
***JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.***
FINANCIAL STATEMENTS
JUNE 30, 2016

Invest, Involve, Inspire



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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, 2016, 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, 2016, 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 the Junior Achievement of Greater St. Louis, Inc.'s June 30, 2015 financial statements, and our report dated September 23, 2015, 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, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

September 22, 2016

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	June 30,	
	2016	2015
Current Assets		
Cash and cash equivalents (Note 1)	\$ 382,453	\$ 360,268
Investments - Board designated (Note 3)	2,099,732	2,380,996
Accounts receivable (net of allowance for doubtful accounts of \$31,200 and \$34,475 in 2016 and 2015, respectively)	1,300	51,800
Pledges receivable, net (Notes 5 and 7)	322,648	445,866
Other current assets	38,863	23,269
Total Current Assets	2,844,996	3,262,199
Property And Equipment		
Land and improvements	683,305	683,305
Building	5,502,973	5,499,791
Equipment	946,071	934,171
	7,132,349	7,117,267
Less: Accumulated depreciation	(2,382,865)	(2,142,023)
Property And Equipment, Net	4,749,484	4,975,244
Assets Restricted For Permanent Endowment (Notes 3 And 6)	84,957	84,957
Total Assets	\$ 7,679,437	\$ 8,322,400

Liabilities And Net Assets

Current Liabilities		
Accounts payable and accrued expenses	\$ 90,476	\$ 146,781
Borrowings on line of credit (Note 9)	—	200,000
Deferred revenue (Note 7)	100,698	76,332
Total Current Liabilities	191,174	423,113
Long-Term Liabilities		
Deferred revenue (Note 7)	20,000	—
Total Liabilities	211,174	423,113
Net Assets		
Unrestricted - Undesignated	244,052	271,165
Unrestricted - Investment in property and equipment	4,749,484	4,975,244
Unrestricted - Board designated (Note 1)	2,099,732	2,380,996
Total Unrestricted	7,093,268	7,627,405
Temporarily restricted (Note 6)	290,038	186,925
Permanently restricted (Note 6)	84,957	84,957
Total Net Assets	7,468,263	7,899,287
Total Liabilities And Net Assets	\$ 7,679,437	\$ 8,322,400

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES For The Years Ended June 30, 2016 And 2015

	2016				2015			
	Unrestricted	Temporarily		Total	Unrestricted	Temporarily		Total
		Restricted	Permanently Restricted			Restricted	Restricted	
Support And Revenues								
Support								
Contributions (Note 7):								
Corporate	\$ 564,955	\$ 15,450	\$ —	\$ 580,405	\$ 631,358	\$ 40,000	\$ —	\$ 671,358
Individual	139,267	2,000	—	141,267	345,000	—	—	345,000
Foundations	296,863	178,000	—	474,863	512,586	49,000	—	561,586
Donated supplies, equipment and services (Note 7)	65,752	—	—	65,752	185,325	—	—	185,325
Net assets released from restrictions (Note 6)	122,275	(122,275)	—	—	311,500	(311,500)	—	—
Total Support	1,189,112	73,175	—	1,262,287	1,985,769	(222,500)	—	1,763,269
Revenues								
Capstone Programs sponsorships (Note 7)	317,834	—	—	317,834	304,834	—	—	304,834
Capstone Programs student fees	201,969	—	—	201,969	217,637	—	—	217,637
Special event revenue (Note 7)								
Golf Classic	163,669	25,800	—	189,469	195,450	48,550	—	244,000
Bowl-A-Thon	345,246	—	—	345,246	414,968	—	—	414,968
Spring Gala/Hall of Fame	899,451	—	—	899,451	309,575	—	—	309,575
Other special events	34,164	—	—	34,164	51,211	—	—	51,211
Less: Costs of direct benefits to donors	(252,022)	—	—	(252,022)	(161,131)	—	—	(161,131)
Net revenues from special events	1,190,508	25,800	—	1,216,308	810,073	48,550	—	858,623
Achiever activities	—	4,138	—	4,138	—	4,059	—	4,059
Interest and dividend income	49,061	—	—	49,061	56,605	—	—	56,605
Net realized gains on investments	56,364	—	—	56,364	80,022	—	—	80,022
Net unrealized losses on investments	(35,183)	—	—	(35,183)	(541)	—	—	(541)
Miscellaneous income	5,021	—	—	5,021	8,291	—	—	8,291
Total Revenues	1,785,574	29,938	—	1,815,512	1,476,921	52,609	—	1,529,530
Total Support And Revenues	2,974,686	103,113	—	3,077,799	3,462,690	(169,891)	—	3,292,799
Expenses								
Program Services:								
Elementary school program	1,037,644	—	—	1,037,644	1,020,250	—	—	1,020,250
Middle grades program	468,747	—	—	468,747	453,502	—	—	453,502
High school program	426,366	—	—	426,366	492,558	—	—	492,558
Capstone programs	903,052	—	—	903,052	826,447	—	—	826,447
Scholarship expenditures	4,725	—	—	4,725	6,500	—	—	6,500
Total Program Services	2,840,534	—	—	2,840,534	2,799,257	—	—	2,799,257
Supporting Services:								
Management and general administrative	365,042	—	—	365,042	384,765	—	—	384,765
Fundraising	303,247	—	—	303,247	314,456	—	—	314,456
Total Supporting Services	668,289	—	—	668,289	699,221	—	—	699,221
Total Expenses	3,508,823	—	—	3,508,823	3,498,478	—	—	3,498,478
Increase (Decrease) In Net Assets	(534,137)	103,113	—	(431,024)	(35,788)	(169,891)	—	(205,679)
Net Assets - Beginning Of Year	7,627,405	186,925	84,957	7,899,287	7,663,193	356,816	84,957	8,104,966
Net Assets - End Of Year	\$ 7,093,268	\$ 290,038	\$ 84,957	\$ 7,468,263	\$ 7,627,405	\$ 186,925	\$ 84,957	\$ 7,899,287

