

Distributive Education Clubs of America, Inc.

Financial Report
June 30, 2020

Contents

Independent auditor's report	1-2
<hr/>	
Financial statements	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5 - 6
Statements of cash flows	7
Notes to financial statements	8-16

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of Distributive Education Clubs of America, Inc., (DECA Inc.) which comprise the statement of financial position as of June 30, 2020, the related statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Distributive Education Clubs of America, Inc. as of June 30, 2020, and the changes in its net assets, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of DECA Inc., as of and for the year ended June 30, 2019, were audited by other auditors whose report, dated February 18, 2020, expressed an unmodified opinion on those financial statements.

RSM US LLP

Washington, D.C.
April 7, 2021

Distributive Education Clubs of America, Inc.

**Statements of Financial Position
June 30, 2020 and 2019**

	2020	2019
Assets		
Cash and cash equivalents	\$ 3,536,827	\$ 3,591,115
Investments	4,976,460	4,944,915
Accounts receivable, net	226,189	814,331
Prepaid expenses	372,357	77,486
Inventory	484,512	331,686
Property and equipment, net	373,064	387,903
	<hr/>	<hr/>
Total assets	\$ 9,969,409	\$ 10,147,436
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 355,852	\$ 335,188
Accrued expenses	384,809	437,388
Sales tax payable	56,431	31,236
Loans payable	375,000	-
Deferred revenue	46,150	57,920
	<hr/>	<hr/>
Total liabilities	1,218,242	861,732
Net assets:		
Without donor restrictions – undesignated	7,467,098	8,294,867
Without donor restrictions – designated	730,891	722,391
	<hr/>	<hr/>
Total net assets without donor restrictions	8,197,989	9,017,258
With donor restrictions	553,178	268,446
	<hr/>	<hr/>
Total net assets	8,751,167	9,285,704
	<hr/>	<hr/>
Total liabilities and net assets	\$ 9,969,409	\$ 10,147,436

See notes to financial statements.

Distributive Education Clubs of America, Inc.

Statements of Activities
Years Ended June 30, 2020 and 2019

	2020	2019
Activities without donor restrictions:		
Revenue and support:		
Educational services	\$ 2,928,311	\$ 10,426,842
Membership dues	1,780,850	1,825,784
Contributions	102,665	118,657
Publications	132,619	150,950
Other income	31,040	173,134
Net investment income	31,551	126,461
	<u>5,007,036</u>	12,821,828
Net assets released from restrictions	901,614	1,083,424
Total revenue and support	<u>5,908,650</u>	<u>13,905,252</u>
Expenses:		
Program services:		
Educational services	4,511,758	10,810,669
Total program services expense	<u>4,511,758</u>	<u>10,810,669</u>
Supporting services		
Administration	1,492,717	2,000,058
Fundraising	723,444	877,068
Total supporting services expense	<u>2,216,161</u>	<u>2,877,126</u>
Total expenses	<u>6,727,919</u>	<u>13,687,795</u>
Change in net assets without donor restrictions	<u>(819,269)</u>	<u>217,457</u>
Activities with donor restrictions:		
Contributions - Other projects	766,293	631,768
Contributions - Educational services	382,926	313,855
Contributions - Publications	37,127	41,750
Net assets released from restrictions	(901,614)	(1,083,424)
Change in net assets with donor restrictions	<u>284,732</u>	<u>(96,051)</u>
Change in net assets	<u>(534,537)</u>	<u>121,406</u>
Net assets:		
Beginning	9,285,704	9,164,298
Ending	<u><u>\$ 8,751,167</u></u>	<u><u>\$ 9,285,704</u></u>

See notes to financial statements.

