

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**  
(with Independent Auditor's Report thereon)  
**June 30, 2016 and 2015**

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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 statement of financial position as of June 30, 2016, and the related statements of activities, cash flows and functional expenses 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.

### 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

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, 2016, 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.

**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 year ended June 30, 2016 on pages 14 and 15 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.

**Other Matter**

The financial statements of Junior Achievement of Dallas, Inc. as of and for the year ended June 30, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on August 28, 2015.

In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The supplemental information consisting of the combining statements of financial position and activities as of and for the year ended June 30, 2015 on pages 16 and 17 was subject to the auditing procedures applied applied by another auditor in the audit of the June 30, 2015 financial statements, whose report on such supplemental information states that the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole on August 28, 2015.



September 16, 2016

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2016 AND 2015**

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Current Assets:		
Cash and cash equivalents	\$ 748,914	\$ 600,932
Current investments	39,197	35,429
Pledges receivable, net	125,483	124,859
Prepaid expenses	6,354	9,852
Total Current Assets	919,948	771,072
Investments	111,511	109,864
Property and equipment, net	63,901	200,003
Total Assets	<u>\$ 1,095,360</u>	<u>\$ 1,080,939</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 37,378	\$ 8,143
Accrued payroll	66,723	36,499
Capital lease obligation, current portion	2,083	-
Other liabilities	6,380	5,200
Total Current Liabilities	112,564	49,842
Capital lease obligation, less current portion	7,724	-
Total Liabilities	7,724	-
Commitments and Contingencies	-	-
Net Assets:		
Unrestricted net assets	838,561	921,233
Temporarily restricted net assets	25,000	-
Permanently restricted net assets	111,511	109,864
Total Net Assets	975,072	1,031,097
Total Liabilities and Net Assets	<u>\$ 1,095,360</u>	<u>\$ 1,080,939</u>

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2016**  
(with summarized comparative information for the year ended June 30, 2015)

	<b>2016</b>			<b>2015</b>	
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>	<b>(Comparative Totals)</b>
<b>PUBLIC SUPPORT AND REVENUE</b>					
Contributions:					
Corporate	\$ 586,544	\$ 25,000	\$ -	\$ 611,544	\$ 682,735
Individual	167,860	-	-	167,860	176,151
Foundation	176,526	-	-	176,526	267,673
Total Contributions	930,930	25,000	-	955,930	1,126,559
Special events, net of expenses	706,778	-	-	706,778	693,470
Unrealized gain on investments	1,044	-	-	1,044	5,512
In-kind contributions	87,005	-	-	87,005	122,235
Other income	7,673	-	1,647	9,320	6,978
Total Public Support and Revenue	1,733,430	25,000	1,647	1,760,077	1,954,754
<b>EXPENSES</b>					
Program services	1,359,306	-	-	1,359,306	1,256,508
Support services:					
Management and general expense	149,391	-	-	149,391	131,974
Fund raising expense	307,405	-	-	307,405	262,354
Total Expenses	1,816,102	-	-	1,816,102	1,650,836
CHANGE IN NET ASSETS	(82,672)	25,000	1,647	(56,025)	303,918
NET ASSETS, beginning of year	921,233	-	109,864	1,031,097	727,179
NET ASSETS, end of year	\$ 838,561	\$ 25,000	\$ 111,511	\$ 975,072	\$ 1,031,097

See accompanying notes to  
financial statements

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (56,025)	\$ 303,918
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	90,795	86,965
Reinvested interest and dividends	(3,731)	(2,247)
Net unrealized gain on investments	(1,684)	(5,512)
Donation of stock	-	(49,740)
Fair market value of software donated	(13,651)	-
Changes in operating assets and liabilities:		
Pledges Receivables	(624)	16,960
Prepaid expenses	3,498	910
Accounts payable	29,235	(9,453)
Accrued payroll	30,224	10,675
Other liabilities	<u>1,180</u>	<u>(800)</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>79,217</u>	<u>351,676</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from insurance	128,978	-
Purchase of fixed assets	(58,592)	-
Capital expenditures	-	(2,300)
Purchase of investments	-	(40,000)
Sale of investments	<u>-</u>	<u>49,740</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>70,386</u>	<u>7,440</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on capital lease obligation	<u>(1,621)</u>	<u>-</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>(1,621)</u>	<u>-</u>
<b>NET INCREASE</b>	147,982	359,116
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<u>600,932</u>	<u>241,816</u>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<u>\$ 748,914</u>	<u>\$ 600,932</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
In-kind gifts	<u>\$ 103,156</u>	<u>\$ 122,235</u>
Interest paid	<u>\$ 25</u>	<u>\$ 35</u>

