Junior Achievement of OKI Partners, Inc.

Financial Statements
June 30, 2017
Independent Auditors' Report

JUNIOR ACHIEVEMENT OF OKI PARTNERS, INC.

June 30, 2017

Contents

BARNES DENNIG
Accounting • Tax • Business Insight

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Independent Auditors' Report

To the Board of Directors
Junior Achievement of OKI Partners, Inc.
Cincinnati, Ohio

We have audited the accompanying financial statements of the Junior Achievement of OKI Partners, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the financial position of the Junior Achievement of OKI Partners, Inc. as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditors' Report
(Continued)

Prior Period Adjustments

As described in Note 12 to the financial statements, the Organization has restated its 2017 beginning net assets during the current year. An adjustment was made to recognize revenue on the donation portion of receipts from special events received in advance of the event. An adjustment was also made to recognize restrictions on pledges receivable due within one year. Our opinion is not modified with respect to these matters.

Barnes, Dennig & Co., Ltd.

October 26, 2017
Cincinnati, Ohio

JUNIOR ACHIEVEMENT OF OKI PARTNERS, INC.

Statement of Financial Position
June 30, 2017

Assets		
Current assets:		
Cash and cash equivalents	$	303,351
Pledges receivable, net		45,803
Prepaid expenses		48,490
Total current assets		397,644
Long term assets:		
Investments		42,210
Long term pledges, net		27,491
Fixed assets, net		5,811
Total long term assets		75,512
Total assets	$	473,156
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	$	36,395
Accrued liabilities		20,348
Deferred revenue		69,000
Total current liabilities		125,743
Net assets:		
Unrestricted		274,119
Temporarily restricted		73,294
Total net assets		347,413
Total liabilities and net assets	$	473,156

See accompanying notes to financial statements

JUNIOR ACHIEVEMENT OF OKI PARTNERS, INC.

Statement of Activities
Year Ended June 30, 2017

	2017		
	Unrestricted	**Temporarily Restricted**	**Total**
Public support, revenues and reclassifications:			
Contributions:			
Corporate	$ 75,049	$ 74,551	$ 149,600
Individual	115,330	35,990	151,320
Foundations	90,566	-	90,566
Total contributions	280,945	110,541	391,486
Special events	1,055,611	-	1,055,611
Realized gains on investments	3,137	-	3,137
In-kind contributions	3,000	-	3,000
Net assets released from restrictions	101,984	(101,984)	-
Total public support, revenues and reclassifications	1,444,677	8,557	1,453,234
Expenses:			
Program services	858,578	-	858,578
Management and general	77,162	-	77,162
Fundraising	88,605	-	88,605
Special event costs of direct benefits to donors	364,331	-	364,331
Total expenses	1,388,676	-	1,388,676
Change in net assets	56,001	8,557	64,558
Net assets, beginning of year, as originally stated	147,773	31,232	179,005
Adjustment applicable to prior years (Note 12)	70,345	33,505	103,850
Net assets, beginning of year, as restated	218,118	64,737	282,855
Net assets, end of year	$ 274,119	$ 73,294	$ 347,413

See accompanying notes to financial statements

JUNIOR ACHIEVEMENT OF OKI PARTNERS, INC.

Statement of Functional Expenses
Year Ended June 30, 2017

	Program Services	Management and General	Fundraising	Special Event Costs of Direct Benefits to Donors	Total
Salaries	$ 468,012	$ 58,501	$ 58,501	$ -	$ 585,014
Benefits	62,004	7,751	7,751	-	77,506
Total salaries and benefits	530,016	66,252	66,252	-	662,520
Education	184,065	-	-	-	184,065
Golf tournament	-	-	-	130,100	130,100
Hall of Fame	-	-	-	122,741	122,741
Bowl-a-thon	-	-	-	61,260	61,260
National participation	44,536	-	-	-	44,536
Rent	33,303	4,163	4,163	-	41,629
Guns & Grapes	-	-	-	35,217	35,217
Telephone	13,869	1,733	1,733	-	17,335
Shooting Clay Classic	-	-	-	14,725	14,725
Office and computer	9,922	1,240	1,240	-	12,402
Professional fees	9,325	1,166	1,166	-	11,657
General insurance	8,125	903	-	-	9,028
Fundraising	-	-	7,873	-	7,873
Postage and delivery	5,752	719	719	-	7,190
Job shadow	6,432	-	-	-	6,432
Bad debt	-	-	4,359	-	4,359
Dues and subscriptions	2,733	341	341	-	3,415
Volunteer recognition	2,341	-	-	-	2,341
Depreciation	1,860	232	232	-	2,324
Bank charges	1,526	191	191	-	1,908
Training and meetings	1,769	-	-	-	1,769
Equipment lease/maintenance	1,306	163	163	-	1,632
Mileage	1,030	-	114	-	1,144
Miscellaneous	468	59	59	288	874
JA breakfast	200	-	-	-	200
Total expenses	$ 858,578	$ 77,162	$ 88,605	$ 364,331	$ 1,388,676

See accompanying notes to financial statements

JUNIOR ACHIEVEMENT OF OKI PARTNERS, INC.