Distributive Education Clubs of America, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services		Supporting Services			
	Educational Services	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 1,051,272	\$ 1,051,272	\$ 688,931	\$ 442,466	\$ 1,131,397	\$ 2,182,669
Professional services	1,969	1,969	576,513	855	577,368	579,337
Printing, publications and promotions	117,649	117,649	35,699	20,098	55,797	173,446
Postage, mailing and shipping	159,615	159,615	14,765	8,309	23,074	182,689
Occupancy, maintenance and insurance	108,825	108,825	85,829	47,141	132,970	241,795
Conference, meetings and travel	2,857,594	2,857,594	43,779	158,914	202,693	3,060,287
Supplies, telecom and internet	88,376	88,376	32,540	41,495	74,035	162,411
Bad debt expense	5,047	5,047	4,263	-	4,263	9,310
Other expenses	121,411	121,411	10,398	4,166	14,564	135,975
	\$ 4,511,758	\$ 4,511,758	\$ 1,492,717	\$ 723,444	\$ 2,216,161	\$ 6,727,919

See notes to financial statements.

Distributive Education Clubs of America, Inc.

**Statement of Functional Expenses
Year Ended June 30, 2019**

	Program Services		Supporting Services			
	Educational Services	Total Program Services	General and Administration	Fundraising	Total Supporting Services	Total
Salaries and benefits	\$ 1,260,468	\$ 1,260,468	\$ 995,538	\$ 496,531	\$ 1,492,069	\$ 2,752,537
Professional services	156,906	156,906	718,581	6,789	725,370	882,276
Printing, publications and promotions	216,311	216,311	49,907	25,056	74,963	291,274
Postage, mailing and shipping	175,430	175,430	25,240	13,453	38,693	214,123
Occupancy, maintenance and insurance	103,384	103,384	89,249	40,162	129,411	232,795
Conference, meetings and travel	8,657,346	8,657,346	55,479	226,591	282,070	8,939,416
Supplies, telecom and internet	115,908	115,908	37,433	21,332	58,765	174,673
Other expenses	124,916	124,916	28,631	47,154	75,785	200,701
	<u>\$ 10,810,669</u>	<u>\$ 10,810,669</u>	<u>\$ 2,000,058</u>	<u>\$ 877,068</u>	<u>\$ 2,877,126</u>	<u>\$ 13,687,795</u>

See notes to financial statements.

Distributive Education Clubs of America, Inc.

Statement of Cash Flows
Years Ended June 30, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (534,537)	\$ 121,406
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	54,568	37,302
Net loss (gain) on investments	31,228	(21,659)
Changes in assets and liabilities:		
(Increase) decrease in:	588,142	(70,171)
Accounts receivable, net	(294,871)	33,450
Prepaid expenses	(152,826)	42,105
Inventory	20,664	(868,651)
Increase (decrease) in:		
Accounts payable	(52,579)	96,113
Accrued expenses	25,195	31,236
Sales tax payable	(11,770)	30,970
Deferred revenue	(326,786)	(567,899)
Net cash used in operating activities		
Cash flows from investing activities:	(39,729)	(41,853)
Purchases of property and equipment	(565,772)	(3,784,731)
Purchases of investments	502,999	2,676,929
Proceeds from the sale of investments	(102,502)	(1,149,655)
Net cash used in investing activities		
Cash flows from financing activities:		
Proceeds from loan payable	375,000	-
Net cash provided by investing activities	375,000	-
Net decrease in cash and cash equivalents	(54,288)	(1,717,554)
Cash and cash equivalents:		
Beginning	3,591,115	5,308,669
Ending	\$ 3,536,827	\$ 3,591,115

See notes to financial statements.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of activities: Distributive Education Clubs of America, Inc. (DECA Inc.) is a nonprofit student organization incorporated in the Commonwealth of Virginia. DECA Inc. prepares emerging leaders and entrepreneurs currently in high school and college for future careers in marketing, finance, hospitality, and management.

DECA Inc. accomplishes its mission by providing the following educational services program activities:

DECA Inc. provides educational programs to high school and college students around the globe through its various conferences, competitive events, publications, and resource materials. DECA Inc. is organized into two unique student divisions, the High School Division and Collegiate DECA Inc., each with programs designed to address the learning styles, interests, and focus of its members. DECA Inc.'s student members leverage their DECA Inc. experience to become academically prepared, community oriented, professionally responsible, and experienced leaders.

