Junior Achievement of South Central Pennsylvania, Inc.

Financial Statements and Supplementary Information

June 30, 2018 and 2017
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Independent Auditor’s Report

To the Board of Trustees
Junior Achievement of South Central Pennsylvania, Inc.
York, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of Junior Achievement of South Central Pennsylvania, Inc., which comprise the statement 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 audits 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 Junior Achievement of South Central Pennsylvania, Inc. 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.

Other Matter

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 audits 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.

November 13, 2018
York, Pennsylvania
## Junior Achievement of South Central Pennsylvania, Inc.

### Statement of Financial Position

**June 30,**

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$110,065</td>
<td>$112,082</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>20,697</td>
<td>16,365</td>
</tr>
<tr>
<td>Promises to give</td>
<td>592,579</td>
<td>515,112</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>11,637</td>
<td>15,130</td>
</tr>
<tr>
<td>Other assets</td>
<td>48,937</td>
<td>45,151</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>783,915</strong></td>
<td><strong>703,840</strong></td>
</tr>
<tr>
<td><strong>Property and Equipment</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>1,420,986</td>
<td>1,417,597</td>
</tr>
<tr>
<td>Equipment</td>
<td>154,428</td>
<td>82,591</td>
</tr>
<tr>
<td>Furniture and fixtures</td>
<td>14,103</td>
<td>14,103</td>
</tr>
<tr>
<td><strong>Total Property and Equipment, Net</strong></td>
<td><strong>1,589,517</strong></td>
<td><strong>1,514,291</strong></td>
</tr>
<tr>
<td><strong>Accumulated depreciation</strong></td>
<td>(836,416)</td>
<td>(757,989)</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promises to give</td>
<td>78,417</td>
<td>240,601</td>
</tr>
<tr>
<td>Interest in net assets of community foundations</td>
<td>24,632</td>
<td>24,043</td>
</tr>
<tr>
<td>Certificate of deposit, restricted</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Total Other Assets</strong></td>
<td><strong>104,049</strong></td>
<td><strong>265,644</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$1,641,065</strong></td>
<td><strong>$1,725,786</strong></td>
</tr>
</tbody>
</table>

See accompanying notes.
Junior Achievement of South Central Pennsylvania, Inc.
Statement of Financial Position (continued)

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
<td>2017</td>
</tr>
</tbody>
</table>

**Liabilities and Net Assets**

**Current Liabilities**
- Lines of credit: $215,000
- Accounts payable and accrued expenses: 39,533
- Current maturities of mortgage payable: 4,210
- Current portion of obligation under capital lease: 5,352

**Total Current Liabilities**: 264,095

**Long-Term Liabilities**
- Mortgage payable: 110,980
- Obligation under capital lease: 9,347

**Total Long-Term Liabilities**: 120,327

**Total Liabilities**: 384,422

**Net Assets**
- Unrestricted: 579,077
- Temporarily restricted: 676,566
- Permanently restricted: 1,000

**Total Net Assets**: 1,256,643

**Total Liabilities and Net Assets**: $1,641,065

**Net Assets (continued)**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td></td>
</tr>
</tbody>
</table>

See accompanying notes.
### Public Support and Revenues

#### Contributions

- **Corporate**
  - Unrestricted: $556,651
  - Temporarily Restricted: $182,500
  - Permanently Restricted: -
  - Total: $739,151
- **Individual**
  - Unrestricted: 94,116
  - Temporarily Restricted: -
  - Permanently Restricted: -
  - Total: 94,116
- **Grants and foundations**
  - Unrestricted: 435,335
  - Temporarily Restricted: 195,000
  - Permanently Restricted: -
  - Total: 630,335

#### Total Contributions

- Total: 1,086,102
  - Temporarily Restricted: 377,500
  - Permanently Restricted: -
  - Total: 1,463,602

#### Special Events Gross

- 182,631

#### Special events expenses

- (30,474)

#### Special Events, Net

- 152,157

#### Program Revenues

- 124,902

#### Investment Income

- 3

#### Change in Net Assets of Community Foundations

- 589

#### In-kind Contributions

- 69,072

#### Net Assets Released from Restriction

- 462,217

#### Total Public Support and Revenues

- 1,895,042
  - Temporarily Restricted: (84,717)
  - Permanently Restricted: -
  - Total: 1,810,325

