

JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION

FINANCIAL STATEMENTS

FOR YEARS ENDED JUNE 30, 2014 AND 2013



Echelbarger, Himebaugh, Tamm & Co., P.C.
5136 Cascade Rd. SE, Suite 2A, Grand Rapids, MI 49546
200 S. Court Ave., Ste. 2, Gaylord, MI 49735
616.575.3452 info@ehtc.com www.ehtc.com

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR’S REPORT	1 – 2
FINANCIAL STATEMENTS:	
Statements of Financial Position	3 – 4
Statements of Activities	5 – 8
Statements of Functional Expenses	9 – 12
Statements of Cash Flows	13
NOTES TO FINANCIAL STATEMENTS	14 – 32
INDEPENDENT AUDITOR’S REPORT ON SUPPLEMENTARY INFORMATION	33
SUPPLEMENTARY INFORMATION	34

INDEPENDENT AUDITOR'S REPORT

December 15, 2014

Board of Directors
Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation
Grand Rapids, Michigan

We have audited the accompanying financial statements of Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation (a Michigan nonprofit 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 (U.S. GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the 2014 financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation as of June 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. GAAP.

Prior Period Financial Statements

The financial statements of Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation as of June 30, 2013 were audited by other auditors whose report dated September 30, 2013, expressed an unmodified opinion on those statements.

Respectfully submitted,

Echelbarger, Himebaugh, Tamm & Co., P.C.

ECHELBARGER HIMEBAUGH TAMM & CO., P.C.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 293,180	\$ 305,635	\$ -	\$ 598,815
Restricted - custodial cash	53,678	-	-	53,678
Investments - current	1,802,737	-	-	1,802,737
Promises to give - current	173,974	403,923	-	577,897
Other receivables	14,052	-	-	14,052
Prepaid expenses	99,856	-	-	99,856
Inventories	103,228	-	-	103,228
Total Current Assets	2,540,705	709,558	-	3,250,263
Noncurrent Assets:				
Investments - long-term	-	297,375	-	297,375
Promises to give, net of allowance	-	461,900	-	461,900
Beneficial interest in perpetual endowment funds	-	20,978	45,682	66,660
Property and equipment - net	65,951	-	-	65,951
Total Noncurrent Assets	65,951	780,253	45,682	891,886
TOTAL ASSETS	\$ 2,606,656	\$ 1,489,811	\$ 45,682	\$ 4,142,149
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable, accrued expenses, and withholdings	\$ 107,615	\$ -	\$ -	\$ 107,615
Current portion - capital lease obligation	1,576	-	-	1,576
Scholarships payable	4,750	-	-	4,750
Custodial fund	53,678	-	-	53,678
Total Current Liabilities	167,619	-	-	167,619
Noncurrent liabilities:				
Capital lease obligation	6,985	-	-	6,985
Total Noncurrent Liabilities	6,985	-	-	6,985
Total Liabilities	174,604	-	-	174,604
Net Assets:				
Unrestricted net assets:				
Undesignated	2,382,738	-	-	2,382,738
Designated	49,314	-	-	49,314
Temporarily restricted net assets	-	1,489,811	-	1,489,811
Permanently restricted net assets	-	-	45,682	45,682
Total Net Assets	2,432,052	1,489,811	45,682	3,967,545
TOTAL LIABILITIES AND NET ASSETS	\$ 2,606,656	\$ 1,489,811	\$ 45,682	\$ 4,142,149

See accompanying notes to financial statements.

2013

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 249,380	\$ 61,012	\$ -	\$ 310,392
65,784	-	-	65,784
1,694,794	-	-	1,694,794
151,708	200,097	-	351,805
2,580	-	-	2,580
146,004	-	-	146,004
78,006	-	-	78,006
2,388,256	261,109	-	2,649,365
-	251,586	-	251,586
-	198,530	-	198,530
-	12,267	45,582	57,849
64,796	-	-	64,796
64,796	462,383	45,582	572,761
\$ 2,453,052	\$ 723,492	\$ 45,582	\$ 3,222,126
\$ 68,305	\$ -	\$ -	\$ 68,305
-	-	-	-
5,118	-	-	5,118
65,784	-	-	65,784
139,207	-	-	139,207
-	-	-	-
-	-	-	-
139,207	-	-	139,207
2,264,531	-	-	2,264,531
49,314	-	-	49,314
-	723,492	-	723,492
-	-	45,582	45,582
2,313,845	723,492	45,582	3,082,919
\$ 2,453,052	\$ 723,492	\$ 45,582	\$ 3,222,126

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Junior Achievement</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Public Support:			
Contributions:			
Corporate contributions	\$ 266,743	\$ 34,669	\$ -
Individual contributions	112,251	23,210	100
Foundations	247,179	31,830	-
In-kind contributions	61,728	-	-
Capstone program/building	-	833,511	-
Program service fees	17,685	-	-
Scholarship income	-	-	-
Special events, net of expenses of \$177,585	508,910	103,315	-
Total Public Support	1,214,496	1,026,535	100
Other Revenues:			
Investment income	123,327	-	-
Unrealized gain on revaluation of beneficiary	-	8,711	-
Other income	50	-	-
Net assets released from restrictions:			
Satisfaction of donor restrictions	68,830	(68,830)	-
Expiration of time restrictions	200,097	(200,097)	-
Total Other Revenues	392,304	(260,216)	-
Total Public Support and Other Revenue	1,606,800	766,319	100
Expenses:			
Program services	1,198,593	-	-
Management and general	165,177	-	-
Fundraising	126,646	-	-
Total Expenses	1,490,416	-	-
Change in Net Assets	116,384	766,319	100
Net Assets - Beginning of Year	2,218,678	723,492	45,582
NET ASSETS - END OF YEAR	\$ 2,335,062	\$ 1,489,811	\$ 45,682

See accompanying notes to financial statements.

