

JA Worldwide, Inc. and Subsidiaries

Independent Auditor's Reports and
Consolidated Financial Statements

June 30, 2022 and 2021

JA Worldwide, Inc. and Subsidiaries
June 30, 2022 and 2021

Contents

Independent Auditor’s Report	1	
 Consolidated Financial Statements		
Statements of Financial Position	4	
Statements of Activities.....	5	
Statements of Functional Expenses	6	
Statements of Cash Flows	7	
Notes to Financial Statements	8	
 Supplementary Information		
Schedule of Expenditures of Federal Awards	22	
Notes to Schedule of Expenditures of Federal Awards	22	
 Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report		24
 Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report		26
 Schedule of Findings and Questioned Costs	29	
 Summary Schedule of Prior Audit Findings	31	

Independent Auditor's Report

Board of Governors
JA Worldwide, Inc. and Subsidiaries
Boston, Massachusetts

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of JA Worldwide, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, in 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

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

Board of Governors
JA Worldwide, Inc. and Subsidiaries

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 and *Government 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 consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Board of Governors
JA Worldwide, Inc. and Subsidiaries

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2022, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

FORVIS,LLP

Colorado Springs, Colorado
October 31, 2022

JA Worldwide, Inc. and Subsidiaries
Consolidated Statements of Financial Position
June 30, 2022 and 2021

Assets

	2022	2021
Cash and cash equivalents	\$ 11,152,499	\$ 9,632,927
Investments	3,280,732	2,994,660
Contributions receivable	511,040	384,898
Federal grants receivable	284,570	159,396
Affiliates accounts receivable, net of allowance for doubtful accounts; \$35,000 in 2022 and \$104,000 in 2021	1,219,580	1,086,591
Prepaid expenses and other receivables	150,148	91,286
Total current assets	16,598,569	14,349,758
Affiliates accounts receivable, net of current portion	146,778	159,695
Total assets	\$ 16,745,347	\$ 14,509,453

Liabilities and Net Assets

Accounts payable - trade	\$ 450,129	\$ 301,831
Accrued liabilities	1,937,653	994,323
Due to affiliates	86,592	228,670
Funds held for affiliates	6,198,814	4,793,544
Total liabilities	8,673,188	6,318,368

Net Assets

Without donor restrictions		
Undesignated	3,166,320	4,182,625
Board-designated	2,361,197	1,603,753
	5,527,517	5,786,378
With donor restrictions	2,544,642	2,404,707
Total net assets	8,072,159	8,191,085
Total liabilities and net assets	\$ 16,745,347	\$ 14,509,453

JA Worldwide, Inc. and Subsidiaries
Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions	\$ 1,546,603	\$ 6,111,876	\$ 7,658,479	\$ 1,729,055	\$ 5,045,494	\$ 6,774,549
Member fees	2,327,028	-	2,327,028	2,447,875	-	2,447,875
Contributed nonfinancial assets	1,478,220	-	1,478,220	403,036	-	403,036
Federal grants	1,443,855	-	1,443,855	1,470,897	-	1,470,897
Investment return, net	(148,442)	-	(148,442)	167,711	-	167,711
Other	7,497	-	7,497	26,507	-	26,507
Net assets released from restrictions	5,971,941	(5,971,941)	-	5,949,701	(5,949,701)	-
Total revenues, gains and other support	<u>12,626,702</u>	<u>139,935</u>	<u>12,766,637</u>	<u>12,194,782</u>	<u>(904,207)</u>	<u>11,290,575</u>
Expenses						
Program services						
Field services	7,418,117	-	7,418,117	6,617,779	-	6,617,779
Communications and marketing	1,077,092	-	1,077,092	596,308	-	596,308
Research and development	564,046	-	564,046	424,441	-	424,441
Human resources	291,386	-	291,386	265,891	-	265,891
Total program services	<u>9,350,641</u>	<u>-</u>	<u>9,350,641</u>	<u>7,904,419</u>	<u>-</u>	<u>7,904,419</u>
Support services						
Management and general	2,519,849	-	2,519,849	1,969,682	-	1,969,682
Fundraising	1,015,073	-	1,015,073	1,017,267	-	1,017,267
Total support services	<u>3,534,922</u>	<u>-</u>	<u>3,534,922</u>	<u>2,986,949</u>	<u>-</u>	<u>2,986,949</u>
Total expenses	<u>12,885,563</u>	<u>-</u>	<u>12,885,563</u>	<u>10,891,368</u>	<u>-</u>	<u>10,891,368</u>
Change in Net Assets	(258,861)	139,935	(118,926)	1,303,414	(904,207)	399,207
Net Assets, Beginning of Year	<u>5,786,378</u>	<u>2,404,707</u>	<u>8,191,085</u>	<u>4,482,964</u>	<u>3,308,914</u>	<u>7,791,878</u>
Net Assets, End of Year	<u>\$ 5,527,517</u>	<u>\$ 2,544,642</u>	<u>\$ 8,072,159</u>	<u>\$ 5,786,378</u>	<u>\$ 2,404,707</u>	<u>\$ 8,191,085</u>

