

# **Junior Achievement USA**

Independent Auditor's Report and Financial Statements

June 30, 2018 and 2017

# Junior Achievement USA

## June 30, 2018 and 2017

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## Independent Auditor's Report

Board of Directors  
Junior Achievement USA  
Colorado Springs, Colorado

We have audited the accompanying financial statements of Junior Achievement USA (the Organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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.

Board of Directors  
Junior Achievement USA

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement USA as of June 30, 2018 and 2017, 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.

***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*BKD, LLP*

Colorado Springs, Colorado  
October 11, 2018

**Junior Achievement USA**  
**Statements of Financial Position**  
**June 30, 2018 and 2017**

**Assets**

	<u>2018</u>	<u>2017</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 6,296,268	\$ 6,097,050
Investments	11,520,352	12,072,268
Contributions receivable, net	1,697,096	1,339,859
Affiliates accounts receivable, net of allowance; 2018 - \$92,000 and 2017 - \$52,190	923,501	844,512
Inventory, net	2,580,310	3,570,277
Prepaid expenses	655,801	262,628
Accounts receivable - other	<u>7,864</u>	<u>53,207</u>
Total current assets	23,681,192	24,239,801
<b>Contributions Receivable, Net</b>	158,416	404,917
<b>Affiliates Accounts Receivable, Net of Current Portion and Allowance; 2018 - \$0 and 2017 - \$15,810</b>	-	31,620
<b>Fixed Assets, Net</b>	<u>1,427,326</u>	<u>1,537,641</u>
Total assets	<u><u>\$ 25,266,934</u></u>	<u><u>\$ 26,213,979</u></u>

**Junior Achievement USA**  
**Statements of Financial Position (continued)**  
**June 30, 2018 and 2017**

**Liabilities and Net Assets**

	<u>2018</u>	<u>2017</u>
<b>Current Liabilities</b>		
Accounts payable - trade	\$ 3,093,089	\$ 4,517,527
Accrued liabilities	290,258	269,566
Deferred revenue	152,626	77,974
Current maturities of capital lease obligations	20,140	66,736
Funds held for affiliates	<u>998,545</u>	<u>609,406</u>
Total current liabilities	4,554,658	5,541,209
<b>Capital Lease Obligations, Net of Current Maturities</b>	<u>53,144</u>	<u>1,920</u>
Total liabilities	<u>4,607,802</u>	<u>5,543,129</u>
<b>Net Assets</b>		
Unrestricted, undesignated	14,065,816	13,588,049
Board-designated	<u>1,488,463</u>	<u>1,409,279</u>
Total unrestricted net assets	15,554,279	14,997,328
Temporarily restricted	<u>5,104,853</u>	<u>5,673,522</u>
Total net assets	<u>20,659,132</u>	<u>20,670,850</u>
Total liabilities and net assets	<u>\$ 25,266,934</u>	<u>\$ 26,213,979</u>

**Junior Achievement USA**  
**Statement of Activities**  
**Year Ended June 30, 2018**

	<b>Unrestricted - Undesignated</b>	<b>Board- Designated</b>	<b>Total Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and Revenue</b>					
Contributions	\$ 1,855,001	\$ 9,000	\$ 1,864,001	\$ 3,961,726	\$ 5,825,727
Grants	124,104	-	124,104	-	124,104
In-kind contributions	103,551	-	103,551	562,824	666,375
Materials sales	13,650,671	-	13,650,671	-	13,650,671
Area license fees	4,956,046	-	4,956,046	-	4,956,046
Investment return	528,625	79,422	608,047	15,066	623,113
Other income	625,799	-	625,799	-	625,799
Net assets released from restrictions	5,108,285	-	5,108,285	(5,108,285)	-
Total support and revenue	<u>26,952,082</u>	<u>88,422</u>	<u>27,040,504</u>	<u>(568,669)</u>	<u>26,471,835</u>
<b>Expenses</b>					
Program services					
Field services	7,804,793	1,288	7,806,081	-	7,806,081
Communications and marketing	1,242,538	-	1,242,538	-	1,242,538
Research and development	10,597,531	-	10,597,531	-	10,597,531
Human resources	676,165	-	676,165	-	676,165
Total program services	<u>20,321,027</u>	<u>1,288</u>	<u>20,322,315</u>	<u>-</u>	<u>20,322,315</u>
Support services					
Management and general	4,562,117	7,950	4,570,067	-	4,570,067
Fundraising	1,591,171	-	1,591,171	-	1,591,171
Total support services	<u>6,153,288</u>	<u>7,950</u>	<u>6,161,238</u>	<u>-</u>	<u>6,161,238</u>
Total expenses	<u>26,474,315</u>	<u>9,238</u>	<u>26,483,553</u>	<u>-</u>	<u>26,483,553</u>
<b>Change in Net Assets</b>	477,767	79,184	556,951	(568,669)	(11,718)
<b>Net Assets, Beginning of Year</b>	<u>13,588,049</u>	<u>1,409,279</u>	<u>14,997,328</u>	<u>5,673,522</u>	<u>20,670,850</u>
<b>Net Assets, End of Year</b>	<u>\$ 14,065,816</u>	<u>\$ 1,488,463</u>	<u>\$ 15,554,279</u>	<u>\$ 5,104,853</u>	<u>\$ 20,659,132</u>

