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***JUNIOR ACHIEVEMENT OF  
GREATER ST. LOUIS, INC.***  
*FINANCIAL STATEMENTS*  
*JUNE 30, 2014*

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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, 2014, 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, 2014, and the changes in its net assets, 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, 2013 financial statements, and our report dated September 26, 2013, 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, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*RubinBrown LLP*

September 23, 2014

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF FINANCIAL POSITION

### Assets

	June 30,	
	2014	2013
<b>Current Assets</b>		
Cash and cash equivalents - unrestricted	\$ 173,700	\$ 279,231
Cash and cash equivalents - restricted	52,613	90,319
Short-term investments - Board designated (Note 3)	2,631,347	2,218,094
Accounts receivable (net of allowance for doubtful accounts of \$16,653 and \$15,575 in 2014 and 2013, respectively)	12,122	34,867
Pledges receivable, net (Notes 5 and 7)	664,143	363,750
Other current assets	70,720	55,300
<b>Total Current Assets</b>	<b>3,604,645</b>	<b>3,041,561</b>
<b>Property And Equipment</b>		
Land and improvements	683,305	683,305
Building	5,168,702	5,168,702
Equipment	982,226	936,575
	6,834,233	6,788,582
Less: Accumulated depreciation	(2,181,811)	(2,007,697)
<b>Property And Equipment, Net</b>	<b>4,652,422</b>	<b>4,780,885</b>
<b>Assets Restricted For Permanent Endowment (Notes 3 And 6)</b>	<b>84,957</b>	<b>84,957</b>
<b>Total Assets</b>	<b>\$ 8,342,024</b>	<b>\$ 7,907,403</b>

### Liabilities And Net Assets

<b>Current Liabilities</b>		
Accounts payable and accrued expenses (Note 7)	\$ 178,159	\$ 124,196
Deferred revenue (Note 7)	58,899	116,399
<b>Total Current Liabilities</b>	<b>237,058</b>	<b>240,595</b>
<b>Net Assets</b>		
Unrestricted - Undesignated	379,424	384,154
Unrestricted - Investment in property and equipment	4,652,422	4,780,885
Unrestricted - Board designated (Note 1)	2,631,347	2,218,094
<b>Total Unrestricted</b>	<b>7,663,193</b>	<b>7,383,133</b>
Temporarily restricted (Note 6)	356,816	198,718
Permanently restricted (Note 6)	84,957	84,957
<b>Total Net Assets</b>	<b>8,104,966</b>	<b>7,666,808</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 8,342,024</b>	<b>\$ 7,907,403</b>

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF ACTIVITIES For The Years Ended June 30, 2014 and 2013

