JUNIOR ACHIEVEMENT OF
GREATER ST. LOUIS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2017

Invest, Involve, Inspire

Junior Achievement of Greater St. Louis

Contents

RubinBrown LLP
Certified Public Accountants
& Business Consultants

One North Brentwood
Saint Louis, MO 63105

T 314.290.3300
F 314.290.3400

W rubinbrown.com
E info@rubinbrown.com

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, 2017, 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, 2017, 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, 2016 financial statements, and our report dated September 22, 2016, 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, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

RubinBrown LLP

September 26, 2017

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FINANCIAL POSITION

Assets

	June 30, 2017	2016
Current Assets		
Cash and cash equivalents (Note 1)	$ 302,515	$ 382,453
Investments - Board designated (Note 3)	2,178,031	2,099,732
Accounts receivable (net of allowance for doubtful accounts of $17,500 and $31,200 in 2017 and 2016, respectively)	—	1,300
Pledges receivable, net (Notes 5 and 7)	312,745	322,648
Other current assets	40,747	38,863
Total Current Assets	2,834,038	2,844,996
Property And Equipment		
Land and improvements	683,305	683,305
Building	5,507,427	5,502,973
Equipment	948,003	946,071
	7,138,735	7,132,349
Less: Accumulated depreciation	(2,608,039)	(2,382,865)
Property And Equipment, Net	4,530,696	4,749,484
Long-Term Pledges Receivable, Net (Notes 5 And 7)	743,000	—
Assets Restricted For Permanent Endowment (Notes 3 And 6)	84,957	84,957
Total Assets	$ 8,192,691	$ 7,679,437

Liabilities And Net Assets

	2017	2016
Current Liabilities		
Accounts payable and accrued expenses	$ 169,937	$ 90,476
Borrowings on line of credit (Note 9)	500,000	—
Deferred revenue (Note 7)	119,498	100,698
Total Current Liabilities	789,435	191,174
Long-Term Liabilities		
Deferred revenue (Note 7)	—	20,000
Total Liabilities	789,435	211,174
Net Assets		
Unrestricted (Note 1)	7,239,999	7,093,268
Temporarily restricted (Note 6)	78,300	290,038
Permanently restricted (Note 6)	84,957	84,957
Total Net Assets	7,403,256	7,468,263
Total Liabilities And Net Assets	$ 8,192,691	$ 7,679,437

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF ACTIVITIES
For The Years Ended June 30, 2017 And 2016