**Junior Achievement USA**  
**Statement of Activities**  
**Year Ended June 30, 2017**

	<b>Unrestricted - Undesignated</b>	<b>Board- Designated</b>	<b>Total Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and Revenue</b>					
Contributions	\$ 1,129,086	\$ 9,000	\$ 1,138,086	\$ 4,389,957	\$ 5,528,043
Grants	1,024,084	-	1,024,084	-	1,024,084
In-kind contributions	114,438	-	114,438	104,051	218,489
Materials sales	14,161,440	-	14,161,440	-	14,161,440
Area license fees	4,841,629	-	4,841,629	-	4,841,629
Investment return	790,203	88,858	879,061	17,996	897,057
Other income	481,228	-	481,228	-	481,228
Net assets released from restrictions	5,547,701	-	5,547,701	(5,547,701)	-
Total support and revenue	<u>28,089,809</u>	<u>97,858</u>	<u>28,187,667</u>	<u>(1,035,697)</u>	<u>27,151,970</u>
<b>Expenses</b>					
Program services					
Field services	7,925,000	1,094	7,926,094	-	7,926,094
Communications and marketing	1,237,182	-	1,237,182	-	1,237,182
Research and development	10,778,462	-	10,778,462	-	10,778,462
Human resources	674,913	-	674,913	-	674,913
Total program services	<u>20,615,557</u>	<u>1,094</u>	<u>20,616,651</u>	<u>-</u>	<u>20,616,651</u>
Support services					
Management and general	4,683,582	26,887	4,710,469	-	4,710,469
Fundraising	1,494,172	-	1,494,172	-	1,494,172
Total support services	<u>6,177,754</u>	<u>26,887</u>	<u>6,204,641</u>	<u>-</u>	<u>6,204,641</u>
Total expenses	<u>26,793,311</u>	<u>27,981</u>	<u>26,821,292</u>	<u>-</u>	<u>26,821,292</u>
<b>Change in Net Assets</b>	1,296,498	69,877	1,366,375	(1,035,697)	330,678
<b>Net Assets, Beginning of Year</b>	<u>12,291,551</u>	<u>1,339,402</u>	<u>13,630,953</u>	<u>6,709,219</u>	<u>20,340,172</u>
<b>Net Assets, End of Year</b>	<u>\$ 13,588,049</u>	<u>\$ 1,409,279</u>	<u>\$ 14,997,328</u>	<u>\$ 5,673,522</u>	<u>\$ 20,670,850</u>



**Junior Achievement USA**  
**Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
<b>Operating Activities</b>		
Change in net assets	\$ (11,718)	\$ 330,678
Items not requiring (providing) operating activities cash flows		
Depreciation and amortization	203,988	248,464
Charge-offs of obsolete inventory	52,164	236,980
Bad debt expense	-	892
Net realized and unrealized (gain) loss on investments	(255,179)	(546,931)
Changes in assets and liabilities		
Contributions receivable	(110,736)	68,505
Affiliate accounts receivable	(2,026)	(80,558)
Inventory	937,803	(268,007)
Prepaid expenses	(393,173)	73,377
Accounts payable and accrued liabilities	(1,403,746)	147,789
Deferred revenue	74,652	(38,536)
Funds held for affiliates	389,139	(338,314)
Due from/to related party	-	5,520
	<u>(518,832)</u>	<u>(160,141)</u>
<b>Investing Activities</b>		
Purchase of investments	(2,191,681)	(5,969,290)
Purchase of fixed assets	(20,789)	-
Proceeds from sale of investments	<u>2,998,776</u>	<u>5,644,756</u>
	<u>786,306</u>	<u>(324,534)</u>
<b>Financing Activities</b>		
Repayments of capital lease obligations	<u>(68,256)</u>	<u>(79,262)</u>
	<u>(68,256)</u>	<u>(79,262)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	199,218	(563,937)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>6,097,050</u>	<u>6,660,987</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 6,296,268</u>	<u>\$ 6,097,050</u>
<b>Supplemental Disclosure of Noncash Investing/ Financing Activities</b>		
Fixed asset acquired through a capital lease agreement	<u>\$ 72,884</u>	<u>\$ -</u>

# **Junior Achievement USA**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

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

##### ***Nature of Operations***

Junior Achievement USA® (the Organization) is the Regional Operating Center for the United States. The Organization reaches out to the local community through a network of area offices who educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives. The Organization teaches students in kindergarten through 12<sup>th</sup> grade about business and economics and accomplishes its mission by placing a volunteer in the classroom to present the Organization's educational curricula and materials. An area office is a community-based organization that serves a specific geographic area. Each area office is incorporated under the guidelines of its respective state and by-laws, which govern the actions and responsibilities of the area office's Board of Directors. The Regional Operating Center and the area offices join together under the terms of a signed agreement whose guiding principle is mutual support. As of June 30, 2018, 107 U.S. area offices provided programs in 50 states. The area offices' financial statements are not included in the financial statements of the Organization, since it does not have a controlling interest in the area offices' Board of Directors or a financial interest in the area offices' operations. The by-laws of each area office designate a similar purpose not-for-profit organization to receive the residual interest of an area office in the event of dissolution.