**JUNIOR ACHIEVEMENT OF DALLAS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2016**

(with summarized comparative information for the year ended June 30, 2015)

	2016				2015	
	Program Services	Support Services			Total	(Comparative Totals)
		Management and General	Fund Raising	Total Support Services		
Personnel Costs:						
Salaries	\$ 533,236	\$ 87,924	\$ 198,848	\$ 286,772	\$ 820,008	\$ 649,160
Payroll taxes	37,568	6,289	13,813	20,102	57,670	47,310
Total Personnel Costs	<u>570,804</u>	<u>94,213</u>	<u>212,661</u>	<u>306,874</u>	<u>877,678</u>	<u>696,470</u>
Other Expenses:						
Credit card fees	8,511	1,798	1,678	3,476	11,987	13,530
License fees	44,672	4,616	2,308	6,924	51,596	58,335
Employee insurance	75,008	12,540	27,146	39,686	114,694	102,253
Pension and annuity	54,370	9,116	20,372	29,488	83,858	79,992
General insurance	16,718	719	550	1,269	17,987	16,231
Outside services	105,025	12,250	24,481	36,731	141,756	154,340
Occupancy	3,799	310	310	620	4,419	9,515
Interest expense	349	174	174	348	697	35
Lease - equipment	6,625	818	736	1,554	8,179	7,393
Office and center maintenance	17,510	2,162	1,946	4,108	21,618	22,733
Stationery and office supplies	6,490	774	702	1,476	7,966	14,103
Subscription and dues	5,831	-	307	307	6,138	6,591
Postage and delivery	12,471	1,163	1,026	2,189	14,660	15,212
Telephone	16,171	1,574	2,290	3,864	20,035	16,917
Utilities	13,405	1,655	1,489	3,144	16,549	18,890
Staff training	19,195	1,129	2,258	3,387	22,582	26,936
Travel	14,121	1,079	3,431	4,510	18,631	17,205
Volunteer recognition	11,068	-	-	-	11,068	8,128
Volunteer training	2,777	-	-	-	2,777	1,990
Public relations	2,750	-	306	306	3,056	4,170
Job shadow day	5,707	-	-	-	5,707	4,878
Program materials	254,532	-	-	-	254,532	262,345
Fund raising	-	-	249	249	249	-
Scholarships	5,000	-	-	-	5,000	-
Recruiting and relocation	481	-	-	-	481	930
Board expenses	353	117	117	234	587	3,826
Miscellaneous	676	75	69	144	820	923
Total Expenses before depreciation and amortization	<u>1,274,419</u>	<u>146,282</u>	<u>304,606</u>	<u>450,888</u>	<u>1,725,307</u>	<u>1,563,871</u>
Depreciation and amortization	<u>84,887</u>	<u>3,109</u>	<u>2,799</u>	<u>5,908</u>	<u>90,795</u>	<u>86,965</u>
Total Expenses	<u>\$ 1,359,306</u>	<u>\$ 149,391</u>	<u>\$ 307,405</u>	<u>\$ 456,796</u>	<u>\$ 1,816,102</u>	<u>\$ 1,650,836</u>

See accompanying notes to  
financial statements



**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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 helps 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 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 60,000 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, 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.

*Revenue Recognition*

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. However, if a restriction is fulfilled in the same time period in which the contribution is received, JA reports the support as unrestricted.

Contributions are recognized as revenue in the period unconditional promises to give are received. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectable amounts is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of fund raising activity.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Revenue Recognition (continued)*

Contributed assets and services are recognized as contribution revenue at their estimated fair value at the date of receipt. Contributed services are recognized if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided. No amounts have been reflected in the financial statements for donated volunteer services because no objective basis is available to measure the value of such services; however, a number of volunteers have donated significant amounts of their time to JA's programs and activities.

