JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2019

Invest, Involve, Inspire

Junior Achievement® of Greater St. Louis

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Independent Auditors' Report

Board of Directors
Junior Achievement of Greater St. Louis, Inc.
St. Louis, Missouri

Report On The Financial Statements

We have audited the accompanying financial statements of Junior Achievement of Greater St. Louis, Inc., a not-for-profit organization, which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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 Greater St. Louis, Inc. as of June 30, 2019, and the changes in its net assets, its functional expenses and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report On Summarized Comparative Information

We have previously audited Junior Achievement of Greater St. Louis, Inc.'s June 30, 2018 financial statements, and our report dated September 24, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

September 25, 2019

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2019	June 30, 2018
Current Assets		
Cash and cash equivalents	$ 195,930	$ 622,792
Investments (Note 3)	2,004,925	2,368,161
Pledges receivable, net (Notes 5 and 7)	627,650	411,683
Other current assets	34,837	12,832
Total Current Assets	2,863,342	3,415,468
Property And Equipment		
Land and improvements	683,305	683,305
Building	6,261,883	6,207,114
Equipment	984,923	1,031,152
	7,930,111	7,921,571
Less: Accumulated depreciation	(3,088,648)	(2,829,600)
Property And Equipment, Net	4,841,463	5,091,971
Long-Term Pledges Receivable, Net (Notes 5 And 7)	932,000	565,000
Investments Restricted For Endowment (Notes 3 And 6)	84,957	84,957
Total Assets	$ 8,721,762	$ 9,157,396

Liabilities And Net Assets

	June 30, 2019	June 30, 2018
Current Liabilities		
Accounts payable and accrued expenses	$ 181,625	$ 156,611
Borrowings on line of credit (Note 9)	200,000	—
Deferred revenue (Note 7)	110,298	95,498
Total Current Liabilities	491,923	252,109
Net Assets		
Without donor restrictions (Note 6)	7,738,428	7,429,615
With donor restrictions (Note 6)	491,411	1,475,672
Total Net Assets	8,229,839	8,905,287
Total Liabilities And Net Assets	$ 8,721,762	$ 9,157,396

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2019 And 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support And Revenues						
Support						
Contributions (Note 7):						
Corporate	$ 1,398,790	$ 65,000	$ 1,463,790	$ 1,322,809	$ 1,303,115	$ 2,625,924
Individual	158,222	4,000	162,222	188,166	—	188,166
Foundations	216,383	25,000	241,383	241,183	10,000	251,183
Donated supplies, equipment and services (Note 7)	33,963	—	33,963	57,103	—	57,103
Clarification of donor intent (Note 6)	43,175	(43,175)	—	—	—	—
Net assets released from restrictions (Note 6)	1,087,767	(1,087,767)	—	36,043	(36,043)	—
Total Support	2,938,300	(1,036,942)	1,901,358	1,845,304	1,277,072	3,122,376
Revenues						
Capstone Programs sponsorships (Note 7)	227,000	—	227,000	262,000	—	262,000
Capstone Programs student fees	248,237	—	248,237	227,449	—	227,449
Special event revenue (Note 7)						
Golf Classic	161,902	50,350	212,252	186,592	26,650	213,242
Bowl-A-Thon	446,240	—	446,240	385,839	—	385,839
Hall of Fame	486,497	—	486,497	1,082,102	3,600	1,085,702
Other special events	83,018	300	83,318	94,539	300	94,839
Less: Costs of direct benefits to donors	(270,996)	—	(270,996)	(237,255)	—	(237,255)
Net revenues from special events	906,661	50,650	957,311	1,511,817	30,550	1,542,367
Achiever activities	—	625	625	—	2,750	2,750
Interest and dividend income	42,739	519	43,258	43,508	501	44,009
Net realized gains on investments	358,032	354	358,386	106,054	331	106,385
Net unrealized gains (losses) on investments	(253,980)	533	(253,447)	69,983	1,211	71,194
Miscellaneous income	15,135	—	15,135	12,938	—	12,938
Total Revenues	1,543,824	52,681	1,596,505	2,233,749	35,343	2,269,092
Total Support And Revenues	4,482,124	(984,261)	3,497,863	4,079,053	1,312,415	5,391,468
Expenses						
Program Services:						
School programs	2,099,088	—	2,099,088	2,029,016	—	2,029,016
Capstone programs	1,037,180	—	1,037,180	899,424	—	899,424
Scholarship expenditures	4,500	—	4,500	4,500	—	4,500
Total Program Services	3,140,768	—	3,140,768	2,932,940	—	2,932,940
Supporting Services:						
Management and general administrative	503,185	—	503,185	439,041	—	439,041
Fundraising	529,358	—	529,358	517,456	—	517,456
Total Supporting Services	1,032,543	—	1,032,543	956,497	—	956,497
Total Expenses	4,173,311	—	4,173,311	3,889,437	—	3,889,437
Increase (Decrease) In Net Assets	308,813	(984,261)	(675,448)	189,616	1,312,415	1,502,031
Net Assets - Beginning Of Year	7,429,615	1,475,672	8,905,287	7,239,999	163,257	7,403,256
Net Assets - End Of Year	$ 7,738,428	$ 491,411	$ 8,229,839	$ 7,429,615	$ 1,475,672	$ 8,905,287