JA Worldwide, Inc. and Subsidiaries
Consolidated Statements of Functional Expenses
Years Ended June 30, 2022 and 2021

	Program Services					Support Services			Total Expenses
	Field Services	Communications and Marketing	Research and Development	Human Resources	Total Program Services	Management and General	Fundraising	Total Support Services	
June 30, 2022									
Compensation	\$ 2,779,642	\$ 403,597	\$ 211,354	\$ 109,185	\$ 3,503,778	\$ 940,488	\$ 380,358	\$ 1,320,846	\$ 4,824,624
Occupancy	220,736	32,050	16,784	8,671	278,241	74,686	30,205	104,891	383,132
Program support	1,508,337	219,007	114,688	59,248	1,901,280	510,344	206,396	716,740	2,618,020
Professional and other services	<u>2,909,402</u>	<u>422,438</u>	<u>221,220</u>	<u>114,282</u>	<u>3,667,342</u>	<u>994,331</u>	<u>398,114</u>	<u>1,392,445</u>	<u>5,059,787</u>
Total expenses	<u>\$ 7,418,117</u>	<u>\$ 1,077,092</u>	<u>\$ 564,046</u>	<u>\$ 291,386</u>	<u>\$ 9,350,641</u>	<u>\$ 2,519,849</u>	<u>\$ 1,015,073</u>	<u>\$ 3,534,922</u>	<u>\$ 12,885,563</u>
June 30, 2021									
Compensation	\$ 2,657,523	\$ 239,462	\$ 170,444	\$ 106,775	\$ 3,174,204	\$ 790,973	\$ 408,507	\$ 1,199,480	\$ 4,373,684
Occupancy	163,021	14,689	10,456	6,550	194,716	48,521	25,059	73,580	268,296
Program support	2,064,302	186,008	132,397	82,940	2,465,647	614,409	317,319	931,728	3,397,375
Professional and other services	<u>1,732,933</u>	<u>156,149</u>	<u>111,144</u>	<u>69,626</u>	<u>2,069,852</u>	<u>515,779</u>	<u>266,382</u>	<u>782,161</u>	<u>2,852,013</u>
Total expenses	<u>\$ 6,617,779</u>	<u>\$ 596,308</u>	<u>\$ 424,441</u>	<u>\$ 265,891</u>	<u>\$ 7,904,419</u>	<u>\$ 1,969,682</u>	<u>\$ 1,017,267</u>	<u>\$ 2,986,949</u>	<u>\$ 10,891,368</u>

JA Worldwide, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	2022	2021
Operating Activities		
Change in net assets	\$ (118,926)	\$ 399,207
Items not requiring (providing) operating activities cash flows		
Bad debt expense (recovery)	(69,000)	7,332
Net realized and unrealized loss (gain) on investments	179,961	(122,956)
Changes in assets and liabilities		
Contributions receivable	(126,142)	(120,676)
Federal grants receivable	(125,174)	14,463
Affiliates accounts receivable	(51,072)	(233,784)
Prepaid expenses and other receivables	(58,862)	(27,405)
Accounts payable and accrued liabilities	1,091,628	237,334
Due to affiliates	(142,078)	5,088
Funds held for affiliates	1,405,270	2,199,911
Refundable advance	-	(334,636)
	<u>1,985,605</u>	<u>2,023,878</u>
Net cash provided by operating activities		
Investing Activities		
Purchase of investments	(501,039)	(2,310,421)
Proceeds from sale of investments	35,006	3,131,161
	<u>(466,033)</u>	<u>820,740</u>
Net cash provided by (used in) investing activities		
Increase in Cash and Cash Equivalents	1,519,572	2,844,618
Cash and Cash Equivalents, Beginning of Year	<u>9,632,927</u>	<u>6,788,309</u>
Cash and Cash Equivalents, End of Year	<u>\$ 11,152,499</u>	<u>\$ 9,632,927</u>

