



LOFTIS & LOVATO

— G R O U P —

CERTIFIED PUBLIC ACCOUNTANTS



Junior
AchievementTM
of New Mexico

Financial Statements
and
Independent Auditor's Report

June 30, 2022 and 2021

Junior Achievement of New Mexico, Inc.

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Independent Auditor's Report

To the Board of Directors of
Junior Achievement of New Mexico, Inc.
Albuquerque, New Mexico

Opinion

We have audited the accompanying financial statements of Junior Achievement of New Mexico, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 the Organization 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. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Loftis & Lovato Group

Albuquerque, New Mexico
December 1, 2022

Financial Statements

Junior Achievement of New Mexico, Inc.
Statements of Financial Position
June 30,

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 232,727	\$ 108,785
Accounts receivable	-	23,520
Unconditional promises to give	8,250	20,500
Prepaid expenses	3,955	8,755
Total current assets	244,932	161,560
Long term assets		
Fixed assets, net	1,924	1,189
Total long term assets	1,924	1,189
Total assets	\$ 246,856	\$ 162,749
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 18,295	\$ 4,402
Other payables	26,256	16,972
Deferred revenue	-	38,172
Total current liabilities	44,551	59,546
Total liabilities	44,551	59,546
Net assets		
Without donor restriction	187,305	74,003
With donor restriction	15,000	29,200
Total net assets	202,305	103,203
Total liabilities and net assets	\$ 246,856	\$ 162,749

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Statements of Activities
For the Years Ended June 30,

	2022	2021
<i>Without Donor Restriction Activities</i>		
Public support and revenues		
Contributions		
Corporate	\$ 141,347	\$ 112,797
Individual	35,570	41,908
Foundations	13,000	9,300
Total contributions	189,917	164,005
Special events gross	287,031	-
Less: special event expenses	108,490	-
Special events net	178,541	-
Refundable advances	-	60,343
Governmental revenue	66,647	61,360
In-kind contributions	24,443	10,100
Investment income	128	-
Net assets released from restriction	29,200	23,350
Total public support and revenues	488,876	319,158
Expenses		
Program expense	257,327	189,222
Management and general expense	68,728	52,734
Fundraising expense	49,519	30,452
Total expenses	375,574	272,408
Change in net assets without donor restriction	113,302	46,750
Net assets without donor restriction, beginning of year	74,003	27,253
Net assets without donor restriction, end of year	\$ 187,305	\$ 74,003

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Statements of Activities (continued)
For the Years Ended June 30,

	2022	2021
<i>With Donor Restriction Activities</i>		
Public support and revenues		
Contributions		
Corporate	\$ 15,000	\$ 23,700
Foundations	-	2,500
Total contributions	15,000	26,200
Net assets released from restriction		
Purpose restrictions	(14,200)	(21,100)
Time restrictions	(15,000)	(2,250)
Total public support and revenues	(14,200)	2,850
Change in net assets with donor restriction	(14,200)	2,850
Net assets with donor restriction, beginning of year	29,200	26,350
Net assets with donor restriction, end of year	\$ 15,000	\$ 29,200

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2022

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 157,274	\$ 26,410	\$ 25,701	\$ 209,385
Payroll taxes	12,438	1,778	1,938	16,154
Benefits	<u>6,876</u>	<u>982</u>	<u>1,072</u>	<u>8,930</u>
Total personnel expenses	176,588	29,170	28,711	234,469
Other expenses				
License fees	32,389	-	-	32,389
In-kind	14,177	978	9,288	24,443
Professional services	-	23,095	-	23,095
Rent and utilities	11,550	1,650	1,800	15,000
Program materials	11,196	-	-	11,196
Fundraising	-	-	8,616	8,616
Bank charges	-	4,101	-	4,101
Equipment rental and maintenance	2,701	386	421	3,508
Printing and copies	-	3,183	-	3,183
Insurance	-	3,057	-	3,057
Travel	2,296	73	48	2,417
Board meetings	2,359	-	-	2,359
Office supplies	1,414	202	220	1,836
Staff training	-	1,263	-	1,263
Dues and subscriptions	-	1,191	-	1,191
Telecommunications	902	129	141	1,172
Other	795	113	124	1,032
Depreciation	704	100	110	914
Postage and delivery	<u>256</u>	<u>37</u>	<u>40</u>	<u>333</u>
Total other expenses	<u>80,739</u>	<u>39,558</u>	<u>20,808</u>	<u>141,105</u>
Total expenses	<u>\$ 257,327</u>	<u>\$ 68,728</u>	<u>\$ 49,519</u>	<u>\$ 375,574</u>