### Expenses

#### Program services

- 1,780,629

#### Management and general

- 185,120

#### Fundraising

- 78,564

#### Total Expenses

- 2,044,313

#### Changes in Net Assets

- (149,271)

#### Net Assets at Beginning of Year

- 728,348
  - Temporarily Restricted: 761,283
  - Permanently Restricted: 1,000
  - Total: 1,490,631

#### Net Assets at End of Year

- $ 579,077
  - Temporarily Restricted: $676,566
  - Permanently Restricted: $1,000
  - Total: $1,256,643
Year Ended June 30, 2017

<table>
<thead>
<tr>
<th>Public Support and Revenues</th>
<th>Temporary</th>
<th>Permanently</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate</td>
<td>$439,847</td>
<td>$181,431</td>
<td>$621,278</td>
</tr>
<tr>
<td>Individual</td>
<td>179,900</td>
<td>700</td>
<td>180,600</td>
</tr>
<tr>
<td>Grants and foundations</td>
<td>526,522</td>
<td>155,300</td>
<td>681,822</td>
</tr>
<tr>
<td>Total Contributions</td>
<td>1,146,269</td>
<td>337,431</td>
<td>1,483,700</td>
</tr>
<tr>
<td>Special Events Gross</td>
<td>244,809</td>
<td></td>
<td>244,809</td>
</tr>
<tr>
<td>Special events expenses</td>
<td>(30,851)</td>
<td></td>
<td>(30,851)</td>
</tr>
<tr>
<td>Special Events, Net</td>
<td>213,958</td>
<td></td>
<td>213,958</td>
</tr>
<tr>
<td>Program Revenues</td>
<td>127,243</td>
<td></td>
<td>127,243</td>
</tr>
<tr>
<td>Investment Income</td>
<td>7</td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>Change in Net Assets of Community Foundations</td>
<td>1,196</td>
<td></td>
<td>1,196</td>
</tr>
<tr>
<td>In-kind Contributions</td>
<td>2,675</td>
<td></td>
<td>2,675</td>
</tr>
<tr>
<td>Net Assets Released from Restriction</td>
<td>367,689</td>
<td>(367,689)</td>
<td>-</td>
</tr>
<tr>
<td>Total Public Support and Revenues</td>
<td>1,859,037</td>
<td>(30,258)</td>
<td>-</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program services</td>
<td>1,660,268</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Management and general</td>
<td>183,450</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising</td>
<td>49,372</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>1,893,090</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Changes in Net Assets</td>
<td>(34,053)</td>
<td>(30,258)</td>
<td>-</td>
</tr>
<tr>
<td>Net Assets at Beginning of Year</td>
<td>762,401</td>
<td>791,541</td>
<td>1,000</td>
</tr>
<tr>
<td>Net Assets at End of Year</td>
<td>$728,348</td>
<td>$761,283</td>
<td>$1,000</td>
</tr>
</tbody>
</table>
### Junior Achievement of South Central Pennsylvania, Inc.

**Statement of Cash Flows**

<table>
<thead>
<tr>
<th></th>
<th>Years Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2018</td>
</tr>
<tr>
<td><strong>Cash Flows from Operating Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Changes in net assets</td>
<td>$(233,988)</td>
</tr>
<tr>
<td>Adjustments to reconcile changes in net assets to net cash used in operating activities</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>78,427</td>
</tr>
<tr>
<td>Write off of uncollectible promises to give</td>
<td>7,480</td>
</tr>
<tr>
<td>In-kind contributions - equipment</td>
<td>(66,397)</td>
</tr>
<tr>
<td>Change in interest in net assets of community foundations</td>
<td>(589)</td>
</tr>
<tr>
<td>Change in unamortized discount</td>
<td>(8,799)</td>
</tr>
<tr>
<td>(Increase) decrease in assets</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(4,332)</td>
</tr>
<tr>
<td>Promises to give</td>
<td>50,436</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3,493</td>
</tr>
<tr>
<td>Other assets</td>
<td>(3,786)</td>
</tr>
<tr>
<td>Increase (decrease) in liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>13,660</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>-</td>
</tr>
<tr>
<td><strong>Net Cash Used in Operating Activities</strong></td>
<td>(164,395)</td>
</tr>
<tr>
<td><strong>Cash Flows Used in Investing Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(8,829)</td>
</tr>
<tr>
<td><strong>Cash Flows from Financing Activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net change in lines of credit</td>
<td>215,000</td>
</tr>
<tr>
<td>Contributions - Empower the Future Campaign</td>
<td>35,600</td>
</tr>
<tr>
<td>Principal repayments of mortgage payable</td>
<td>(74,225)</td>
</tr>
<tr>
<td>Principal repayments of obligation under capital lease</td>
<td>(5,168)</td>
</tr>
<tr>
<td><strong>Net Cash Provided by Financing Activities</strong></td>
<td>171,207</td>
</tr>
<tr>
<td><strong>Net Decrease in Cash and Cash Equivalents</strong></td>
<td>(2,017)</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at Beginning of Year</strong></td>
<td>112,082</td>
</tr>
<tr>
<td><strong>Cash and Cash Equivalents at End of Year</strong></td>
<td>$ 110,065</td>
</tr>
<tr>
<td><strong>Supplementary Cash Flows Information</strong></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td>$ 10,482</td>
</tr>
</tbody>
</table>

