

JUNIOR ACHIEVEMENT OF DALLAS, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
(with Independent Auditor's Report thereon)

June 30, 2018 and 2017

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Independent Auditor's Report

Board of Directors
Junior Achievement of Dallas, Inc.
Richardson, Texas

We have audited the accompanying financial statements of Junior Achievement of Dallas, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, cash flows and functional expenses for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. 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 Junior Achievement of Dallas, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position and activities as of and for the years ended June 30, 2018 and 2017 on pages 17 through 20 are presented for purposes of additional analysis and are not a required part of the basic 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.

Handwritten signature in cursive script, appearing to read "Goldstein & Partners".

October 4, 2018

**JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 990,011	\$ 860,983
Current investments	81,858	23,754
Contributions receivable, net	293,190	303,892
Prepaid expenses	<u>30,146</u>	<u>47,304</u>
Total current assets	1,395,205	1,235,933
Investments	117,834	152,966
Contributions receivable	242,500	445,000
Property, buildings and equipment, net	<u>433,405</u>	<u>153,032</u>
Total assets	<u>\$ 2,188,944</u>	<u>\$ 1,986,931</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 47,020	\$ 34,591
Accrued payroll	63,072	88,049
Capital lease obligation, current portion	-	2,106
Other liabilities	<u>6,343</u>	<u>18,126</u>
Total current liabilities	116,435	142,872
Capital lease obligation	<u>-</u>	<u>6,825</u>
Total liabilities	<u>116,435</u>	<u>149,697</u>
Net assets:		
Unrestricted net assets	1,169,541	867,857
Temporarily restricted net assets	785,134	855,000
Permanently restricted net assets	<u>117,834</u>	<u>114,377</u>
Total net assets	<u>2,072,509</u>	<u>1,837,234</u>
Total liabilities and net assets	<u>\$ 2,188,944</u>	<u>\$ 1,986,931</u>

JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018
(with summarized comparative information for the year ended June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>	
				<u>2018</u>	<u>2017</u>
Public support and revenue					
Contributions:					
Corporate	\$ 928,353	\$ 5,000	\$ -	\$ 933,353	\$ 1,339,409
Individual	133,930	-	-	133,930	258,206
Foundation	-	-	-	-	248,015
Total contributions	<u>1,062,283</u>	<u>5,000</u>	<u>-</u>	<u>1,067,283</u>	<u>1,845,630</u>
Special events income	1,006,822	-	-	1,006,822	999,355
Special events expenses	<u>(220,299)</u>	<u>-</u>	<u>-</u>	<u>(220,299)</u>	<u>(150,446)</u>
Special events income, net	786,523	-	-	786,523	848,909
Unrealized gain on investments	19,442	-	-	19,442	23,074
In-kind contributions	223,762	230,134	-	453,896	136,349
Other income	84,319	-	3,457	87,776	6,444
Net assets released from restrictions	<u>305,000</u>	<u>(305,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>2,481,329</u>	<u>(69,866)</u>	<u>3,457</u>	<u>2,414,920</u>	<u>2,860,406</u>
Expenses					
Program services	1,727,726	-	-	1,727,726	1,478,104
Support services:					
Management and general expense	151,154	-	-	151,154	173,131
Fund raising expense	<u>300,765</u>	<u>-</u>	<u>-</u>	<u>300,765</u>	<u>347,009</u>
Total expenses	<u>2,179,645</u>	<u>-</u>	<u>-</u>	<u>2,179,645</u>	<u>1,998,244</u>
Change in net assets	301,684	(69,866)	3,457	235,275	862,162
Net assets, beginning of year	<u>867,857</u>	<u>855,000</u>	<u>114,377</u>	<u>1,837,234</u>	<u>975,072</u>
Net assets, end of year	<u>\$ 1,169,541</u>	<u>\$ 785,134</u>	<u>\$ 117,834</u>	<u>\$ 2,072,509</u>	<u>\$ 1,837,234</u>

See accompanying notes to
financial statements

JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue				
Contributions:				
Corporate	\$ 574,409	\$ 765,000	\$ -	\$ 1,339,409
Individual	168,206	90,000	-	258,206
Foundation	248,015	-	-	248,015
Total contributions	990,630	855,000	-	1,845,630
Special events income	999,355	-	-	999,355
Special events expenses	(150,446)	-	-	(150,446)
Special events income, net	848,909	-	-	848,909
Unrealized gain on investments	23,074	-	-	23,074
In-kind contributions	136,349	-	-	136,349
Other income	3,578	-	2,866	6,444
Net assets released from restrictions	25,000	(25,000)	-	-
Total public support and revenue	2,027,540	830,000	2,866	2,860,406
Expenses				
Program services	1,478,104	-	-	1,478,104
Support services:				
Management and general expense	173,131	-	-	173,131
Fund raising expense	347,009	-	-	347,009
Total expenses	1,998,244	-	-	1,998,244
Change in net assets	29,296	830,000	2,866	862,162
Net assets, beginning of year	838,561	25,000	111,511	975,072
Net assets, end of year	<u>\$ 867,857</u>	<u>\$ 855,000</u>	<u>\$ 114,377</u>	<u>\$ 1,837,234</u>

JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 235,275	\$ 862,162
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	55,410	36,890
Reinvested interest and dividends	(3,530)	(2,938)
Net unrealized gain on investments	(19,442)	(23,074)
Fair market value of capital assets donated	(253,617)	(27,058)
Changes in operating assets and liabilities:		
Contributions receivable	213,202	(623,409)
Prepaid expenses	17,158	(40,950)
Accounts payable	12,429	(2,787)
Accrued payroll	(24,977)	21,326
Other liabilities	(11,783)	11,746
Net cash provided by operating activities	<u>220,125</u>	<u>211,908</u>
Cash flows from investing activities:		
Proceeds from insurance	104,234	52,971
Restoration of damaged property expenditures	(105,419)	(143,660)
Capital expenditures	(80,981)	(8,274)
Net cash used for investing activities	<u>(82,166)</u>	<u>(98,963)</u>
Cash flows from financing activities:		
Principal payments on capital lease obligation	(8,931)	(876)
Net cash used for financing activities	<u>(8,931)</u>	<u>(876)</u>
Net increase	129,028	112,069
Cash and cash equivalents, beginning of year	<u>860,983</u>	<u>748,914</u>
Cash and cash equivalents, end of year	<u>\$ 990,011</u>	<u>\$ 860,983</u>
<i>Supplemental Disclosures</i>		
In-kind gifts	<u>\$ 453,896</u>	<u>\$ 136,349</u>
Interest paid	<u>\$ 1,060</u>	<u>\$ 697</u>

**JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018**

(with summarized comparative information for the year ended June 30, 2017)

	Support Services			Totals	
	Program Services	Management and General	Fund Raising	2018	2017
Personnel costs:					
Salaries	\$ 676,181	\$ 84,821	\$ 189,091	\$ 950,093	\$ 820,008
Payroll taxes	51,145	6,630	14,575	72,350	57,670
Total personnel costs	<u>727,326</u>	<u>91,451</u>	<u>203,666</u>	<u>1,022,443</u>	<u>877,678</u>
Other expenses:					
Credit card fees	13,282	2,806	2,619	18,707	11,987
License fees	52,328	5,437	2,719	60,484	51,596
Employee insurance	87,442	10,674	23,201	121,317	114,694
Pension and annuity	87,002	11,607	25,547	124,156	83,858
General insurance	18,305	788	606	19,699	17,987
Outside services	140,656	11,040	22,064	173,760	141,756
Occupancy	126,193	504	504	127,201	4,419
Interest expense	530	265	265	1,060	697
Lease - equipment	26,173	1,654	434	28,261	8,179
Office and center maintenance	20,733	2,557	2,300	25,590	21,618
Stationery and office supplies	35,131	932	840	36,903	7,966
Subscription and dues	7,945	-	418	8,363	6,138
Postage and delivery	13,819	833	736	15,388	14,660
Telephone	16,951	1,650	2,399	21,000	20,035
Utilities	14,027	1,732	1,559	17,318	16,549
Staff training	16,666	922	1,845	19,433	22,582
Travel	13,458	937	2,949	17,344	18,631
Volunteer recognition	12,180	-	466	12,646	11,068
Volunteer training	958	-	-	958	2,777
Public relations	6,236	2,444	964	9,644	3,056
Job shadow day	405	-	-	405	5,707
Program materials	232,383	-	-	232,383	254,532
Fund raising	-	-	100	100	249
Scholarships	5,000	-	-	5,000	5,000
Recruiting and relocation	781	-	-	781	481
Board expenses	939	313	313	1,565	587
Miscellaneous	350	38	1,938	2,326	820
Total expenses before depreciation and amortization	<u>1,677,199</u>	<u>148,584</u>	<u>298,452</u>	<u>2,124,235</u>	<u>1,725,307</u>
Depreciation and amortization	50,527	2,570	2,313	55,410	90,795
Total expenses	<u>\$ 1,727,726</u>	<u>\$ 151,154</u>	<u>\$ 300,765</u>	<u>\$ 2,179,645</u>	<u>\$ 1,816,102</u>