	2014				2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support And Revenues</b>								
<b>Support</b>								
Contributions (Note 7):								
Corporate	\$ 490,616	\$ —	\$ —	\$ 490,616	\$ 659,544	\$ 26,000	\$ —	\$ 685,544
Individual	294,452	—	—	294,452	525,565	25,000	—	550,565
Foundations	390,250	5,000	—	395,250	375,249	29,000	—	404,249
Donated supplies, equipment and services	52,243	—	—	52,243	97,005	—	—	97,005
Net assets released from restrictions (Note 6)	152,300	(152,300)	—	—	92,512	(92,512)	—	—
<b>Total Support</b>	<b>1,379,861</b>	<b>(147,300)</b>	<b>—</b>	<b>1,232,561</b>	<b>1,749,875</b>	<b>(12,512)</b>	<b>—</b>	<b>1,737,363</b>
<b>Revenues</b>								
Capstone Programs sponsorships (Note 7)	288,166	—	—	288,166	331,667	—	—	331,667
Capstone Programs student fees	258,811	—	—	258,811	250,617	—	—	250,617
Special event revenue								
Golf Classic	217,138	48,000	—	265,138	213,876	68,800	—	282,676
Bowl-A-Thon	307,029	—	—	307,029	269,582	—	—	269,582
Spring Gala/Hall of Fame	754,609	250,000	—	1,004,609	298,850	—	—	298,850
Other special events	21,258	—	—	21,258	32,110	—	—	32,110
Less: Costs of direct benefits to donors	(230,817)	—	—	(230,817)	(238,525)	—	—	(238,525)
Net revenues from special events	1,069,217	298,000	—	1,367,217	575,893	68,800	—	644,693
Achiever activities	—	7,398	—	7,398	—	16,456	—	16,456
Interest and dividend income	59,948	—	—	59,948	67,746	—	—	67,746
Net realized gains on investments	213	—	—	213	210	—	—	210
Net unrealized gains on investments	354,427	—	—	354,427	190,281	—	—	190,281
Miscellaneous income	8,533	—	—	8,533	9,321	—	—	9,321
<b>Total Revenues</b>	<b>2,039,315</b>	<b>305,398</b>	<b>—</b>	<b>2,344,713</b>	<b>1,425,735</b>	<b>85,256</b>	<b>—</b>	<b>1,510,991</b>
<b>Total Support And Revenues</b>	<b>3,419,176</b>	<b>158,098</b>	<b>—</b>	<b>3,577,274</b>	<b>3,175,610</b>	<b>72,744</b>	<b>—</b>	<b>3,248,354</b>
<b>Expenses</b>								
Program Services:								
Elementary school program	945,653	—	—	945,653	750,519	—	—	750,519
Middle grades program	431,690	—	—	431,690	416,803	—	—	416,803
High school program	412,757	—	—	412,757	355,397	—	—	355,397
Capstone programs	740,634	—	—	740,634	770,044	—	—	770,044
Scholarship expenditures	5,500	—	—	5,500	6,000	—	—	6,000
<b>Total Program Services</b>	<b>2,536,234</b>	<b>—</b>	<b>—</b>	<b>2,536,234</b>	<b>2,298,763</b>	<b>—</b>	<b>—</b>	<b>2,298,763</b>
Supporting Services:								
Management and general administrative	327,363	—	—	327,363	355,342	—	—	355,342
Fundraising	275,519	—	—	275,519	265,101	—	—	265,101
<b>Total Supporting Services</b>	<b>602,882</b>	<b>—</b>	<b>—</b>	<b>602,882</b>	<b>620,443</b>	<b>—</b>	<b>—</b>	<b>620,443</b>
<b>Total Expenses</b>	<b>3,139,116</b>	<b>—</b>	<b>—</b>	<b>3,139,116</b>	<b>2,919,206</b>	<b>—</b>	<b>—</b>	<b>2,919,206</b>
<b>Increase In Net Assets</b>	<b>280,060</b>	<b>158,098</b>	<b>—</b>	<b>438,158</b>	<b>256,404</b>	<b>72,744</b>	<b>—</b>	<b>329,148</b>
<b>Net Assets - Beginning Of Year</b>	<b>7,383,133</b>	<b>198,718</b>	<b>84,957</b>	<b>7,666,808</b>	<b>7,126,729</b>	<b>125,974</b>	<b>84,957</b>	<b>7,337,660</b>
<b>Net Assets - End Of Year</b>	<b>\$ 7,663,193</b>	<b>\$ 356,816</b>	<b>\$ 84,957</b>	<b>\$ 8,104,966</b>	<b>\$ 7,383,133</b>	<b>\$ 198,718</b>	<b>\$ 84,957</b>	<b>\$ 7,666,808</b>

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended June 30, 2014

(With Summarized Comparative Information For The Year Ended June 30, 2013)