See accompanying notes.
Note 1 - Nature of Operations

Junior Achievement of South Central Pennsylvania, Inc. (Organization) is a nonprofit organization whose purpose is to provide elementary through high school students with practical economic education about the private enterprise system. Area businesses and educational organizations participate with students to achieve this objective. The Organization focuses on several regions - Harrisburg, Lancaster, Lebanon, and York. Revenues are derived principally from the Organization’s fundraising events and contributions. The Organization has entered into a contractual agreement with Junior Achievement Worldwide for a monthly franchise fee based on revenues. Also, a per student participation fee was paid to the same organization. Participation expense was $57,058 and $43,483 for the fiscal years ended June 30, 2018 and 2017, respectively.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Use of Estimates

The preparation of financial statements in accordance 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 the disclosure of contingent assets and liabilities, if any, at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

The Organization utilizes the accrual method of accounting and follows the Not-for-Profit Entities topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that must be maintained permanently by the Organization.
Note 2 - Summary of Significant Accounting Policies (continued)

**Accounts Receivable**

Accounts receivable are stated at outstanding balances. The Organization considers accounts receivable to be fully collectible. If collection becomes doubtful, an allowance for doubtful accounts will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

**Promises to Give**

Promises to give are stated at their outstanding balance. Promises to give are recognized when the Organization is notified of the promises. The Organization considers promises to give to be fully collectible. If collection becomes doubtful, an allowance for uncollectible promises to give will be established, or the accounts will be charged to income when that determination is made by management. Unpaid balances remaining after the stated payment terms are considered past due. Recoveries of previously charged off accounts are recorded when received.

Promises to give that are receivable in more than one year from the statement of financial position date are discounted to present value, if the related discount is considered significant, using a risk-adjusted rate.

**Interest in Net Assets of Community Foundations**

Interest in net assets of community foundations is reported at fair value as determined by the community foundations.

**Support**

Contributions received as unconditional promises to give are measured at their fair values and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.
Note 2 - Summary of Significant Accounting Policies (continued)

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of $500. Purchased property and equipment are recorded at cost. Depreciation expense is calculated using primarily the straight-line method over the estimated useful lives of the respective assets as follows: building, thirty-three years; equipment, five to seven years; furniture and fixtures, five to ten years; and leased equipment, shorter of useful life or lease term. Depreciation and amortization expense amounted to $78,427 and $77,647 for the years ended June 30, 2018 and 2017, respectively.

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value amount. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. The management of the Organization concluded that no impairment adjustments were required for the years ended June 30, 2018 and 2017, respectively.

Functional Allocation of Expenses

The costs of providing various programs, fundraising, and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising is expensed as incurred. Advertising costs for the years ended June 30, 2018 and 2017 amounted to $7,390 and $27,659, respectively.

Income Taxes

The Organization is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section in the Pennsylvania Revenue Code. Therefore, there is no provision for income taxes. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Organization had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the Organization is no longer subject to income tax examinations by the U.S. Federal, state, or local tax authorities for years before June 30, 2015.
Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncement

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), which provides a robust framework for addressing revenue recognition issues and, upon its effective date, replaces almost all existing revenue recognition guidance. This guidance is effective for annual reporting periods beginning after December 15, 2018.

In February 2016, 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 statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The guidance is effective for fiscal years beginning after December 15, 2019.

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions”, and expands disclosures about the nature and amount of any donor restrictions. This guidance is effective for annual periods beginning after December 15, 2017.