Foundation

<u>Unrestricted</u>	<u>Total</u>
\$ -	\$ 301,412
-	135,561
-	279,009
-	61,728
-	833,511
-	17,685
-	-
-	612,225
-	2,241,131
1,823	125,150
-	8,711
-	50
-	-
-	-
1,823	133,911
1,823	2,375,042
-	1,198,593
-	165,177
-	126,646
-	1,490,416
1,823	884,626
95,167	3,082,919
\$ 96,990	\$ 3,967,545

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2013**

	<u>Junior Achievement</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>
Public Support:			
Contributions:			
Corporate contributions	\$ 231,134	\$ 27,695	\$ -
Individual contributions	80,185	62,247	-
Foundations	300,288	134,087	-
In-kind contributions	79,759	-	-
Capstone program/building	-	305,000	-
Program service fees	21,135	-	-
Scholarship income	1,010	-	-
Special events, net of expenses of \$130,010	463,307	139,245	-
Total Public Support	1,176,818	668,274	-
Other Revenues:			
Investment income	(575)	1,586	-
Unrealized gain on revaluation of beneficiary	-	5,231	-
Net assets released from restrictions:			
Satisfaction of donor restrictions	76,072	(76,072)	-
Expiration of time restrictions	188,316	(188,316)	-
Total Other Revenues	263,813	(257,571)	-
Total Public Support and Other Revenue	1,440,631	410,703	-
Expenses:			
Program services	1,104,607	-	-
Management and general	150,729	-	-
Fundraising	145,650	-	-
Total Expenses	1,400,986	-	-
Change in Net Assets	39,645	410,703	-
Net Assets - Beginning of Year	2,179,033	312,789	45,582
NET ASSETS - END OF YEAR	\$ 2,218,678	\$ 723,492	\$ 45,582

See accompanying notes to financial statements.

Foundation

<u>Unrestricted</u>	<u>Total</u>
\$ -	\$ 258,829
-	142,432
-	434,375
-	79,759
-	305,000
-	21,135
-	1,010
-	602,552
-	1,845,092
(333)	678
-	5,231
-	-
-	-
(333)	5,909
(333)	1,851,001
-	1,104,607
-	150,729
-	145,650
-	1,400,986
(333)	450,015
95,500	2,632,904
<u>\$ 95,167</u>	<u>\$ 3,082,919</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	PROGRAM SERVICES			
	Elementary Program	Middle School Program	High School Program	Total Program Services
Wages and salaries	\$ 397,711	\$ 85,224	\$ 71,020	\$ 553,955
Contract and temporary work	40,128	11,112	6,174	57,414
Payroll taxes	32,529	6,970	5,809	45,308
Employee benefits	94,490	20,248	16,873	131,611
Staff conferences and seminars	12,631	4,737	3,383	20,751
Audit and professional fees	7,595	1,763	1,356	10,714
Postage	5,005	1,162	894	7,061
Local travel	11,221	4,809	3,005	19,035
Public relations and membership Communications	9,867	4,229	2,643	16,739
Equipment and software purchases, repairs and maintenance	6,008	1,395	1,073	8,476
Office supplies	5,361	1,244	957	7,562
Rent and storage	9,958	2,312	1,778	14,048
Program materials	33,318	7,734	5,950	47,002
Program license fee	44,955	44,955	44,955	134,865
Depreciation	17,445	17,446	17,446	52,337
Fundraising expense	7,731	1,795	1,381	10,907
Program and general insurance	-	-	-	-
Teacher driven strategy	7,864	1,825	1,404	11,093
Banking and investment fees	2,690	-	-	2,690
Scholarships	1,847	429	330	2,606
Uncollectible pledges	-	-	2,132	2,132
Miscellaneous	24,826	5,763	4,433	35,022
	5,150	1,195	920	7,265
TOTAL	\$ 778,330	\$ 226,347	\$ 193,916	\$ 1,198,593

See accompanying notes to financial statements.

SUPPORTING SERVICES

Management and General	Fundraising	Total Supporting Services	Total
\$ 99,428	\$ 56,816	\$ 156,244	\$ 710,199
1,234	3,087	4,321	61,735
8,132	4,647	12,779	58,087
23,623	13,499	37,122	168,733
-	1,804	1,804	22,555
2,170	678	2,848	13,562
1,430	447	1,877	8,938
-	1,002	1,002	20,037
-	881	881	17,620
1,716	536	2,252	10,728
1,532	479	2,011	9,573
2,845	890	3,735	17,783
9,519	2,975	12,494	59,496
-	-	-	134,865
-	-	-	52,337
2,209	688	2,897	13,804
-	34,671	34,671	34,671
2,247	702	2,949	14,042
-	-	-	2,690
528	165	693	3,299
-	-	-	2,132
7,093	2,217	9,310	44,332
1,471	462	1,933	9,198
<u>\$ 165,177</u>	<u>\$ 126,646</u>	<u>\$ 291,823</u>	<u>\$ 1,490,416</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2013**