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2021

	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel expenses				
Salaries and wages	\$ 113,089	\$ 20,740	\$ 21,763	\$ 155,592
Payroll taxes	10,384	1,484	1,618	13,486
Benefits	<u>3,850</u>	<u>550</u>	<u>600</u>	<u>5,000</u>
Total personnel expenses	127,323	22,774	23,981	174,078
Other expenses				
License fees	32,421	-	-	32,421
In-kind	5,827	415	3,858	10,100
Professional services	-	23,538	-	23,538
Rent and utilities	11,573	1,653	1,804	15,030
Program materials	1,602	-	-	1,602
Fundraising	2,494	79	52	2,625
Bank charges	-	1,426	-	1,426
Equipment rental and maintenance	1,537	209	228	1,974
Printing and copies	6	2,220	2	2,228
Insurance	2,439	32	83	2,554
Travel	105	3	2	110
Board meetings	526	-	-	526
Office supplies	563	65	94	722
Staff training	264	-	-	264
Dues and subscriptions	364	11	8	383
Telecommunications	762	109	119	990
Other	976	140	152	1,268
Depreciation	226	33	35	294
Postage and delivery	139	16	23	178
Interest	<u>75</u>	<u>11</u>	<u>11</u>	<u>97</u>
Total other expenses	<u>61,899</u>	<u>29,960</u>	<u>6,471</u>	<u>98,330</u>
Total expenses	<u>\$ 189,222</u>	<u>\$ 52,734</u>	<u>\$ 30,452</u>	<u>\$ 272,408</u>

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Statements of Cash Flows
For the Years Ended June 30,

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 99,102	\$ 49,600
Adjustments to reconcile the change in net assets to the net cash provided by operating activities:		
Depreciation expense	914	294
Change in assets and liabilities:		
Accounts receivable	23,520	(23,520)
Unconditional promises to give	12,250	(9,000)
Prepaid expenses	4,800	(343)
Accounts payable	13,893	(4,090)
Other payables	9,284	(163)
Payroll protection program	-	(19,176)
Deferred revenue	(38,172)	20,922
Total adjustments	26,489	(35,076)
Net cash provided by operating activities	125,591	14,524
Cash flows from investing activities		
Purchases of fixed assets	(1,649)	(923)
Net cash used by investing activities	(1,649)	(923)
Net increase in cash and cash equivalents	123,942	13,601
Cash and cash equivalents, beginning of year	108,785	95,184
Cash and cash equivalents, end of year	\$ 232,727	\$ 108,785
Supplemental disclosures:		
Cash paid for interest	\$ -	\$ 97

The accompanying notes are an integral part of these financial statements.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

1) Organization

Nature of Activities

Junior Achievement of New Mexico, Inc. (Organization) is a New Mexico not-for-profit organization, incorporated December 2, 1993, and serves students, kindergarten through high school, in numerous communities throughout the State of New Mexico. Junior Achievement's kindergarten through 12th grade programming provides students with relevant, age-appropriate, experiential programs that are delivered by career role models from the community. Students learn high demand skills such as leadership, teamwork, and decision-making skills. Current programs begin with kindergarten and continue through 12th grade, providing exciting, eye-opening realizations about how our economy works, how to find and keep a job, making good personal economic choices, and the role that business plays in our lives. The Organization's programs are supported by contributions and income from special events.

National Organization Affiliation

The Organization operates under an operating agreement with JA USA, which is a not-for-profit organization that is international in scope and the parent organization for all franchised areas and divisions of JA USA. The operating agreement sets forth various responsibilities and authority of the parent organization and franchised organizations. Failure to comply with the operating agreement can result in the revocation of the operating charter of any franchised area or division. License fees expense was recognized in the amounts of \$32,389 and \$32,421 for 2022 and 2021, respectively.

2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2) Summary of Significant Accounting Policies - continued

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restriction and net assets with donor restriction.