In June 2018, FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies and improves the scope and the accounting guidance for contributions. The update provides a more robust framework to determine when a transaction should be accounted for as a contribution under Subtopic 958-605 or as an exchange transaction accounted for under other guidance. For contributions received, this guidance is effective for annual periods beginning after December 15, 2018, or annual periods beginning after June 15, 2018 for public business entities. For contributions made, this guidance is effective for the annual period beginning after December 15, 2019, or annual periods beginning after December 15, 2018 for public business entities.

The Organization is currently evaluating the impact of the pending adoption of the new standards on the financial statements.
Note 3 - In-Kind Contributions

A substantial number of volunteers have donated their time to the Organization's program services and fundraising campaigns during the year. The value of donated services is reflected in the accompanying financial statements if the services meet the criteria for recognition under the Not-For-Profit Accounting for Contributions topic of the FASB ASC.

The values of donated materials and other assets are recorded and reflected in the accompanying financial statements at their fair market values at the date of receipt.

In-kind contributions consist of the following for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$66,397</td>
<td>$</td>
</tr>
<tr>
<td>Professional fees</td>
<td>2,675</td>
<td>2,675</td>
</tr>
<tr>
<td></td>
<td>$69,072</td>
<td>$2,675</td>
</tr>
</tbody>
</table>

Note 4 - Accounts Receivable

Accounts receivable consists of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program fees - Biztown</td>
<td>$20,697</td>
<td>$16,365</td>
</tr>
</tbody>
</table>

Note 5 - Promises to Give

Promises to give - general operations represent contributions that will be received subsequent to the year end. The due dates of promises to give - general operations are all less than one year.

Promises to give - Empower the Future Campaign represent funds raised during the years ended June 30, 2016 and 2015 for sustainability, capital improvements, mortgage repayment, and endowment, and are expected to be collected over a five-year period. The promises to give were discounted to present value using a risk-adjusted rate of return of 2.01% and 2.71%, respectively. There have been no new promises to give - Empower the Future Campaign since June 30, 2016.

Promises to give - Biztown represent funds raised during the year ended June 30, 2017 to be collected over a five-year period. The promises to give were discounted to present value using a risk-adjusted rate of return of 2.81%. There were no new promises to give - Biztown received during the year ended June 30, 2018.

Promises to give - EITC represent contributions that will be received subsequent to the year end. The due dates of promises to give - EITC are all less than one year.
Note 5 - Promises to Give (continued)

Promises to give consist of the following as of June 30:

<table>
<thead>
<tr>
<th>Description</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promises to give - general operations</td>
<td>$412,912</td>
<td>$319,612</td>
</tr>
<tr>
<td>Promises to give - Empower the Future Campaign</td>
<td>212,167</td>
<td>398,983</td>
</tr>
<tr>
<td>Promises to give - Biztown</td>
<td>40,000</td>
<td>50,000</td>
</tr>
<tr>
<td>Promises to give - EITC</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Unamortized discount</td>
<td>(4,083)</td>
<td>(12,882)</td>
</tr>
<tr>
<td>Total</td>
<td>$670,996</td>
<td>$755,713</td>
</tr>
</tbody>
</table>

The due dates of promises to give, assuming no change in current terms, consist of the following for the remaining four years ending June 30:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$592,579</td>
</tr>
<tr>
<td>2020</td>
<td>50,000</td>
</tr>
<tr>
<td>2021</td>
<td>20,000</td>
</tr>
<tr>
<td>2022</td>
<td>12,500</td>
</tr>
<tr>
<td>Total</td>
<td>$675,079</td>
</tr>
</tbody>
</table>

Note 6 - Fair Value Measurements

In accordance with accounting principles generally accepted in the United States of America, the Fair Value Measurements topic of the FASB ASC established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies.
Note 6 - Fair Value Measurements (continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset’s or liability’s level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2018 and 2017.