The Organization's primary revenues come from corporate and individual contributions, private grants, material sales and license fees charged to area offices.

##### ***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.

##### ***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less that are not held for investment purposes to be cash equivalents. At June 30, 2018 and 2017, cash equivalents consisted primarily of money market funds with brokers.

At June 30, 2018, the Organization's cash accounts exceeded federally insured limits by approximately \$7,760,000.

##### ***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value.

Investment return is reflected in the statements of activities as unrestricted or temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions.

# **Junior Achievement USA**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

#### ***Affiliates Accounts Receivable***

The Organization's affiliates accounts receivable are comprised principally of sales of materials to area offices as well as area office license fees.

All area offices pay license fees in 10 equal payments using audit verified revenue from the area office's prior year audited financial statements.

Area offices having a balance outstanding of more than 60 days after the end of the month in which the receivable is recognized are considered past due.

Management has established an allowance for doubtful accounts in the amounts of \$92,000 and \$68,000 at June 30, 2018 and 2017, respectively. The allowance is determined by taking into consideration the unique relationship of dependence between area offices and the Organization to deliver the Junior Achievement programs. Area offices having balances over 90 days past due are reviewed by management to determine the appropriate allowance based on past payment history and adherence to their payback plan. An additional 5% of the remaining balance of accounts receivable from affiliates was added to these estimates to arrive at the allowance for doubtful accounts for both 2018 and 2017.

Management will charge-off receivables as uncollectible from area offices based on predetermined payback plan agreements that result in less than 100% collection of receivables.

#### ***Inventory***

Inventory is recorded at the lower of cost or market (cost determined on a first-in, first-out basis). Inventory consists solely of educational textbooks and products.

#### ***Fixed Assets***

Fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value on the date of the gift. Depreciation is provided over the estimated useful lives of the assets on a straight-line basis. Buildings are depreciated using an estimated life of 31.5 years. Estimated useful lives of three to five years are used to depreciate furniture and equipment including assets purchased under capital lease obligations, software and hardware.

#### ***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

#### ***Contributions and Grants***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

# Junior Achievement USA

## Notes to Financial Statements

### June 30, 2018 and 2017

Gifts and investment income that are originally restricted by the donor, and for which the restriction is met in the same time period, are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets.

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

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

Grant revenues are recognized as services are provided to the resource provider.

#### ***In-kind Contributions***

In addition to receiving cash contributions, the Organization received in-kind contributions of software, services and other gifts from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense or as a fixed asset in its financial statements, and similarly increase contribution revenue by a like amount. For the years ended June 30, 2018 and 2017, \$666,375 and \$218,489, respectively, was received as in-kind contributions.

#### ***Income Taxes***

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

#### ***Functional Allocation of Expenses***

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

*Field services:* Encompasses a range of direct support to 107 area offices of the Organization in their mission to provide high-quality economic education to students in the schools, cities and communities served.

*Communications and marketing:* Heightens awareness and understanding of the Organization's purpose and mission to corporations, volunteers, educators and the general public at local and national levels.

# Junior Achievement USA

## Notes to Financial Statements

### June 30, 2018 and 2017

*Research and development:* Encompasses the development and updates of sequential economic education curriculum for every grade from kindergarten through 12<sup>th</sup>.

*Human resources:* Encompasses the training and development of competent professionals necessary to deliver high-quality economic education programs through the use of business volunteers in the classrooms.

#### **Reclassifications**

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 financial statement presentation. These reclassifications had no effect on the change in net assets.

#### **Subsequent Events**

Subsequent events have been evaluated through October 11, 2018, which is the date the financial statements were available to be issued.

#### **Note 2: Investments and Investment Return**

Investments at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
<b>Equity securities</b>		
Domestic equity securities	\$ 251,626	\$ 215,633
Domestic mutual funds		
Small-cap funds	500,760	459,260
Mid-cap funds	896,245	963,627
Large-cap funds	2,221,079	2,665,305
International mutual funds		
Emerging Markets	508,830	503,238
Large-cap funds	773,295	785,470
Real asset mutual funds	387,148	454,200
Alternative strategy mutual funds	510,999	456,725
<b>Fixed income securities</b>		
Mortgage backed securities	149,082	150,119
Corporate bonds	2,257,564	2,579,840
Government bonds	1,779,567	1,739,143
International bond funds	528,251	603,903
Domestic bond funds	755,906	495,805
	<u>\$ 11,520,352</u>	<u>\$ 12,072,268</u>
Total		

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

Total investment return is comprised of the following:

	<b>2018</b>	<b>2017</b>
Interest and dividend income	\$ 367,934	\$ 350,126
Net realized and unrealized gains on investments reported at fair value	255,179	546,931
	<b>\$ 623,113</b>	<b>\$ 897,057</b>

**Note 3: Disclosures About Fair Value of Assets and Liabilities**

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:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- 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 assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Recurring Measurements**