DECA Inc. enhances the preparation for college and careers by providing co-curricular educational programs that integrate into classroom instruction, applying learning in the context of business, connecting to businesses and the community, and promoting competition. DECA Inc. sponsors conferences and competitive events each year to bring the high school and Collegiate DECA Inc. members into the larger DECA Inc. community while providing unique opportunities to extend classroom learning. DECA Inc. also awards scholarships to students in various fields.

Performance improvement tools and resources for chapter advisors ensure effective use of DECA Inc.'s comprehensive learning program designed to enhance student achievement. DECA Inc.'s professional network also allows DECA Inc. advisors to share resources and ideas among colleagues and enhance their skills through advisor professional development.

DECA Inc.'s business partners provide strategic advice on organizational policy, professional insight on content, and crucial financial support for programming. Some of DECA Inc.'s business partners participate on its National Advisory Board. These partners enhance the classroom experience by providing "real world" applications to learning.

A summary of DECA Inc.'s significant accounting policies follows:

Basis of presentation: The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Account Standards Codification (ASC). Under the FASB ASC, DECA Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – undesignated: Net assets without donor restrictions include those net assets whose use is not restricted by donors, even though their use may be limited in other aspects, such as by Board designation.

Net assets without donor restrictions – designated: The Board of Directors has designated a portion of net assets without donor restrictions to be set aside for contingencies and to establish financial reserves. Board designated net assets also include scholarship matches by the Board and special projects the Board decides to pursue, including administration development projects. These funds may not be expended for general operations without the specific authorization of the Board of Directors.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 1. Nature of Activities and Significant Accounting Policies

Net assets with donor restrictions – time or purpose: Net assets with donor restrictions include those net assets subject to donor-imposed restrictions that are met either by actions of DECA Inc. and/or the passage of time. When a restriction expires, 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.

Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Income taxes: DECA Inc. is exempt from the payment of income taxes on its exempt activities under section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation by the Internal Revenue Service. DECA Inc. is subject to tax on revenue generated from sources unrelated to its exempt purpose. DECA Inc. is also required to collect and remit sales tax on inventory sales to non-exempt customers.

Cash and cash equivalents: For financial statement purposes, DECA Inc. considers cash held in overnight investment accounts and money market accounts to be cash equivalents. Funds that are held in the professionally managed accounts are reported with investments.

Financial risk: DECA Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. DECA Inc. has not experienced any losses in such accounts. DECA Inc. believes it is not exposed to any significant financial risk on cash and cash equivalents.

DECA Inc. invests in a professionally managed portfolio that contains a variety of investments. Such investments are exposed to various risks, such as market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible the changes in risk in the near-term could materially affect investment balances and the amounts reported in the financial statements.

Investments: DECA Inc. records its investments at fair value. The adjustment to reflect changes in the fair value of investments is included in the statements of activities as a component of net investment income. Interest is recorded when earned. Dividends are recorded at the ex-dividend date. Net appreciation or depreciation in fair value of investments includes gains and losses on investments bought and sold, as well as held during the year.

Accounts receivable: Accounts receivable consists of amounts due to DECA Inc. for membership dues, hotel rebates and commissions from DECA Inc. conferences. Management periodically reviews outstanding receivables and, if deemed necessary, creates an allowance for the receivables deemed uncollectible. The allowance for doubtful accounts was \$12,262 and \$2,950 at June 30, 2020 and 2019, respectively.

Inventory: Inventory, which consists of educational and promotional materials, is stated at the lower of cost or net realizable value using the first-in, first-out (FIFO) method. Management establishes a reserve for any inventory deemed to be not salable by identifying nonmarketable items and by using historical experience applied to recent sales. Items are written off when deemed unmarketable.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

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

Property and equipment: Property and equipment are recorded at cost. DECA Inc. capitalizes all expenditures for property and equipment over \$1,000. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 50 years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed from the accounts, and any remaining gain or loss is included in operations. Repairs and maintenance are charged to expense when incurred.