	2017				2016			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support And Revenues								
Support								
Contributions (Note 7):								
Corporate	$ 1,313,124	$ 9,203	$ —	$ 1,322,327	$ 564,955	$ 15,450	$ —	$ 580,405
Individual	183,767	—	—	183,767	139,267	2,000	—	141,267
Foundations	315,060	—	—	315,060	296,863	178,000	—	474,863
Donated supplies, equipment and services (Note 7)	8,800	—	—	8,800	65,752	—	—	65,752
Net assets released from restrictions (Note 6)	244,453	(244,453)	—	—	122,275	(122,275)	—	—
Total Support	2,065,204	(235,250)	—	1,829,954	1,189,112	73,175	—	1,262,287
Revenues								
Capstone Programs sponsorships (Note 7)	277,000	—	—	277,000	317,834	—	—	317,834
Capstone Programs student fees	202,457	—	—	202,457	201,969	—	—	201,969
Special event revenue (Note 7)								
Golf Classic	178,866	19,500	—	198,366	163,669	25,800	—	189,469
Bowl-A-Thon	415,608	—	—	415,608	345,246	—	—	345,246
Spring Gala/Hall of Fame	352,875	—	—	352,875	899,451	—	—	899,451
Other special events	65,922	—	—	65,922	34,164	—	—	34,164
Less: Costs of direct benefits to donors	(173,176)	—	—	(173,176)	(252,022)	—	—	(252,022)
Net revenues from special events	840,095	19,500	—	859,595	1,190,508	25,800	—	1,216,308
Achiever activities	—	4,012	—	4,012	—	4,138	—	4,138
Interest and dividend income	48,603	—	—	48,603	49,061	—	—	49,061
Net realized gains on investments	85,259	—	—	85,259	56,364	—	—	56,364
Net unrealized gains (losses) on investments	155,934	—	—	155,934	(35,183)	—	—	(35,183)
Miscellaneous income	10,436	—	—	10,436	5,021	—	—	5,021
Total Revenues	1,619,784	23,512	—	1,643,296	1,785,574	29,938	—	1,815,512
Total Support And Revenues	3,684,988	(211,738)	—	3,473,250	2,974,686	103,113	—	3,077,799
Expenses								
Program Services:								
Elementary school program	1,051,655	—	—	1,051,655	1,037,644	—	—	1,037,644
Middle grades program	459,042	—	—	459,042	468,747	—	—	468,747
High school program	438,678	—	—	438,678	426,366	—	—	426,366
Capstone programs	871,013	—	—	871,013	903,052	—	—	903,052
Scholarship expenditures	4,000	—	—	4,000	4,725	—	—	4,725
Total Program Services	2,824,388	—	—	2,824,388	2,840,534	—	—	2,840,534
Supporting Services:								
Management and general administrative	378,535	—	—	378,535	365,042	—	—	365,042
Fundraising	335,334	—	—	335,334	303,247	—	—	303,247
Total Supporting Services	713,869	—	—	713,869	668,289	—	—	668,289
Total Expenses	3,538,257	—	—	3,538,257	3,508,823	—	—	3,508,823
Increase (Decrease) In Net Assets	146,731	(211,738)	—	(65,007)	(534,137)	103,113	—	(431,024)
Net Assets - Beginning Of Year	7,093,268	290,038	84,957	7,468,263	7,627,405	186,925	84,957	7,899,287
Net Assets - End Of Year	$ 7,239,999	$ 78,300	$ 84,957	$ 7,403,256	$ 7,093,268	$ 290,038	$ 84,957	$ 7,468,263

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended June 30, 2017
(With Summarized Comparative Information For The Year Ended June 30, 2016)

	Program Services						Supporting Services				
	Elementary School Program	Middle Grades Program	High School Program	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising	Total	2017 Total	2016 Total
Salaries	$ 429,654	$ 250,504	$ 246,127	$ 303,022	$ —	$ 1,229,307	$ 203,424	$ 206,897	$ 410,321	$ 1,639,628	$ 1,542,682
Payroll taxes	29,331	17,097	16,796	23,077	—	86,301	13,886	14,123	28,009	114,310	112,204
Pension expense (Note 8)	56,511	32,940	32,360	26,132	—	147,943	26,753	27,210	53,963	201,906	212,135
Group health insurance (Note 7)	52,448	30,571	30,033	15,193	—	128,245	24,829	25,253	50,082	178,327	183,528
Bad debt expense (recovery)	—	—	—	—	—	—	(4,266)	—	(4,266)	(4,266)	14,015
Donated service expense	—	—	—	—	—	—	3,000	2,500	5,500	5,500	15,605
Information technology	2,538	1,479	1,453	1,900	—	7,370	1,202	1,222	2,424	9,794	12,320
Insurance (Note 7)	2,081	1,213	1,192	14,346	—	18,832	985	1,002	1,987	20,819	22,670
Interest and bank fees	—	—	—	—	—	—	35,688	—	35,688	35,688	31,310
Miscellaneous	—	—	—	30	—	30	2,343	—	2,343	2,373	1,834
National Headquarters' Capstone program fees (Note 7)	—	—	—	30,042	—	30,042	—	—	—	30,042	32,584
National Headquarters' program support (Note 7)	27,714	27,714	27,714	—	—	83,142	—	—	—	83,142	72,143
Postage and delivery	3,910	2,278	2,238	3,243	—	11,669	1,850	1,882	3,732	15,401	17,033
Printers and copiers	3,315	1,932	1,898	10,310	—	17,455	1,569	1,596	3,165	20,620	23,156
Professional fees	—	—	—	—	—	—	33,944	8,775	42,719	42,719	33,240
Program expense (Note 7)	369,090	47,613	33,890	87,076	—	537,669	—	—	—	537,669	651,730
Promotion and awareness	—	—	—	—	—	—	—	6,314	6,314	6,314	6,636
Repairs and maintenance	14,180	8,265	8,120	116,597	—	147,162	6,713	6,827	13,540	160,702	58,076
Scholarship expense	—	—	—	—	4,000	4,000	—	—	—	4,000	4,725
Staff conference	4,662	4,662	4,662	1,706	—	15,692	—	4,662	4,662	20,354	20,788
Staff expenses	16,671	9,718	9,547	2,933	—	38,869	7,892	8,027	15,919	54,788	56,409
Supplies	2,808	1,638	1,608	1,312	—	7,366	1,330	1,352	2,682	10,048	17,035
Telephone	4,620	2,693	2,646	2,837	—	12,796	2,187	2,225	4,412	17,208	14,844
Utilities	10,404	6,065	5,958	73,635	—	96,062	4,925	5,010	9,935	105,997	111,279
Total Expenses Before Depreciation	1,029,937	446,382	426,242	713,391	4,000	2,619,952	368,254	324,877	693,131	3,313,083	3,267,981
Depreciation	21,718	12,660	12,436	157,622	—	204,436	10,281	10,457	20,738	225,174	240,842
Total Expenses	$ 1,051,655	$ 459,042	$ 438,678	$ 871,013	$ 4,000	$ 2,824,388	$ 378,535	$ 335,334	$ 713,869	$ 3,538,257	$ 3,508,823

JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

STATEMENT OF CASH FLOWS

	For The Years Ended June 30, 2017	2016
Cash Flows From Operating Activities		
Decrease in net assets	$ (65,007)	$ (431,024)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	225,174	240,842
Realized and unrealized gains on investments	(241,193)	(21,181)
In-kind donations of property and equipment	—	(6,868)
Changes in assets and liabilities:		
Decrease in accounts receivable	1,300	50,500
(Increase) decrease in pledges receivable	(733,097)	123,218
Increase in other assets	(1,884)	(15,594)
Increase (decrease) in accounts payable and accrued expenses	79,461	(56,305)
Increase (decrease) in deferred revenue	(1,200)	44,366
Net Cash Used In Operating Activities	(736,446)	(72,046)
Cash Flows From Investing Activities		
Proceeds from sale of investments	210,000	351,456
Purchases of investments	(47,106)	(49,011)
Purchases of property and equipment	(6,386)	(8,214)
Net Cash Provided By Investing Activities	156,508	294,231
Cash Flows From Financing Activities		
Proceeds from line of credit	500,000	750,000
Repayments on line of credit	—	(950,000)
Net Cash Provided By (Used In) Financing Activities	500,000	(200,000)
Net Increase (Decrease) In Cash And Cash Equivalents	(79,938)	22,185
Cash And Cash Equivalents - Beginning Of Year	382,453	360,268
Cash And Cash Equivalents - End Of Year	$ 302,515	$ 382,453
Supplemental Cash Flow Information		
Donated supplies and services	$ 8,800	$ 58,884
Donated property and equipment	—	6,868
Interest paid	18,309	10,820

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 the following unrestricted net assets at June 30:

	2017	2016
Operating reserve	$ 2,178,031	$ 2,099,732
Board designated endowment	943,000	—
	$ 3,121,031	$ 2,099,732

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, 2016, 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.

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 $48,801 and $49,585, which are restricted for scholarships as of June 30, 2017 and 2016, 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.

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.

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, 2017 and 2016 approximate $873,000 and $1,082,000, 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.

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.

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 2013 and later remain subject to examination by taxing authorities.

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 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:

	2017	2016
Equity stock market index fund	$ 1,726,574	$ 1,645,187
Intermediate-term bond fund	444,998	449,366
Certificate of deposit	62,083	62,043
Other	29,333	28,093
	$ 2,262,988	$ 2,184,689

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

	2017	2016
Investments - Board designated	$ 2,178,031	$ 2,099,732
Assets restricted for permanent endowment	84,957	84,957
	$ 2,262,988	$ 2,184,689

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, 2017 or 2016.

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, 2017 and 2016.

5. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2017			2016
	Unrestricted	Temporarily Restricted	Total	Total
Amounts collectible in less than one year	$ 308,427	$ 13,500	$ 321,927	$ 362,868
One to five years	800,000	—	800,000	—
	1,108,427	13,500	1,121,927	362,868
Less: Allowance for doubtful accounts	7,982	1,200	9,182	40,220
Less: Discount on pledges receivable collectible after one year	57,000	—	57,000	—
	$ 1,043,445	$ 12,300	$ 1,055,745	$ 322,648

At June 30, 2017, pledges receivable collectible after one year are discounted at 3%.

During 2017, the Organization recorded a pledge receivable for $1,000,000 from one donor, which accounted for 28% of total support and revenue and 89% of gross pledges receivable at June 30, 2017.

6. Net Assets And Endowment Fund

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

	2017	2016
Operations	$ 29,499	$ 240,453
Scholarships	48,801	49,585
	$ 78,300	$ 290,038

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

	2017	2016
Operations	$ 240,453	$ 117,550
Scholarships	4,000	4,725
	$ 244,453	$ 122,275

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:

	2017	2016
Scholarship endowment	$ 62,000	$ 62,000
General endowment	22,957	22,957
	$ 84,957	$ 84,957

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. At June 30, 2017, all board-designated endowment assets are in pledges receivable. As cash is collected on the pledges receivable, it will be invested and follow the Organization's endowment fund policy.

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.

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 permanently 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. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets 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." At June 30, 2016, the general endowment was underwater by $876. There were no deficiencies of this nature at June 30, 2017.

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 in temporarily restricted funds until such time as they are appropriated and released to unrestricted when market conditions allow. As of June 30, 2017 and 2016, all accumulated earnings on the endowments have been appropriated.

Endowment Asset Composition By Type Of Fund As Of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ —	$ —	$ 84,957	$ 84,957

Endowment Asset Composition By Type Of Fund As Of June 30, 2016:

	Unrestricted	Temporaril Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (876)	$ —	$ 84,957	$ 84,081

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets - beginning of the year	$ (876)	$ —	$ 84,957	$ 84,081
Investment return:				
Interest and dividends	—	442	—	442
Net realized and unrealized losses	—	2,268	—	2,268
Total investment return	—	2,710	—	2,710
Restoration of underwater endowment	876	(876)	—	—
Appropriation of endowment earnings for expenditure	—	(1,834)	—	(1,834)
Endowment assets - end of the year	$ —	$ —	$ 84,957	$ 84,957

Changes In Endowment Assets For The Fiscal Year Ended June 30, 2016:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets - beginning of the year	$ (34)	$ —	$ 84,957	$ 84,923
Investment return:				
Interest and dividends	—	408	—	408
Net realized and unrealized losses	—	(1,250)	—	(1,250)
Total investment return	—	(842)	—	(842)
Restoration of underwater endowment	(842)	842	—	—
Endowment assets - end of the year	$ (876)	$ —	$ 84,957	$ 84,081

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 2017 and 2016, fees of $113,184 and $104,729, 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 $833,323 and $915,701 during 2017 and 2016, respectively. As of June 30, 2017 and June 30, 2016, there were no amounts due to Junior Achievement USA.

For the years ended June 30, 2017 and 2016, the Organization received cash contributions, special event revenue, and various donated supplies, equipment and services of $845,472 and $1,615,555, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2017 and 2016, outstanding pledges of $62,193 and $205,067, respectively, were due from these parties.

Various members of the Board of Directors and their related companies provide sponsorships for the Capstone Programs. During 2017 and 2016, revenue recorded from Board sponsorships approximated $162,000 and $193,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated $67,000 at both June 30, 2017 and 2016.

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 2017 and 2016.

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 As Of December 31, 2016	2015	Contributions Of Organization For Years Ended June 30, 2017	2016
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	79%	68%	$ 201,906	$ 212,135

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 2017 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% (5.0% at June 30, 2017). The outstanding balance on the line of credit at June 30, 2017 was $500,000. At June 30, 2016, there was no outstanding balance. For the years ended June 30, 2017 and 2016, interest expense of $18,309 and $10,820, respectively, was incurred and paid.

10. Operating Leases

The Organization leases equipment under several noncancellable operating leases expiring through 2018. Rent expense under these lease agreements was $17,193 and $18,453 during 2017 and 2016, respectively. Future minimum lease payments as of June 30, 2017 are as follows:

Year	Amount
2018	$ 3,263