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the hierarchy in which the fair value measurements fall at June 30, 2018 and 2017:

	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)
<b>June 30, 2018</b>				
Equity securities				
Domestic equity securities	\$ 251,626	\$ 251,626	\$ -	\$ -
Domestic mutual funds				
Small-cap funds	500,760	500,760	-	-
Mid-cap funds	896,245	896,245	-	-
Large-cap funds	2,221,079	2,221,079	-	-
International mutual funds				
Emerging markets	508,830	508,830	-	-
Large-cap funds	773,295	773,295	-	-
Real asset mutual funds	387,148	387,148	-	-
Alternative strategy mutual funds	510,999	510,999	-	-
Fixed income securities				
Mortgage-backed securities	149,082	-	149,082	-
Corporate bonds	2,257,564	-	2,257,564	-
Government obligations	1,779,567	-	1,779,567	-
International bond funds	528,251	528,251	-	-
Domestic bond funds	755,906	755,906	-	-
Total	<u>\$ 11,520,352</u>	<u>\$ 7,334,139</u>	<u>\$ 4,186,213</u>	<u>\$ -</u>

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

	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)
<b>June 30, 2017</b>				
Equity securities				
Domestic equity securities	\$ 215,633	\$ 215,633	\$ -	\$ -
Domestic mutual funds				
Small-cap funds	459,260	459,260	-	-
Mid-cap funds	963,627	963,627	-	-
Large-cap funds	2,665,305	2,665,305	-	-
International mutual funds				
Emerging markets	503,238	503,238	-	-
Large-cap funds	785,470	785,470	-	-
Real asset mutual funds	454,200	454,200	-	-
Alternative strategy mutual funds	456,725	456,725	-	-
Fixed income securities				
Mortgage-backed securities	150,119	-	150,119	-
Corporate bonds	2,579,840	-	2,579,840	-
Government obligations	1,739,143	-	1,739,143	-
International bond funds	603,903	603,903	-	-
Domestic bond funds	495,805	495,805	-	-
	<u>\$ 12,072,268</u>	<u>\$ 7,603,166</u>	<u>\$ 4,469,102</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation technique during the year ended June 30, 2018. The Organization does not carry any securities classified within Level 3 of the hierarchy.

***Money Market Mutual Funds and Equity Securities***

The Organization is invested in money market mutual funds, domestic and international equity mutual funds, real asset mutual funds and alternative strategy mutual funds where quoted market prices for identical securities are available in an active market. As such, these investments are all classified within Level 1 of the valuation hierarchy.

***Fixed Income Securities***

The Organization's fixed income securities include domestic and international fixed income bond funds, where quoted market prices for identical securities are available in an active market. These investments are classified within Level 1 of the valuation hierarchy.



**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

The Organization is also invested in mortgage-backed securities, corporate bonds and governmental obligations where quoted market prices are not available in an active market. Fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows. These investments are classified within Level 2 of the valuation hierarchy.

**Note 4: Contributions Receivable**

Contributions receivable consist of the following at June 30:

	<b>2018</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Due within one year	\$ 65,742	\$ 1,641,354	\$ 1,707,096
Due in one to five years	-	160,000	160,000
	65,742	1,801,354	1,867,096
Allowance for uncollectible contributions receivable	-	(10,000)	(10,000)
Unamortized discount	-	(1,584)	(1,584)
	<u>\$ 65,742</u>	<u>\$ 1,789,770</u>	<u>\$ 1,855,512</u>
	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Due within one year	\$ 56,155	\$ 1,293,704	\$ 1,349,859
Due in one to five years	-	411,760	411,760
	56,155	1,705,464	1,761,619
Allowance for uncollectible contributions receivable	-	(10,000)	(10,000)
Unamortized discount	-	(6,843)	(6,843)
	<u>\$ 56,155</u>	<u>\$ 1,688,621</u>	<u>\$ 1,744,776</u>

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 5: Fixed Assets, Net**

Property and equipment at June 30, 2018 and 2017 consists of:

	<u>2018</u>	<u>2017</u>
Land	\$ 1,260,730	\$ 1,260,730
Buildings	4,120,471	4,120,471
Software	5,771,728	5,771,728
Furniture and equipment	480,690	726,633
Artwork	<u>30,000</u>	<u>30,000</u>
	11,663,619	11,909,562
Less accumulated depreciation and amortization	<u>10,236,293</u>	<u>10,371,921</u>
	<u>\$ 1,427,326</u>	<u>\$ 1,537,641</u>

**Note 6: Capital Lease Obligations**

Long-term debt at June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Capital lease obligations, non interest-bearing	\$ 73,284	\$ 68,656
Less current maturities	<u>20,140</u>	<u>66,736</u>
	<u>\$ 53,144</u>	<u>\$ 1,920</u>

Aggregate annual maturities on capital lease obligations at June 30, 2018 are:

	<u>Capital Lease Obligations</u>
2019	\$ 20,140
2020	18,221
2021	18,221
2022	<u>16,702</u>
	<u>\$ 73,284</u>

