1,743,865	\$ -	\$ -	\$ -	\$ 1,743,865
Fixed income:					
Government agency obligations	1,974,010	-	-	-	1,974,010
Corporate debt securities	-	915,225	-	-	915,225
Alternative investments:					
Real estate income trust	-	-	-	2,717,408	2,717,408
Equity securities	14,241,020	-	-	-	14,241,020
	<u>\$ 17,958,895</u>	<u>\$ 915,225</u>	<u>\$ -</u>	<u>\$ 2,717,408</u>	<u>\$ 21,591,528</u>

Description	2021				Total
	Level 1	Level 2	Level 3	Measured at NAV <sup>(a)</sup>	
Money market funds	\$ 3,340,145	\$ -	\$ -	\$ -	\$ 3,340,145
Fixed income:					
Government agency obligations	999,555	-	-	-	999,555
Corporate debt securities	-	1,023,184	-	-	1,023,184
Alternative investments:					
Real estate income trust	-	-	-	1,342,529	1,342,529
Equity securities	17,458,211	-	-	-	17,458,211
	<u>\$ 21,797,911</u>	<u>\$ 1,023,184</u>	<u>\$ -</u>	<u>\$ 1,342,529</u>	<u>\$ 24,163,624</u>

(a) In accordance with Subtopic ASC 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of net assets available for benefits.

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 5. Fair Value Disclosures (Continued)

The following table sets forth information related to investments measured at fair value using the NAV practical expedient at June 30, 2022 and 2021:

	2022 Fair Value	2021 Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Real estate income trust	<u>\$ 2,717,408</u>	<u>\$ 1,342,529</u>	<u>\$ -</u>	Monthly	N/A

The real estate income trust includes investments in primarily stabilized income-oriented commercial real estate in the United States. To a lesser extent the real estate income trust invests in real estate-related securities to provide current income and a source of liquidity for share repurchase plans, cash management and other purposes.

#### Note 6. Operating Lease

Junior Achievement of Chicago occupies its office space in Chicago, Illinois, under a lease agreement, amended in September 2017, with lease terms through January 2027. The lease provides for monthly base rentals in amounts up to \$13,620, plus an allocated portion of property tax expense. Base rentals are recognized on a straight-line basis over the term of the lease; the excess of base rental expense recognized over base rentals paid is recorded as a deferred lease obligation which is included in accrued expenses on the statements of financial position.

Future minimum lease payments under the noncancelable operating lease is as follows:

Years ending June 30:	
2023	\$ 235,000
2024	246,000
2025	256,000
2026	267,000
2027	159,000
	<u>\$ 1,163,000</u>

Rental expense (including the allocated portion of property tax expenses) was \$203,205 and \$179,387 for the years ended June 30, 2022 and 2021, respectively.

#### Note 7. Retirement Plans

Junior Achievement of Chicago has a nonqualified 457(b) deferred compensation plan for its prior president. Contributions to the plan are invested in equity securities. Junior Achievement of Chicago did not make contributions for fiscal years 2022 and 2021. At June 30, 2022 and 2021, \$308,408 and \$387,181, respectively, were accrued as a liability and set aside in a separate account for this benefit. The assets held in this account are the property of Junior Achievement of Chicago and are subject to the claims of the general creditors.

Junior Achievement of Chicago also maintains two other defined contribution employee benefit plans: a 401(a) plan, to which it may make contributions, and a 403(b) plan, to which it, as well as the employee, may make contributions. During the years ended June 30, 2022 and 2021, Junior Achievement of Chicago did not contribute to the 401(a) plan or 403(b) plan.



## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 7. Retirement Plans (Continued)

A Safe Harbor 401(k) plan was implemented on August 1, 2019. Employees are eligible to participate in the plan after completing one year of service and during this period completing at least 1,000 hours. Junior Achievement of Chicago made a non-discretionary non-matching contribution to the plan on behalf of all eligible employees equal to 3% of their eligible pay from August 1, 2019 through December 31, 2020. Effective January 1, 2021, Junior Achievement of Chicago made a non-discretionary non-matching contribution to the plan on behalf of all eligible employees equal to 5% of their eligible pay. During the years ended June 30, 2022 and 2021, Junior Achievement of Chicago contributed \$79,019 and \$71,168 to the 401(k) plan, respectively.

