

**JUNIOR ACHIEVEMENT OF
SOUTHEASTERN MICHIGAN, INC.**

REPORT ON FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Junior Achievement of Southeastern Michigan, Inc.
Detroit, Michigan

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Southeastern Michigan, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Southeastern Michigan, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Southeastern Michigan, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 24, 2021. In our opinion, the 2021 summarized comparative information presented in the Statement of Activities for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Manes Costeiran PC

September 20, 2023

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENTS OF FINANCIAL POSITION

	June 30	
	2023	2022
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,242,858	\$ 1,493,314
Contributions Receivable - net of allowance in the amount of \$51,000 and \$1,000 for 2023 and 2022	108,970	353,399
Prepaid Assets	17,086	24,418
Total Current Assets	2,368,914	1,871,131
Long Term Assets		
Investments	359,163	323,148
Contributions Receivable - net	100,000	62,500
Fixed Assets - net	2,010,449	1,840,290
Total Long Term Assets	2,469,612	2,225,938
TOTAL ASSETS	\$ 4,838,526	\$ 4,097,069
LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 18,884	\$ 119,679
Other Payables	181,889	148,060
Total Current Liabilities	200,773	267,739
NET ASSETS		
Net Assets without Donor Restrictions	3,809,770	3,130,848
Net Assets with Donor Restrictions	827,983	698,482
TOTAL NET ASSETS	4,637,753	3,829,330
TOTAL LIABILITIES AND NET ASSETS	\$ 4,838,526	\$ 4,097,069

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total 2023	Total 2022
	Operating	Board Designated	Total			
PUBLIC SUPPORT AND REVENUES						
Contributions of Cash and Other Financial Assets						
Corporate	\$ 715,334	\$ -	\$ 715,334	\$ 253,350	\$ 968,684	\$ 804,678
Individual	1,104,426	-	1,104,426	-	1,104,426	122,492
Foundations	247,500	-	247,500	82,626	330,126	215,000
Total Contributions	2,067,260	-	2,067,260	335,976	2,403,236	1,142,170
Special Events Revenue	360,741	-	360,741	-	360,741	426,694
Investment Return, Net	31,606	-	31,606	5,653	37,259	10,418
Unrealized Gains or Loss on Investments	(1,101)	-	(1,101)	30,362	29,261	(56,335)
Contributions of Nonfinancial Assets	31,464	-	31,464	-	31,464	12,911
Paycheck Protection Program Loan Forgiveness	-	-	-	-	-	231,383
Employee Retention Credit	-	-	-	-	-	186,631
Other Income	65,554	-	65,554	-	65,554	84,065
Net Assets Released						
Time restrictions	162,835	-	162,835	(162,835)	-	-
Purpose restrictions	79,655	-	79,655	(79,655)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	2,798,014	-	2,798,014	129,501	2,927,515	2,037,937
EXPENSES						
Program Expense						
Traditional Programs	1,341,435	-	1,341,435	-	1,341,435	1,224,313
Finance Park	529,832	-	529,832	-	529,832	300,022
Total Program Expense	1,871,267	-	1,871,267	-	1,871,267	1,524,335
Supporting Services						
Management and General Expense	11,875	-	11,875	-	11,875	12,022
Fundraising Expense	235,950	-	235,950	-	235,950	317,115
Total Supporting Services	247,825	-	247,825	-	247,825	329,137
TOTAL EXPENSES	2,119,092	-	2,119,092	-	2,119,092	1,853,472
Change in Net Assets	678,922	-	678,922	129,501	808,423	184,465
Net Assets, Beginning of Year	3,130,848	-	3,130,848	698,482	3,829,330	3,644,865
Net Assets, End of Year	\$ 3,809,770	\$ -	\$ 3,809,770	\$ 827,983	\$ 4,637,753	\$ 3,829,330