	Program Services					Supporting Services			2014 Total	2013 Total	
	Elementary School Program	Middle Grades Program	High School Program	Capstone Programs	Scholarship Expenditures	Total	Management And General Administrative	Fundraising			Total
Salaries	\$ 381,390	\$ 220,370	\$ 213,088	\$ 292,500	\$ —	\$ 1,107,348	\$ 160,607	\$ 171,588	\$ 332,195	\$ 1,439,543	\$ 1,294,549
Payroll taxes	24,553	14,137	14,136	22,711	—	75,537	10,418	11,160	21,578	97,115	87,067
Pension expense (Note 8)	49,321	28,397	28,397	33,168	—	139,283	20,924	22,419	43,343	182,626	161,656
Group health insurance	49,394	28,439	28,439	12,036	—	118,308	20,955	22,452	43,407	161,715	145,516
Awareness/public relations	—	—	—	2,161	—	2,161	—	—	—	2,161	639
Bad debt expense	—	—	—	—	—	—	11,941	—	11,941	11,941	48,012
Computer expenses	2,280	1,313	1,313	2,378	—	7,284	967	1,037	2,004	9,288	9,860
Donated service expense	—	—	—	—	—	—	5,033	3,000	8,033	8,033	13,050
Insurance	2,276	1,310	1,310	11,586	—	16,482	966	1,035	2,001	18,483	17,767
Interest and bank fees	—	—	—	—	—	—	28,392	—	28,392	28,392	17,411
Miscellaneous	—	—	—	—	—	—	2,055	—	2,055	2,055	3,538
National Headquarters' program support (Note 7)	21,146	21,146	21,146	—	—	63,438	7,049	—	7,049	70,487	77,141
National Headquarters' Capstone program fees (Note 7)	—	—	—	30,009	—	30,009	—	—	—	30,009	28,477
Postage and delivery	5,009	2,884	2,884	5,657	—	16,434	2,125	2,277	4,402	20,836	16,356
Professional fees	—	—	—	—	—	—	33,602	—	33,602	33,602	40,622
Program materials	341,390	68,463	57,071	63,655	—	530,579	—	—	—	530,579	506,361
Promotions	—	—	—	—	—	—	—	9,646	9,646	9,646	8,368
Printers and copiers	4,286	4,160	4,160	12,604	—	25,210	—	—	—	25,210	—
Repairs and maintenance	5,138	2,958	2,958	56,535	—	67,589	2,180	2,336	4,516	72,105	72,315
Scholarship expense	—	—	—	—	5,500	5,500	—	—	—	5,500	6,000
Staff conference	6,253	6,253	6,253	1,957	—	20,716	—	6,253	6,253	26,969	17,134
Staff expenses	18,201	11,896	11,638	2,587	—	44,322	5,447	6,531	11,978	56,300	45,744
Supplies	4,473	2,576	2,576	3,306	—	12,931	1,898	2,033	3,931	16,862	14,931
Telephone	4,104	2,368	2,368	3,315	—	12,155	1,736	1,894	3,630	15,785	13,209
Utilities	8,852	5,096	5,096	62,588	—	81,632	3,755	4,023	7,778	89,410	86,668
Volunteer training	350	—	—	—	—	350	—	—	—	350	714
<b>Total Expenses Before Depreciation And Loss On Disposal</b>	<b>928,416</b>	<b>421,766</b>	<b>402,833</b>	<b>618,753</b>	<b>5,500</b>	<b>2,377,268</b>	<b>320,050</b>	<b>267,684</b>	<b>587,734</b>	<b>2,965,002</b>	<b>2,733,105</b>
Loss on disposal of property and equipment	—	—	—	—	—	—	—	—	—	—	15,509
Depreciation	17,237	9,924	9,924	121,881	—	158,966	7,313	7,835	15,148	174,114	170,592
<b>Total Expenses And Losses</b>	<b>\$ 945,653</b>	<b>\$ 431,690</b>	<b>\$ 412,757</b>	<b>\$ 740,634</b>	<b>\$ 5,500</b>	<b>\$ 2,536,234</b>	<b>\$ 327,363</b>	<b>\$ 275,519</b>	<b>\$ 602,882</b>	<b>\$ 3,139,116</b>	<b>\$ 2,919,206</b>

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

## STATEMENT OF CASH FLOWS

	For The Years Ended June 30,	
	2014	2013
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 438,158	\$ 329,148
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation	174,114	170,592
Realized and unrealized gains on investments	(354,640)	(190,491)
Loss on disposal of property and equipment	—	15,509
In-kind donations of property and equipment	(11,629)	(12,000)
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	22,745	(5,145)
Increase in pledges receivable	(300,393)	(150,292)
(Increase) decrease in other assets	(15,420)	15,189
Increase in accounts payable and accrued expenses	53,963	29,415
Decrease in deferred revenue	(57,500)	(33,799)
<b>Net Cash Provided By (Used In) Operating Activities</b>	<b>(50,602)</b>	<b>168,126</b>
<b>Cash Flows From Investing Activities</b>		
Proceeds from sale of investments	1,335	812
Purchases of investments	(59,948)	(67,270)
Purchases of property and equipment	(34,022)	(16,647)
<b>Net Cash Used In Investing Activities</b>	<b>(92,635)</b>	<b>(83,105)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from line of credit	580,000	284,000
Repayments on line of credit	(580,000)	(284,000)
<b>Net Cash From Financing Activities</b>	<b>—</b>	<b>—</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(143,237)</b>	<b>85,021</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>369,550</b>	<b>284,529</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 226,313</b>	<b>\$ 369,550</b>
<b>Supplemental Cash Flow Information</b>		
Donated supplies and services	\$ 40,614	\$ 85,005
Donated property and equipment	11,629	12,000
Interest paid	9,501	3,691



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

## **NOTES TO FINANCIAL STATEMENTS**

**June 30, 2014 And 2013**

### **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 \$2,631,347 and \$2,218,094 of unrestricted net assets at June 30, 2014 and 2013, 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, 2013, 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.**

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### 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 restricted for scholarships as of June 30, 2014. The Organization has segregated cash accounts holding funds restricted for Capstone Program sponsorships and scholarships as of June 30, 2013.