See accompanying notes to
financial statements

JUNIOR ACHIEVEMENT OF DALLAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services	Support Services		Total
		Management and General	Fund Raising	
Personnel costs:				
Salaries	\$ 533,236	\$ 87,924	\$ 198,848	\$ 820,008
Payroll taxes	37,568	6,289	13,813	57,670
Total personnel costs	<u>570,804</u>	<u>94,213</u>	<u>212,661</u>	<u>877,678</u>
Other expenses:				
Credit card fees	8,511	1,798	1,678	11,987
License fees	44,672	4,616	2,308	51,596
Employee insurance	75,008	12,540	27,146	114,694
Pension and annuity	54,370	9,116	20,372	83,858
General insurance	16,718	719	550	17,987
Outside services	105,025	12,250	24,481	141,756
Occupancy	3,799	310	310	4,419
Interest expense	349	174	174	697
Lease - equipment	6,625	818	736	8,179
Office and center maintenance	17,510	2,162	1,946	21,618
Stationery and office supplies	6,490	774	702	7,966
Subscription and dues	5,831	-	307	6,138
Postage and delivery	12,471	1,163	1,026	14,660
Telephone	16,171	1,574	2,290	20,035
Utilities	13,405	1,655	1,489	16,549
Staff training	19,195	1,129	2,258	22,582
Travel	14,121	1,079	3,431	18,631
Volunteer recognition	11,068	-	-	11,068
Volunteer training	2,777	-	-	2,777
Public relations	2,750	-	306	3,056
Job shadow day	5,707	-	-	5,707
Program materials	254,532	-	-	254,532
Fund raising	-	-	249	249
Scholarships	5,000	-	-	5,000
Recruiting and relocation	481	-	-	481
Board expenses	353	117	117	587
Miscellaneous	676	75	69	820
Total expenses before depreciation and amortization	<u>1,274,419</u>	<u>146,282</u>	<u>304,606</u>	<u>1,725,307</u>
Depreciation and amortization	<u>84,887</u>	<u>3,109</u>	<u>2,799</u>	<u>90,795</u>
Total expenses	<u>\$ 1,359,306</u>	<u>\$ 149,391</u>	<u>\$ 307,405</u>	<u>\$ 1,816,102</u>

See accompanying notes to
financial statements

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - NATURE OF OPERATIONS

Junior Achievement of Dallas, Inc. ("JA") is a not-for-profit organization incorporated under the laws of the State of Texas to promote and administer the programs of Junior Achievement USA, Inc. ("JA USA") within the geographic territory assigned to it of Northeast Texas. JA provides programs to promote interest in the free enterprise system among elementary school, middle school and high school students of Northeast Texas area schools. JA's programs help to make students aware of the business world and compete in a global economy by organizing a series of classes that are taught by volunteers from local businesses. JA BizTown® and JA Finance Park® are financial and economic educational programs that combine the rigor of a 20 lesson in-classroom curriculum taught by teachers, with a day-long culminating visit to the fully interactive experience at the JA BizTown® and JA Finance Park® locations. The JA Finance Park® is located in the Richardson ISD Professional Development Center. JA BizTown®, built within the Garland ISD Gilbreath-Reed Career and Technical Center in partnership with Garland ISD, opened in August 2017. JA derives its support and revenue primarily from contributions by local businesses, foundations and individuals and from fundraising event sponsorship.

JA maintains offices in Dallas and Tyler, Texas. JA's primary location is in Dallas, consisting of an approximately 13 thousand square foot facility used for administration, training and conducting program services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared using the accrual method of accounting and conform to accounting principles generally accepted in the United States of America ("GAAP"). As required by GAAP, net assets, public support and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets: Net assets that are not subject to donor-imposed restrictions including Board designated net assets.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions that may or will be met either by actions of JA or the passage of time. These amounts are reclassified to unrestricted net assets when such restrictions are met or have expired. Temporarily restricted net assets generally consist of gifts and other unexpended resources available for scholarships.

Permanently restricted net assets: Net assets subject to donor-imposed restrictions to be maintained permanently by JA. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily gifts for endowment) and only the income be made available for scholarships.

Revenues and gains and losses on other assets or liabilities are reported as changes in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions.

Contributions

Contributions and special events revenue, which include unconditional promises to give or pledges, are recognized, at fair value, as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Any decreases in the quantity or nature of assets expected to be received subsequent to the initial recognition of the contribution are reported as a loss in the applicable net asset class.