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2019
(With Summarized Comparative Information For The Year Ended June 30, 2018)

	Program Services				Supporting Services				
	School Programs	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising	Total	2019 Total	2018 Total
Salaries	$ 925,619	$ 379,431	$ —	$ 1,305,050	$ 257,353	$ 341,842	$ 599,195	$ 1,904,245	$ 1,836,048
Payroll taxes	62,637	24,681	—	87,318	16,723	22,890	39,613	126,931	129,314
Pension expense (Note 8)	126,952	35,824	—	162,776	32,735	44,425	77,160	239,936	221,945
Group health insurance (Note 7)	179,041	41,629	—	220,670	16,705	37,924	54,629	275,299	229,679
Bad debt expense (recovery)	—	—	—	—	40,282	—	40,282	40,282	(8,004)
Donated service expense	—	4,000	—	4,000	11,093	13,970	25,063	29,063	29,808
Information technology	9,364	13,157	—	22,521	2,500	3,421	5,921	28,442	13,600
Insurance	6,209	11,753	—	17,962	1,658	2,269	3,927	21,889	24,216
Interest and bank fees (Note 9)	—	—	—	—	26,695	—	26,695	26,695	35,280
Loss on disposal of property and equipment	1,689	—	—	1,689	451	617	1,068	2,757	—
Miscellaneous	—	—	—	—	4,477	—	4,477	4,477	4,813
National Headquarters' program support (Note 7)	70,324	32,658	—	102,982	—	—	—	102,982	112,980
Postage and delivery	4,682	1,535	—	6,217	1,250	1,711	2,961	9,178	11,056
Printers and copiers	6,912	14,836	—	21,748	1,845	2,526	4,371	26,119	21,906
Professional fees	—	—	—	—	59,446	4,050	63,496	63,496	39,095
Program expense (Note 7)	583,898	104,025	—	687,923	—	—	—	687,923	610,315
Promotion and awareness	—	—	—	—	—	9,719	9,719	9,719	16,241
Repairs and maintenance	9,218	51,510	—	60,728	2,461	3,369	5,830	66,558	114,645
Scholarship expense	—	—	4,500	4,500	—	—	—	4,500	4,500
Staff conference	15,678	1,062	—	16,740	1,650	5,227	6,877	23,617	22,930
Staff expenses	29,941	3,486	—	33,427	7,994	10,941	18,935	52,362	62,531
Supplies	5,970	568	—	6,538	1,594	2,182	3,776	10,314	11,166
Telephone	11,175	3,352	—	14,527	2,983	4,084	7,067	21,594	19,855
Utilities	15,308	67,423	—	82,731	4,087	5,594	9,681	92,412	100,458
Total Expenses Before Depreciation	2,064,617	790,930	4,500	2,860,047	493,982	516,761	1,010,743	3,870,790	3,664,377
Depreciation	34,471	246,250	—	280,721	9,203	12,597	21,800	302,521	225,060
Total Expenses	$ 2,099,088	$ 1,037,180	$ 4,500	$ 3,140,768	$ 503,185	$ 529,358	$ 1,032,543	$ 4,173,311	$ 3,889,437