	PROGRAM SERVICES			
	Elementary Program	Middle School Program	High School Program	Total Program Services
Wages and salaries	\$ 377,284	\$ 81,520	\$ 67,372	\$ 526,176
Contract and temporary work	24,560	6,801	3,778	35,139
Payroll taxes	37,552	8,114	6,706	52,372
Employee benefits	91,475	19,765	16,335	127,575
Staff conferences and seminars	11,434	4,288	3,063	18,785
Audit and professional fees	7,292	1,693	1,302	10,287
Postage	4,720	1,096	843	6,659
Local travel	11,055	4,738	2,961	18,754
Public relations and membership Communications	10,922	4,681	2,926	18,529
Equipment and software purchases, repairs and maintenance	5,967	1,385	1,065	8,417
Office supplies	3,795	881	678	5,354
Rent and storage	4,068	944	726	5,738
Program materials	28,896	6,708	5,160	40,764
Program license fee	45,393	45,392	45,392	136,177
Depreciation	15,173	15,174	15,174	45,521
Volunteer recognition and training	10,891	2,528	1,945	15,364
Fundraising expense	159	25	25	209
Program and general insurance	-	-	-	-
Teacher driven strategy	10,101	2,345	1,804	14,250
Banking and investment fees	3,530	-	-	3,530
Scholarships	1,648	383	294	2,325
Uncollectible pledges	-	-	1,861	1,861
Miscellaneous	4,635	1,076	828	6,539
	3,035	705	542	4,282
TOTAL	\$ 713,585	\$ 210,242	\$ 180,780	\$ 1,104,607

See accompanying notes to financial statements.

SUPPORTING SERVICES

Management and General	Fundraising	Total Supporting Services	Total
\$ 93,647	\$ 53,898	\$ 147,545	\$ 673,721
756	1,889	2,645	37,784
9,321	5,365	14,686	67,058
22,706	13,068	35,774	163,349
-	1,633	1,633	20,418
2,084	651	2,735	13,022
1,349	421	1,770	8,429
-	987	987	19,741
-	975	975	19,504
1,705	533	2,238	10,655
1,083	339	1,422	6,776
1,162	364	1,526	7,264
8,256	2,580	10,836	51,600
-	-	-	136,177
-	-	-	45,521
3,112	972	4,084	19,448
-	-	-	209
-	60,241	60,241	60,241
2,886	902	3,788	18,038
-	-	-	3,530
471	147	618	2,943
-	-	-	1,861
1,324	414	1,738	8,277
867	271	1,138	5,420
\$ 150,729	\$ 145,650	\$ 296,379	\$ 1,400,986

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013**

	2014	2013
Cash flows from operating activities:		
Change in net assets	\$ 884,626	\$ 450,015
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	13,804	19,448
Contributions restricted for long-term purposes	(242,908)	(50,000)
Net present value amortization	23,589	-
Uncollectible promises to give	44,332	8,277
Net unrealized (gain) loss on investments	(31,321)	172,476
Realized gain on investments	(49,798)	(157,871)
Inkind donation of equipment	(5,900)	(21,599)
Change in operating assets and liabilities:		
Increase in promises to give	(314,475)	(152,142)
Increase in other receivables	(11,472)	(2,490)
Decrease (increase) in prepaid expense	46,148	(13,926)
Increase in custodial fund	-	2,940
Increase in inventories	(25,222)	(9,550)
Increase (decrease) in accrued expenses	39,310	(14,141)
Decrease in scholarship payable	(368)	(1,138)
Total adjustments	(514,281)	(219,716)
Net cash provided by operating activities	370,345	230,299
Cash flows from investing activities:		
Purchase of property and equipment	-	(17,397)
Proceeds from sale of investments	126,714	450,282
Purchase of investments	(208,138)	(774,436)
Net cash used by investing activities	(81,424)	(341,551)
Cash flows from financing activities:		
Principal payments under capital lease obligations	(498)	-
Net cash used by financing activities	(498)	-
Net increase (decrease) in cash and cash equivalents	288,423	(111,252)
Cash and cash equivalents - Beginning of year	310,392	421,644
Cash and cash equivalents - End of year	\$ 598,815	\$ 310,392

Note: Restricted custodial cash of \$53,678 and \$65,784, respectively is not included in the statement of cash flows because it is not available for general operations.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014 AND 2013

NOTE A – NATURE OF BUSINESS

Junior Achievement of the Michigan Great Lakes, Inc. (JAMGL or the Organization) is a nonprofit organization whose mission is to inspire and prepare young people to succeed in a global economy. JAMGL's programs help prepare young people for the real world by showing them how to generate wealth and effectively manage it, how to create jobs which make their communities more robust, and how to apply entrepreneurial thinking to the workplace. Programs are provided from five service centers in cooperation with over seventy school districts covering approximately forty counties in Western, Mid and Northern Michigan. These centers are funded through a combination of donations and fees for service. It is always considered reasonably possible that contributions might be lost in the near term

JAMGL operates as a franchise of Junior Achievement Worldwide. The franchise agreement with Junior Achievement Worldwide requires JAMGL to pay a program license fee to Junior Achievement Worldwide based on revenues earned.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of JAMGL have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205, *Not-for-Profit Entities, Presentation of Financial Statements*. Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the accounts of JAMGL and its affiliate, Junior Achievement of the Michigan Great Lakes Foundation, Inc. (Foundation). The Foundation was formed as a Michigan nonstock corporation in 1961 with the stated purpose to receive contributions and to receive and hold title to real and/or personal property primarily for the use of JAMGL. The Foundation funds certain projects as proposed by Junior Achievement of the Michigan Great Lakes, Inc. All significant intercompany transactions and accounts have been eliminated.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

See independent auditor's report.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, cash and cash equivalents are considered to be cash on hand, deposit accounts, money market accounts and all certificates of deposit with original maturity of less than 1 year.

INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

The Organization invests in publicly traded securities which 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 that such change could materially affect the amounts reported in the statement of financial position.