Contributions receivable are generally paid within one year after the fiscal year-end. An allowance for uncollectible pledges is provided at the end of each campaign based on the JA's collection history. The allowance is adjusted at the end of each year to reflect management's current estimates of collectability. If significant, contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

JA records contributed services if the services received create or enhance nonfinancial assets or require specialized skills that must be purchased if not donated. Such services are included in the accompanying statements of activities based on their estimated fair value on the date of service.

Investments

Investments are recorded at estimated fair value based on quoted market prices. Realized and unrealized gains and losses, as well as investment income, are reported in the Statement of Activities as increases or decreases in unrestricted, temporarily restricted, or permanently restricted net assets as designated by the donor.

Statement of Cash Flows

The statement of cash flows is presented using the indirect method. For the purpose of this statement, JA considers all cash on hand, cash in checking accounts, certificates of deposit and other similar instruments with original maturities of three months or less as cash and cash equivalents.

Property, Buildings and Equipment

Property, buildings and equipment expenditures are capitalized at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Depreciation is computed using the straight-line method over estimated useful lives of three to ten (3-10) years for furniture, fixtures and equipment, forty (40) years for buildings, and over the estimated useful life of the lease for leasehold improvements. Repair and maintenance costs are expensed as incurred. Depreciation expense for the years ended June 30, 2018 and 2017 was \$69 thousand and \$37 thousand, respectively.

Functional Allocation of Expenses

The costs of providing JA's programs and supporting services are presented on the functional basis in the Statement of Activities. The Statement of Functional Expenses presents the allocation of expenses to the programs and supporting services. These allocations are based upon estimates of facilities usage, activities of personnel, specifically identifiable costs and various other bases.

Permanently Restricted Assets

JA has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, JA classifies as permanently restricted net assets:

1. The original value of gifts donated to the permanent endowment; and
2. The original value of subsequent gifts to the permanent endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by JA in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, JA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the funds;
2. The purposes of the donor-restricted endowment funds;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments; and
6. Other resources of JA.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

JA is exempt from federal income tax pursuant to Section 501(c)(3) of the Internal Revenue Code. Accordingly, JA is not subject to federal income taxes except to the extent it derives income from certain activities not substantially related to its tax-exempt purposes (unrelated trade or business activities). JA incurred no unrelated business income for the years ended June 30, 2018 and 2017.

Accounting Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Such estimates and assumptions primarily relate to valuation as of the date of the financial statements. Accordingly, actual results could differ from these estimates and assumptions. The methods used in making accounting estimates are believed by management to be reasonable and have been consistently applied.

Credit Risk and Financial Instruments

Cash balances are in excess of the \$250,000 FDIC insurance limit for interest and non-interest bearing accounts. The amount exceeding the FDIC limit for all accounts as of June 30, 2018 and 2017 was \$616,738 and \$482,483, respectively. Management believes the risk to the amount that was not insured by the FDIC to be minimal.

Financial instruments are reported at fair value. Management believes no significant concentrations of credit risk exist with respect to any of its financial instruments.

Recent Accounting Pronouncements

On August 18, 2016 the Financial Accounting Standards Board issues Accounting Standards Update (ASU) 2016-4 Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The ASU 2016-14 requires a number of changes to the financial statements of not-for-profit organizations (NFPs). The goal is to improve the financial statements and disclosures to allow for better understanding of liquidity, cash flows and results of operations and how they align with organizational goals. There are eight key changes:

1. Net assets will now be reported in two classes (net assets with donor restrictions and net assets without donor restrictions).
2. NFPs will be required to disclose board-designations on net assets.
3. Additional disclosures will be required for “underwater” endowment funds.
4. NFPs will no longer be allowed to imply a time restriction on donations of, or contributions restricted for the purchase of, property and equipment.
5. All NFPs must present a statement of functional expense or include a similar matrix-type disclosure in the footnotes and also disclose the methods used to allocate costs to the different functional categories.
6. Investment expenses will be required to be presented net with investment return in the statement of activities and NFPs will no longer be required to disclose the amount of investment expenses.
7. NFPs that elect to use the direct method of presenting operating cash flows are no longer required to present the indirect reconciliation.
8. New required qualitative disclosures regarding how a NFP manages its liquidity and required quantitative disclosures that communicate the available financial assets to meet cash needs for general expenditures within one year of the balance sheet date.