Interest in net assets of community foundations is valued at an amount determined by the Foundations based on the performance of underlying investments as well as an administrative fee.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value:

<table>
<thead>
<tr>
<th>Assets at Fair Value as of June 30, 2018</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest in net assets of community foundations</td>
<td>$ -</td>
<td>$ -</td>
<td>$24,632</td>
<td>$24,632</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets at Fair Value as of June 30, 2017</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest in net assets of community foundations</td>
<td>$ -</td>
<td>$ -</td>
<td>$24,043</td>
<td>$24,043</td>
</tr>
</tbody>
</table>

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets. For the years ended June 30, 2018 and 2017, there were no transfers in or out of Level 3.
Note 6 - Fair Value Measurements (continued)

Changes in Fair Value Levels (continued)

For assets falling within the Level 3 in the fair value hierarchy, the activity recognized during the years ended June 30, 2018 and 2017 is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Interest in Net Assets of Community Foundations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of June 30, 2016</td>
<td>$22,847</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>1,196</td>
</tr>
<tr>
<td>Balance as of June 30, 2017</td>
<td>24,043</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>589</td>
</tr>
<tr>
<td>Balance as of June 30, 2018</td>
<td>$24,632</td>
</tr>
</tbody>
</table>

The unrealized gains for interest in net assets of community foundations, classified as Level 3, are included as change in net assets of community foundations in the statement of activities.

Note 7 - Interest in Net Assets of Community Foundations

The Organization is the beneficiary of endowment funds of The York County Community Foundation and Lancaster County Community Foundation (Foundations), community foundations. As beneficiary, the Organization is entitled to annual distributions from the funds, based upon the Foundations’ spending policy. The Foundations maintain variance power only over distributions from the funds.

The organizational endowment funds created by the Organization are reflected in the statement of financial position as interest in net assets of community foundations. Future contributions are at the discretion of the Board of Directors of the Organization.

In addition to the organizational endowment funds, contributions made by third parties directly to the Foundations created designated endowment funds, which are not assets of the Organization. The designated funds, therefore, are not reflected in the statement of financial position. The Foundations maintain variance power over these designated endowment funds. The Organization receives information on the value of the funds on an annual basis. As of June 30, 2018 and 2017, the balance of the Foundations’ funds in which the Organization is currently designated by the contributor as the beneficiary amounted to $10,814 and $10,612, respectively, which includes the funds accumulated investment earnings in excess of annual distributions and fees.
Note 8- Lines of Credit

The Organization has a line of credit of $200,000 with a financial institution. In December 2017, the line of credit was increased to $330,000. The line of credit bears variable interest at the Wall Street Journal Prime Rate, plus 1/2 of one percent with a floor of 5.00% (5.50% and 5.00% as of June 30, 2018 and 2017, respectively), interest is payable on a monthly basis. The line of credit is secured by all property of the Organization. As of June 30, 2018 and 2017, the outstanding balance on this line of credit amounted to $215,000 and $-0-, respectively.

The Organization also has a line of credit with a financial institution in the amount of $50,000 as of June 30, 2018 and 2017. The line of credit bears variable interest at the lender’s prime rate, with a minimum rate of 3.50%. The interest rate was 5.00% and 4.25% as of June 30, 2018 and 2017, respectively. The line of credit is secured by assets of the Organization. As of June 30, 2018 and 2017, there were no borrowings against this line of credit.

Note 9 - Mortgage Payable

Mortgage payable consists of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mortgage payable in monthly installments with interest at the National Prime Rate, plus 2.00% with a floor of 4.50% (6.00% and 4.50% as of June 30, 2018 and 2017, respectively); amortized over a 25-year period with a maturity date of March 2024; secured by second lien on the property</td>
<td>$ 115,190</td>
<td>$ 119,838</td>
</tr>
<tr>
<td>Mortgage payable in monthly installments of $768 including principal and interest; interest is at prime rate, plus 0.50%, which was 4.75% as of June 30, 2017; outstanding principal and any accrued interest not yet paid is due June 2028; secured by property; repaid during 2018</td>
<td>-</td>
<td>69,577</td>
</tr>
<tr>
<td></td>
<td>115,190</td>
<td>189,415</td>
</tr>
<tr>
<td>Current maturities</td>
<td>(4,210)</td>
<td>(10,992)</td>
</tr>
<tr>
<td></td>
<td>$ 110,980</td>
<td>$ 178,423</td>
</tr>
</tbody>
</table>

Required future minimum maturities of mortgage payable, assuming no change in current terms, consist of the following for the five years ending June 30, 2023; and thereafter:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$ 4,210</td>
</tr>
<tr>
<td>2020</td>
<td>4,470</td>
</tr>
<tr>
<td>2021</td>
<td>4,745</td>
</tr>
<tr>
<td>2022</td>
<td>5,038</td>
</tr>
<tr>
<td>2023</td>
<td>5,349</td>
</tr>
<tr>
<td>Thereafter</td>
<td>91,378</td>
</tr>
<tr>
<td></td>
<td>$ 115,190</td>
</tr>
</tbody>
</table>
Note 9 - Mortgage Payable (continued)

Interest expense amounted to $10,482 and $10,504 for the years ended June 30, 2018 and 2017, respectively.