FUNDS HELD BY COMMUNITY FOUNDATIONS

Funds held by community foundations, which are included as investments in the statement of financial position, represent amounts previously invested by the Organization in various foundations, as well as reported earnings / losses thereon (spendable reserves). Realized and unrealized gains and losses, as reported by the foundations, are included in the change in net assets in the accompanying statement of activities. Amounts donated by unrelated third parties to these foundations, specified for the benefit of the Organization, as well as earnings or losses thereon, and are not recorded in the accompanying financial statements.

PROMISES TO GIVE

Unconditional promises to give, or pledges, are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met and the promise becomes unconditional. All promises to give are stated at unpaid balance less an allowance for doubtful accounts. The fair value of promises to give is determined using present value techniques that consider historical trends of collection, the type of donor, general economic conditions, and market interest rate assumptions for individuals, businesses and foundations (Level 2 input).

FAIR VALUE MEASUREMENTS

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820-20 on "Fair Value Measurements", which provides a framework for measuring fair value under U.S. GAAP. This standard applies to all financial instruments that are being measured and reported on a fair value basis.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FAIR VALUE MEASUREMENTS (CONTINUED)

The standard clarifies how organizations are required to use a fair value measure for recognition and disclosure by establishing a common definition of fair value, creating a framework for measuring fair value, and expanding disclosures about fair value measurements. The standard also establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an organization to develop its own assumptions. There were no transfers between levels in the years ended June 30, 2014 and 2013.

INVENTORIES

Inventories consists primarily of classroom program kits, gift cards and logos and other supplies that are stated at lower of cost or fair market value as determined by the first-in, first-out method.

PROPERTY AND EQUIPMENT

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are carried at cost or, if donated, at the estimated fair value at the date of donation. Depreciation is computed using the straight-line method, based on estimated useful lives of the assets. The ranges of estimated useful lives used in computing depreciation are as follows:

Telephone equipment	5 years
Office equipment	3 to 5 years
Office furniture and fixtures	3 to 15 years

Depreciation expense amounted to \$13,804 and \$19,448 for the years ended June 30, 2014 and 2013 respectively.

NET ASSET CLASSIFICATIONS

Financial Account Standards Board (FASB) ASC 958-205 *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds* provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). FASB ASC 958-205 also improves disclosures about an organization's endowment funds (both donor restricted and board-designated endowment funds) whether or not the Organization is subject to UPMIFA.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSET CLASSIFICATIONS (CONTINUED)

The Organization follows UPMIFA and its own governing documents. UPMIFA requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund is spendable under UMIFA. The Organization's donors have not placed restrictions on the use of the investment income or net appreciation resulting from the donor-restricted endowment funds.

As a result, 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.

Contributions that are subject to other gift instruments may be recorded as permanently restricted, temporarily restricted, or unrestricted, depending on the specific terms of the agreement. Generally, if the corpus of a contribution will at some future time become available for spending it is recorded as temporarily restricted, and if the corpus never becomes available for spending it is reported as permanently restricted.

INCOME TAXES

Junior Achievement of the Michigan Great Lakes, Inc. and Junior Achievement of the Michigan Great Lakes Foundation, Inc. are exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to either entity's tax-exempt purpose is subject to taxation as unrelated business income, if applicable.

In addition, Junior Achievement of the Michigan Great Lakes, Inc. and Junior Achievement of the Michigan Great Lakes Foundation, Inc. qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as organizations that are not a private foundation under Section 509(a)(2). Both entities are also exempt from Michigan corporate income tax.

PUBLIC SUPPORT AND OTHER REVENUES

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donated marketable securities and other noncash donations are recorded as contributions at their fair values at the date of donation.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PUBLIC SUPPORT AND OTHER REVENUES (CONTINUED)

Restricted and Unrestricted Revenue and Support (Continued)

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 recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. The Organization recognized donated property and equipment with fair market value of \$5,900 and \$21,599 during the years ended June 30, 2014 and 2013, respectively.

Donated Services, Materials, and Supplies

The Organization recognizes in-kind donated services, materials and supplies in accordance with FASB ASC 958-605-25 *Accounting for Contributions Received and Contributions Made*. ASC 958-605-25-16 requires that only contributions that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation be recorded. The Organization benefitted from donations of advertising, shipping of program kit materials, office supplies and materials with an estimated fair market value of \$61,728 and \$79,759 for the years ended June 30, 2014 and 2013, respectively and various items for special events with an estimated fair market value totaling \$49,536 and \$0 for the years ended June 30, 2014 and 2013, respectively.

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization's program, management and general and fundraising support functions. The value of this contributed time does not meet the criteria for recognition of contributed services, and accordingly, is not reflected in the accompanying financial statements.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COST ALLOCATION

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited as detailed in the statements of functional expenses. Fundraising costs include both direct and indirect costs related to the solicitation of contributions from the general public.

RECLASSIFICATION

Certain amounts have been reclassified in 2013 to conform to the 2014 presentation.

SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through December 15, 2014, which is the date the financial statements were readily available to be issued.

NOTE C – RESTRICTED CASH AND CONCENTRATION OF CREDIT RISK

Restricted custodial cash of \$53,678 and \$65,784 as of June 30, 2014 and 2013 respectively, represent amounts held on deposit at a financial institution for payment to or on behalf of the Michigan state-wide Junior Achievement chapters. Junior Achievement of the Michigan Great Lakes, Inc. has no authority over these funds and, accordingly, transactions from the accounts are not included in the statement of activities. A corresponding liability is shown as a custodial fund.

Financial instruments that potentially subject Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation to concentrations of credit risk consist principally of temporary and long-term cash investments and promises to give.