The standard is effective for fiscal years ending after December 2018. Management is evaluating the impact noting that presentation and disclosure changes could be substantial.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 3 - INVESTMENTS

Investments as of June 30, 2018 and 2017 were as follows:

	<u>2018</u>	<u>2017</u>
Mutual funds	\$ 189,383	\$ 166,484
Certificates of deposit	10,309	10,236
	<u>\$ 199,692</u>	<u>\$ 176,720</u>

Investment return for the years ended June 30, 2018 and 2017 was as follows:

	<u>2018</u>	<u>2017</u>
Dividend and interest income	\$ 3,530	\$ 3,444
Unrealized gain on investments	19,442	23,074
	<u>\$ 22,972</u>	<u>\$ 26,518</u>

Dividend and interest income is included in other income in the Statement of Activities.

Investment Return Objectives, Risk Parameters and Strategies

The Board of Directors attempts to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distributions with acceptable levels of risk. Investment risks are measured in terms of the total endowment fund, investment assets and the allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

NOTE 4 - FAIR VALUE

Pursuant to ASC 820, as issued by the Financial Accounting Standards Board, certain assets are reported at estimated "fair value". ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and sets out a fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined under ASC 820 as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy under ASC 820 are described below:

Level 1 - Quoted market prices in active markets, such as the New York Stock Exchange, for identical assets or liabilities.

Level 2 - Observable market based inputs or unobservable inputs that are corroborated by market data.

Level 3 - Unobservable inputs that are not corroborated by market data.

JA assesses the levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of the event or change in circumstances that caused the transfer. For the years ended June 30, 2018 and 2017, there were no such transfers.

The fair value of investment securities, as described in Note 3, is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers. JA's investments are the only assets measured at fair value on a recurring basis. The fair values of such investments are entirely Level 1 values as defined above as of June 30, 2018 and 2017.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Contributions receivable due in less than 1 year	\$ 300,227	\$ 310,929
Allowance for uncollectable pledges	(7,037)	(7,037)
Contributions receivable, net	<u>\$ 293,190</u>	<u>\$ 303,892</u>

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 - CONTRIBUTIONS RECEIVABLE (continued)

Contributions receivable due after 1 year consist of the following as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Due after 1 year but less than 2 years	\$ 222,500	\$ 270,000
Due after 2 years but less than 3 years	20,000	175,000
Total contributions receivable - non-current	<u>\$ 242,500</u>	<u>\$ 445,000</u>

NOTE 6 - PROPERTY AND EQUIPMENT

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount, or fair value, less costs to sell.

Property and equipment were as follows as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 65,879	\$ 65,879
Building	595,769	580,884
Leasehold improvements	291,185	-
Furniture, fixtures and equipment	898,176	608,176
	<u>1,851,009</u>	<u>1,254,939</u>
Less: accumulated depreciation	(1,119,801)	(1,094,104)
Less: unspent insurance proceeds	(6,618)	(7,803)
Property and equipment, net	<u>\$ 433,405</u>	<u>\$ 153,032</u>

NOTE 7 - LINE OF CREDIT

JA has a revolving line of credit agreement with a financial institution in the amount of \$250 thousand. The line of credit includes interest at the financial institution's prime rate plus 2%. The line of credit is collateralized by real estate. There were no outstanding balances on the line of credit as of June 30, 2018 and 2017.

NOTE 8 - NET ASSETS

Temporarily Restricted Net Assets

Changes in temporarily restricted net assets for the years ended June 30, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Net assets, beginning of year	\$ 855,000	\$ 25,000
Program restricted contributions	235,134	855,000
Released from time restrictions	(305,000)	(25,000)
Net assets, end of year	<u>\$ 785,134</u>	<u>\$ 855,000</u>

Temporarily restricted net assets as of June 30, 2018 and 2017 consisted of the following:

<u>Program:</u>	<u>2018</u>	<u>2017</u>
JA BizTown®	\$ 120,000	\$ 125,000
JA BizTown® in future fiscal years	435,000	715,000
JA BizTown® Capital	230,134	-
JA Finance Park® in future fiscal years	-	15,000
	<u>\$ 785,134</u>	<u>\$ 855,000</u>

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 8 - NET ASSETS (continued)

Permanently Restricted Net Assets

Permanently restricted net assets as of June 30, 2018 and 2017 consisted of the following:

	2018	2017
Net assets, beginning of year	\$ 114,377	\$ 111,511
Income from investments	3,457	2,866
Net assets, end of year	\$ 117,834	\$ 114,377

NOTE 9 - IN-KIND CONTRIBUTIONS

JA records contributed services if the services received create or enhance nonfinancial assets or require specialized skills that must be purchased if not donated. Such services are included in the accompanying statements of activities based on their estimated fair value on the date of service. For the years ended June 30, 2018 and 2017, JA recorded contributed services as follows:

JA has partnered with the Garland ISD to operate the JA BizTown® program within the Gilbreath-Reed Career and Technical Center ("CTC"). JA leases the CTC annually for \$1. In order to reflect the fair market value of the lease, JA has recorded an in-kind contribution of the lease at \$120 thousand annually.