JA Worldwide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

JA Worldwide, Inc. (the Organization) is a Delaware not-for-profit organization whose mission and principal activities are to support the mission of JA and its members as global leader in work readiness, financial literacy, and entrepreneurship education for young people. The Organization reaches out to the global community through a network of over 100 affiliates that develop and implement economic education programs for young people through a partnership between business and education. Except for JA Africa, Inc., JA Asia Pacific Limited, JA Americas and INJAZ Al-Arab JA MENA (discussed below), the affiliates' financial statements are not included in the consolidated financial statements of the Organization, since it does not have a controlling interest in the affiliates' Board of Directors or a financial interest in the affiliates' operations. The by-laws of each affiliate designate a similar purpose not-for-profit organization to receive the residual interest of an affiliate in the event of dissolution.

JA Worldwide, Inc. provides oversight to Europe, Africa, Asia Pacific, the Middle East, and the Americas (excluding the USA) and is responsible for the growth and development of Junior Achievement around the world. Grants, gifts and contributions that provide support outside of the United States are stewarded by the Organization.

The financial results of JA Americas and INJAZ Al-Arab JA MENA, branch offices of JA Worldwide, and the subsidiaries of the Organization, JA Africa, Inc., a Delaware not-for-profit corporation that conducts education programs in Africa, and JA Asia Pacific Limited, a Hong Kong not-for-profit corporation that conducts education programs in Asia, are fully consolidated.

The Organization's primary revenues come from corporate and individual contributions, federal and private grants, and member fees charged to its affiliates.

Principles of Consolidation and Basis of Accounting

The accompanying consolidated financial statements include the accounts of JA Worldwide, Inc., JA Africa, Inc. and JA Asia Pacific Limited. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

Operations Outside the United States

The functional currency of the foreign subsidiaries is the U.S. dollar; however, certain transactions of foreign operations may be translated, as necessary, into U.S. dollars using the current exchange rate. Assets located outside of the United States totaled approximately \$3,150,000 and \$2,130,000 as of June 30, 2022 and 2021, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure 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.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2022, cash equivalents consisted primarily of short-term certificates of deposit.

At June 30, 2022, the Organization's cash accounts exceeded federally insured limits by approximately \$7,500,000.

Some of the Organization's operating cash accounts reside in financial institutions outside of the United States to fund international operations and, thus, are not eligible for FDIC coverage. These accounts total approximately \$3,150,000 at June 30, 2022.

Investments and Investment Return, Net

Investments consist of long-term certificates of deposit and mutual funds and are measured at fair value.

Investment return includes dividends, interest, realized and unrealized gains and losses on investments carried at fair value less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

Affiliates Accounts Receivable

The Organization's affiliates accounts receivable are comprised principally of affiliates' member fees which are due annually. The receivables are for membership fees, which are based on 1% of members' annual revenue.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions.

The governing board has designated, from net assets without donor restrictions, net assets to support strategic initiatives for the JA network. Funding is established through operating surpluses that the Organization generates each year. Consistent with, and to support, the Organization's strategic plan, board-designated funds have been established for the development of alumni engagement around the world, provision of digital and blended learning platforms across the JA network, expansion of educational programs through partnership with other like-minded organizations, as well as investment in human capital and the establishment of an endowment. The

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Board may, from time to time, make additions to and change the allocation of board-designated funds.

Net assets with donor restrictions are subject to donor restrictions. Restrictions are temporary in nature, such as those that will be met by certain programs and events specified by the donor or the passage of time.

Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment, or long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

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 statements of activities as net assets released from restrictions.

Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Member Fees

Membership revenue is recognized as the Organization satisfies performance obligations under its contracts, which is ratably over the membership term. The Organization provides a variety of services to members, which are considered a single, bundled performance obligation. The Organization bills members annually. Revenue is reported at the estimated transaction price or amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing goods or services.

