

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

**As of June 30, 2019 and 2018**  
**And for the Years then Ended**

**JUNIOR ACHEIVEMENT OF DALLAS  
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16800 N. Dallas Parkway  
Suite 240  
Dallas, Texas 75248  
P: 972.818.5300  
F: 972.818.5301  
[www.GPPcpa.com](http://www.GPPcpa.com)

## Independent Auditor’s Report

To the Board of Directors of  
Junior Achievement of Dallas, Inc.

We have audited the accompanying financial statements of Junior Achievement of Dallas, Inc., which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended.

### Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements based on our audits. We conducted our audits 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 our 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, we consider internal control relevant to the Company’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 Company’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, 2019 and 2018, 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.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, as of and for the years ended June 30, 2019 and 2018, Junior Achievement of Dallas, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

**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, 2019 and 2018 on pages 18 through 21 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.



September 24, 2019

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

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 945,928	\$ 990,011
Contributions receivable, net	293,132	535,690
Investments	199,828	199,692
Prepaid expenses	26,362	30,146
Property, buildings and equipment, net	405,246	433,405
Total assets	\$ 1,870,496	\$ 2,188,944
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable	\$ 49,603	\$ 47,020
Accrued payroll	85,610	63,072
Other liabilities	3,910	6,343
Total liabilities	139,123	116,435
Commitments and contingencies	-	-
Net assets		
Without donor restrictions	1,218,643	1,169,541
With donor restrictions	512,730	902,968
Total net assets	1,731,373	2,072,509
Total liabilities and net assets	\$ 1,870,496	\$ 2,188,944

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30,**

	<b>2019</b>			<b>2018</b>		
	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>	<b>Without donor restrictions</b>	<b>With donor restrictions</b>	<b>Total</b>
<b>REVENUE AND SUPPORT</b>						
Contributions:						
Corporate	\$ 569,682	\$ 15,000	\$ 584,682	\$ 928,353	\$ 5,000	\$ 933,353
Individual	173,154	-	173,154	133,930	-	133,930
Foundation	252,231	-	252,231	-	-	-
Total contributions	995,067	15,000	1,010,067	1,062,283	5,000	1,067,283
Contributions - donation in-kind	207,230	-	207,230	223,762	230,134	453,896
Interest and investment income	15,533	-	15,533	19,442	-	19,442
Special Events:						
Special events income	1,000,279	-	1,000,279	1,006,822	-	1,006,822
Special events expenses	(256,845)	-	(256,845)	(220,299)	-	(220,299)
Net total special events	743,434	-	743,434	786,523	-	786,523
Other income	63,119	3,962	67,081	84,319	3,457	87,776
Net assets released from restrictions	409,200	(409,200)	-	305,000	(305,000)	-
Total revenue and support	2,433,583	(390,238)	2,043,345	2,481,329	(66,409)	2,414,920
<b>FUNCTIONAL EXPENSES</b>						
Program services	1,900,871	-	1,900,871	1,727,726	-	1,727,726
Management and general	163,403	-	163,403	151,154	-	151,154
Fundraising	320,207	-	320,207	300,765	-	300,765
Total functional expenses	2,384,481	-	2,384,481	2,179,645	-	2,179,645
Change in net assets	49,102	(390,238)	(341,136)	301,684	(66,409)	235,275
Net assets, beginning of year	1,169,541	902,968	2,072,509	867,857	969,377	1,837,234
Net assets, end of year	<u>\$ 1,218,643</u>	<u>\$ 512,730</u>	<u>\$ 1,731,373</u>	<u>\$ 1,169,541</u>	<u>\$ 902,968</u>	<u>\$ 2,072,509</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2019**