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

	Net Assets Without Donor Restrictions			Net Assets With Donor Restrictions	Total 2022	Total 2021
	Operating	Board Designated	Total			
PUBLIC SUPPORT AND REVENUES						
Contributions of Cash and Other Financial Assets						
Corporate	\$ 736,945	\$ -	\$ 736,945	\$ 67,733	\$ 804,678	\$ 626,040
Individual	122,492	-	122,492	-	122,492	136,795
Foundations	65,000	-	65,000	150,000	215,000	66,098
Total Contributions	924,437	-	924,437	217,733	1,142,170	828,933
Special Events Revenue	426,194	-	426,194	500	426,694	495,632
Investment Return, Net	1,136	-	1,136	9,282	10,418	6,742
Unrealized Gains or Loss on Investments	-	-	-	(56,335)	(56,335)	78,450
Contributions of Nonfinancial Assets	12,911	-	12,911	-	12,911	15,841
Paycheck Protection Program Loan Forgiveness	231,383	-	231,383	-	231,383	189,682
Employee Retention Credit	186,631	-	186,631	-	186,631	-
Other Income	84,065	-	84,065	-	84,065	77,246
Net Assets Released						
Time restrictions	135,584	-	135,584	(135,584)	-	-
TOTAL PUBLIC SUPPORT AND REVENUES	2,002,341	-	2,002,341	35,596	2,037,937	1,692,526
EXPENSES						
Program Expense						
Traditional Programs	1,224,313	-	1,224,313	-	1,224,313	997,938
Finance Park	300,022	-	300,022	-	300,022	283,189
Total Program Expense	1,524,335	-	1,524,335	-	1,524,335	1,281,127
Supporting Services						
Management and General Expense	12,022	-	12,022	-	12,022	22,325
Fundraising Expense	317,115	-	317,115	-	317,115	271,711
Total Supporting Services	329,137	-	329,137	-	329,137	294,036
TOTAL EXPENSES	1,853,472	-	1,853,472	-	1,853,472	1,575,163
Change in Net Assets	148,869	-	148,869	35,596	184,465	117,363
Net Assets, Beginning of Year	2,981,979	-	2,981,979	662,886	3,644,865	3,527,502
Net Assets, End of Year	\$ 3,130,848	\$ -	\$ 3,130,848	\$ 698,482	\$ 3,829,330	\$ 3,644,865

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services			Grand Total
	Traditional Programs	Finance Park	Total	Management	Fundraising	Total	
Salaries	\$ 684,991	\$ 196,890	\$ 881,881	\$ 1,973	\$ 119,010	\$ 120,983	\$ 1,002,864
Employee benefits, payroll taxes and related costs	109,435	79,451	188,886	3,440	19,762	23,202	212,088
General insurance	36,390	7,071	43,461	386	2,513	2,899	46,360
Outside service	31,775	6,777	38,552	318	8,746	9,064	47,616
Rent	1,033	12,094	13,127	94	352	446	13,573
Leased equipment	96	-	96	-	-	-	96
Office, telephone & utilities	79,002	34,054	113,056	1,048	7,182	8,230	121,286
Training and seminar expenses	5,730	754	6,484	40	337	377	6,861
Transportation, mileage & catering	18,082	5,723	23,805	90	38,546	38,636	62,441
Recognition	791	-	791	-	4,141	4,141	4,932
Board & Committee	2,680	960	3,640	52	341	393	4,033
Public relations	25,718	8,101	33,819	180	4,612	4,792	38,611
Scholarship expenses	7,500	-	7,500	-	-	-	7,500
Professional fees	19,135	6,557	25,692	355	2,330	2,685	28,377
Program materials	97,639	4,396	102,035	-	-	-	102,035
Program & support fees	135,022	1,484	136,506	2,619	17,193	19,812	156,318
Depreciation	32,597	57,315	89,912	712	5,839	6,551	96,463
Loss on disposal of asset	16,087	6,193	22,280	421	2,552	2,973	25,253
Miscellaneous expenses	7,270	2,605	9,875	137	909	1,046	10,921
Allowance for uncollectible contributions	-	98,471	98,471	-	1,529	1,529	100,000
Contributions in-kind	30,462	936	31,398	10	56	66	31,464
TOTAL EXPENSES	\$ 1,341,435	\$ 529,832	\$ 1,871,267	\$ 11,875	\$ 235,950	\$ 247,825	\$ 2,119,092
Percent of Total Expenses	63%	25%	88%	1%	11%	12%	100%