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2016

(With Summarized Comparative Information For The Year Ended June 30, 2015)

	Program Services						Supporting Services			2016 Total	2015 Total
	Elementary School Program	Middle Grades Program	High School Program	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising	Total		
Salaries	\$ 402,181	\$ 231,044	\$ 224,545	\$ 326,844	\$ —	\$ 1,184,614	\$ 182,609	\$ 175,459	\$ 358,068	\$ 1,542,682	\$ 1,572,683
Payroll taxes	28,789	16,526	16,091	25,226	—	86,632	13,047	12,525	25,572	112,204	108,393
Pension expense (Note 8)	60,124	34,512	33,604	30,492	—	158,732	27,246	26,157	53,403	212,135	209,382
Group health insurance (Note 7)	52,458	30,112	29,319	25,045	—	136,934	23,772	22,822	46,594	183,528	174,780
Bad debt expense	—	—	—	—	—	—	14,015	—	14,015	14,015	38,905
Donated service expense	—	—	—	—	—	—	2,729	12,876	15,605	15,605	9,663
Information technology	3,045	1,748	1,702	3,120	—	9,615	1,380	1,325	2,705	12,320	12,424
Insurance (Note 7)	2,251	1,292	1,258	15,870	—	20,671	1,020	979	1,999	22,670	21,697
Interest and bank fees	—	—	—	—	—	—	31,310	—	31,310	31,310	28,447
Miscellaneous	—	—	—	20	—	20	1,814	—	1,814	1,834	4,433
National Headquarters' Capstone program fees (Note 7)	—	—	—	32,584	—	32,584	—	—	—	32,584	31,406
National Headquarters' program support (Note 7)	21,643	21,643	21,643	—	—	64,929	—	7,214	7,214	72,143	71,719
Postage and delivery	4,342	2,493	2,427	3,914	—	13,176	1,968	1,889	3,857	17,033	16,848
Printers and copiers	3,969	2,279	2,218	11,164	—	19,630	1,799	1,727	3,526	23,156	24,547
Professional fees	—	—	—	—	—	—	32,565	675	33,240	33,240	30,897
Program expense (Note 7)	388,767	85,006	52,458	125,499	—	651,730	—	—	—	651,730	618,836
Promotion and awareness	—	—	—	—	—	—	—	6,636	6,636	6,636	14,795
Repairs and maintenance	4,690	2,692	2,621	43,908	—	53,911	2,125	2,040	4,165	58,076	62,510
Scholarship expense	—	—	—	—	4,725	4,725	—	—	—	4,725	6,500
Staff conference	4,386	4,386	4,386	3,244	—	16,402	—	4,386	4,386	20,788	20,492
Staff expenses	17,353	9,961	9,699	3,982	—	40,995	7,864	7,550	15,414	56,409	62,571
Supplies	4,744	2,723	2,652	2,702	—	12,821	2,150	2,064	4,214	17,035	15,778
Telephone	3,908	2,243	2,184	3,038	—	11,373	1,771	1,700	3,471	14,844	16,115
Utilities	11,078	6,359	6,192	77,811	—	101,440	5,020	4,819	9,839	111,279	97,117
Total Expenses Before Depreciation And Loss On Disposal	1,013,728	455,019	412,999	734,463	4,725	2,620,934	354,204	292,843	647,047	3,267,981	3,270,938
Loss on disposal of property and equipment	—	—	—	—	—	—	—	—	—	—	2,275
Depreciation	23,916	13,728	13,367	168,589	—	219,600	10,838	10,404	21,242	240,842	225,265
Total Expenses And Losses	\$ 1,037,644	\$ 468,747	\$ 426,366	\$ 903,052	\$ 4,725	\$ 2,840,534	\$ 365,042	\$ 303,247	\$ 668,289	\$ 3,508,823	\$ 3,498,478