Each donor that is sponsoring a storefront in JA BizTown® committed to donate cash to the program for operations and to the construction of their respective store front for JA BizTown®. This additional commitment by the donors is necessary due to the store fronts being an integral part of the JA BizTown® program. The donors paid for the cost of their store fronts directly to contractors and suppliers. JA has recorded the fair market value of these in-kind contributions as leasehold improvements.

For the years ended June 30, 2018 and 2017, JA recorded in-kind contributions as follows:

	2018	2017
Professional services	\$ 71,698	\$ 109,291
Office and program supplies	8,581	-
Lease of JA BizTown® location	120,000	-
Contributed capital assets:		
Leasehold improvements to JA BizTown®	253,617	-
Software	-	27,058
Total in-kind contributions	\$ 453,896	\$ 136,349

NOTE 10 - OPERATING LEASE

JA leases office space under a non-cancelable operating lease expiring in November 2018. Future minimum commitments under operating lease is \$2,400.

NOTE 11 - BENEFIT PLANS

Retirement Plan

JA participates in a retirement plan sponsored by JA USA. Employees with one year of service who work over a thousand hours annually, in accordance with the terms of the plan, are eligible to participate in the Retirement Plan for Employees of Junior Achievement, U.S.A. ("Plan"). The Plan is a defined benefit plan and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan provides retirement benefits based on age at retirement and years of service. JA contributed to JA USA an amount equal to 16.75 percent of eligible employees' annual salary for the years ended June 30, 2018 and 2017. Contributions are expensed as paid. JA is not directly responsible for the obligations of the Plan as administered by JA USA.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 11 - BENEFIT PLANS (continued)

Retirement Plan (continued)

Pension Fund	EIN/Pension Plan Number	Funded Status		Contributions of JA	
		2018	2017	2018	2017
Retirement Plan for Employees of Junior Achievement USA	13-1635270 / PN 333	92%	79%	\$ 124,156	\$ 111,838

Health and Welfare Benefit Trust

JA participates in a self-funded medical, dental and other benefits plan sponsored by JA USA. The plan covers full-time employees of JA and their beneficiaries and covered dependents that are eligible to participate in the Junior Achievement, USA Health & Welfare Benefits Trust ("Trust"). The Trust is accounted for like a multi-employer plan. Premiums are paid into the Trust for each participant by JA. All the assets and liabilities of the plan are held in the Trust. JA is not directly responsible for the benefit obligations of the Plan as administered by JA USA. Accordingly, no balances or transactions of the Trust are recorded in the financial statements of JA. Benefit expense for the years ended June 30, 2018 and 2017 was approximately \$113 thousand and \$109 thousand, respectively.

NOTE 12 - TRANSACTIONS WITH AFFILIATE

Each Junior Achievement area is required to pay license fees to the national organization, JA USA, on all contributions, special events income, and certain grant income raised in its territory in accordance with a scale established by the board of directors of JA USA and ratified by the areas. The fee is computed at 9% of the first \$300 thousand and 1.8% of the amount over \$300 thousand. The license fee expense paid to JA USA was \$60 thousand and \$62 thousand for the years ended June 30, 2018 and 2017, respectively, and is included as expenses in the accompanying Statement of Activities.

JA incurred expenses for the purchase of program materials from JA USA in the amount of \$234 thousand and \$251 thousand in 2018 and 2017, respectively. As of June 30, 2018 and 2017, no amounts were payable to JA USA.

NOTE 13 - SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 JA's financial statements for the year ended June 30, 2017, as included in these financial statements, from which the summarized information was derived.

NOTE 14 - TAX STATUS

According to the Internal Revenue Service, JA is considered a subordinate organization of JA USA and is recognized as a 501(c)(3) organization and is entitled to all rights of a 501(c)(3) organization.

JA considers whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements, and 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 JA and various positions related to the potential sources of unrelated business taxable income. There were no unrecognized tax benefits identified or recorded as liabilities during the years ended June 30, 2018 or 2017.