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services			Grand Total
	Traditional Programs	Finance Park	Total	Management	Fundraising	Total	
Salaries	\$ 682,480	\$ 116,566	\$ 799,046	\$ 2,509	\$ 127,454	\$ 129,963	\$ 929,009
Employee benefits, payroll taxes and related costs	109,888	17,861	127,749	3,254	21,190	24,444	152,193
General insurance	19,355	3,580	22,935	412	3,072	3,484	26,419
Outside service	30,048	6,219	36,267	489	23,121	23,610	59,877
Rent	1,038	11,747	12,785	-	181	181	12,966
Leased equipment	6,798	1,258	8,056	145	1,079	1,224	9,280
Office, telephone & utilities	66,360	63,708	130,068	1,249	13,410	14,659	144,727
Training and seminar expense	2,006	371	2,377	43	318	361	2,738
Transportation, mileage & catering	10,308	1,924	12,232	103	72,979	73,082	85,314
Recognition	2,566	-	2,566	-	9,184	9,184	11,750
Board & Committee	4,798	887	5,685	102	762	864	6,549
Public relations	29,305	1,346	30,651	145	3,515	3,660	34,311
Scholarship expenses	14,000	-	14,000	-	-	-	14,000
Professional fees	32,947	4,089	37,036	471	3,510	3,981	41,017
Program materials	65,879	1,138	67,017	-	-	-	67,017
Program & support fees	104,146	19,263	123,409	2,218	16,533	18,751	142,160
Depreciation	32,527	47,592	80,119	672	6,979	7,651	87,770
Miscellaneous expenses	9,864	1,825	11,689	210	1,565	1,775	13,464
Contributions in-kind	-	648	648	-	12,263	12,263	12,911
TOTAL EXPENSES	\$ 1,224,313	\$ 300,022	\$ 1,524,335	\$ 12,022	\$ 317,115	\$ 329,137	\$ 1,853,472
Percent of Total Expenses	<u>66%</u>	<u>16%</u>	<u>82%</u>	<u>1%</u>	<u>17%</u>	<u>18%</u>	<u>100%</u>

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 808,423	\$ 184,465
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities		
Change in Allowance for Uncollectible Pledges	50,000	-
Loss on Disposal of Assets	25,253	-
Paycheck Protection Program Loan Forgiveness	-	(231,383)
Depreciation and Amortization	96,463	87,770
Unrealized (Gain) Loss on Marketable Securities	(30,362)	56,335
(Increase) Decrease in Accounts Receivable	156,929	(67,317)
(Increase) Decrease in Prepaid Assets	7,332	(13,820)
Increase (Decrease) in Accounts Payable and Other Payables	(66,966)	167,509
	<u>1,047,072</u>	<u>183,559</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Marketable Securities	(5,653)	(9,282)
Purchase of Property and Equipment	(291,875)	(42,993)
	<u>(297,528)</u>	<u>(52,275)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	749,544	131,284
CASH AND CASH EQUIVALENTS, at beginning of year	<u>1,493,314</u>	<u>1,362,030</u>
CASH AND CASH EQUIVALENTS, at end of year	<u>\$ 2,242,858</u>	<u>\$ 1,493,314</u>
SUPPLEMENTAL INFORMATION FOR CASH FLOWS		
Paycheck Protection Program Loan Forgiveness	<u>\$ -</u>	<u>\$ 231,383</u>

See notes to financial statements.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION, RISK, AND UNCERTAINTIES

Junior Achievement of Southeastern Michigan, Inc. was organized in September 1949 as a private, nonprofit corporation. The Organization was formed to provide young people with practical economic education programs and experiences in the competitive private enterprise system through a partnership with the business and education communities.

The Organization is dedicated to educating students in grades K-12 about entrepreneurship, work readiness, and financial literacy through experiential, hands-on programs. The programs help prepare young people for the real world by showing them how to generate income 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. The Organization's unique approach allows volunteers from the community to deliver our curriculum while sharing their experiences with students. Embodying the heart of the Organization, the classroom volunteers transform the key concepts of the lessons into a message that inspires and empowers students to believe in themselves, showing them they can make a difference in the world.

The Organization also offers two additional opportunities for young people. The Quicken Loans *JA Finance Park*® program is a reality based hands-on simulation for middle grade students that enables them to build foundations for making intelligent lifelong personal finance decisions. Students create personal budgets and are introduced to automotive transportation, banking, clothing, communications, education, entertainment, food, furniture, healthcare, home improvement, housing, insurance, investing, mortgage, non-profit and utility industries and careers. Most of all, the hands-on nature of the program helps students develop a realistic understanding of the economic issues they will face upon graduation. The *JA Inspire Program* is Junior Achievement's capstone career development program for 7th-12th grade students brought to life by our region's employers. Using virtual technology, JA Inspire features an online platform filled with local business exhibits providing downloadable career information and videos. The JA Inspire program is adaptable for in-class or remote learning. Participants have the opportunity to explore various career pathways, gain information on career entry and requirements, and access tips on professionalism and business etiquette.