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2016	2015
Cash Flows From Operating Activities		
Decrease in net assets	\$ (431,024)	\$ (205,679)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:		
Depreciation	240,842	225,265
Realized and unrealized gains on investments	(21,181)	(79,481)
Loss on disposal of property and equipment	—	2,275
In-kind donations of property and equipment	(6,868)	(149,170)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	50,500	(39,678)
Decrease in pledges receivable	123,218	218,277
(Increase) decrease in other assets	(15,594)	47,451
Decrease in accounts payable and accrued expenses	(56,305)	(31,378)
Increase in deferred revenue	44,366	17,433
Net Cash Provided By (Used In) Operating Activities	(72,046)	5,315
Cash Flows From Investing Activities		
Proceeds from sale of investments	351,456	386,437
Purchases of investments	(49,011)	(56,605)
Purchases of property and equipment	(8,214)	(401,192)
Net Cash Provided By (Used In) Investing Activities	294,231	(71,360)
Cash Flows From Financing Activities		
Proceeds from line of credit	750,000	400,000
Repayments on line of credit	(950,000)	(200,000)
Net Cash Provided By (Used In) Financing Activities	(200,000)	200,000
Net Increase In Cash And Cash Equivalents	22,185	133,955
Cash And Cash Equivalents - Beginning Of Year	360,268	226,313
Cash And Cash Equivalents - End Of Year	\$ 382,453	\$ 360,268
Supplemental Cash Flow Information		
Donated supplies and services	\$ 58,884	\$ 36,155
Donated property and equipment	6,868	149,170
Interest paid	10,820	9,585

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2016 And 2015

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 recommendations 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. The Board of Directors has designated \$2,099,732 and \$2,380,996 of unrestricted net assets at June 30, 2016 and 2015, respectively, for operating reserves.

Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but expenses are not presented by functional 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, 2015, from which the summarized information was derived.

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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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.

Restricted Cash

The Organization has segregated cash accounts holding funds of \$49,585 and \$50,172, which are restricted for scholarships as of June 30, 2016 and 2015, respectively.

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.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. An allowance for doubtful accounts is provided based on management's assessment of its credit history with patrons having outstanding balances and current relationships with them. Management provides for probable doubtful accounts through a charge to earnings and a credit to a valuation allowance. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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.

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.

In addition to cash received, unpaid commitments for sponsorships related to the Capstone Programs that have not met the requirements to be recorded as revenue at June 30, 2016 and 2015 approximate \$1,082,000 and \$1,169,000, respectively.

Restricted And Unrestricted 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 unrestricted net assets 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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Description Of Program Services And Supporting Activities

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

Elementary School Program

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.

Middle Grades Program

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.

High School Program

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 experimental 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.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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

Expenses are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

The Organization's federal tax returns for tax years 2012 and later remain subject to examination by taxing authorities.

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

Subsequent Events

Management has evaluated subsequent events through September 22, 2016, the date which the financial statements were available for issue.

2. Operations

The Organization is a not-for-profit corporation that provides programs for students in kindergarten through high school in 62 counties in the states of Missouri and Illinois. As of July 1, 2016, an additional 10 counties were added in 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 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:

	<u>2016</u>	<u>2015</u>
Equity stock market index fund	\$ 1,645,187	\$ 1,736,035
Intermediate-term bond fund	449,366	637,528
Certificate of deposit	62,043	62,000
Other	28,093	30,390
	<u>\$ 2,184,689</u>	<u>\$ 2,465,953</u>

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

	<u>2016</u>	<u>2015</u>
Investments - Board designated	\$ 2,099,732	\$ 2,380,996
Assets restricted for permanent endowment	84,957	84,957
	<u>\$ 2,184,689</u>	<u>\$ 2,465,953</u>

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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, 2016 or 2015.