Note 10 - Obligation under Capital Lease

Future minimum lease payments under capital lease, together with the present value of the net minimum lease payments, consist of the following for the remaining three years ending June 30:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$5,781</td>
</tr>
<tr>
<td>2020</td>
<td>$5,781</td>
</tr>
<tr>
<td>2021</td>
<td>$3,854</td>
</tr>
<tr>
<td></td>
<td><strong>15,416</strong></td>
</tr>
</tbody>
</table>

Amount representing interest  

(717)

$14,699

Current portion  

$5,352

Noncurrent portion  

9,347

$14,699

The net book value of equipment under capital lease consists of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment under capital lease, at cost</td>
<td>$26,483</td>
<td>$26,483</td>
</tr>
<tr>
<td>Accumulated amortization</td>
<td>(11,918)</td>
<td>(6,621)</td>
</tr>
<tr>
<td></td>
<td><strong>$14,565</strong></td>
<td><strong>$19,862</strong></td>
</tr>
</tbody>
</table>

Amortization expense amounted to $5,297 for each of the years ended June 30, 2018 and 2017. The amortization expense of capital lease asset is included in the depreciation and amortization expense included in Note 2.
Note 11 - Restricted Net Assets

Temporarily restricted net assets are available for the following purposes as of June 30:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promises to give - general operations</td>
<td>$412,912</td>
<td>$319,612</td>
</tr>
<tr>
<td>Promises to give - Empower the Future Campaign, net Operations</td>
<td>185,336</td>
<td>330,155</td>
</tr>
<tr>
<td>Capital improvements and debt repayment</td>
<td>24,755</td>
<td>59,127</td>
</tr>
<tr>
<td>Promises to give - Biztown</td>
<td>37,993</td>
<td>46,819</td>
</tr>
<tr>
<td>Promises to give - EITC</td>
<td>10,000</td>
<td>-</td>
</tr>
<tr>
<td>Merle Phillips Scholarship Fund</td>
<td>5,570</td>
<td>5,570</td>
</tr>
<tr>
<td></td>
<td><strong>$676,566</strong></td>
<td><strong>$761,283</strong></td>
</tr>
</tbody>
</table>

Permanently restricted net assets represents a $1,000 certificate of deposit that is subject to restrictions of a gift instrument requiring that the principal remains invested and only the income is used for the purchase of awards.

Note 12 - Concentrations and Major Contributors

The Organization derives substantially all of its support from individuals and corporate sponsors located in the South Central Pennsylvania area.

The Organization receives substantial financial contributions from a few major individual contributors. These contributions enable the Organization to operate programs and provide services. Any decrease in contributions by the major contributors would cause financial hardship to the Organization and limit the Organization's ability to continue to operate programs and provide services.

Note 13 - Related Parties

The Organization has the following transactions with members of its Board of Trustees and related companies for the years ended June 30:

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$433,986</td>
<td>$562,193</td>
</tr>
<tr>
<td>Promises to give</td>
<td>$111,500</td>
<td>$197,167</td>
</tr>
</tbody>
</table>
Note 14 - Retirement Plan

Pension Plan

The Organization provides a SEP IRA to qualified employees. Contributions for covered employees are discretionary based on gross wages. There were no contributions during the year ended June 30, 2018 and 2017.

In the past, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA (JA USA).

The Organization had committed to JA USA to fund the plan at a level of $13,765 per year. A liability has not been recorded since the length of the term has not been determined. Management has been verbally instructed that this obligation will continue for three years from June 30, 2016. During the year ended June 30, 2018 and 2017, the Organization paid $12,618 and $13,765 to JA USA, respectively.

Note 15 - Health and Welfare Benefits Trust and Postretirement Benefits Plan

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. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, Junior Achievement Worldwide, Inc., and employees of JA 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 JA 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 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 financial statements of the Organization.

The Organization’s premium expense for the Health and Welfare Plan for the years ended June 30, 2018 and 2017 amounted to $37,317 and $38,372, respectively.
Note 16 - Lease Commitments

The Organization has operating leases for its office spaces. The Organization also leases certain office equipment under an operating lease agreement. Rent expense for the years ended June 30, 2018 and 2017 amounted to $18,861 and $24,390, respectively.