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2019	2018
Cash Flows From Operating Activities		
Increase (decrease) in net assets	$ (675,448)	$ 1,502,031
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Depreciation	302,521	225,060
Realized and unrealized gains on investments	(104,939)	(177,579)
Loss on disposal of property and equipment	2,757	—
In-kind donations of property and equipment	—	(22,298)
Changes in assets and liabilities:		
Pledges receivable	(582,967)	79,062
Other assets	(22,005)	27,915
Accounts payable and accrued expenses	25,014	(13,326)
Deferred revenue	14,800	(24,000)
Net Cash Provided By (Used In) Operating Activities	(1,040,267)	1,596,865
Cash Flows From Investing Activities		
Proceeds from sale of investments	711,143	230,000
Purchases of investments	(242,968)	(242,551)
Purchases of property and equipment	(54,770)	(764,037)
Net Cash Provided By (Used In) Investing Activities	413,405	(776,588)
Cash Flows From Financing Activities		
Proceeds from line of credit	485,000	100,000
Repayments on line of credit	(285,000)	(600,000)
Net Cash Provided By (Used In) Financing Activities	200,000	(500,000)
Net Increase (Decrease) In Cash And Cash Equivalents	(426,862)	320,277
Cash And Cash Equivalents - Beginning Of Year	622,792	302,515
Cash And Cash Equivalents - End Of Year	$ 195,930	$ 622,792
Supplemental Cash Flow Information		
Donated supplies and services	$ 33,963	$ 34,805
Interest paid	249	6,417

1. Summary Of Significant Accounting Policies

Basis Of Accounting

The financial statements of Junior Achievement of Greater St. Louis, Inc. (the Organization) have been prepared on the accrual basis.

Basis Of Presentation

Financial statement presentation follows the requirements of the Financial Accounting Standards Board for not-for-profit organizations by presenting assets and liabilities within similar groups and classifying them in a way that provides relevant information about the interrelationships, liquidity, and financial flexibility. As a result, the Organization is required to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but expenses are not presented by all functional and natural categories. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

New Accounting Standard Implemented

As of July 1, 2018, the Organization implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. In accordance with the ASU, the statement of financial position presents two classes of net assets, rather than the previously required three classes. The two classes are "Net assets without donor restrictions" (previously "Unrestricted" net assets) and "Net assets with donor restrictions" (previously "Temporarily" and "Permanently" restricted net assets). The ASU also requires information concerning liquidity and presentation of expenses by both functional and natural classifications.

Estimates And Assumptions

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Cash And Cash Equivalents

The Organization considers all demand, highly liquid, short-term investments with original or remaining maturities of three months or less to be cash equivalents.

The Organization invests its excess cash in debt instruments and securities with financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that maintain safety and liquidity. At times, such amounts may be in excess of the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC) insurable limits.

Investments

Investments are reported at fair value with the exception of the certificate of deposit, which is valued at cost. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received, which are considered a fair measure of the value at the date of donation. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end market value fluctuations.

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

Pledges Receivable

Unconditional pledges receivable in future periods are recognized as support in the period the pledges are received. Conditional pledges, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. The Organization provides an allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all pledges. The estimated losses are based on historical collection experience, as well as a review of the current status of the existing pledges receivable. Pledges receivable that are expected to be collected after one year are discounted at a rate based on consideration of risk-free Treasury rates and the Organization's borrowing rate.

Property And Equipment

Property and equipment are carried at cost, if purchased, or at fair value, if donated, less accumulated depreciation computed using the straight-line method. Additions exceeding $1,000 are capitalized. The assets are depreciated over the following periods:

Land improvements	15 years
Building	30 - 40 years
Equipment	5 - 7 years

Deferred Revenue

Payments received in the current year for future Capstone Program sponsorships are recorded as deferred revenue and are recognized as revenue in the appropriate future year.

Future commitments for sponsorships related to the Capstone Programs that have not met the requirements to be recorded as revenue at June 30, 2019 and 2018 approximate $622,000 and $576,000, respectively.

Revenues And Support

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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. The Organization has adopted the policy of reporting net assets released from restrictions upon completion of donor purpose restrictions, regardless of whether the related cash has been received.

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

School Programs

School programs include:

The elementary school program is an economic awareness program designed to build economic literacy and show students the relationship between education and success in the workplace.

The middle grades program builds on concepts the students learned in the Organization's elementary school program. The program helps teens prepare for their educational and professional future. The program supplements standard social studies curricula and develops communication skills that are essential to success in the business world. Once a week for six weeks, business volunteers serve as role models in leading discussions and activities, as well as enhancing the program with their own experiences and business knowledge.