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

Property and equipment includes the following under capital leases at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 91,181	\$ 320,423
Less accumulated depreciation	<u>(14,800)</u>	<u>(254,626)</u>
	<u>\$ 76,381</u>	<u>\$ 65,797</u>

**Note 7: Board-designated and Temporarily Restricted Net Assets**

Board-designated net assets established by the Board of Directors consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Headquarters Development	\$ 1,265,448	\$ 1,193,976
Colgate-Hook Memorial	215,061	207,349
Leadership Conference Scholarship Fund	<u>7,954</u>	<u>7,954</u>
Total board-designated net assets	<u>\$ 1,488,463</u>	<u>\$ 1,409,279</u>

Temporarily restricted funding and grants have been donor restricted for specific purposes or specified time frames. Restrictions are for the development of various types of curriculum: after school, online programs, ethics curriculum and personal financial literacy programs. Grants provide leadership, marketing and awareness and scholarship awards.

Temporarily restricted net assets consist of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
100th Anniversary	\$ 50,000	\$ -
Accenture LLP	234,025	-
AIG Partnership	27,625	19,500
AIG Teen Survey	221,955	-
Alliance Data - Comenity	33,986	-
Ally Financial	-	13,000
American Honda PF	246,543	338,863
Amex Volunteer Support	192,078	81,259
AT&T - Job Shadow	-	46,803
Bank of America	1,404	1,664
Capital One (15-16)	-	272,888
Capital One - Finance Park	349,911	268,563
Citi Foundation	-	40,267
Citi Foundation Job Shadow	38,334	250,000
Citizens Bank Volunteer	5,305	-

# Junior Achievement USA

## Notes to Financial Statements

June 30, 2018 and 2017

	<u>2018</u> <u>(continued)</u>	<u>2017</u> <u>(continued)</u>
Delta FP Virtual	-	155,310
Donaldson Foundation	-	4,850
Emerson - It's My Future	174,902	210,569
Ernst & Young - JA Survey & NSLS	-	75,000
Ernst & Young - Launch Lesson/NSLS	344,460	107,716
Excellence Through Ethics	50,000	-
Fidelity	2,600	-
Fidelity - JA Titan	-	503
Fidelity - FP Virtual	30,000	-
Flemke Memorial Fund	182,716	177,110
Hartford - My Business Pathway	5,376	15,376
Hartford - NSLS	61,047	149,649
Hartford - Student Scholarship	42,000	82,000
Hartford - Teen White Paper	75,000	-
Heritage Campaign	43,228	40,788
Hertz Tourism Career Cluster	14,850	50,000
HSBC - Global Marketplace	184,939	539,961
HSBC - More Than Money	399,264	886,453
HSBC - Volunteer Alliance	10,070	16,430
Jackson FND - Our City	597,125	900,771
Jim Hayes Endowment	25,194	23,771
JP Morgan Chase	263,593	-
Koch Foundation	279,457	-
KPMG JA Finance Park	262,756	377,390
Manpower	162,872	182,303
Manpower Group FP & BT	13,073	-
Peoples United Bank	10,000	-
PwC Mobile App	200,000	-
Robert Half - JA My Way	7,527	7,527
S B Colgate	43,801	83,924
Share the American Dream	173,482	55,484
TEK Systems STEM	8,000	-
The Hartford Company Program	-	142,539
Trans Union Volunteer	1,170	2,168
UPS Be Entrepreneurial	9,485	13,330
Voya Foundation	5,700	-
For periods after June 30		
El Pomar	20,000	39,793
	<u>20,000</u>	<u>39,793</u>
Total temporarily restricted	<u>\$ 5,104,853</u>	<u>\$ 5,673,522</u>

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 8: Net Assets Released from Restrictions**

Net assets were released from temporary restrictions by incurring expenses satisfying restricted purposes for the years ended June 30, 2018 and 2017 as follows:

	<u>2018</u>	<u>2017</u>
Accenture Work Readiness	\$ 299,975	\$ -
AICPA Finance Career Cluster	-	5,000
AIG - Partnership	56,875	56,518
AIG Teen Survey	78,045	-
Alliance Data - Comenity	5,014	-
Ally Financial	13,000	13,000
American Honda PF	92,320	658,479
Amex Volunteer Support	189,181	159,858
AT&T - Job Shadow	223,853	171,723
Bank of America	2,860	2,691
Capital One (15-16)	272,888	427,498
Capital One - Finance Park	321,545	74,696
Capital One - Paperless Initiative FP	-	373,716
Capital One - Virtual FP	-	217,776
Citi Foundation	40,267	196,212
Citi Foundation Job Shadow	211,666	-
Citi/One Main Financial	-	7,179
Citizens Bank	75,000	-
Citizens Bank Volunteer	589	-
Coca-Cola Foundation	-	22,220
Delta FP Virtual	155,310	94,690
Delta - NSLS	75,000	75,000
Donaldson Foundation	4,850	27,575
E*Trade Vol Partnership	-	27,800
Emerson - Company Program	-	7,256
Emerson - It's My Future	36,997	64,400
Ernst & Young	124,081	-
Ernst & Young - JA Survey & NSLS	75,000	75,497
Factset Research Systems	4,875	-
FedEx - Student Leadership	75,000	75,000
Fidelity - JA Titan	503	129,967
Flemke Memorial Fund	23,568	19,351
FSR Foundation	-	7,000
Hartford - My Business Pathway	10,000	84,624
Hartford - NSLS	149,649	219,390
Hartford - Student Scholarship	40,000	34,000