JA Worldwide, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

The Organization determines the transaction price based on 1% of members' annual revenue.

The Organization has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected by the following factor:

- Financial status of the member

For the years ended June 30, 2022 and 2021, the Organization recognized revenue of \$2,327,028 and \$2,447,875, respectively, from goods and services that transfer to the member over time. The Organization's affiliates accounts receivable, net at July 1, 2020 were \$888,938.

Federal Grants

Federal funds are received on a cost reimbursement basis. Revenue and federal grants receivable with respect to the federal awards are recognized to the extent of allowable expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Organization. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Functional Allocation of Expenses

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on relative efforts expended on each activity. Program services include the following:

Field services: Encompasses a range of direct support to over 100 affiliates of the Organization to inspire and prepare young people to succeed in a global economy. Services include, but are not limited to, staff training, marketing and brand support, facilitating the sharing of best practices, and assistance with board development and governance.

Communications and marketing: Heightens awareness and understanding of the Organization's purpose and mission through multiple media channels to corporations, volunteers, educators, funders and the general public. Fosters brand consistency globally.

Research and development: Covers the development and support of Junior Achievement programs and technology including digital education programs, student competitions and programs directed at marginalized youth, girls and family support, youth unemployment and quality education for youth ages 5-25.

Human resources: Encompasses talent management and member employee development to ensure the Organization is hiring and retaining high quality staff to deliver programs and recruit volunteers to educate young people in the areas of financial literacy, workforce readiness and entrepreneurship.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Income Taxes

The Organization (including JA Africa, Inc.) is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. JA Asia Pacific Limited is incorporated in Hong Kong as a charity. However, the Organization is subject to federal income tax on any unrelated business taxable income.

Subsequent Events

Subsequent events have been evaluated through October 31, 2022, which is the date the consolidated financial statements were available to be issued.

Note 2: Change in Accounting Principle

In 2022, the Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the consolidated statements of activities and disclosures within the notes to the consolidated financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the consolidated statements of activities included:

	2022	2021
Matching requirements - federal grants	\$ 70,413	\$ 175,136
Office expense	359,502	23,523
Professional fees	1,048,305	204,377
	\$ 1,478,220	\$ 403,036

The nonfinancial assets listed above were recognized within revenue and did not have donor-imposed restrictions.

Matching requirements: The Organization is required to match certain expenditures that are reimbursed by federal grants. It is the Organization's policy to track these financial matches as a contributed nonfinancial asset and record the value of these matches at cost, which is considered to approximate fair value.

Office expense: The Organization receives donated supplies, postage and other office-related expenses that are used in operations. The Organization estimates the fair value of these types of items on the basis of market prices from comparable vendors.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Professional fees: The Organization receives a variety of discounted or “pro-bono” legal, marketing and technology-related professional fees. The Organization estimates the fair value of these services on the basis of market prices for relative services from comparable vendors.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

Note 3: Liquidity and Availability

JA Worldwide, Inc. receives significant contributions each year from donors, which together with license fees, are available to meet annual cash needs for general expenditures. During the years ended June 30, 2022 and 2021, the Organization was able to meet its cash needs utilizing operating cash flows.

The following table reflects JA Worldwide, Inc.’s financial assets as of June 30, 2022 and 2021, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position because of donor restrictions or internal board designations. Amounts not available include fund held for affiliates, donor-restricted funding subject to specified purposes and board-designated initiatives that are not considered in the annual operating budget. In the event the need arises to use the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 11,152,499	\$ 9,632,927
Investments	3,280,732	2,994,660
Receivables	2,015,190	1,630,885
	<u>16,448,421</u>	<u>14,258,472</u>
Donor, Legal or Other Restrictions and Designations		
Funds held for affiliates	6,198,814	4,793,544
Board-designated	2,361,197	1,603,753
Donor imposed restrictions	2,544,642	2,404,707
	<u>11,104,653</u>	<u>8,802,004</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,343,768</u>	<u>\$ 5,456,468</u>

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 4: Disclosures About Fair Value of Investments

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value of an investment:

- Level 1** Quoted prices in active markets for identical investments
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the investments
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the investments