The high school program includes in-school and after-school curriculum that focuses on analyzing and exploring personal opportunities. Fundamental concepts include micro-, macro- and international economics. This program utilizes volunteer business people to make economic concepts relevant in order to become successful in the workplace and life.

Capstone Programs

The Capstone Programs provide learning experiences to inspire and enable young people to value free enterprise and to understand business and economics to improve the quality of their lives. Through two experiential learning areas (JA BizTown and JA Finance Park) located within the Organization's Dennis and Judy Jones Free Enterprise Center (FEC), students are given the opportunity to gain practical, hands-on experience with the free enterprise system.

Management And General Administrative

Includes the functions necessary to provide support programs; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategy; secure proper administrative functioning of the Organization's Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Includes the functions necessary to advance the mission of the Organization; and to provide the structure to encourage financial support from individuals, as well as from auxiliary groups, corporations and foundations, via direct gifts and fundraising events.

Donated Supplies, Equipment And Services

Various supplies, equipment and services are donated to the Organization. Donated supplies, equipment and those donated services that meet the criteria for recognition under generally accepted accounting principles and whose value is greater than $1,000 are recorded at fair value at the date of the donation. A substantial number of other volunteers have also donated a significant amount of their time to the Organization's programs; however, such donated services have not been recorded because they do not meet the criteria for recognition.

Expense Allocation

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as specific to that functional area. Expenses that benefit multiple functional or program areas have been allocated across programs and other supporting services based on the following methods:

Natural Category	Method
Salaries	Time study
Taxes and benefits	Salary ratio
Information technology	Direct charge, square footage and time study
Insurance	Square footage and time study
Postage and delivery	Square footage and time study
Printers and copiers	Square footage and time study
Repairs and maintenance	Square footage and time study
Supplies	Square footage and time study
Utilities	Square footage and time study
Depreciation	Direct charge, square footage and time study

Income Taxes

The Organization constitutes a qualified not-for-profit organization and is, therefore, exempt from federal income taxes on related, exempt income under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

2. Operations

The Organization is a not-for-profit corporation that provides programs for students in kindergarten through high school in 78 counties in the states of Missouri, Illinois, and Indiana. The Organization's mission is to provide business, economics and entrepreneurship programs through a dedicated volunteer network. Programs are offered in-school, after-school and on-site at the Organization's JA Dennis and Judy Jones Free Enterprise Center. Programs focus on seven key components: business, citizenship, economics, ethics/character, financial literacy, entrepreneurship and career development. The Organization is a licensee of Junior Achievement USA, the national entity.

3. Investments

Investments consist of the following at June 30:

	2019	2018
Equity stock market index fund	$ 1,377,515	$ 1,857,361
Intermediate-term bond fund	620,307	503,714
Certificate of deposit	62,170	62,127
Other	29,890	29,916
	$ 2,089,882	$ 2,453,118

These amounts are reported in the statement of financial position as follows:

	2019	2018
Investments	$ 2,004,925	$ 2,368,161
Assets restricted for permanent endowment	84,957	84,957
	$ 2,089,882	$ 2,453,118

4. Fair Value Measurements

Accounting rules in fair value measurements establish a framework for measuring fair value. The 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 market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair values of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no changes in the methodologies used at June 30, 2019 or 2018.

The Organization's investments are measured at fair value, with the exception of the certificate of deposit, and all are considered Level 1 as of June 30, 2019 and 2018.

5. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Amounts collectible in less than one year	$ 591,383	$ 61,000	$ 652,383	$ 428,535
One to five years	1,000,000	—	1,000,000	600,000
	1,591,383	61,000	1,652,383	1,028,535
Less: Allowance for doubtful accounts	24,733	—	24,733	16,852
Less: Discount on pledges receivable collectible after one year	68,000	—	68,000	35,000
	$ 1,498,650	$ 61,000	$ 1,559,650	$ 976,683

At June 30, 2019, pledges receivable collectible after one year are discounted at rates of 3 to 4%.

At June 30, 2019 and 2018, 84% and 78%, respectively, of pledges receivable are from one donor. For the years ended June 30, 2019 and 2018, 32% and 37%, respectively, of contributions were from one donor.