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
	<b>(continued)</b>	<b>(continued)</b>
Heritage Campaign	271	246
Hertz Tourism Career Cluster	35,150	-
HSBC - Global Marketplace	355,022	683,651
HSBC - More Than Money	490,078	403,363
HSBC - Volunteer Initiative	16,960	14,424
HSBC - Volunteer Alliance	2,410	5,060
ICE NYSE	100,000	102,008
Jackson FND - Our City	303,645	109,776
Jim Hayes Endowment	158	143
JP Morgan Chase	65,907	-
Koch Foundation	320,593	-
KPMG JA Finance Park	114,656	139,485
Manpower	20,016	33,013
Manpower Group FP & BT	878	6,000
Marsh & McLennan	-	7,313
Microsoft - Job Shadow	-	31,813
Microsoft Software	-	1,823
Peoples United Bank	22,750	-
PMI Educational Foundation	-	34,413
PwC Mobile App	-	1,688
Robert Half - JA My Way	-	7,323
S B Colgate	40,123	31,692
Santander Bank	35,000	42,775
Share the American Dream	306,824	214,870
TEK Systems STEM	42,000	-
The Hartford Company Program	81,492	229,256
Trans Union Volunteer	2,299	1,081
UPS Be Entrepreneurial	49,843	48,196
VOYA Foundation	4,299	30,173
Time restriction release		
El Pomar	40,000	40,000
	<u>40,000</u>	<u>40,000</u>
Total restrictions released	<u>\$ 5,108,285</u>	<u>\$ 5,547,701</u>

Certain restrictions may be modified by the donor. When this occurs, the amount may be reclassified to another category, but will not be shown as released from restrictions.

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 9: Pension and Postretirement Plan**

***Multi-employer Pension Plan***

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by the Organization and covers all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multi-employer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by the Organization's Board of Directors, based on an annual actuarial valuation. The Organization makes contributions equal to 16.75% of participants' eligible compensation. The Plan requires that participating members who withdraw from the Plan, remain liable for any previous funding obligations under the Plan. Accordingly, 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 financial statements of the Organization.

***Total Plan Information***

A June 30 measurement date is used for the Plan. Significant balances, costs and assumptions are:

	<b>2018</b>	<b>2017</b>
Benefit obligation	\$ (71,419,867)	\$ (75,095,461)
Fair value of Plan assets	<u>65,828,128</u>	<u>59,348,548</u>
Underfunded status	<u>\$ (5,591,739)</u>	<u>\$ (15,746,913)</u>
Accumulated benefit obligation	<u>\$ 65,387,421</u>	<u>\$ 68,891,767</u>

Significant assumptions include:

Weighted-average assumptions used to determine benefit obligations at June 30:

	<b>2018</b>	<b>2017</b>
Discount rate	4.00%	3.50%
Rate of compensation increase	4.00%	4.00%

# Junior Achievement USA

## Notes to Financial Statements

### June 30, 2018 and 2017

Weighted-average assumptions used to determine benefit costs at June 30:

	2018	2017
Discount rate	4.00%	3.50%
Expected return on Plan assets	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%

The estimated long-term rate of return on Plan assets is based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the Plan as of June 30, 2018:

2019	\$ 9,573,720
2020	6,019,648
2021	6,644,004
2022	5,766,027
2023	5,594,234
2024 to 2028	22,173,076

Plan assets are held by Fidelity Investments and investment decisions are made in accordance with the provisions of the Plan's investment agreement by the Plan's investment advisor. The investment agreement permits investment in common stocks, corporate bonds, real estate and cash based on certain target allocation percentages.

The investment objective of the Plan is to construct an investment strategy that:

- Provides a high probability of attaining fully funded status;
- Retains the ability to pay benefits and expense obligations when due;
- Retains a funding cushion for unexpected developments;
- Maximizes the long-term returns that can be achieved within the level of risk that is reasonable and prudent; and
- Provides the Plan Sponsor with the flexibility to reduce future contributions, or increase future benefits, in a way that enables the Plan Sponsor to continue to provide competitive retirement benefits to its employees.

The target asset allocation percentages for 2018 are:

Equity mutual funds	Not to exceed 65%
Corporate debt securities	Not to exceed 48%
Real estate	Not to exceed 6%
Cash and cash equivalents	Not to exceed 2%



**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

Plan assets are rebalanced quarterly. At June 30, Plan assets by category are as follows:

	<b>2018</b>	<b>2017</b>
Equity mutual funds	54.20%	54.30%
Fixed income mutual funds	39.10%	39.70%
Real estate mutual funds	5.30%	4.90%
Cash	1.40%	1.10%
	100.00%	100.00%

***Information on Organizations' Participating in the Plan***

The risks to the Organization of participating in this multi-employer pension plan are different from single-employer plans in the following aspects:

1. Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
2. If a participating employer stops contributing to the Plan, the unfunded obligations of the Plan may be borne by the remaining participating employers.
3. If the Organization chooses to stop participating in the Plan, the Organization would be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

The Organization's participation in this Plan for the annual period ended June 30, 2018 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. The Plan's funded status available in 2018 and 2017 is for years ended June 30, 2018 and 2017. There have been no significant changes that affect the comparability of 2018 and 2017 contributions.