Recurring Measurements

The following tables present the fair value measurements of assets and liabilities recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	2022			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Institutional and other certificates of deposit	\$ 2,259,128	\$ -	\$ 2,259,128	\$ -
Mutual funds	1,021,604	1,021,604	-	-
	<u>\$ 3,280,732</u>	<u>\$ 1,021,604</u>	<u>\$ 2,259,128</u>	<u>\$ -</u>

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

	2021			
	Fair Value Measurements Using			
Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Institutional and other certificates of deposit	\$ 2,253,439	\$ -	\$ 2,253,439	\$ -
Mutual funds	<u>741,221</u>	<u>741,221</u>	<u>-</u>	<u>-</u>
	<u>\$ 2,994,660</u>	<u>\$ 741,221</u>	<u>\$ 2,253,439</u>	<u>\$ -</u>

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3. At June 30, 2022 and 2021, the Organization did not hold investments classified as Level 3.

Note 5: Contributions Receivable

Contributions receivable consist of the following:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	<u>\$ 35,434</u>	<u>\$ 475,606</u>	<u>\$ 511,040</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Due within one year	<u>\$ 65,857</u>	<u>\$ 319,041</u>	<u>\$ 384,898</u>

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 6: Grant Reimbursements Receivable and Future Commitments

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022, have been recorded as receivables. Following are the grant commitments that extend beyond June 30, 2022:

Grant	Term	Grant Amount	Earned Through June 30, 2022	Funding Available
Supporting Entrepreneurial Education in Eastern Europe and Eurasia	January 2017 - January 2024	<u>\$ 4,517,396</u>	<u>\$ 2,970,010</u>	<u>\$ 1,547,386</u>

Note 7: Conditional Gifts

The Organization has received the following conditional promises to give at June 30, 2022 and 2021, some of which are to benefit the affiliates of the Organization. These amounts are not recognized in the consolidated financial statements:

	<u>2022</u>	<u>2021</u>
Conditional promise to give upon approval of satisfactory progress	<u>\$ -</u>	<u>\$ 1,629,539</u>

Note 8: Line of Credit

The Organization maintained a \$500,000 line of credit, secured by certain assets of the Organization, with an interest rate based on the Wall Street Journal prime rate less 0.5%, with a minimum interest rate of 2.75%. No amounts were borrowed against this line during 2022 or 2021.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 9: Net Assets

Board-designated Net Assets

The Organization's Board of Governors has designated net assets for the following purposes:

	<u>2022</u>	<u>2021</u>
Board-designated endowment	\$ 1,021,332	\$ 869,074
Human capital	240,231	261,440
Asia Pacific	166,001	198,194
Partnerships	185,116	167,640
Digital strategy	345,789	107,405
Center of learning	198,089	-
Marketing	204,639	-
	<u>\$ 2,361,197</u>	<u>\$ 1,603,753</u>

Board-designated Endowment

The Organization's board-designated endowment includes funds designated by the Organization's Board of Governors to function as an endowment (board-designated endowment fund). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

Change in board-designated endowment net assets for the years ended June 30, 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Board-designated endowment net assets, beginning of year	\$ 869,074	\$ 594,645
Transfers to create board-designated endowment	-	126,000
Contributions and investment return, net	<u>152,258</u>	<u>148,429</u>
	<u>\$ 1,021,332</u>	<u>\$ 869,074</u>

Investment and Spending Policies

The Organization has adopted investment and spending policies for board-designated endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Net Assets With Donor Restrictions

Net assets with donor restrictions at June 30 are restricted for the following purposes or periods:

	2022	2021
Subject to Expenditure for Specified Purpose		
Educational and other programs	\$ 2,069,036	\$ 2,085,666
Promises to give, the proceeds from which have been restricted by donors for educational and other programs	475,606	319,041
	\$ 2,544,642	\$ 2,404,707

Note 10: Pension and Postretirement Plan

Multi-employer Pension Plan (Terminated Effective June 30, 2019)

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan was administered by Junior Achievement USA® and covered all full-time employees of the Organization, Junior Achievement USA® and participating Junior Achievement Areas in the United States. Benefits were determined based on years of service and salary history. The Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Organization made contributions to the Plan equal to 16.75% of participants' eligible compensation. The Organization recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the consolidated financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of Junior Achievement USA® approved the termination of the Plan, at which time all participants who were active in the Plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. As a result, during 2020, in accordance with the plan documents, the Organization continued to make contributions equal to 13.25% of participants' eligible compensation.