Statements of Cash Flows
Year Ended June 30, 2017

Cash flows from operating activities:	
Change in net assets	$ 64,558
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	2,324
Bad debt on pledges receivable	4,359
Realized gains on investments	(3,137)
Changes in:	
Pledges receivable, net	(12,916)
Prepaid expenses	(12,168)
Accounts payable	25,495
Accrued liabilities	(19,543)
Deferred revenue	17,200
Net cash provided by operating activities	66,172
Cash flows from investing activities:	
Purchases of fixed assets	(6,449)
Purchases of investments	(503)
Proceeds from sale of investments	8,355
Net cash provided by investing activities	1,403
Net change in cash and cash equivalents	67,575
Cash and cash equivalents, beginning of year	235,776
Cash and cash equivalents, end of year	$ 303,351

See accompanying notes to financial statements

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Junior Achievement of OKI Partners, Inc. (the Organization), a nonprofit organization established under the laws of the State of Ohio, operates as an educational organization. The Organization is dedicated to educate and inspire youth to value free enterprise, understand business and economics, and improve the quality of youth lives. The Organization provides over 46,000 K-12 grade students with programming. Volunteers deliver programs that foster work-readiness, entrepreneurship and financial literacy skills, and use experiential learning to prepare them to compete in a global marketplace. The Organization is supported primarily through contributions from the general public.

Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets which have no donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restrictions that will not expire. The Organization did not have any permanently restricted net assets at June 30, 2017.

Fair Value Measurements

GAAP has a three-level hierarchy for fair value measurements based on transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

Cash and cash equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. The Organization maintains its cash in bank deposit accounts which, at times, exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Other investments are valued at the lower of cost or fair value. Investment return includes dividends, interest and realized and unrealized gains and losses on investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is classified in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets

Fixed assets are recorded at cost or, if donated, at fair value at the time of the gift. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets ranging from 3 to 7 years. The cost of maintenance and repairs are expensed as incurred while improvements are capitalized.

In accordance with generally accepted accounting principles, the Organization assesses the recoverability of the carrying amount of fixed assets if certain events or changes occur, such as a significant decrease in fair value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Organization believes no impairments existed at June 30, 2017.

Deferred Revenue

The Organization recognizes revenue related to the value of goods or services provided during special events when those goods or services are transferred. Amounts received in advance are deferred and recognized in the period in which the events occur.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor imposed 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. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue.

Unconditional gifts expected to be collected within one year are reported at their estimated net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenues when the conditions are substantially met and the gift becomes unconditional.

Contributed Services

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individual providing the service and the service would typically need to be purchased if not donated. No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

NOTE 1 NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Donations

The Organization receives certain in-kind donations during the year, which are recorded at fair market value as contribution revenue and an expense in the financial statements. For the year ended June 30, 2017, $3,000 was received in in-kind rent.

Income Taxes

The Organization is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Ohio law. However, the Organization is subject to federal income tax on any unrelated business taxable income.
The Organization's IRS Form 990 is subject to review and examination by Federal and state authorities. The Organization believes it has appropriate support for any tax positions taken, and therefore, does not have any uncertain income tax positions that are material to the financial statements.

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Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expense. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon the actual direct expenditures and cost allocations based upon estimates of time spent by our personnel.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

Subsequent Events

In preparing its financial statements, the Organization has evaluated events subsequent to the statement of financial position date through October 26, 2017, which is the date the financial statements were available to be issued.

NOTE 2 PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30, 2017:

Pledges receivable due within one year	$	50,892
Less allowance for doubtful accounts		(5,089)
Pledges receivable, net	$	45,803
Long-term pledges due in one to five years	$	33,948
Less allowance for doubtful accounts		(4,243)
Less discount		(2,214)
Long-term pledges, net	$	27,491

Pledges receivable due after one year were discounted using a rate of 1.25% for 2017.

NOTE 3 CONDITIONAL PROMISES TO GIVE

A special fund exists at the Dayton Foundation for the benefit of the Organization and all income of the fund is distributed annually to the Organization for its general purposes. Since the Dayton Foundation owns and controls the fund, the fund is not recorded on the Organization’s financial statements at June 30, 2017. The fair value of the investment fund at June 30, 2017 was $10,663 and the Organization received $393 in 2017 for its general purposes.