Valuation of long-lived assets: Long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the assets. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower the carrying amount or fair value, less costs to sell.

Accounts payable: Accounts payable includes \$25,295 and \$66,196 in dues payable to states as of June 30, 2020 and 2019, respectively. Cash to offset this amount is included in cash and cash equivalents.

Deferred revenue: Deferred revenue consists of membership dues, conference registrations, and sponsorships received in advance of the period in which they are earned.

Revenue recognition: In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Not-for-profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies the guidance for evaluating whether a transaction is reciprocal (i.e. an exchange transaction) or nonreciprocal (i.e. a contribution) and for distinguishing between conditional and unconditional contributions. DECA Inc. adopted this standard for the year ended June 30, 2020, using the modified prospective transition method. Based on management's review, these ASUs did not materially impact the financial statements. DECA Inc. will adopt the guidance regarding contributions made during the year ending June 30, 2021.

Membership dues: are recognized ratably over the applicable dues or subscription period. Revenue received for dues and subscriptions which relate to subsequent years has been reflected as deferred revenue.

Contributions and grants: Unconditional contributions are recorded as support with or without donor restrictions, depending upon the existence and/or nature of any donor restrictions. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions and then reclassified to net assets without donor restrictions when the restriction expires. Grants that represent fee-for-service arrangements (exchange transactions) are recognized as revenue as the expenditures are incurred.

Educational services revenue: Educational services revenue includes revenue received from conference registrations, training registrations and educational publications. The revenue from conference and training registrations is recognized when the conference or the training occurs, and the revenue from educational publications is recognized when the publications are distributed.

Functional allocation of expenses: The costs of providing various programs and related supporting services have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

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

Upcoming accounting pronouncements: In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2019. DECA Inc. is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021, including interim periods within those fiscal years. 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. DECA Inc. is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

Subsequent events: Subsequent events have been evaluated through April 7, 2021, which is the date the financial statements were available to be issued.

Note 2. Investments

In accordance with generally accepted accounting standards, DECA Inc. uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1: Observable inputs that reflect quoted prices for identical assets or liabilities in active market such as stock quotes

Level 2: Includes inputs other than Level 1 that are directly or indirectly observable in the marketplace such yield curves or other market data

Level 3: Unobservable inputs which reflect the reporting entity's assessment of the assumptions that the market participants would use in pricing the asset or liability, including assumptions about risk such as bid/ask spreads and liquidity discounts.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 2. Investments

DECA Inc.'s investment in marketable securities are classified as follows at June 30, 2020 and 2019:

2020	Total	Level 1	Level 2	Level 3
Investments, at fair value :				
Equities	\$ 2,753,533	\$ 2,753,533	\$ -	\$ -
Mutual funds	614,012	614,012	-	-
Exchange traded funds – fixed income	860,920	860,920	-	-
Fixed income securities	99,880	99,880	-	-
REITs	56,380	-	56,380	-
Investments carried at fair value	4,384,725	\$ 4,328,345	\$ 56,380	\$ -
Investments, at cost:				
Money market funds	591,735			
Total investments	<u>\$ 4,976,460</u>			

2019	Total	Level 1	Level 2	Level 3
Investments, at fair value :				
Equities	\$ 2,991,811	\$ 2,991,811	\$ -	\$ -
Mutual funds	632,386	632,386	-	-
Exchange traded funds – fixed income	171,152	171,152	-	-
Fixed income securities	823,514	823,514	-	-
REITs	58,680	-	58,680	-
Investments carried at fair value	4,677,543	\$ 4,618,863	\$ 58,680	\$ -
Investments, at cost:				
Money market funds	267,372			
Total investments	<u>\$ 4,944,915</u>			

Investment income consists of the following at June 30, 2020 and 2019:

	2020	2019
Interest and dividends	\$ 125,873	\$ 150,300
Net (loss) gain on investments	(31,228)	21,659
Investment fees and expenses	(63,094)	(45,498)
	<u>\$ 31,551</u>	<u>\$ 126,461</u>

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 3. Liquidity and Availability of Financial Assets