The Organization maintains money market funds with its investment broker-dealer. General money market amounts totaling \$48,646 and \$584 at June 30, 2014 and 2013, respectively, are considered securities and are protected by the Securities Investor Protection Corporation (SIPC). The SIPC provides up to a maximum of \$500,000 of protection per investor, including a \$250,000 limit for cash. The broker dealer carries additional insurance to provide for protection in excess of \$500,000.

The Organization maintains depository accounts with various financial institutions where balances on deposit are insured by the FDIC to a maximum of \$250,000 per institution. Deposits totaling \$352,110 and \$0 at June 30, 2014 and 2013, respectively, were uninsured and uncollateralized.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE C – RESTRICTED CASH AND CONCENTRATION OF CREDIT RISK (CONTINUED)

Concentrations of credit risk with respect to promises to give receivable are limited due to the large number of contributors comprising the Organization's contributor base and their dispersion across different industries and geographic areas.

NOTE D – PROMISES TO GIVE

The Organization had the following unconditional promises to give at June 30:

	<u>2014</u>	<u>2013</u>
Receivable in less than one year	\$ 577,897	\$ 351,805
Receivable in one to five years	492,100	213,480
Total unconditional promises to give	1,069,997	\$ 565,285
Less allowance for uncollectible promises	(5,100)	(8,450)
Less discounts to net present value	(25,100)	(6,500)
Net unconditional promises to give	<u>\$ 1,039,797</u>	<u>\$ 550,335</u>

Promises to give with due dates beyond one year are discounted using JAMGL's incremental borrowing rate, which approximates prime. The applicable rates at June 30, 2014 and 2013 was 3.00%. The total unconditional promises to give earmarked for the Organization's Capstone capital campaign was \$644,258 and \$50,000 for the years ended June 30, 2014 and 2013 respectively.

NOTE E – CONDITIONAL PROMISES TO GIVE

During fiscal year 2014, the Organization received a conditional promise of \$1,000,000, full payment which is contingent upon the Organization raising matching funds over a period of three years and also acquiring real estate and building a new structure or renovating an existing structure. Since this contribution represents conditional promise to give, it is not recorded as contribution revenue until donor conditions are met. Funds received from the donor during the year totaled \$50,000 and are recorded as contribution revenue.

NOTE F – FAIR VALUE MEASUREMENT

Generally accepted accounting principles establish 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 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE F – FAIR VALUE MEASUREMENT (CONTINUED)

Level 2 – Quoted prices in markets that are not considered active or financial instruments for which significant inputs, include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.

Level 3 – Significant unobservable inputs, which may include the Organization’s own assumptions in determining fair value.

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

Assets measured at fair value on a recurring basis comprise the following:

Description	Level 1	Level 2	Level 3	Fair value June 30, 2014
Equities	\$ 314,025	\$ -	\$ -	\$ 314,025
Mutual funds-fixed income	1,784,416	-	-	1,784,416
Certificates of deposit	1,671	-	-	1,671
Beneficial interest in perpetual endowment fund	66,660	-	-	66,660
	<u>\$2,166,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,166,772</u>

Description	Level 1	Level 2	Level 3	Fair value June 30, 2013
Equities	\$ 219,223	\$ -	\$ -	\$ 219,223
Mutual funds-fixed income	1,722,970	-	-	1,722,970
Certificates of deposit	4,187	-	-	4,187
Beneficial interest in perpetual endowment fund	57,849	-	-	57,849
	<u>\$2,004,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,004,229</u>

As stated in Note G, the Organization is the beneficiary under an agency endowment administered by the Muskegon Community Foundation. The Foundation invests in a variety of investment types that are subject to Level 1, 2 and 3 fair value inputs. The fair value of the beneficial interest was \$27,628 and \$23,998 as of June 30, 2014 and 2013 respectively.

The Organization is also the beneficiary under an agency endowment administered by the Capital Region Community Foundation. The Foundation invests in a variety of investment types that are subject to Level 1, 2 and 3 fair value inputs. The fair value of the beneficial interest was \$39,032 and \$33,851 as of June 30, 2014 and 2013 respectively.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE F – FAIR VALUE MEASUREMENT (CONTINUED)

The following summarizes investment income for the year ending June 30:

	<u>2014</u>	<u>2013</u>
Interest/dividends earned	\$ 51,212	\$ 20,514
Realized gain	49,798	162,519
Unrealized gain (loss)	<u>24,140</u>	<u>(182,355)</u>
Total investment income	<u>\$ 125,150</u>	<u>\$ 678</u>

NOTE G – BENEFICIAL INTEREST IN PERPETUAL ENDOWMENT FUNDS

The Capital Region Community Foundation (Foundation) was established with a principal purpose to receive and administer funds as endowments for various charitable and educational purpose organizations in the central Michigan community. The Organization established the JA Mid-Michigan Endowment Fund (Fund) whose assets are being held and managed by the Foundation. The Fund will be used for support of the charitable or educational purposes of the Organization upon written request. Any un-requested or undistributed income is carried forward for future years, unless otherwise specified by the Organization in writing. The fund agreement does not address the issue of variance power, however the Board of Trustees of the Foundation have the final authority and discretion as to the investment and reinvestment of the assets of the Fund.

The Muskegon Community Foundation (Foundation) was established with a principal purpose to receive and administer funds as endowments for various charitable and educational purpose organizations in the lakeshore community. The Organization established the Muskegon Lakeshore Region Junior Achievement Fund (Fund) whose assets are being held and managed by the Foundation. The Fund will be used for support of the charitable or educational purposes of the Organization upon written request. Any un-requested or undistributed income is carried forward for future years, unless otherwise specified by the Organization in writing.