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, 2016 and 2015.

5. Pledges Receivable

Pledges receivable are all short-term and consist of the following at June 30:

	<u>2016</u>			<u>2015</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Amounts collectible in less than one year	\$ 324,168	\$ 38,700	\$ 362,868	\$ 499,348
Less: Allowance for doubtful accounts	36,643	3,577	40,220	53,482
	<u>\$ 287,525</u>	<u>\$ 35,123</u>	<u>\$ 322,648</u>	<u>\$ 445,866</u>

**JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.**

Notes To Financial Statements (*Continued*)

6. Net Assets And Endowment Fund

Temporarily restricted net assets consist of the following donor-restricted amounts at June 30:

	<u>2016</u>	<u>2015</u>
Operations	\$ 240,585	\$ 136,753
Scholarships	49,585	50,172
	<u>\$ 290,038</u>	<u>\$ 186,925</u>

Temporarily restricted net assets released from donor-imposed restrictions are as follows:

	<u>2016</u>	<u>2015</u>
Operations	\$ 117,550	\$ 305,000
Scholarships	4,725	6,500
	<u>\$ 122,275</u>	<u>\$ 311,500</u>

Permanently restricted net assets include assets that have been donor restricted to be permanently invested as an endowment. The balance of permanently restricted assets consists of the following:

	<u>2016</u>	<u>2015</u>
Scholarship endowment	\$ 62,000	\$ 62,000
General endowment	22,957	22,957
	<u>\$ 84,957</u>	<u>\$ 84,957</u>

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. The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) in relation to investing the funds, over which management has control, to preserve the fair value of the original gift, as of the gift date, and to appropriating the endowment fund annual earnings for expenditure. Losses on the endowment totaled \$842 and \$34, for the years ended June 30, 2016 and 2015, respectively. As of June 30, 2016 and 2015, all accumulated earnings on the endowments have been appropriated. As of June 30, 2016 and 2015, the endowment was underwater by \$876 and \$34, respectively.

**JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.**

Notes To Financial Statements (*Continued*)

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 2016 and 2015, fees of \$104,727 and \$103,125, 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 \$915,701 and \$896,368 during 2016 and 2015, respectively. As of June 30, 2016 and 2015, there were no amounts due to Junior Achievement USA.

For the years ended June 30, 2016 and 2015, the Organization received cash contributions and various donated supplies, equipment and services of \$1,615,555 and \$1,704,700, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2016 and 2015, outstanding pledges of \$205,067 and \$301,398, respectively, were due from these parties.

Various members of the Board of Directors and their related companies provide sponsorships for the Capstone Programs. During 2016 and 2015, revenue recorded from Board sponsorships approximated \$193,000 and \$182,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated \$67,000 and \$47,000 at June 30, 2016 and 2015, 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 2016 and 2015.

**JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.**

Notes To Financial Statements (*Continued*)

8. Pension, Postretirement And Health And Welfare Benefit Plans

Multiemployer Pension Plan

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA 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 multiemployer 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 Junior Achievement USA'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.

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		Contributions Of Organization For	
		As Of December 31,		Years Ended June 30,	
		2015	2014	2016	2015
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	68%	71%	\$ 212,135	\$ 209,382

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

Notes To Financial Statements (*Continued*)

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 multiemployer plan. Premiums are paid into the 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 2016 and is secured by personal property and receivables. Borrowing under the line of credit bears interest at a rate equal to the prime rate plus 0.75% (4.25% at June 30, 2016). There was no outstanding balance as of June 30, 2016. The outstanding balance on the line of credit at June 30, 2015 was \$200,000. For the years ended June 30, 2016 and 2015, interest expense of \$10,820 and \$9,585, respectively, was incurred and paid.

**JUNIOR ACHIEVEMENT OF
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Notes To Financial Statements (*Continued*)

10. Operating Leases

The Organization leases equipment under several noncancellable operating leases expiring through 2018. Rent expense under these lease agreements was \$18,453 during both 2016 and 2015. Future minimum lease payments as of June 30, 2016 are as follows:

<u>Year</u>	<u>Amount</u>
2017	\$ 13,053
2018	3,264
	<u>\$ 16,317</u>