During 2020, plan participants elected the mode of their distribution (whether lump-sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump-sum elections) or transferred (annuity elections). The remaining assets in the Plan, totaling approximately \$5,500,000 at June 30, 2022, are restricted for additional, future termination and other required administrative expenses. Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will be distributed to

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Organization cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2022.

To coincide with the termination of the Plan, the Organization implemented a Defined Contribution 401(k) plan for eligible employees on July 1, 2019. See Note 11.

Note 11: Health and Welfare Benefits Trust and Postretirement Benefits Plan

Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The Health and Welfare Plan is accounted for like a multiemployer plan. Employees of the Organization, Junior Achievement USA® and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the consolidated financial statements of the Organization. The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2022 and 2021 was approximately \$186,000 and \$185,000, respectively.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employers. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the postretirement benefits plan are recorded in the consolidated financial statements of the Organization.

Note 12: Defined Contribution Plan

Starting on July 1, 2019, the Organization implemented a 401(k) plan covering substantially all employees employed one year or more. The plan is a multiple employer plan managed by Junior Achievement USA®. The Organization's contributions to the plan are determined annually by the Organization's Board of Directors. Contributions to the plan were \$69,967 and \$53,441 for the years ended June 30, 2022 and 2021, respectively.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 13: Related-party Transactions

Activity with Board Members and Other Related Parties

Contributions of cash, in-kind gifts and pledges from related parties, including board members and corporations affiliated with board members was \$466,068 and \$729,569 for the years ended June 30, 2022 and 2021, respectively. Contributions receivable from related parties including board members and corporations affiliated with board members was \$101,500 and \$108,260 as of June 30, 2022 and 2021, respectively.

The Organization allows for travel advances to employees. As of June 30, 2022 and 2021, the Organization has \$4,805 and \$2,450, respectively, and is recorded in affiliates accounts receivable on the consolidated statements of financial position. There is no allowance for these receivables as the Organization expects to collect 100% through payroll deductions.

Activity with Worldwide Affiliates

The Organization assists its affiliates around the world in setting up their own organizations to administer Junior Achievement programs and assesses a member fee for their use of brand, logos and trademarks owned by the Organization. These fees totaled \$2,327,028 and \$2,447,875 for the years ended June 30, 2022 and 2021, respectively. The Organization has accounts receivable of \$1,366,358 and \$1,246,286 as of June 30, 2022 and 2021, respectively, from affiliates. Approximately 40% of these receivable balances at June 30, 2022 and 2021 are from one affiliate.

The Organization holds funds on behalf of certain of these affiliates for their expenses. These are included in cash and contributions receivable on the consolidated statements of financial position and total \$5,882,169 and \$316,645, respectively, as of June 30, 2022 and total \$4,568,438 and \$225,106, respectively, as of June 30, 2021. The Organization also owes certain amounts to affiliates, totaling \$86,592 and \$228,670, at June 30, 2022 and 2021, respectively, which are included in due to affiliate.

During the years ended June 30, 2022 and 2021, the Organization passed through to affiliates \$15,365,546 and \$11,791,571, respectively, of funds donors directed to be transferred to such affiliates. Because the Organization functions as a conduit, these amounts have not been reflected on the consolidated statements of activities.

Note 14: Operating Leases

Noncancellable operating leases for domestic and international office space expire in various years through February 2023. Future minimum lease payments at June 30, 2022, were:

2023	<u>\$ 34,068</u>
------	------------------

Rent expense for the years ended June 30, 2022 and 2021 were \$175,851 and \$126,380, respectively.

JA Worldwide, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
June 30, 2022 and 2021

Note 15: Significant Estimates and Concentrations

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Contribution Concentrations

Contribution revenue (including in-kind contributions) of \$9,136,699 and \$7,177,585 in 2022 and 2021, comprised approximately 70% and 65%, respectively, of the Organization's total support and revenue. The operations of the Organization could be affected with a significant change in contributions. During 2021, approximately 35% of the Organization's contributions were received from two donors.

Investments Risks and Uncertainties

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

COVID-19

As a result of the spread of the incidence of COVID-19, economic and operating uncertainties have arisen which may negatively affect the financial position, results of operations and cash flows of the Organization. The duration of these uncertainties and the ultimate financial effects cannot be reasonably estimated at this time.