6. Net Assets And Endowment Fund

Purpose and time restricted net assets consist of the following donor-restricted amounts at June 30:

	2019	2018
Operations	$ 94,650	$ 135,550
Programs	311,804	1,208,115
Scholarships	—	47,050
	$ 406,454	$ 1,390,715

Net assets released from donor-imposed restrictions are as follows:

	2019	2018
Operations	$ 85,550	$ 29,500
Programs	996,311	—
Appropriation of endowment earnings	1,406	2,043
Scholarships	4,500	4,500
	$ 1,087,767	$ 36,043

In addition to the releases noted above, $43,175 in net assets restricted for scholarships at June 20, 2018 was reclassified to net assets without donor restrictions due to a clarification of donor intent.

Perpetual in nature net assets consist of the following:

	2019	2018
Scholarship endowment	$ 62,000	$ 62,000
General endowment	22,957	22,957
	$ 84,957	$ 84,957

Total net assets with donor restrictions are comprised of the following:

	2019	2018
Purpose and time restrictions	$ 406,454	$ 1,390,715
Perpetual in nature	84,957	84,957
	$ 491,411	$ 1,475,672

Donor-Restricted Endowment Funds

The Organization has two donor-restricted endowment funds. Income from the scholarship endowment is used each year to fund scholarships, and income from the general endowment is used to fund general operations each year.

Board-Designated Endowment Fund

The Organization has one endowment fund (The Endowment Fund at Junior Achievement of Greater St. Louis) that is designated by the Board of Directors. This endowment fund is intended to provide annual operating support to the Organization.

Preservation Of Original Gifts

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Included in the donor-restricted endowment fund are unappropriated earnings that will remain until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the funds;
(2) The purposes of the Organization and the donor-restricted endowment funds;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and appreciation of investments;
(6) Other resources of the Organization; and
(7) The investment policies of the Organization.

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original value of those contributions or “historic dollar value.” There were no deficiencies at June 30, 2019 or 2018.

Return Objectives And Risk Parameters

The Organization has adopted investment and spending policies for the endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets, unless otherwise stipulated by the donor.

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To It

The Organization records earnings from its endowments as with donor restrictions until such time as they are appropriated and released to net assets without donor restrictions when market conditions allow. As of June 30, 2019 and 2018, all accumulated earnings on the endowments have been appropriated. The Organization has a policy that permits prudent spending from underwater endowments, unless otherwise precluded by donor intent or relevant laws and regulations.

Endowment Asset Composition By Type Of Fund As Of June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ —	$ 84,957	$ 84,957
Board-designated endowment funds	600,000	—	600,000
	$ 600,000	$ 84,957	$ 684,957

Endowment Asset Composition By Type Of Fund As Of June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ —	$ 84,957	$ 84,957
Board-designated endowment funds	200,000	—	200,000
	$ 200,000	$ 84,957	$ 284,957

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets - beginning of the year	$ 200,000	$ 84,957	$ 284,957
Investment return	—	1,406	1,406
Proceeds from contributions designated for investment in endowment	400,000	—	400,000
Appropriation of endowment earnings for expenditure	—	(1,406)	(1,406)
Endowment assets - end of the year	$ 600,000	$ 84,957	$ 684,957

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets - beginning of the year	$ —	$ 84,957	$ 84,957
Investment return	—	2,043	2,043
Proceeds from contributions designated for investment in endowment	200,000	—	200,000
Appropriation of endowment earnings for expenditure	—	(2,043)	(2,043)
Endowment assets - end of the year	$ 200,000	$ 84,957	$ 282,914

At June 30, 2019 and 2018, pledges receivable of $1,332,000 and $765,000, respectively, are intended to be added to the Board-designated endowment and invested in accordance with the Organization's endowment fund policy, as the cash is collected.

At June 30, 2019, board-designated endowment net assets are comprised of $600,000 in cash (as noted above) and $1,332,000 of pledges for a total balance of $1,932,000. At June 30, 2018, board-designated net assets are comprised of $200,000 in cash (as noted above) and $765,000 of pledges for a total balance of $965,000.

7. Related Party Transactions

In accordance with license fee and Capstone per-student fee arrangements with Junior Achievement USA, annual program support fees are charged to the Organization. These fees are calculated according to specific formulas as outlined in the fee agreements. The license fee in any given year is paid over ten monthly installments based on the total reported revenue of the previous year. During 2019 and 2018, fees of $102,982 and $112,980, respectively, were charged to the Organization.