<b>Pension Fund</b>	<b>EIN/Pension Plan Number</b>	<b>Funded Status</b>		<b>Contributions of Organization</b>	
		<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	92%	79%	\$ 1,153,789	\$ 1,090,661

The Organization was listed in its Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2018 and 2017 plan years.

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

**Note 10: 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 plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. 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 financial statements of the Organization.

The following represents summarized financial information pertaining to the Benefits Trust as of and for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets	\$ 6,951,750	\$ 7,229,300
Liabilities	<u>691,661</u>	<u>238,818</u>
Net assets	<u>\$ 6,260,089</u>	<u>\$ 6,990,482</u>
Additions to net assets	\$ 7,593,596	\$ 7,985,521
Deductions from net assets	<u>8,323,989</u>	<u>7,261,066</u>
Change in net assets	(730,393)	724,455
Net assets, beginning of year	<u>6,990,482</u>	<u>6,266,027</u>
Net assets, end of year	<u>\$ 6,260,089</u>	<u>\$ 6,990,482</u>

In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the April 30, 2018 and 2017 audited financial statements, claims payable of \$195,270 and \$205,143, respectively, and claims incurred but not reported of \$445,073 and \$336,742, respectively. The obligation for claims incurred but not reported is not recorded in the Benefits Trust's statements of net assets available for benefits.

***Postretirement Benefits Plan***

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. 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 multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

**Junior Achievement USA**  
**Notes to Financial Statements**  
**June 30, 2018 and 2017**

***Total Postretirement Plan Information***

A June 30 measurement date is used for the Postretirement Plan. Significant balances, costs and assumptions are:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Benefit obligation	\$ (7,311,595)	\$ (8,020,413)
Fair value of Plan assets	<u>-</u>	<u>-</u>
Underfunded status	<u>\$ (7,311,595)</u>	<u>\$ (8,020,413)</u>
Accumulated benefit obligation	<u>\$ (7,311,595)</u>	<u>\$ (8,020,413)</u>

Weighted-average assumptions used to determine benefit obligations at June 30, 2018 and 2017:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Discount rate	4.00%	3.50%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2018 and 2017:

	<u><b>2018</b></u>	<u><b>2017</b></u>
Discount rate	3.50%	3.25%
Rate of compensation increase	4.00%	4.00%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2018:

2019	\$ 330,818
2020	340,510
2021	365,905
2022	391,073
2023	402,506
2024 to 2028	2,072,697

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2018 and 2017 was \$1,029,232 and \$995,774, respectively.

# **Junior Achievement USA**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

#### **Note 11: Related-party Transactions**

##### ***Activity with JA Worldwide, Inc.***

The Organization and JA Worldwide, Inc. are related parties that are not financially interrelated organizations. Through a contractual agreement, JA Worldwide, Inc. purchased fund raising, accounting and administrative support services from Junior Achievement USA® totaling \$2,970 and \$8,760 during 2018 and 2017, respectively. Through a license fee agreement between JA Worldwide, Inc. and the Organization, JA Worldwide, Inc. assessed a license fee of 1% of prior fiscal year gross revenues of each of the local area offices for their use of logos and trademarks owned by JA Worldwide, Inc. The Organization remits this fee to JA Worldwide, Inc. from the license fees the Organization collects from each local area office. As a result, the Organization recorded an expense of \$1,355,497 and \$1,282,971 during 2018 and 2017, respectively, to JA Worldwide, Inc. The revenue and expense generated from these transactions are recorded in other income and management and general support service expense on the statements of activities.

Any uncollected and unpaid balances related to transactions with JA Worldwide, Inc. are shown net in the due from related party or due to related party line items on the statements of financial position. For 2018 and 2017, the net unpaid balance was \$314 and \$131, respectively.

##### ***Activity with Board Members and Other Related Parties***

Contributions of cash, in-kind gifts and pledges from related parties, including board members and corporations associated with board members was \$2,386,702 and \$3,371,235 during the years ended June 30, 2018 and 2017, respectively. Contributions receivable from related parties including board members and corporations controlled by board members was \$586,435 and \$1,049,417 as of June 30, 2018 and 2017, respectively.