The Fund agreement, which grant variance power to the Foundation, allows the Organization a 30-day period during which it may advise the Foundation of its views regarding the proposed exercise of the power and take such other action as it deems appropriate. The Foundation agrees that if their Board of Trustees propose to exercise the variance power, the exercise of such power shall not be effective earlier than at least 30 days after the written notice to the Organization.

The aggregate amounts reported in the statements of financial position are \$66,660 and \$57,849 at June 30, 2014 and 2013, respectively, and are described as “Beneficial interest in perpetual endowment funds.”

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE G – BENEFICIAL INTEREST IN PERPETUAL ENDOWMENT FUNDS (CONTINUED)

In addition, in honor of Edward Frey, the founder of Junior Achievement in the Grand Rapids area, the Frey Foundation has established an endowment fund at the Grand Rapids Community Foundation in August of 2000 to benefit Junior Achievement of the Michigan Great Lakes, Inc. The purpose of the fund is to support Junior Achievement’s mission and programming in perpetuity. The current value as of June 30, 2014 and 2013 was \$444,732 and \$410,047 respectively.

The Edward Frey endowment fund is not included in the accompanying financial statements since the funds are not under the control of the Organization. Distributions received from the endowment funds are recorded as contribution income when received.

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of:

	June 30, 2014		
	Cost	Accumulated Depreciation	Net Book Value
Telephone equipment	\$ 17,395	\$ 17,395	\$ -
Office equipment	69,826	49,992	19,834
Office furniture and fixtures	181,103	134,986	46,117
	\$ 268,324	\$ 202,373	\$ 65,951

	June 30, 2013		
	Cost	Accumulated Depreciation	Net Book Value
Telephone equipment	\$ 17,395	\$ 17,395	\$ -
Office equipment	60,767	42,302	18,465
Office furniture and fixtures	175,203	128,872	46,331
	\$ 253,365	\$ 188,569	\$ 64,796

NOTE I – ACCOUNTS PAYABLE, ACCRUED EXPENSES, AND WITHHOLDINGS

Accounts payable, accrued expenses, and withholdings consists of the following at June 30, 2014 and 2013, respectively:

	2014	2013
Accounts Payable	\$ 8,563	\$ 1,054
Accrued payroll and withholdings	99,052	67,251
Total	\$ 107,615	\$ 68,305

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE J – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were \$1,489,811 and \$723,492 at June 30, 2014 and 2013, respectively. The temporarily restricted net assets consist of unconditional promises to give with payment dates in future periods for both operations and the Capstone Project and cash donations received in advance for use in future periods for both operating purposes and the Capstone Project.

NOTE K – OPERATING LEASES

The Organization leased office space in Grand Rapids under a 48 month lease that expired June 30, 2012. The Organization is currently leasing that office space on a month-to-month basis for monthly payments of \$2,900. The Organization also leases office space in Grand Haven on a month-to-month basis for monthly payments of \$900 and office space in Lansing on a month-to-month basis for monthly payments of \$500. Operating lease expense was \$51,600 in 2014 and 2013 respectively. Future lease payments are expected to be similar to current payments. Additionally the Organization leases equipment on a month-to-month basis. Total rental expense for this equipment was \$1,795 and \$1,764 for the years ended June 30, 2014 and 2013, respectively.

NOTE L – CAPITAL LEASE OBLIGATIONS

In February 2014, the Organization began leasing a copier under a capital lease expiring February 2019 with an annual interest rate of 8.00%. The asset and liability under the capital lease are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The capital lease liability is secured by the related asset being leased. The asset is amortized over the related lease term. Amortization of \$679 was charged to depreciation for the year ended June 30, 2014. Interest expense of \$237 was charged for the year ended June 30, 2014. Following is a summary of property held under capital lease as of June 30, 2014:

Copier	\$ 9,059
Less accumulated depreciation	<u>679</u>
	<u>\$ 8,380</u>

The total remaining lease payments required under the aforementioned capital lease as of June 30, 2014 is as follows:

Year ending June 30:	2015	\$ 2,204
	2016	2,204
	2017	2,204
	2018	2,204
	2019	<u>1,470</u>
Net minimum lease payments		10,286
Amount representing interest		<u>(1,725)</u>
Present value of net minimum lease payments		<u>\$ 8,561</u>

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE M – ADVERTISING

The Organization expenses the cost of advertising and promotions as incurred. Advertising expense was \$2,689 and \$5,636 for the years ended June 30, 2014 and 2013 respectively.

NOTE N – PENSION AND POST RETIREMENT 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 and employees of participating members of the Organization. The Plan is accounted for like a multi-employer 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. Effective July 1, 2012, 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 Organization's pension expense for the years ended June 30, 2014 and 2013 was \$87,146 and \$88,843, respectively.

Junior Achievement USA uses a June 30 measurement date for the Plan. Significant balances, costs, and assumptions are:

	<u>2014</u>	<u>2013</u>
Benefit obligation	\$ (73,709,786)	\$ (65,120,717)
Fair value of plan assets	50,386,905	43,112,538
Underfunded status	<u>\$ (23,322,881)</u>	<u>\$ (22,008,179)</u>
Accumulated benefit obligation	<u>\$ 65,944,688</u>	<u>\$ 58,950,012</u>

Weighted-average assumptions used to determine benefit obligations at June 30:

	<u>2014</u>	<u>2013</u>
Discount rate	3.75%	4.25%
Rate of compensation increase	4.00%	4.00%

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE N – PENSION AND POST RETIREMENT PLAN (CONTINUED)

Weighted-average assumptions used to determine benefit costs at June 30:

	<u>2014</u>	<u>2013</u>
Discount rate	3.75%	4.25%
Expected return on plan assets	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%

The estimated long-term rate of return on Plan assets is based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2014:

2015	\$	7,494,259
2016		6,534,757
2017		5,317,689
2018		5,882,365
2019		5,831,407
2020 to 2024		28,961,479

Plan assets are held by Fidelity Investments and investment decisions are made in accordance with the provisions of the Plan's investment agreement by the Plan's investment advisor. The investment agreement permits investment in common stocks, corporate bonds, real estate and cash based on certain target allocation percentages.