The Organization operates under a Board of Directors and a President/Chief Executive Officer (CEO). The Organization's major sources of revenue are from the contributions from various foundations, corporations, and individuals, also revenues generated from various special fundraising events.

The Organization is required to disclose concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents, and investments. The Organization places its cash and cash equivalents with FDIC insured financial institutions. The Organization has deposits held by financial institutions that are not federally insured because they exceed the insurance limits. As of June 30, 2023, the Organization's uninsured deposits totaled \$678,379. As of June 30, 2022, the Organization's uninsured deposits totaled \$1,335,359.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Organization conform to U.S. generally accepted accounting policies (GAAP) as applicable to nonprofit entities. The financial accounting standards board (FASB) is the accepted standard setting body for establishing non-profit accounting and financial reporting principles.

The following is a summary of the significant accounting policies of the Organization:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Income is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

Cash and cash equivalents consist of a checking account, certificates of deposit which have an original maturity of 90 days or less, and money market funds.

Investments

Investments include certificates of deposit which have an original maturity greater than 90 days and mutual funds. Mutual funds have readily determinable fair values and are stated at fair value as of June 30, 2023 and 2022. Fair values of all these short-term investments are determined based on quoted market prices and other relevant information generated by market transactions. Realized and unrealized gains or losses on investments are recorded in the statement of activities in the period that such gains or losses occur. Interest income is recorded when earned on an accrual basis. There were no changes in valuation techniques and related inputs during the period.

Contributions Receivable

Contributions receivable represent consideration from third-parties, of which the Organization has an unconditional right to receive. Contributions receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Changes to the valuation allowance have not been material to the financial statements. Receivables to be collected over a period greater than one year have not been discounted, as management considers the discounts to be immaterial.

Fixed Assets

Property and equipment acquired by the Organization are stated at cost, with items capitalized based on having a useful life of greater than one year and a historical cost of \$2,000 or more. Donated property and equipment are recorded at the fair value on the date of donation. Depreciation is provided using the straight-line method over the useful lives of the respective assets, which is 40 years for buildings and building improvements and range from three to seven years for equipment.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Functional Allocated Costs

Total expenses consist of program services, management and general, and fundraising. Expenses incurred as applying to a specific category or supporting service are recorded in the appropriate category as incurred. Expenses not directly attributable to a program or supporting service are allocated between categories. Allocated expenses are based on time studies.

Net Assets

Net assets, revenues, gains, and losses are classified on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions. Net assets without donor restrictions as of June 30, 2023 were \$3,809,770. Net assets without donor restrictions as of June 30, 2022 were \$3,130,848.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets (continued)

Net assets with donor-imposed restrictions as of June 30, consists of the following:

	2023	2022
Time restrictions		
Programs for 2022 - 2023	\$ -	\$ 162,835
Programs for 2023 - 2024	398,164	212,500
Programs for 2024 - 2025	70,656	-
Purpose restrictions		
Endowment Investments	110,500	110,500
Scholarships	248,663	212,647
	\$ 827,983	\$ 698,482

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 20, 2023, the date the financial statements were available to be issued. No subsequent events requiring disclosure were noted.

NOTE 3 - TAX STATUS

Junior Achievement of Southeastern Michigan, Inc. is a nonprofit organization and has been granted exemption from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization was included in a group ruling issued to Junior Achievement USA which is located in Colorado Springs, Colorado. The Organization is not classified as a private foundation.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain taxes positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by various taxing authorities for a period of three to four years.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of June 30, 2023 and 2022 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position.

	2023	2022
Cash and Cash Equivalents	\$ 2,242,858	\$ 1,493,314
Investments	359,163	323,148
Contributions		
Due within one year	108,970	353,399
Long-term contributions	100,000	62,500
Financial assets, at year end	2,810,991	2,232,361
Donor imposed restrictions		
Less: subject to the passage of time	(468,820)	(225,334)
Endowment fund		
Less: Perpetual funds	(110,500)	(110,500)
Less: Purpose restricted funds	(248,663)	(362,648)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,983,008	\$ 1,533,879

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30 consisted of the following:

	2023	2022
Contributions receivable in less than one year (net of allowance for uncollectible receivables in the amount of \$51,000 for 2023 and \$1,000 2022)	\$ 108,970	\$ 353,399
Contributions receivable in one to five years	100,000	62,500
	\$ 208,970	\$ 415,899

**JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 6 - CARES ACT PROGRAMS

On January 25, 2021, the Organization qualified for and received a second Paycheck Protection Program (PPP) loan in the amount of \$231,383. The liability was potentially forgivable, to the extent the funds were used for eligible expenses over the 24-week period following the issue date. Repayment terms were one lump sum payment including interest of 1% per annum through maturity of January 25, 2026. The Organization originally recorded the loan as debt on the June 30, 2021 financial statements. In March of 2022, the Organization received full loan forgiveness in the amount of \$231,383. The Organization recognized PPP revenue for the year ended June 30, 2022. Additionally, in 2022 Junior Achievement of Southeastern Michigan, Inc. qualified for the Employee Retention Tax Credit totaling \$186,631 under the CARES Act. These funds were recognized as revenue for the year ended June 30, 2022.

NOTE 7 - ENDOWMENT ASSETS

In 1978, a Scholarship Fund was created as a result of contributions from a donor to create a permanent endowment for the Organization. The purpose of the Scholarship Fund is to award scholarships to worthy Junior Achievement participants to assist them in attending a college, professional, or vocational school of their choice. The principal contribution amounts totaling \$110,500 is included in net assets with donor restrictions and only the earnings on the accounts are to be used to distribute scholarships. Funds are currently held in a mutual fund investment account with J.P. Morgan Securities LLC.

NOTE 8 - FINANCIAL INSTRUMENTS

All financial instruments are held for purposes other than trading. For cash and cash equivalents and pledges receivable, it is determined that fair values approximate carrying values due to the short maturity of these instruments.

NOTE 9 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the years ended June 30, the Organization recognized the following:

	2023	2022
Food	\$ 936	\$ 648
Supplies	10,000	12,263
Equipment	19,415	-
Services	1,113	-
	\$ 31,464	\$ 12,911

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed food and supplies recognized were utilized for the operation of the Organization and its beneficiaries. In valuing food and supplies, the Organization estimated the fair value of the contributions on the basis of estimates of wholesale values that would be received for selling similar products. Contributed services recognized comprise of professional services for administrative matters. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar services.

JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10 - FAIR VALUE MEASUREMENT

A hierarchy has been established that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the hierarchy under GAAP are described below.

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. Unobservable inputs may be used in situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period). Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment, and would be based on the best information available.

The following is a market value summary by the level of inputs used, as of June 30, 2023, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Valued on recurring basis				
Mutual fund	\$ 359,163	\$ 359,163	\$ -	\$ -

The following is a market value summary by the level of inputs used, as of June 30, 2022, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Valued on recurring basis				
Mutual fund	\$ 323,148	\$ 323,148	\$ -	\$ -

Mutual funds are valued at the daily closing prices reported by the fund. Funds held by the Organization are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and transact at that price. The funds held by the Organization are deemed to be actively traded. There have been no changes in the valuation methodology used at June 30, 2023 and 2022.

**JUNIOR ACHIEVEMENT OF SOUTHEASTERN MICHIGAN, INC.
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 11 - FIXED ASSETS

Depreciation expense was \$96,463 for 2023 and \$87,770 for 2022. Fixed assets consisted of the following at June 30:

	2023	2022
Land	\$ 236,000	\$ 236,000
Building and improvements	3,257,260	3,023,384
Furniture and fixtures	345,021	345,021
Computer equipment	39,983	39,983
Total fixed assets	3,878,264	3,644,388
Less accumulated depreciation	(1,867,815)	(1,804,098)
	\$ 2,010,449	\$ 1,840,290

NOTE 12 - RELIANCE ON FUNDING SOURCES

The Organization receives a substantial amount of its support from grants and contributions from corporations, businesses, and individuals. A significant reduction in the level of this support, if it were to occur, may have an adverse effect on the Organization's programs and activities.

NOTE 13 - RETIREMENT PLAN

Defined Contribution Plan

The Organization is the sponsor of a retirement plan for the sole benefit of its employees. In January 2020, the Board of Directors of the Organization entered into an agreement to adopt the JA USA defined contribution plan. The plan is administered through Transamerica. All employees of the Organization are eligible to participate in the plan. The Organization offers a Basic Safe Harbor Match that requires employees to defer compensation to receive contribution, at the rate of 100% of 3% plus 50% of the next 2% contributed. All safe harbor contributions are 100% vested.

For the year ended June 30, 2023, the Organization had total payroll of \$959,263. The Organization made contributions to the plan in the amount of \$31,252.

For the year ended June 30, 2022, the Organization had total payroll of \$899,633. The Organization made contributions to the plan in the amount of \$25,179.