##### ***Activity with USA Area Offices***

The Organization assists its area offices around the U.S. in establishing their own organizations to administer Junior Achievement programs. The Organization holds funds on behalf of certain of these members for their U.S. expenses. These are included in cash/investments and contributions receivable on the statements of financial position and total \$557,873 and \$440,672 respectively, as of June 30, 2018 and total \$519,306 and \$90,100 respectively, as of June 30, 2017. During the years ended June 30, 2018 and 2017, the Organization passed through to the area offices \$3,696,018 and \$3,062,815, respectively, of funds resource providers directed to be transferred to them. Because the Organization functions as a conduit, these amounts have not been reflected on the statements of activities. Approximately \$248,192 and \$344,729 of these pass-through funds at June 30, 2018 and 2017, respectively, were committed for distribution but not yet transferred to the area offices. These undistributed amounts reside in accounts payable on the statements of financial position.

Substantially all of the Organization's accounts receivable as of June 30, 2018 and 2017, relate to sales of materials to international members and area offices. These related party sales and cost of sales amounted to \$13,650,671 and \$4,398,129, respectively, for 2018 and \$14,161,440 and \$4,822,970, respectively, for 2017.

# **Junior Achievement USA**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

The Organization also receives license fee income from area offices. These fees totaled \$4,956,046 and \$4,841,629 for the years ended June 30, 2018 and 2017, respectively. The Organization has accounts receivable of \$923,501 and \$876,132 as of June 30, 2018 and 2017, respectively, from area offices.

#### **Note 12: 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 grants and in-kind contributions) of \$6,616,206 and \$6,770,616 in 2018 and 2017, comprised approximately 25% of the Organization's total support and revenue. Approximately 60% of contribution revenue was received from four donors in 2017. No individual donors exceeded 20% of contribution revenue in 2018.

##### ***Inventory Obsolescence***

The Organization maintains educational textbooks and products which are held for resale. Each year the Organization estimates an allowance for obsolete inventory, which was \$75,000 at June 30, 2018 and 2017. Actual inventory obsolescence may vary from the allowance accrued.

#### **Note 13: Future Changes in Accounting Principle**

##### ***Presentation of Financial Statements of Not-for-Profit Entities***

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statements of activities, as a separate statement, or in the notes to the financial statements.

In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds.

# **Junior Achievement USA**

## **Notes to Financial Statements**

### **June 30, 2018 and 2017**

The amendment is effective for all fiscal years beginning after December 15, 2017 with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented. The Organization is in the process of evaluating the impact the amendment will have on the financial statements.

#### ***Revenue Recognition***

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized.

Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for nonpublic entities for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019. The Organization is in the process of evaluating the impact the amendment will have on the financial statements

## **Supplementary Information**

**Junior Achievement USA**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2018 and 2017**

	Program Services				Support Services			Total Expenses	
	Field Services	Communications & Marketing	Research & Development	Human Resources	Total Program Services	Management and General	Fundraising		Total Support Services
<b>June 30, 2018</b>									
Compensation	\$ 2,899,857	\$ 393,552	\$ 5,126,532	\$ 310,699	\$ 8,730,640	\$ 828,530	\$ 797,461	\$ 1,625,991	\$ 10,356,631
Occupancy	91,316	44,030	93,938	43,036	272,320	498,168	133,628	631,796	904,116
Product development	2,735,363	396,628	3,510,473	182,358	6,824,822	2,097,111	195,943	2,293,054	9,117,876
Program support	1,631,865	319,693	1,646,179	85,888	3,683,625	715,730	372,180	1,087,910	4,771,535
Office services	387,049	79,002	146,825	47,773	660,649	389,698	79,060	468,758	1,129,407
Depreciation and amortization	60,631	9,633	73,584	6,411	150,259	40,830	12,899	53,729	203,988
Total expenses	<u>\$ 7,806,081</u>	<u>\$ 1,242,538</u>	<u>\$ 10,597,531</u>	<u>\$ 676,165</u>	<u>\$ 20,322,315</u>	<u>\$ 4,570,067</u>	<u>\$ 1,591,171</u>	<u>\$ 6,161,238</u>	<u>\$ 26,483,553</u>

	Program Services				Support Services			Total Expenses	
	Field Services	Communications & Marketing	Research & Development	Human Resources	Total Program Services	Management and General	Fundraising		Total Support Services
<b>June 30, 2017</b>									
Compensation	\$ 2,780,156	\$ 377,307	\$ 4,914,918	\$ 297,874	\$ 8,370,255	\$ 794,330	\$ 764,543	\$ 1,558,873	\$ 9,929,128
Occupancy	66,723	32,172	68,638	31,445	198,978	364,001	97,639	461,640	660,618
Product development	3,297,553	478,145	4,231,969	219,837	8,227,504	2,528,124	236,215	2,764,339	10,991,843
Program support	1,311,446	256,921	1,322,950	69,023	2,960,340	575,196	299,102	874,298	3,834,638
Office services	396,366	80,904	150,359	48,924	676,553	399,086	80,962	480,048	1,156,601
Depreciation and amortization	73,850	11,733	89,628	7,810	183,021	49,732	15,711	65,443	248,464
Total expenses	<u>\$ 7,926,094</u>	<u>\$ 1,237,182</u>	<u>\$ 10,778,462</u>	<u>\$ 674,913</u>	<u>\$ 20,616,651</u>	<u>\$ 4,710,469</u>	<u>\$ 1,494,172</u>	<u>\$ 6,204,641</u>	<u>\$ 26,821,292</u>