- Net assets without donor restriction are resources available to support operations and not subject to donor restriction. The only limits on the use of net assets without donor restriction are the broad limits resulting from the nature of the Organization, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- Net assets with donor restriction are resources that are subject to donor-imposed restriction. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restriction if the donor limited their use, or are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restriction if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restriction to net assets without donor restriction.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Cash and Cash Equivalents

Cash consists of deposits at local institutions. Deposits did not exceed FDIC insurance limits at June 30, 2022 and 2021. The Organization may at times exceed the FDIC insurance limits during the year but does not consider those balances at risk of loss.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Promises to give that are expected to be collected in less than one year are recorded at their net realizable value. Promises to give that are collectible in one to five years are recorded at present value. All promises to give receivables are considered fully collectible and no allowance for uncollectible promises to give has been recorded.

Fixed Assets

The Organization capitalizes all expenditures for fixed assets of \$500 or more and a useful life of more than one year. Fixed assets are carried at cost, if purchased, and at fair market value, if donated. Depreciation of fixed assets is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using straight-line methods. Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Fixed asset estimated lives for furniture, fixtures, and equipment is three years.

Compensated Absences

Full time and part-time employees qualify for vacation based on the number of years of service. Employees may carry up to 40 hours of unused vacation into the subsequent calendar year.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restriction expires in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction. Restrictions on gifts of fixed assets or cash for the purchase of fixed assets expire when the asset is placed in service.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Donated Materials, Facilities and Services

Donated materials, facilities, and services, meeting the appropriate criteria, are recorded as in-kind contributions in the accompanying financial statements at their estimated fair market values as of the date received. In-kind contributions consisted primarily of donated facilities and donated items for special events. Such donations are recorded as net assets without donor restrictions unless the donor has restricted their use to a specific purpose or time.

In-kind services are generally rendered to the educational programs when applicable. A substantial number of volunteers have donated significant amounts of their time to the Organization teaching its educational programs; however, these donated services are not reflected in the financial statements since these services do not meet the criteria for recognition as contributed services.

During fiscal years 2022 and 2021, in-kind contributions in the amount of \$24,443 and \$10,100 were recorded, respectively.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

The Organization adopted FASB Accounting Standards Codification (ASC) 740-10, relating to accounting for uncertain tax positions. ASC 740-10 prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters such as derecognition, interest, penalties and disclosure required. The Organization has no unrecognized tax benefit which would require an adjustment to the July 1, 2021 beginning balance of net assets and had no unrecognized tax benefits at June 30, 2022 and 2021. The Organization files an exempt organization return in the U.S. federal jurisdiction. The Organization is no longer subject to income tax examinations by taxing authorities for years ended before June 30, 2019.

Fundraising Expense

Total fundraising expense for the years ended June 30, 2022 and 2021 was \$49,519 and \$30,452, respectively. Fundraising expenses are related to special events and efforts for grant applications and soliciting contributions. The ratio of fundraising expenses to total expenses were 13% and 11% for the years ended June 30, 2022 and 2021, respectively.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

2) Summary of Significant Accounting Policies — continued

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional expense basis in the statements of activities. The statements of functional expenses presents the natural classifications of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

<u>Expense</u>	<u>Method of Allocation</u>
Personnel expenses	Time Spent
Rent and utilities	Specific identification
In-kind	Specific identification
Equipment rental and maintenance	Specific identification
Travel	Specific identification

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates may also affect the reported amounts of revenues and expenses during the reporting period. Actual events and results could differ from those assumptions and estimates.

Risk Management

The Organization is exposed to various risks of loss and torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and accident benefits. It is the policy of, and the Organization has, obtained commercial insurance coverage to protect itself against such losses.

Subsequent Events

Management has evaluated subsequent events through December 1, 2022, the date which the financial statements were available to be issued.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

3) Unconditional Promises to Give

The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

Unconditional promises to give consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Corporate contributions	\$ 8,250	\$ 20,500
Total unconditional promises to give	<u>\$ 8,250</u>	<u>\$ 20,500</u>

4) Fixed Assets

Fixed assets consist of the following for the years ending June 30:

	<u>2022</u>	<u>2021</u>
Furniture, fixtures, and equipment	\$ 5,631	\$ 3,982
Less: accumulated depreciation	<u>(3,707)</u>	<u>(2,793)</u>
Total furniture, fixtures and equipment, net	<u>\$ 1,924</u>	<u>\$ 1,189</u>

5) Line of Credit

The Organization has an unsecured \$85,000 revolving line of credit available from a bank with an interest of 6.25% (Bank of the West Prime Rate + 3.00%) due on demand. There was no outstanding balance at June 30, 2022 and 2021.