Realized and unrealized gains (losses) and income on investments of endowment and similar funds are reported as follows:

As increases (decreases) in permanently restricted net assets if the terms of the gift require that they be included in principal of a permanent endowment fund;

As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on their use;

As increases (decreases) in unrestricted net assets in all other cases.

*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.

*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.

*Property and Equipment*

Property and equipment expenditures are capitalized at cost. Donated property and equipment are recorded at estimated fair value on the date of donation. Equipment with an expected life of three years or more and costing more than \$1 thousand is capitalized. Depreciation is computed using the straight-line method over estimated useful lives of three to ten (3-10) years for furniture, fixtures and equipment and forty (40) years for buildings. Repair and maintenance costs are expensed as incurred. Depreciation expense for the years ended June 30, 2016 and 2015 was \$90 thousand and \$87 thousand, respectively.

*Deferred Revenue*

Deferred revenue represents the non-contribution portion of special event revenues received during the current year for subsequent year special events.

*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.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Permanently Restricted Assets (continued)*

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.

*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, 2016 and 2015.

*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.

**NOTE 3 - INVESTMENTS**

Investments as of June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
Mutual funds	\$ 140,544	\$ 135,200
Certificates of deposit	10,164	10,093
	<u>\$ 150,708</u>	<u>\$ 145,293</u>

Investment return for the years ended June 30, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Dividend and interest income	\$ 3,731	\$ 2,247
Unrealized gain on investments	1,044	5,512
	<u>\$ 4,775</u>	<u>\$ 7,759</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.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**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
- 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, 2016 and 2015, 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 at June 30, 2016 and 2015.

**NOTE 5 - PLEDGES RECEIVABLE**

Pledges receivable consisted of the following unconditional promises to give as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Pledges receivable	\$ 132,520	\$ 129,989
Allowance for uncollectable pledges	(7,037)	(5,130)
Pledges receivable, net	<u>\$ 125,483</u>	<u>\$ 124,859</u>

All pledges are receivable within one year.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment were as follows as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 65,879	\$ 65,879
Building	490,196	563,253
Furniture, fixtures and equipment	663,532	537,205
	<u>1,219,607</u>	<u>1,166,337</u>
Less: accumulated depreciation	(1,057,214)	(966,334)
Less: unspent insurance proceeds	(98,492)	-
Property and equipment, net	<u>\$ 63,901</u>	<u>\$ 200,003</u>

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.

**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, 2016 and 2015.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 8 - NET ASSETS**

*Temporarily Restricted Net Assets*

Temporarily restricted net assets at of June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Net assets, beginning of year	\$ -	\$ 26,456
Program restricted contribution	25,000	-
Released from time restrictions	-	(26,456)
Net assets, end of year	<u>\$ 25,000</u>	<u>\$ -</u>

*Permanently Restricted Net Assets*

Permanently restricted net assets at June 30, 2016 and 2015 consisted of the following:

	<u>2016</u>	<u>2015</u>
Net assets, beginning of year	\$ 109,864	\$ 69,864
Income from investments	1,647	-
Individual contribution	-	40,000
Net assets, end of year	<u>\$ 111,511</u>	<u>\$ 109,864</u>

**NOTE 9 - IN-KIND CONTRIBUTIONS**

JA receives donated goods and services, paying for most services requiring specific expertise. A number of volunteers have donated substantial amounts of their time in certain of the JA's program service areas. When the value of donated services requires specific expertise, it is reflected in the financial statements as a revenue and expense. For the years ended June 30, 2016 and 2015, JA recorded in-kind contributions as follows:

	<u>2016</u>	<u>2015</u>
Professional services	\$ 65,516	\$ 122,235
Common stock	7,838	-
Software	13,651	-
Total in-kind contributions	<u>\$ 87,005</u>	<u>\$ 122,235</u>

**NOTE 10 - COMMITMENTS AND CONTINGENCIES**

*Operating Lease*

JA leases office space under a non-cancelable operating lease expiring in November 2018. Future minimum commitments under operating lease is as follows:

<u>Year ending:</u>	
2017	\$ 7,200
2018	7,200
2019	2,400
Total	<u>\$ 16,800</u>

*Capital Lease*

During 2016, JA entered into a lease for two copiers with a total value of \$11.5 thousand. Accumulated amortization of the leased equipment at June 30, 2016, was \$2 thousand. The lease is payable in monthly payments of \$229 for 60 months.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)**

The future minimum lease payments required under the capital leases and the present value of the net minimum lease payments as of June 30, 2016, are as follows:

	<u>Year ending:</u>	<u>Amount</u>
	2017	\$ 2,748
	2018	2,748
	2019	2,748
	2020	2,748
	2021	458
Total minimum lease payments		11,450
Less: Amount representing interest		(1,643)
Present value of net minimum lease payments		9,807
Less: Current maturities of capital lease obligations		(2,083)
Long-term capital lease obligations		\$ 7,724

*Concentrations*

JA derives the majority of its revenue from contributions and special events. Continued funding from these sources at current levels is dependent upon various factors. Such factors include economic conditions, compliance with grant provisions, donor satisfaction and public perception of mission effectiveness and relative importance.

Most of JA's business activities are conducted within the Dallas, Texas metroplex. Therefore, JA is subject to the economic conditions in that area.

JA maintains cash balances in several financial institutions. The balances are insured by the FDIC up to \$250 thousand on interest bearing accounts, and all non-interest bearing accounts are fully insured. At June 30, 2016 and 2015, JA had uninsured balances in the amounts of \$376 thousand and \$220 thousand, respectively.

**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, 2016 and 2015. Contributions are expensed as paid. JA is not directly responsible for the obligations of the Plan as administered by JA USA.

		<u>Funded Status</u>		<u>Contributions of JA</u>	
<u>Pension Fund</u>	<u>Plan Number</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
13-1635270	PN 333	68%	71%	\$84 thousand	\$80 thousand
Retirement Plan for Employees of Junior Achievement USA					

*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, 2016 and 2015 was approximately \$108 thousand and \$102 thousand, respectively.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016 AND 2015**

**NOTE 12 - RELATED PARTY TRANSACTIONS**

JA USA provides support in training, materials and developing the total curriculum for local use. A license fee is paid to JA USA for the right to use the materials brand of Junior Achievement. The fee is based upon all cash contributions for the previous fiscal year and is computed at 9% of the first \$300 thousand and 1.8% of the amount over \$300 thousand. The license fee expense to JA USA was \$52 thousand and \$58 thousand for the years ended June 30, 2016 and 2015, 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 \$265 thousand and \$262 thousand in 2016 and 2015, respectively. At June 30, 2016 and 2015, 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, 2015, 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, 2014 or 2013.

JA annually files Form 990 in the U.S. federal jurisdiction. JA's Form 990 for 2013 and subsequent years are subject to examination by the Internal Revenue Service.

**NOTE 15 - SUBSEQUENT EVENTS**

Management has reviewed events occurring subsequent to June 30, 2016 through the issue date of the financial statements, September 16, 2016. 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 STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2016**

	<u>Dallas Office</u>	<u>Tyler Office</u>	<u>Elimination entries</u>	<u>Combined Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 630,323	\$ 118,591	\$ -	\$ 748,914
Current investments	39,033	164	-	39,197
Pledges receivable, net	118,812	6,671	-	125,483
Prepaid expenses	5,704	650	-	6,354
Total Current Assets	<u>793,872</u>	<u>126,076</u>	-	<u>919,948</u>
Investments	101,511	10,000	-	111,511
Property and equipment, net	63,901	-	-	63,901
Total Assets	<u>\$ 959,284</u>	<u>\$ 136,076</u>	<u>\$ -</u>	<u>\$ 1,095,360</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable	\$ 37,378	\$ -	\$ -	\$ 37,378
Accrued payroll	63,718	3,005	-	66,723
Capital lease obligation, current portion	2,083	-	-	2,083
Other current liabilities	6,380	-	-	6,380
Total Current Liabilities	<u>109,559</u>	<u>3,005</u>	-	<u>112,564</u>
Capital lease obligation, less current portion	<u>7,724</u>	-	-	<u>7,724</u>
Total Liabilities	<u>7,724</u>	-	-	<u>7,724</u>
Commitments and Contingencies	-	-	-	-
Net Assets:				
Unrestricted net assets	715,490	123,071	-	838,561
Temporarily restricted net assets	25,000	-	-	25,000
Permanently restricted net assets	101,511	10,000	-	111,511
Total Net Assets	<u>842,001</u>	<u>133,071</u>	-	<u>975,072</u>
Total Liabilities and Net Assets	<u>\$ 959,284</u>	<u>\$ 136,076</u>	<u>\$ -</u>	<u>\$ 1,095,360</u>