The investment objective of the Plan is to construct an investment strategy that:

- Provides a high probability of attaining fully funded status;
- Retains the ability to pay benefits and expense obligations when due;
- Retains a funding cushion for unexpected developments;
- Maximizes the long-term returns that can be achieved within the level of risk that is reasonable and prudent; and
- Provides the Plan Sponsor with the flexibility to reduce future contributions, or increase future benefits, in a way that enables the Plan Sponsor to continue to provide competitive retirement benefits to its employees.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE N – PENSION AND POST RETIREMENT PLAN (CONTINUED)

The target asset allocation percentages for 2014 are:

Equity securities	Not to exceed	65.00%
Corporate debt securities	Not to exceed	48.00%
Real estate	Not to exceed	6.00%
Cash and cash equivalents	Not to exceed	2.00%

Plan assets are rebalanced quarterly. Plan assets by category are as follows as of June 30:

	<u>2014</u>	<u>2013</u>
Equity mutual funds	56.00%	56.00%
Fixed income mutual funds	39.00%	39.00%
Real estate mutual funds	5.00%	5.00%
	<u>100.00%</u>	<u>100.00%</u>

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

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in some of its multi-employer plans, the Organization may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The Organization’s participation in this plan for the annual period ended June 30, 2014 is outlined in the table below. The “EIN/Pension Plan Number” column provides the Employee Identification Number (EIN) and the three-digit plan number. The Plan’s funded status available in 2014 and 2013 is for years ended June 30, 2014 and 2013, respectively. Finally, the number of employees covered by the Organization’s multi-employer plan decreased by 8 percent from 2013 to 2014. These factors affect the period-to-period comparability of the contributions for years 2014 and 2013.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE N – PENSION AND POST RETIREMENT PLAN (CONTINUED)

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Funded Status</u>		<u>Total Contributions by Organization</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Retirement plan for employees of Junior Achievement USA	13-1635270 PN333	68.00%	66.00%	<u>\$ 87,146</u>	<u>\$ 88,843</u>

The Organization was listed in its plan's Form 5500 as providing more than 5 percent of the total contributions for the June 30, 2014 and 2013 plan years.

NOTE O – HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN

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 multi-employer plan. Premiums are paid into the Health and Welfare plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of Junior Achievement USA® chapters can participate in the Health and Welfare Plan. 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.

The following represents summarized financial information pertaining to the Benefits Trust as of and for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Assets	\$ 5,743,911	\$ 5,234,844
Liabilities	215,827	75,127
Net assets	<u>\$ 5,528,084</u>	<u>\$ 5,159,717</u>
Additions to net assets	\$ 6,796,856	\$ 6,415,237
Deductions from net assets	6,428,489	5,939,243
Change in net assets	368,367	475,994
Net assets, beginning of year	5,159,717	4,683,723
Net assets, end of year	<u>\$ 5,528,084</u>	<u>\$ 5,159,717</u>

In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the financial statements, claims payable, and claims incurred but not reported. This balance as of June 30, 2014 and 2013 is \$294,435 and \$234,678, respectively. This liability is not recorded in the Benefits Trust's statements of net assets available for benefits.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

**NOTE O – HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN
(CONTINUED)**

POSTRETIREMENT BENEFITS PLAN

The Organization also offers health care benefits to retired personnel of the Organization. The plan is administered by the Organization and accounted for like a multi-employer 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 multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

The Organization uses a June 30th measurement date for the Plan. Significant balances, costs, and assumptions are:

	2014	2013
Benefit obligation	\$ (7,126,529)	\$ (6,333,037)
Fair value of plan assets	-	-
Underfunded status	\$ (7,126,529)	\$ (6,333,037)
Accumulated benefit obligation	\$ (7,126,529)	\$ (6,333,037)

Weighted-average assumptions used to determine benefit obligations at June 30, 2014 and 2013:

	2014	2013
Discount rate	3.75%	4.25%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2014 and 2013:

	2014	2013
Discount rate	4.25%	3.75%
Rate of compensation increase	4.00%	4.00%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2014:

	2015	\$ 314,952
	2016	338,127
	2017	345,747
	2018	341,631
	2019	370,661
	2020 to 2024	2,013,140

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE O – HEALTH AND WELFARE BENEFITS TRUST AND POSTRETIREMENT BENEFITS PLAN (CONTINUED)

POSTRETIREMENT BENEFITS PLAN (CONTINUED)

The Organization's premium expense for the years ended June 30, 2014 and 2013 was \$88,337 and \$74,506, respectively.

NOTE P – ENDOWMENT NET ASSETS

The Organization has adopted the accounting and disclosure guidance provided by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). As such, the Organization has adopted the required provisions of the Act.