DECA Inc. regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. DECA Inc.'s financial assets available within one year of the statement of financial position date for general expenditures at June 30, 2020 and 2019, were as follows:

	2020	2019
Cash and cash equivalents	\$ 3,536,827	\$ 3,591,115
Investments	4,976,460	4,944,915
Accounts receivable, net	226,189	814,331
Subtotal financial assets	8,739,476	9,350,361
Amounts not available for general expenditures:		
Cash restricted for dues payable to states	(25,295)	(66,196)
Cash associated with agency transactions	(39,517)	(32,375)
Investments	(4,976,460)	(4,944,915)
Add back investments available for spending within one year	248,823	267,373
Net assets without donor restrictions – designated	(730,891)	(722,391)
Net assets with donor restrictions	(553,178)	(258,446)
	<u>\$ 2,662,958</u>	<u>\$ 3,593,411</u>

DECA Inc. has various sources of liquidity at its disposal, including cash and cash equivalents and investments, which are available for general expenditures, liabilities and other obligations as they come due. DECA Inc.'s working capital and cash flows come from the collection of membership dues, event sponsorships registrations that recur on an annual basis at various times throughout the year. Management is focused on sustaining the financial liquidity of DECA Inc. throughout the year. This is done through monitoring and reviewing DECA Inc.'s cash flow needs on a weekly basis. As a result, management is aware of the cyclical nature of the DECA Inc.'s cash flow related to DECA Inc.'s various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

Note 4. Property and Equipment

Property and equipment consisted of the following at June 30, 2020 and 2019:

	2020	2019
Building and improvements	\$ 1,582,534	\$ 1,542,805
Computer equipment	238,168	238,168
Furniture and equipment	199,496	199,496
Land	56,532	56,532
	2,076,730	2,037,001
Less accumulated depreciation	(1,703,666)	(1,649,098)
	<u>\$ 373,064</u>	<u>\$ 387,903</u>

Depreciation expense for the years ended June 30, 2020 and 2019 totaled \$54,568 and \$37,302, respectively.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 5. Agency Transactions

DECA Inc. holds funds received from the Northern Atlantic and Southern regions. These funds are distributed at the direction of the respective regions. Because DECA Inc. does not control the use of these funds, they are not reflected in revenue or expense on the accompanying statements of activities. These offsetting amounts are included within cash and cash equivalents and accounts payable in the statements of financial position, and consist of the following at June 30, 2020 and 2019:

	2020	2019
Northern Region	\$ 19,930	\$ 17,338
Southern Region	19,587	14,937
	<u>\$ 39,517</u>	<u>\$ 32,275</u>

Note 6. Loan Payable

As part of DECA Inc.'s response to the COVID-19 pandemic, DECA Inc. applied for a Federal Paycheck Protection Program (PPP) loan. DECA Inc.'s application was approved and a loan of \$375,000 was received in May 2020. DECA Inc. has elected to account for the loan as a financial liability until the time at which forgiveness is received. Under the terms of the agreement and the PPP Flexibility Act of 2020, unless a forgiveness application is submitted, monthly payments will begin ten months after the last day of the loan's covered period and will continue either until the lending institution receives communication of loan forgiveness from the Small Business Administration or two years from the date of the note, whichever is earlier. The loan bears interest at a fixed rate of 1%, and will be payable in equal payments of principal and interest. The loan is not secured by any property of DECA Inc. DECA Inc. believes that most, if not all, of the PPP loan will meet the requirements for debt forgiveness during the year ended June 30, 2021.

Note 7. Retirement Plan

DECA Inc. maintains a discretionary defined contribution retirement plan (the Plan) which covers all employees who have worked at least 1,000 hours, a minimum age requirement of 21, and have completed one year of service. Employees will be 25% vested after two years of service, with additional vesting of 25% each year thereafter (fully vested after five years of service). Employer contributions to the Plan totaled \$100,042 and \$101,880 for the years ended June 30, 2020 and 2019, respectively.