**NOTE** - The above combining statement of financial position presents the operations of the two office locations, Dallas and Tyler, Texas, operated by Junior Achievement Dallas, Inc.



**JUNIOR ACHIEVEMENT OF DALLAS, INC.  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2016**

	Dallas Office				Tyler Office				Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>												
Contributions												
Corporate	\$ 572,544	\$ 25,000	\$ -	\$ 597,544	\$ 14,000	\$ -	\$ -	\$ 14,000	\$ 586,544	\$ 25,000	\$ -	\$ 611,544
Individual	124,360	-	-	124,360	43,500	-	-	43,500	167,860	-	-	167,860
Foundation	166,968	-	-	166,968	9,558	-	-	9,558	176,526	-	-	176,526
Total Contributions	863,872	25,000	-	888,872	67,058	-	-	67,058	930,930	25,000	-	955,930
Special events, net of expenses	645,953	-	-	645,953	60,825	-	-	60,825	706,778	-	-	706,778
Unrealized gain on investments	1,044	-	-	1,044	-	-	-	-	1,044	-	-	1,044
In-kind contributions	87,005	-	-	87,005	-	-	-	-	87,005	-	-	87,005
Other income	1,267	-	1,647	2,914	6,406	-	-	6,406	7,673	-	1,647	9,320
Total Public Support and Revenue	1,599,141	25,000	1,647	1,625,788	134,289	-	-	134,289	1,733,430	25,000	1,647	1,760,077
<b>EXPENSES</b>												
Program services	1,261,797	-	-	1,261,797	97,509	-	-	97,509	1,359,306	-	-	1,359,306
Support services:												
Management and general expense	138,591	-	-	138,591	10,800	-	-	10,800	149,391	-	-	149,391
Fund raising expense	275,263	-	-	275,263	32,142	-	-	32,142	307,405	-	-	307,405
Total Expenses	1,675,651	-	-	1,675,651	140,451	-	-	140,451	1,816,102	-	-	1,816,102
CHANGE IN NET ASSETS	(76,510)	25,000	1,647	(49,863)	(6,162)	-	-	(6,162)	(82,672)	25,000	1,647	(56,025)
NET ASSETS, beginning of year	792,000	-	99,864	891,864	129,233	-	10,000	126,874	921,233	-	109,864	1,031,097
NET ASSETS, end of year	<u>\$ 715,490</u>	<u>\$ 25,000</u>	<u>\$ 101,511</u>	<u>\$ 842,001</u>	<u>\$ 123,071</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 120,712</u>	<u>\$ 838,561</u>	<u>\$ 25,000</u>	<u>\$ 111,511</u>	<u>\$ 975,072</u>

**NOTE** - The above combining statement of activities presents the operations of the two office locations, Dallas and Tyler, Texas, operated by Junior Achievement Dallas, Inc