Future minimum lease payments required under the operating leases are as follows for the remaining two years ending June 30:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$6,442</td>
</tr>
<tr>
<td>2020</td>
<td>5,929</td>
</tr>
</tbody>
</table>

Note 17 - Subsequent Events

The Organization has evaluated subsequent events through November 13, 2018, which is the date the financial statements were available to be issued. No material events subsequent to June 30, 2018 were noted.
## Program Management and General Fundraising

<table>
<thead>
<tr>
<th>Category</th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, payroll taxes, and</td>
<td>$1,131,246</td>
<td>$147,511</td>
<td>$63,495</td>
<td>$1,342,252</td>
</tr>
<tr>
<td>employee benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Education materials</td>
<td>347,050</td>
<td>-</td>
<td>-</td>
<td>347,050</td>
</tr>
<tr>
<td>General office expense</td>
<td>57,109</td>
<td>26,866</td>
<td>1,687</td>
<td>85,662</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>71,598</td>
<td>5,076</td>
<td>1,753</td>
<td>78,427</td>
</tr>
<tr>
<td>Participation fee</td>
<td>57,058</td>
<td>-</td>
<td>-</td>
<td>57,058</td>
</tr>
<tr>
<td>Staff training and travel</td>
<td>49,254</td>
<td>1,308</td>
<td>2,312</td>
<td>52,874</td>
</tr>
<tr>
<td>Utilities</td>
<td>26,894</td>
<td>1,424</td>
<td>866</td>
<td>29,184</td>
</tr>
<tr>
<td>Building rent</td>
<td>15,304</td>
<td>983</td>
<td>414</td>
<td>16,701</td>
</tr>
<tr>
<td>Interest expense</td>
<td>9,930</td>
<td>345</td>
<td>207</td>
<td>10,482</td>
</tr>
<tr>
<td>Insurance</td>
<td>7,796</td>
<td>1,607</td>
<td>350</td>
<td>9,753</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
<td>7,480</td>
<td>7,480</td>
</tr>
<tr>
<td>Advertising</td>
<td>7,390</td>
<td>-</td>
<td>-</td>
<td>7,390</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$1,780,629</td>
<td>$185,120</td>
<td>$78,564</td>
<td>$2,044,313</td>
</tr>
</tbody>
</table>

Junior Achievement of South Central Pennsylvania, Inc.

Schedule of Functional Expenses

Year Ended June 30, 2018
## Schedule of Functional Expenses (continued)

**Junior Achievement of South Central Pennsylvania, Inc.**

Year Ended June 30, 2017

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries, payroll taxes, and employee benefits</td>
<td>$1,059,559</td>
<td>$140,790</td>
<td>$41,321</td>
<td>$1,241,670</td>
</tr>
<tr>
<td>Education materials</td>
<td>299,205</td>
<td>-</td>
<td>-</td>
<td>299,205</td>
</tr>
<tr>
<td>General office expense</td>
<td>44,759</td>
<td>30,320</td>
<td>2,010</td>
<td>77,089</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>70,718</td>
<td>5,186</td>
<td>1,743</td>
<td>77,647</td>
</tr>
<tr>
<td>Participation fee</td>
<td>43,483</td>
<td>-</td>
<td>-</td>
<td>43,483</td>
</tr>
<tr>
<td>Staff training and travel</td>
<td>41,724</td>
<td>1,071</td>
<td>632</td>
<td>43,427</td>
</tr>
<tr>
<td>Utilities</td>
<td>34,490</td>
<td>2,194</td>
<td>1,235</td>
<td>37,919</td>
</tr>
<tr>
<td>Building rent</td>
<td>20,428</td>
<td>189</td>
<td>45</td>
<td>20,662</td>
</tr>
<tr>
<td>Interest expense</td>
<td>9,909</td>
<td>370</td>
<td>225</td>
<td>10,504</td>
</tr>
<tr>
<td>Insurance</td>
<td>10,750</td>
<td>914</td>
<td>361</td>
<td>12,025</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>-</td>
<td>1,800</td>
<td>1,800</td>
</tr>
<tr>
<td>Advertising</td>
<td>25,243</td>
<td>2,416</td>
<td>-</td>
<td>27,659</td>
</tr>
</tbody>
</table>

|                          | $1,660,268 | $183,450 | $49,372 | $1,893,090 |