JA annually files Form 990 in the U.S. federal jurisdiction. JA's Form 990 for 2015 and subsequent years are subject to examination by the Internal Revenue Service.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 15 - SUBSEQUENT EVENTS

Management has reviewed events occurring subsequent to June 30, 2018 through the issue date of the financial statements, October 4, 2018. Based on this review, there were no material subsequent events that require recognition or additional disclosure in the financial statements.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018**

	<u>Dallas Office</u>	<u>Tyler Office</u>	<u>Elimination entries</u>	<u>Combined Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 835,590	\$ 154,421	\$ -	\$ 990,011
Current investments	81,549	309	-	81,858
Contributions receivable, net	292,865	325	-	293,190
Prepaid expenses	28,559	1,587	-	30,146
Total current assets	1,238,563	156,642	-	1,395,205
Investments	107,834	10,000	-	117,834
Contributions receivable	242,500	-	-	242,500
Property, buildings and equipment, net	433,405	-	-	433,405
Total assets	<u>\$ 2,022,302</u>	<u>\$ 166,642</u>	<u>\$ -</u>	<u>\$ 2,188,944</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 46,830	\$ 190	\$ -	\$ 47,020
Accrued payroll	56,284	6,788	-	63,072
Other current liabilities	6,343	-	-	6,343
Total current liabilities	109,457	6,978	-	116,435
Total liabilities	109,457	6,978	-	116,435
Net assets:				
Unrestricted net assets	1,019,877	149,664	-	1,169,541
Temporarily restricted net assets	785,134	-	-	785,134
Permanently restricted net assets	107,834	10,000	-	117,834
Total net assets	1,912,845	159,664	-	2,072,509
Total liabilities and net assets	<u>\$ 2,022,302</u>	<u>\$ 166,642</u>	<u>\$ -</u>	<u>\$ 2,188,944</u>

NOTE - The above Combining Statement of Financial Position presents the operations of the two office locations in Northeast Texas, Dallas and Tyler, operated by Junior Achievement of Dallas, Inc.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.
COMBINING STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Dallas Office				Tyler Office			Combined Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue											
Contributions:											
Corporate	\$ 846,236	\$ 5,000	\$ -	\$ 851,236	\$ 82,117	\$ -	\$ 82,117	\$ 928,353	\$ 5,000	\$ -	\$ 933,353
Individual	133,930	-	-	133,930	-	-	-	133,930	-	-	133,930
Foundation	-	-	-	-	-	-	-	-	-	-	-
Total contributions	980,166	5,000	-	985,166	82,117	-	82,117	1,062,283	5,000	-	1,067,283
Special events income	906,803	-	-	906,803	100,019	-	100,019	1,006,822	-	-	1,006,822
Special events expenses	(198,155)	-	-	(198,155)	(22,144)	-	(22,144)	(220,299)	-	-	(220,299)
Special events income, net	708,648	-	-	708,648	77,875	-	77,875	786,523	-	-	786,523
Unrealized gain on investments	19,442	-	-	19,442	-	-	-	19,442	-	-	19,442
In-kind contributions	223,762	230,134	-	453,896	-	-	-	223,762	230,134	-	453,896
Other income	83,830	-	3,457	87,287	489	-	489	84,319	-	3,457	87,776
Net assets released from restrictions	305,000	(305,000)	-	-	-	-	-	305,000	(305,000)	-	-
Total public support and revenue	2,320,848	(69,866)	3,457	2,254,439	160,481	-	160,481	2,481,329	(69,866)	3,457	2,414,920
Expenses											
Program services	1,617,308	-	-	1,617,308	110,418	-	110,418	1,727,726	-	-	1,727,726
Support services:											
Management and general expense	139,061	-	-	139,061	12,093	-	12,093	151,154	-	-	151,154
Fund raising expense	264,853	-	-	264,853	35,912	-	35,912	300,765	-	-	300,765
Total expenses	2,021,222	-	-	2,021,222	158,423	-	158,423	2,179,645	-	-	2,179,645
Change in net assets	299,626	(69,866)	3,457	233,217	2,058	-	2,058	301,684	(69,866)	3,457	235,275
Net assets, beginning of year	720,251	855,000	104,377	1,679,628	147,606	10,000	157,606	867,857	855,000	114,377	1,837,234
Net assets, end of year	<u>\$ 1,019,877</u>	<u>\$ 785,134</u>	<u>\$ 107,834</u>	<u>\$ 1,912,845</u>	<u>\$ 149,664</u>	<u>\$ 10,000</u>	<u>\$ 159,664</u>	<u>\$ 1,169,541</u>	<u>\$ 785,134</u>	<u>\$ 117,834</u>	<u>\$ 2,072,509</u>

NOTE - The above Combining Statement of Activities presents the operations of the two office locations in Northeast Texas, Dallas and Tyler, operated by Junior Achievement of Dallas, Inc.