**JUNIOR ACHIEVEMENT OF DALLAS, INC.  
COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2015**

	<u>Dallas Office</u>	<u>Tyler Office</u>	<u>Elimination entries</u>	<u>Combined Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 466,221	\$ 134,711	\$ -	\$ 600,932
Investments	35,336	93	-	35,429
Pledges receivable, net	124,534	325	-	124,859
Prepaid expenses	8,946	906	-	9,852
Inter-office receivable	1,490	-	(1,490)	-
Total Current Assets	<u>636,527</u>	<u>136,035</u>	<u>(1,490)</u>	<u>771,072</u>
Investments	99,864	10,000	-	109,864
Property and equipment, net	200,003	-	-	200,003
Total Assets	<u>\$ 936,394</u>	<u>\$ 146,035</u>	<u>\$ (1,490)</u>	<u>\$ 1,080,939</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Accounts payable	\$ 8,069	\$ 74	\$ -	\$ 8,143
Accrued payroll	31,261	5,238	-	36,499
Intercompany payable	-	1,490	(1,490)	-
Deferred revenue	5,200	-	-	5,200
Total Liabilities	<u>44,530</u>	<u>6,802</u>	<u>(1,490)</u>	<u>49,842</u>
Commitments and Contingencies	-	-	-	-
Net Assets:				
Unrestricted net assets	792,000	129,233	-	921,233
Temporarily restricted net assets	-	-	-	-
Permanently restricted net assets	99,864	10,000	-	109,864
Total Net Assets	<u>891,864</u>	<u>139,233</u>	<u>-</u>	<u>1,031,097</u>
Total Liabilities and Net Assets	<u>\$ 936,394</u>	<u>\$ 146,035</u>	<u>\$ (1,490)</u>	<u>\$ 1,080,939</u>

**NOTE** - The above combining statement of financial position presents the operations of the two office locations, Dallas and Tyler, Texas, operated by Junior Achievement Dallas, Inc.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2015**

	Dallas Office				Tyler Office				Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>PUBLIC SUPPORT AND REVENUE</b>												
Contributions:												
Corporate	\$ 672,298	\$ -	\$ -	\$ 672,298	\$ 10,437	\$ -	\$ -	\$ 10,437	\$ 682,735	\$ -	\$ -	\$ 682,735
Individual	128,136	-	40,000	168,136	8,015	-	-	8,015	136,151	-	40,000	176,151
Foundation	217,260	-	-	217,260	50,413	-	-	50,413	267,673	-	-	267,673
Total Contributions	1,017,694	-	40,000	1,057,694	68,865	-	-	68,865	1,086,559	-	40,000	1,126,559
Special events, net of expenses	626,171	-	-	626,171	67,299	-	-	67,299	693,470	-	-	693,470
Unrealized gain on investments	5,512	-	-	5,512	-	-	-	-	5,512	-	-	5,512
In-kind contributions	122,235	-	-	122,235	-	-	-	-	122,235	-	-	122,235
Other income	4,622	-	-	4,622	2,356	-	-	2,356	6,978	-	-	6,978
Net assets released from restrictions	23,081	(23,081)	-	-	3,375	(3,375)	-	-	26,456	(26,456)	-	-
Total Public Support and Revenue	1,799,315	(23,081)	40,000	1,816,234	141,895	(3,375)	-	138,520	1,941,210	(26,456)	40,000	1,954,754
<b>EXPENSES</b>												
Program services	1,160,520	-	-	1,160,520	95,988	-	-	95,988	1,256,508	-	-	1,256,508
Support services:												
Management and general expense	120,867	-	-	120,867	11,107	-	-	11,107	131,974	-	-	131,974
Fund raising expense	232,148	-	-	232,148	30,206	-	-	30,206	262,354	-	-	262,354
Total Expenses	1,513,535	-	-	1,513,535	137,301	-	-	137,301	1,650,836	-	-	1,650,836
CHANGE IN NET ASSETS	285,780	(23,081)	40,000	302,699	4,594	(3,375)	-	1,219	290,374	(26,456)	40,000	303,918
NET ASSETS, beginning of year	506,220	23,081	59,864	589,165	124,639	3,375	10,000	138,014	630,859	26,456	69,864	727,179
NET ASSETS, end of year	<u>\$ 792,000</u>	<u>\$ -</u>	<u>\$ 99,864</u>	<u>\$ 891,864</u>	<u>\$ 129,233</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 139,233</u>	<u>\$ 921,233</u>	<u>\$ -</u>	<u>\$ 109,864</u>	<u>\$ 1,031,097</u>

**NOTE** - The above combining statement of activities presents the operations of the two office locations, Dallas and Tyler, Texas, operated by Junior Achievement Dallas, Inc