The Organization also purchases substantially all of its program materials and supplies from Junior Achievement USA and Junior Achievement Supply Company (JASCO), a division of Junior Achievement USA. Also, the Organization obtains a portion of its liability insurance and all of its medical insurance through Junior Achievement USA. Total payments to these affiliates for these purchases were $1,045,540 and $932,287 during 2019 and 2018, respectively. As of June 30, 2019 and June 30, 2018, there were no amounts due to Junior Achievement USA.

For the years ended June 30, 2019 and 2018, the Organization received contributions, special event revenue, and various donated supplies, equipment and services of $952,453 and $1,126,581, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2019 and 2018, outstanding pledges of $121,421 and $109,493, respectively, were due from these parties.

In addition to the amounts noted in the paragraph above, various members of the Board of Directors and their related companies provide sponsorships for the Capstone Programs. During 2019 and 2018, revenue recorded from Board sponsorships approximated $122,000 and $162,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated $84,500 and $54,500 at June 30, 2019 and 2018, respectively.

The Organization also holds cash and investments in financial institutions at which various members of the Board serve as executives. Fees paid to these institutions were minimal in 2019 and 2018.

8. Pension, Postretirement And Health And Welfare Benefit Plans

Multiemployer Pension Plan

Prior to June 30, 2019, the Organization offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA and covered all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement areas in the United States. The Plan is accounted for like a multiemployer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. Prior to June 30, 2019, the respective participants' employers were required to fund the Plan, as determined necessary by Junior Achievement USA's Board of Directors, based on an annual actuarial valuation. The Organization made contributions equal to 16.75% of participants' eligible compensation in fiscal years 2018 and 2019. 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.

Effective June 30, 2019, Junior Achievement USA's Board of Directors approved the termination of the Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied, and are thereby required to make contributions equal to 13.25% of participants' eligible compensation, beginning July 1, 2019.

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

1. Assets contributed to the multiemployer 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 is outlined in the table below:

Pension Fund	EIN/Pension Plan Number	Funded Status As Of June 30,		Contributions Of Organization For Years Ended June 30,	
		2019	2018	2019	2018
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	108%	92%	$ 239,936	$ 221,945

Defined Contribution Plan

Due to the termination of the multiemployer pension plan, the Organization established a 401(k) plan effective July 1, 2019. The Organization will make a discretionary match up to 5% of each participant's contribution.

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 administered by Junior Achievement USA and accounted for like a multiemployer plan. Premiums are paid into the Health and Welfare Plan for each participant by the Organization. All the assets and liabilities of the 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.

Postretirement Benefits Plan

The Organization also offers health care benefits to retired personnel of the Organization. The plan is administered by Junior Achievement USA and accounted for like a multiemployer plan. 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.

9. Line Of Credit

The Organization has a line-of-credit agreement in the amount of $500,000 with a bank. The line of credit matures in December 2019 and is secured by personal property and receivables. Borrowings under the line of credit bear interest at a rate equal to the prime rate plus 0.75% (6.25% at June 30, 2019). The outstanding balance on the line of credit at June 30, 2019 was $200,000. At June 30, 2018, there was no outstanding balance. For the years ended June 30, 2019 and 2018, interest expense of $249 and $6,417, respectively, was incurred and paid.

10. Operating Leases

The Organization leases equipment under a noncancellable operating lease expiring in 2023. Rent expense under this lease agreement was $19,677 and $16,819 during 2019 and 2018, respectively. Future minimum lease payments as of June 30, 2019 are as follows:

Year	Amount
2020	$ 20,553
2021	21,518
2022	22,578
2023	5,712
	$ 70,361

11. Liquidity And Availability Of Financial Assets

The Organization's assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and cash equivalents	$ 195,930
Investments	2,004,925
Pledges receivable, net	627,650
Total financial assets	2,828,505
Less amounts not intended to be used within one year:	
Investments designated by the Board for specific purposes	600,000
Financial assets available to meet cash needs for general expenditures within one year	$ 2,228,505

The Organization manages its liquidity and reserves by operating to a budget and maintaining adequate liquid assets to fund near term operating needs. In addition to cash and investments detailed above, the Organization has a line of credit that can be utilized for cash flow needs. Board-designated funds can be used in the case of any liquidity shortage with the approval of the Board.