Note 16: Contingencies

The United States Agency for International Development (USAID) has historically been one of the primary federal awarding agencies for the Organization. Included in various grant agreements awarded by USAID was a provision for a Negotiated Indirect Cost Rate Agreement (NICRA). The provision stipulated that the Organization shall be reimbursed for indirect costs on the basis of the predetermined rate published in the agreement, but pending the establishment of a revised, final rate.

During 2014, the Organization was notified by USAID of the final rates effective retroactively for grant periods from July 2004 through June 2010. During 2016, the Organization was notified by USAID of the final rates effective retroactively for grant periods from July 2010 through June 30, 2013. The Organization believes that a loss, resulting from the recalculated NICRA based on the revised rates, is probable on all applicable open grants.

As a result, the Organization recorded a contingency liability that is included in accounts payable in the consolidated statements of financial position for all applicable open grants as of June 30, 2022 and 2021 of \$137,729. Management believes that this estimated liability fully accounts for any probable exposure to the Organization. It is reasonably possible that a change in these estimates could occur in the near term.

Supplementary Information

JA Worldwide Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Federal Grantor/Pass-through Grantor Program or Cluster Title	Federal Assistance Listing Number	Grant or Pass-through Entity Identifying Number	Total Federal Expenditures
Agency for International Development (USAID)			
USAID Foreign Assistance for Programs Overseas			
Skills in Action - Subreceipt from Creative Associates International, Inc.	98.001	N/A - Subrecipient	\$ 502,525
Eastern Europe	98.001	AID-OAA-A-17-00006	631,477
Turkmenistan	98.001	AID-176-A-17-00001	<u>302,602</u>
Total USAID Foreign Assistance for Programs Overseas and total expenditures of federal awards			<u>\$ 1,436,604</u>

The accompanying notes are an integral part of this Schedule

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of JA Worldwide Inc. and Subsidiaries under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Of the federal expenditures presented in this schedule, the Organization provided no federal awards to subrecipients.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

JA Worldwide Inc. and Subsidiaries
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

Note 3: Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance; however, the Organization has elected to use the rate outlined in each grant agreement.

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Governors
JA Worldwide Inc. and Subsidiaries
Boston, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of JA Worldwide Inc. and Subsidiaries (the Organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities, functional expense and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 31, 2022, which includes an emphasis of matter for a change in accounting principle.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Board of Governors
JA Worldwide Inc. and Subsidiaries

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FORVIS,LLP

Colorado Springs, Colorado
October 31, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Governors
JA Worldwide Inc. and Subsidiaries
Boston, Massachusetts

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited JA Worldwide Inc. and Subsidiaries' (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the "Auditor's Responsibilities for the Audit of Compliance" section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Board of Governors
JA Worldwide Inc. and Subsidiaries

Our consideration of internal control over compliance was for the limited purpose described in the “Auditor’s Responsibilities for the Audit of Compliance” section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

FORVIS,LLP

Colorado Springs, Colorado
October 31, 2022

JA Worldwide Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified Qualified Adverse Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified? Yes None Reported

Material weakness(es) identified? Yes No

3. Noncompliance material to the financial statements noted? Yes No

Federal Awards

4. Internal control over major federal awards programs:

Significant deficiency(ies) identified? Yes None Reported

Material weakness(es) identified? Yes No

5. Type of auditor’s report issued on compliance for major federal programs:

Unmodified Qualified Adverse Disclaimer

6. The audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? Yes No

7. Identification of major federal programs:

Cluster/Program	Assistance Listing Number
USAID Foreign Assistance for Programs Overseas	98.001

8. Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

9. Auditee qualified as a low-risk auditee? Yes No

JA Worldwide Inc. and Subsidiaries
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section II – Financial Statement Findings

Reference Number	Finding
No matters are reportable.	

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
No matters are reportable.	

JA Worldwide Inc. and Subsidiaries
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022

Reference Number	Summary of Finding	Status
2021-001	We recommend the Organization revise its policies and procedures to verify the vendor is not suspended or disbarred prior to the purchase or at the beginning of each year if the contract with the vendor is a multi-year relationship.	Implemented