Junior Achievement of Chicago's employees with one year of service who worked over a thousand hours annually, in accordance with the terms of the plan, were eligible to participate in the Junior Achievement Retirement Plan (the Plan) administered by JA USA. The Plan was a defined benefit plan and was subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan provided retirement benefits based on age at retirement and years of service. Effective June 30, 2019, the plan was closed to new employees and JA USA froze all participant benefit accruals associated with the Plan. Subsequent to freezing of the plan, Junior Achievement of Chicago paid all required contributions until the plan was terminated on June 30, 2020.

#### Note 8. Program Material and Related Expenses

Junior Achievement of Chicago incurred approximately \$698,200 and \$471,700 of participation fees and program material expenses from JA USA during the years ended June 30, 2022 and 2021, respectively.

#### Note 9. Endowment Funds

Junior Achievement of Chicago's endowment includes both donor-restricted and Board-designated funds. Net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Illinois follows the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA differs from laws previously in place in a few key areas. It eliminates the historic dollar value rule with respect to endowment fund spending, it updates the prudence standard for the management and investment of charitable funds and it amends the provisions governing the release and modification of restrictions on charitable funds. Junior Achievement of Chicago's endowment funds are subject to UPMIFA.

Junior Achievement of Chicago's endowment net asset composition by type of fund is as follows for the years ended June 30, 2022 and 2021:

	2022	2021
Board-designated (without donor restrictions)	\$ 19,038,267	\$ 21,211,786
Donor-restricted (with donor restrictions)	179,011	214,256
	<u>\$ 19,217,278</u>	<u>\$ 21,426,042</u>

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 9. Endowment Funds (Continued)

**Return objectives and risk parameters:** Junior Achievement of Chicago follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds as well as Board-designated funds. Under the investment policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that over time exceed the total return of the various benchmark indices in the investment policy guidelines, while assuming an appropriate level of investment risk.

**Strategies employed for achieving objectives:** To satisfy its long-term rate-of-return objectives, Junior Achievement of Chicago 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). Junior Achievement of Chicago targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy:** The Board of Directors budgets annually a percentage of the balance of the endowment fund to be used for program operations. Due to positive financial operating outcomes for the years ended June 30, 2022 and June 30, 2021, the Board did not appropriate any amounts from the endowment fund. In contrast, the Board of Directors designated approximately \$350,000 and \$400,000 to the endowment from operations for the years ended June 30, 2022 and 2021, respectively.

The changes in endowment funds were as follows for the years ended June 30, 2022 and 2021:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$ 21,211,786	\$ 214,256	\$ 21,426,042
Contributions	100,000	-	100,000
Investment return:			
Investment income, net of fees	259,817	2,651	262,468
Net realized and unrealized losses	(2,880,836)	(29,396)	(2,910,232)
Funds designated for endowment	350,000	-	350,000
Appropriation of endowment net assets for expenditures	(2,500)	(8,500)	(11,000)
Balance, end of year	<u>\$ 19,038,267</u>	<u>\$ 179,011</u>	<u>\$ 19,217,278</u>

## Junior Achievement of Chicago

### Notes to Financial Statements

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#### Note 9. Endowment Funds (Continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Balance, beginning of year	\$ 15,265,683	\$ 130,000	\$ 15,395,683
Contributions	-	46,650	46,650
Investment return:			
Investment income, net of fees	156,325	1,300	157,625
Net realized and unrealized gains	5,389,778	44,806	5,434,584
Appropriation of endowment net assets for expenditures	400,000	-	400,000
Other changes:			
Appropriation of endowment net assets for expenditures	-	(8,500)	(8,500)
Balance, end of year	<u>\$ 21,211,786</u>	<u>\$ 214,256</u>	<u>\$ 21,426,042</u>

The Board-designated endowment is included in net assets without restrictions.