#### **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.**

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### 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.

Commitments for sponsorships related to the Capstone Programs that have not met the requirements to be recorded as revenue at June 30, 2014 and 2013 approximate \$469,000 and \$452,000, 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.**

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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 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.**

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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 2010 and later remain subject to examination by taxing authorities.

# JUNIOR ACHIEVEMENT OF GREATER ST. LOUIS, INC.

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Notes To Financial Statements (*Continued*)

## Subsequent Events

Management has evaluated subsequent events through September 23, 2014, 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. Its 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 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>2014</u>	<u>2013</u>
Equity index funds	\$ 1,851,872	\$ 1,479,333
Intermediate-term bond funds	770,520	732,631
Certificate of deposit	62,000	62,000
Other	31,912	29,087
	<u>\$ 2,716,304</u>	<u>\$ 2,303,051</u>

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

	<u>2014</u>	<u>2013</u>
Short-term investments - Board restricted	\$ 2,631,347	\$ 2,218,094
Assets restricted for permanent endowment	84,957	84,957
	<u>\$ 2,716,304</u>	<u>\$ 2,303,051</u>

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

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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, 2014 or 2013.

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, 2014 and 2013.

### 5. Pledges Receivable

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

	<u>2014</u>			<u>2013</u>
	Temporarily			
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>	<u>Total</u>
Amounts collectible in				
less than one year	\$ 691,442	\$ 15,100	\$ 706,542	\$ 413,258
Less: Allowance for				
doubtful accounts	40,515	1,884	42,399	49,508
	<u>\$ 650,927</u>	<u>\$ 13,216</u>	<u>\$ 664,143</u>	<u>\$ 363,750</u>

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

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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>2014</u>	<u>2013</u>
Operations	\$ 304,203	\$ 148,402
Scholarships	52,613	50,316
	<u>\$ 356,816</u>	<u>\$ 198,718</u>

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

	<u>2014</u>	<u>2013</u>
Operations	\$ 146,800	\$ 86,512
Scholarships	5,500	6,000
	<u>\$ 152,300</u>	<u>\$ 92,512</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>2014</u>	<u>2013</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. Earnings on the endowments totaled \$4,315 and \$3,293, respectively, for the years ended June 30, 2014 and 2013. As of June 30, 2014 and 2013, all accumulated earnings on the endowments have been appropriated.



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

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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 2014 and 2013, fees of \$100,496 and \$105,618, 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 \$789,054 and \$717,737 during 2014 and 2013, respectively. As of June 30, 2014, \$28,706 was due to Junior Achievement USA. No amounts were due to Junior Achievement USA as of June 30, 2013.

For the years ended June 30, 2014 and 2013, the Organization received cash contributions and various donated supplies, equipment and services of \$967,385 and \$1,551,166, respectively, for operations from various members of the Board of Directors and their related companies. As of June 30, 2014 and 2013, outstanding pledges of \$410,950 and \$335,255, respectively, were due from these parties.

Various members of the Board of Directors and their related companies provide sponsorships for the Capstone Programs. During 2014 and 2013, revenue recorded from Board sponsorships approximated \$206,000 and \$197,000, respectively. Amounts included in deferred revenue related to Board sponsorships approximated \$20,000 and \$77,000, respectively, at June 30, 2014 and 2013.

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 2014 and 2013.

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

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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,	
		2014	2013	2014	2013
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN333	68%	66%	\$ 182,626	\$ 161,656

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

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### 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 2014 and is secured by personal property and receivables. Borrowing under the line of credit bears interest at a rate equal to Prime Rate plus 1.25% (4.5% at June 30, 2014). There were no advances on this line of credit at June 30, 2014 or 2013.

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

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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 and \$19,324 during 2014 and 2013, respectively. Future minimum lease payments as of June 30, 2014 are as follows:

<u>Year</u>	<u>Amount</u>
2015	\$ 14,313
2016	13,263
2017	13,053
2018	3,264
	<u>\$ 43,893</u>