6) Paycheck Protection Program- Refundable Advance

On January 22, 2021, the Organization received loan proceeds in the amount of \$41,167, 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. Funds from the loan will be forgiven if used for payroll costs, interest on a mortgages, rent, and utilities. Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. This loan was forgiven in the current fiscal year and the total amount was recognized in revenue in the prior year due to the Organization believing that its use of the loan proceeds met the conditions for forgiveness of the loan. As of June 7, 2022, the full loan balance of \$41,167 had been officially forgiven.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

7) Net Assets With Donor Restriction

Net assets with donor restriction consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Restricted for time:		
Corporate foundation	<u>\$ 15,000</u>	<u>\$ 15,000</u>
	<u>15,000</u>	<u>15,000</u>
Restricted for purpose:		
Bank of America student leaders	-	8,700
Golf tournament	-	3,000
Career speaker series	-	2,500
	<u>-</u>	<u>14,200</u>
	<u>\$ 15,000</u>	<u>\$ 29,200</u>

8) Net Assets Released From Restriction

Net assets released from restriction consists of the following as of June 30:

Restricted for time:		
Corporate foundation	<u>\$ 15,000</u>	<u>\$ -</u>
State Farm	<u>-</u>	<u>2,250</u>
	<u>15,000</u>	<u>2,250</u>
Restricted for purpose:		
Bank of America student leaders	<u>8,700</u>	-
Golf tournament	<u>3,000</u>	-
Career speaker series	<u>2,500</u>	-
JA USA - schools with 70% or more minorities	-	13,600
Inspire student conference	<u>-</u>	<u>7,500</u>
	<u>14,200</u>	<u>21,100</u>
	<u>\$ 29,200</u>	<u>\$ 23,350</u>

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

9) In-Kind Contributions

The estimated value for in-kind goods and services are provided by the donor based on the estimated fair value at date of donation. The Organization received the following in-kind contributions during the years ended June 30:

	2022	2021
Fundraising:		
Rentals	\$ 1,263	\$ 1,263
Materials and supplies	13,348	-
Beverages	375	-
	14,986	1,263
Program:		
Rentals	7,582	7,582
Food and meals	1,000	380
	8,582	7,962
Management and General		
Office rent	875	875
	875	875
Total	\$ 24,443	\$ 10,100

10) Lease Obligation

The Organization leases office space under an operating lease. Monthly rent is \$1,250 and the lease expires in July 2024. Minimum payments for operating leases are as follows:

<u>Year ending June 30:</u>	
2023	\$ 15,000
2024	1,250
Total	\$ 16,250

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

11) Liquidity and Availability of Financial Assets

The Organization has \$240,977 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date.

	2022	2021
Financial assets, at year-end		
Cash and cash equivalents	\$ 232,727	\$ 108,785
Accounts receivable	-	23,520
Unconditional promises to give	8,250	20,500
Total financial assets, at year-end	240,977	152,805
Less those financial assets at year-end unavailable for general expenditures within one year, due to:		
Donor-imposed restrictions	-	(14,200)
Financial assets available to meet cash needs for general expenditures within one year	\$ 240,977	\$ 138,605

The Organization sets a goal of having financial assets on hand to meet two months of normal operating expenses, which are, on average, around \$26,000 per month. As part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization could also draw upon the \$85,000 available line of credit.

12) Retirement Plan

The Organization has a simple IRA plan. All employees receiving \$5,000 or more in compensation may participate. The organization can make contributions of 3% of an employee's salary. Retirement contributions for the years ended June 30, 2022 and 2021 totaled \$5,000 each year.

Junior Achievement of New Mexico, Inc.
Notes to Financial Statements
June 30, 2022 and 2021

13) Recently Issued Accounting Pronouncements

Leases

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 an ROU asset and a lease liability on the statement of financial position 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 statement of activities. In November 2019, the new standard's effective date was delayed one year to fiscal years beginning after December 15, 2020. In June 2020, the FASB issued ASU 2020-05 to defer the effective date of ASU 2016-02, an additional year to fiscal years beginning after December 15, 2021. 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 financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.