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 8. Net Assets with Donor Restrictions

At June 30, 2020 and 2019, net assets with donor restrictions consisted of the following:

	June 30, 2019	Additions	Releases	June 30, 2020
Scholarship reserves	\$ 170,427	\$ -	\$ (7,000)	\$ 163,427
Ed Davis Scholarship	14,791	-	(5,000)	9,791
Central Region Scholarship 2	-	5,000	-	5,000
Western Region VP Scholarship	4,500	-	-	4,500
Central Region Scholarship VP	4,000	-	(1,000)	3,000
Southern Region Scholarship	2,692	-	(500)	2,192
Western Region Scholarship	2,500	-	(1,000)	1,500
Former National Officers	2,237	-	(2,000)	237
Bob Foehlinger Scholarship	2,000	-	-	2,000
	<u>203,147</u>	<u>5,000</u>	<u>(16,500)</u>	<u>191,647</u>
Business partner accounts	65,299	1,181,346	(885,114)	361,531
	<u>\$ 268,446</u>	<u>\$ 1,186,346</u>	<u>\$ (901,614)</u>	<u>\$ 553,178</u>

	June 30, 2018	Additions	Releases	June 30, 2019
Scholarship reserves	\$ 191,427	\$ -	\$ (21,000)	\$ 170,427
Ed Davis Scholarship	24,791	-	(10,000)	14,791
Western Region VP Scholarship	4,500	-	-	4,500
Central Region Scholarship VP	5,000	-	(1,000)	4,000
Southern Region Scholarship	2,692	-	-	2,692
Western Region Scholarship	3,000	-	(500)	2,500
Former National Officers	4,237	-	(2,000)	2,237
Bob Foehlinger Scholarship	2,000	-	-	2,000
	<u>237,647</u>	<u>-</u>	<u>(34,500)</u>	<u>203,147</u>
Business partner accounts	126,850	987,373	(1,048,924)	65,299
	<u>\$ 364,497</u>	<u>\$ 987,373</u>	<u>\$(1,083,424)</u>	<u>\$ 268,446</u>

Distributive Education Clubs of America, Inc.

Notes to Financial Statements

Note 9. Board Designated Net Assets

For the years ended June 30, 2020 and 2019 board designated activities increased \$8,500 during the year ended June 30, 2020 and decreased \$16,637 during the year ending June 30, 2019. Board designated net assets consist of the following at June 30, 2020 and 2019:

	2020	2019
Legal Fund	\$ 225,000	\$ 225,000
Human Management Capital Fund	208,158	208,158
Search Committee	148,861	148,861
Visioning Panel – Niche Markets	15,350	15,350
Executive Officers	15,000	-
Building Sale	13,893	13,893
Secondary Council	12,760	12,760
Strategic Plan Committee	12,203	12,203
Communications Strategy	12,121	12,121
Curriculum For Member Development	8,644	8,644
Cam Travel	8,300	8,300
Professional Development Advisory Board	6,632	6,632
Bob Foehlinger Scholarship	6,000	7,000
Disaster Fund	6,000	6,000
Brenda Clark Scholarship	5,000	-
Western Region VP Scholarship	4,500	4,500
Central Region Scholarship	4,000	7,000
Professional Learning Series	3,750	3,750
ED Travel	2,688	2,688
CE Task Force	2,625	2,625
Southern Region Scholarship	2,500	3,000
Learning Management System	2,377	2,377
Ed Fleming Scholarship	1,500	2,500
Sonja Dismuke Scholarship	1,425	2,425
Western Region Scholarship	1,000	3,000
Larry Lorenzi Scholarship	604	1,604
Leonard Pokladnik Scholarship	-	1,000
Pat Di Placido Scholarship	-	1,000
	<u>\$ 730,891</u>	<u>\$ 722,391</u>

Note 10. COVID 19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a Public Health Emergency of International Concern and on March 11, 2020, declared COVID-19 a pandemic. The impact of COVID-19 could negatively impact DECA Inc.'s activities. Management is continually monitoring the impact of COVID-19 and is adjusting activities as a result of the impact on the economy and DECA Inc.