JUNIOR ACHIEVEMENT OF DALLAS, INC.
COMBINING STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017

	<u>Dallas Office</u>	<u>Tyler Office</u>	<u>Elimination entries</u>	<u>Combined Total</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 711,344	\$ 149,639	\$ -	\$ 860,983
Investments	23,754	-	-	23,754
Contributions receivable, net	303,342	550	-	303,892
Prepaid expenses	45,468	1,836	-	47,304
Total current assets	1,083,908	152,025	-	1,235,933
Investments	142,730	10,236	-	152,966
Contributions receivable	445,000	-	-	445,000
Property, buildings and equipment, net	153,032	-	-	153,032
Total assets	<u>\$ 1,824,670</u>	<u>\$ 162,261</u>	<u>\$ -</u>	<u>\$ 1,986,931</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 33,950	\$ 641	\$ -	\$ 34,591
Accrued payroll	84,035	4,014	-	88,049
Capital lease obligation, current portion	2,106	-	-	2,106
Other current liabilities	18,126	-	-	18,126
Total current liabilities	138,217	4,655	-	142,872
Capital lease obligation	6,825	-	-	6,825
Total liabilities	<u>145,042</u>	<u>4,655</u>	<u>-</u>	<u>149,697</u>
Net assets:				
Unrestricted net assets	720,251	147,606	-	867,857
Temporarily restricted net assets	855,000	-	-	855,000
Permanently restricted net assets	104,377	10,000	-	114,377
Total net assets	<u>1,679,628</u>	<u>157,606</u>	<u>-</u>	<u>1,837,234</u>
Total liabilities and net assets	<u>\$ 1,824,670</u>	<u>\$ 162,261</u>	<u>\$ -</u>	<u>\$ 1,986,931</u>

NOTE - The above Combining Statement of Financial Position presents the operations of the two office locations in Northeast Texas, Dallas and Tyler, operated by Junior Achievement of Dallas, Inc.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.
COMBINING STATEMENTS OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Dallas Office				Tyler Office			Combined Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue											
Contributions:											
Corporate	\$ 558,663	\$ 765,000	\$ -	\$ 1,323,663	\$ 15,746	\$ -	\$ 15,746	\$ 574,409	\$ 765,000	\$ -	\$ 1,339,409
Individual	159,896	90,000	-	249,896	8,310	-	8,310	168,206	90,000	-	258,206
Foundation	191,515	-	-	191,515	56,500	-	56,500	248,015	-	-	248,015
Total contributions	910,074	855,000	-	1,765,074	80,556	-	80,556	990,630	855,000	-	1,845,630
Special events income	901,722	-	-	901,722	97,633	-	97,633	999,355	-	-	999,355
Special events expenses	(130,714)	-	-	(130,714)	(19,732)	-	(19,732)	(150,446)	-	-	(150,446)
Special events income, net	771,008	-	-	771,008	77,901	-	77,901	848,909	-	-	848,909
Unrealized gain on investments	23,074	-	-	23,074	-	-	-	23,074	-	-	23,074
In-kind contributions	136,349	-	-	136,349	-	-	-	136,349	-	-	136,349
Other income	2,514	-	2,866	5,380	1,064	-	1,064	3,578	-	2,866	6,444
Net assets released from restrictions	25,000	(25,000)	-	-	-	-	-	25,000	(25,000)	-	-
Total public support and revenue	1,868,019	830,000	2,866	2,700,885	159,521	-	159,521	2,027,540	830,000	2,866	2,860,406
Expenses											
Program services	1,383,611	-	-	1,383,611	94,493	-	94,493	1,478,104	-	-	1,478,104
Support services:											
Management and general expense	162,670	-	-	162,670	10,461	-	10,461	173,131	-	-	173,131
Fund raising expense	316,977	-	-	316,977	30,032	-	30,032	347,009	-	-	347,009
Total expenses	1,863,258	-	-	1,863,258	134,986	-	134,986	1,998,244	-	-	1,998,244
Change in net assets	4,761	830,000	2,866	837,627	24,535	-	24,535	29,296	830,000	2,866	862,162
Net assets, beginning of year	715,490	25,000	101,511	842,001	123,071	10,000	133,071	838,561	25,000	111,511	975,072
Net assets, end of year	<u>\$ 720,251</u>	<u>\$ 855,000</u>	<u>\$ 104,377</u>	<u>\$ 1,679,628</u>	<u>\$ 147,606</u>	<u>\$ 10,000</u>	<u>\$ 157,606</u>	<u>\$ 867,857</u>	<u>\$ 855,000</u>	<u>\$ 114,377</u>	<u>\$ 1,837,234</u>

NOTE - The above Combining Statement of Activities presents the operations of the two office locations in Northeast Texas, Dallas and Tyler, operated by Junior Achievement of Dallas, Inc.

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