Endowment net assets consist of the following at June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Muskegon Community Foundation Perpetual Endowment Fund	\$ -	\$ 10,428	\$ 17,200	\$27,628
Capital Region Community Foundation Perpetual Endowment Fund	-	10,550	28,482	39,032
	<u>\$ -</u>	<u>\$ 20,978</u>	<u>\$ 45,682</u>	<u>\$66,660</u>

Endowment net assets consist of the following at June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Muskegon Community Foundation Perpetual Endowment Fund	\$ -	\$ 6,798	\$ 17,200	\$23,998
Capital Region Community Foundation Perpetual Endowment Fund	-	5,469	28,382	33,851
	<u>\$ -</u>	<u>\$ 12,267</u>	<u>\$ 45,582</u>	<u>\$57,849</u>

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE P – ENDOWMENT NET ASSETS (CONTINUED)

Changes in endowment net assets for the year ended June 30, 2014 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beneficial interest in perpetual endowment fund July 1, 2013	\$ -	\$ 12,267	\$ 45,682	\$ 57,949
Investment income	-	1,631	-	1,631
Unrealized/realized gain on investments	-	7,524	-	7,524
Investment fees	-	(444)	-	(444)
Unrealized gain on revaluation of beneficial interest	-	8,711	-	8,711
Beneficial interest in perpetual endowment fund June 30, 2014	<u>\$ -</u>	<u>\$ 20,978</u>	<u>\$ 45,682</u>	<u>\$ 66,660</u>

Changes in endowment net assets for the year ended June 30, 2013 were as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beneficial interest in perpetual endowment fund July 1, 2012	\$ -	\$ 7,036	\$ 45,582	\$ 52,618
Investment income	-	1,529	-	1,529
Unrealized/realized gain on investments	-	4,058	-	4,058
Investment fees	-	(356)	-	(356)
Unrealized gain on revaluation of beneficial interest	-	5,231	-	5,231
Beneficial interest in perpetual endowment fund June 30, 2013	<u>\$ -</u>	<u>\$ 12,267</u>	<u>\$ 45,582</u>	<u>\$ 57,849</u>

From time to time, the fair market value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or the Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires the Organization to retain. No such deficiencies existed that resulted in the invasion of the principal as of June 30, 2014 and 2013.

NOTE Q – CASH FLOW INFORMATION

The Organization had noncash financing transactions relating to a capital lease on new equipment of \$9,059 for the year ended June 30, 2014. Interest paid for 2014 was \$237.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION**

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2014 AND 2013

NOTE R- ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Junior Achievement of the Michigan Great Lakes, Inc. and Affiliated Corporation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years ended June 30, 2014 and 2013.

The Organization files its form 990 annually in the appropriate U.S. federal jurisdiction office and the office of the state's attorney general for the State of Michigan. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2010.

SUPPLEMENTARY INFORMATION

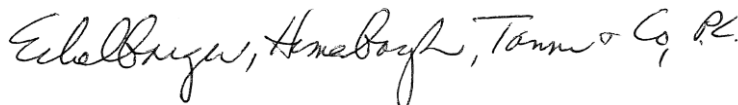
**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY INFORMATION**

December 15, 2014

Board of Directors
Junior Achievement of the Michigan Great Lakes, Inc., and Affiliated Corporation
Grand Rapids, Michigan

We have audited the financial statements of Junior Achievement of the Michigan Great Lakes, Inc., and Affiliated Corporation as of and for the year ended June 30, 2014, and our report thereon dated December 15, 2014, which expressed an unmodified opinion on those financial statements, appears on pages 1 – 2. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The “SUPPLEMENTAL STATEMENT PREPARED FOR JUNIOR ACHIEVEMENT USA ®” is presented for the purposes of additional information to be provided to Junior Achievement USA ® and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Respectfully submitted,



ECHELBARGER HIMEBAUGH TAMM & CO., P.C.

**JUNIOR ACHIEVEMENT OF THE MICHIGAN GREAT LAKES, INC.
AND AFFILIATED CORPORATION
SUPPLEMENTAL STATEMENT PREPARED FOR JUNIOR ACHIEVEMENT USA ®
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public Support:				
Contributions:				
Corporate contributions	\$ 266,743	\$ 502,430	\$ -	\$ 769,173
Individual contributions	112,251	163,960	100	276,311
Foundations	247,179	256,830	-	504,009
In-kind contributions	61,728	-	-	61,728
Program service fees	17,685	-	-	17,685
Scholarship income	-	-	-	-
Special events, net of expenses of \$177,585	508,910	103,315	-	612,225
Total Public Support	<u>1,214,496</u>	<u>1,026,535</u>	<u>100</u>	<u>2,241,131</u>
Other Revenues:				
Unrealized gain on investments	24,140	8,711	-	32,851
Realized gain on investments	49,798	-	-	49,798
Other income	51,262	-	-	51,262
Net assets released from restrictions:				
Satisfaction of donor restrictions	68,830	(68,830)	-	-
Expiration of time restrictions	200,097	(200,097)	-	-
Total Other Revenues	<u>394,127</u>	<u>(260,216)</u>	<u>-</u>	<u>133,911</u>
Total Public Support and Other Revenue	<u>1,608,623</u>	<u>766,319</u>	<u>100</u>	<u>2,375,042</u>
Expenses:				
Program services	1,490,416	-	-	1,490,416
Management and general	-	-	-	-
Fundraising	-	-	-	-
Total Expenses	<u>1,490,416</u>	<u>-</u>	<u>-</u>	<u>1,490,416</u>
Change in Net Assets	118,207	766,319	100	884,626
Net Assets - Beginning of Year	2,313,845	723,492	45,582	3,082,919
NET ASSETS - END OF YEAR	<u>\$ 2,432,052</u>	<u>\$ 1,489,811</u>	<u>\$ 45,682</u>	<u>\$ 3,967,545</u>