A special fund exists at the Hamilton Community Foundation for the benefit of the Organization and all income of the fund is distributed annually to the Organization for its general purposes. Since the Hamilton Community Foundation owns and controls the fund, the fund is not recorded on the Organization’s financial statements at June 30, 2017. The fair value of the investment fund at June 30, 2017 was $44,890 and the Organization received $2,250 in 2017 for its general purposes.

NOTE 4 INVESTMENTS AT FAIR VALUE

Investments at fair value consisted of the following at June 30, 2017:

Level 1:		
Common stocks	$	19,069
Fixed income mutual funds		16,865
Level 2:		
Money market funds		6,276
	$	42,210

Fair values for investments in common stocks and fixed income mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions. These items are categorized as using Level 1 inputs.

Fair values for investments in money market funds are estimated using the net asset value (NAV) of shares held by the Organization and deemed to be actively traded. These items are categorized using Level 2 inputs.

There were no investments measured using Level 3 inputs.

NOTE 5 FIXED ASSETS

Fixed assets consisted of the following at June 30, 2017:

Office equipment	$	25,791
Furniture and fixtures		19,508
		45,299
Less accumulated depreciation		39,488
	$	5,811

NOTE 6 TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets balance of $73,294 at June 30, 2017 represents pledges due from donors.

NOTE 7 RETIREMENT PLAN

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by the Organization and covers all full-time employees of the Organization, Junior Achievement (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 the Organization'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 risk 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.

NOTE 7 RETIREMENT PLAN

The Organization's participation in the Plan for the annual period ended June 30, 2017 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 2017 is for the year ended June 30, 2017. There have been no significant changes that affect the comparability of 2017 contributions.

Pension Fund	EIN/ Pension Plan Number	Funded Status 2017	Contributions of Organization 2017
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	79%	$ 58,945

NOTE 8 HEALTH AND WELWARE BENEFIT 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 Health and Welfare 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 Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. 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's premium expense for the Health and Welfare Plan for the year ended June 30, 2017 was $18,560.

NOTE 9 RELATED PARTY TRANSACTIONS

The Organization pays a national participation fee to JA USA. For the years ended June 30, 2017, the fee paid was 9% of gross revenue up to $300,000 and 1.8% on any gross revenue over that. The total fee paid for the year ended June 30, 2017 were $44,536.

NOTE 9 RELATED PARTY TRANSACTIONS (CONTINUED)

Additionally, the Organization purchases all program materials from JA USA. Coverage payments for benefits paid on behalf of the Organization's employees are made to JA USA, who sponsors a comprehensive benefit package. The total payments to JA USA were:

	2017
Program materials	$ 168,049
Medical benefits	18,560
Retirement plan	58,945
	$ 245,554

NOTE 10 OPERATING LEASES

The Organization leases office space under a long-term non-cancelable operating lease agreement that expires in 2018. Lease expense totaled $41,629 during 2017. Future minimum rental payments required under the operating agreement for 2018 are $21,666.

NOTE 11 NEW ACCOUNTING STANDARDS

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. The standard's core principle is that an organization will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of financial statements with comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contract with customers. This standard will be effective for the fiscal year ending June 30, 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for fiscal year ending June 30, 2021.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for fiscal year ending June 30, 2019

The Organization is currently in the process of evaluating the impact of adoption of these ASUs on the financial statements.

NOTE 12 PRIOR PERIOD ADJUSTMENTS

During 2017, management corrected the accounting for its recognition of revenue from special events in accordance with GAAP by recognizing the donation portion of receipts in advance of special events as revenue in the current year rather than deferred revenue. Management also corrected the accounting for restrictions on pledges receivable in accordance with GAAP by recognizing restrictions on pledges due within one year that in the past were all recognized as unrestricted net assets.

The following shows the effect on the preceding period change in net assets for each of the prior period adjustments as well as the cumulative effect of the change on net assets as of the beginning of 2017. Amounts in the previously issued financial statements have been restated as follows:

Effect on Change in Contributions as of the Beginning of the Period	As Previously Reported	Prior Period Adjustment	As Restated
Contributions	$ 451,226	$ 103,850	$ 555,076

Effect of the Changes on Net Assets as of the Beginning of the Period	As Previously Reported	Prior Period Adjustment	As Restated
Unrestricted net assets			
Revenue recgnition for special events	$ -	$ 103,850	$ -
Restrictions on pledges receivable	-	(33,505)	-
	$ 147,773	$ 70,345	$ 218,118
Temporarily restricted net assets			
Restrictions on pledges receivable	$ 31,232	$ 33,505	$ 64,737