	Program Services	Support Services		Total
		Management and General	Fund Raising	
Personnel costs:				
Salaries	\$ 829,882	\$ 99,232	\$ 208,925	\$ 1,138,039
Payroll taxes	60,557	7,282	15,136	82,975
Total personnel costs	890,439	106,514	224,061	1,221,014
Other expenses:				
Credit card fees	12,410	1,551	1,551	15,512
License fees	55,839	3,800	2,273	61,912
Employee insurance	107,797	13,020	26,863	147,680
Pension and annuity	76,703	10,141	20,975	107,819
General insurance	20,696	890	668	22,254
Outside services	145,736	5,847	17,541	169,124
Occupancy	126,192	504	504	127,200
Interest expense	477	238	238	953
Leased equipment	6,224	715	643	7,582
Office and center maintenance	18,044	2,228	2,005	22,277
Stationery and office supplies	11,511	1,093	992	13,596
Subscription and dues	9,335	-	491	9,826
Postage and delivery	13,848	900	806	15,554
Telephone	16,766	1,602	2,338	20,706
Utilities	14,245	1,759	1,583	17,587
Staff training	25,092	1,251	2,502	28,845
Travel	23,002	1,406	4,754	29,162
Volunteer recognition	10,613	198	635	11,446
Volunteer training	417	-	-	417
Public relations	1,303	-	119	1,422
Job shadow day	3,887	-	-	3,887
Program materials	239,065	-	-	239,065
Fund raising	-	-	100	100
Recruiting and relocation	4,538	-	801	5,339
Board expenses	1,755	585	585	2,925
Miscellaneous	589	1,217	29	1,835
Total expenses before depreciation	1,836,523	155,459	313,057	2,305,039
Depreciation	64,348	7,944	7,150	79,442
Total expenses	<u>\$ 1,900,871</u>	<u>\$ 163,403</u>	<u>\$ 320,207</u>	<u>\$ 2,384,481</u>

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

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



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

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>		
Changes in net assets	\$ (341,136)	\$ 235,275
Adjustments to reconcile changes in net assets to cash provided by (used in) operating activities:		
Realized and unrealized gains on investments	(15,533)	(19,442)
Reinvested interest and dividends	(4,045)	(3,530)
Depreciation	79,442	55,410
Donated property and equipment	-	(253,617)
Change in assets and liabilities:		
Contributions receivable, net	242,558	213,202
Prepaid expenses	3,784	17,158
Accounts payable	2,583	12,429
Accrued payroll	22,538	(24,977)
Other liabilities	-	(11,783)
Net cash provided by (used in) operating activities	<u>(9,809)</u>	<u>220,125</u>
<b>Cash flows from investing activities</b>		
Proceeds from insurance	-	104,234
Proceeds from sales of donated securities	19,442	-
Restoration of damaged property expenditures	(3,732)	(105,419)
Purchase of property and equipment	<u>(47,551)</u>	<u>(80,981)</u>
Net cash used in investing activities	<u>(31,841)</u>	<u>(82,166)</u>
<b>Cash flows from financing activities</b>		
Repayment of capital lease obligations	<u>(2,433)</u>	<u>(8,931)</u>
Net cash used in financing activities	<u>(2,433)</u>	<u>(8,931)</u>
Net change in cash and cash equivalents	<u>(44,083)</u>	<u>129,028</u>
<b>Cash and cash equivalents</b>		
Beginning of year	<u>990,011</u>	<u>860,983</u>
End of year	<u>\$ 945,928</u>	<u>\$ 990,011</u>
<i>Supplemental information</i>		
Interest paid during the year	<u>\$ 953</u>	<u>\$ 1,060</u>
Donated property and equipment	<u>\$ -</u>	<u>\$ 453,896</u>

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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**

*Adoption of New Accounting Principle*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. JA has implemented ASU 2016-14 and has adjusted the presentation in these financial statements in accordance with the updated accounting principles. The primary impact is the reclassification of permanently restricted net assets into net assets with donor restrictions and inclusion of liquidity footnote disclosure.

*Basis of Presentation*

JA's financial statements are presented on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of JA and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that will be met by action of JA and/or the passage of time, or in perpetuity. Generally, the donors of these assets permit JA to use all or part of the income and gains earned on related investment for general or specific purposes.

*Fair Value of Financial Instruments*

Financial instruments reported at fair value on a recurring basis are included in investments. Financial instruments not reported at fair value on a recurring basis include receivables, payables, and accrued liabilities. The carrying amounts of these financial instruments approximate fair value.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

*Cash and Cash Equivalents*

JA considers all investments in highly liquid debt instruments with a purchased maturity of three months or less, other than those held in the investment portfolio, to be cash equivalents.

Cash and cash equivalents consist of interest-bearing bank deposits with one financial institution, which may at times exceed federally insured limits.

*Contributions Receivable*

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted to estimate the present value of future cash flows. Discounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of discounts is included in contribution revenue. JA has not recorded a discount as of June 30, 2019 or 2018 due to the low risk-free interest rates and there are no contribution receivables in excess of three years.

An allowance for contributions receivable is provided when it is believed balances may not be collected in full. It is JA's policy to write off receivables against the allowance when management determines the receivable will not be collected. The amount of loss on contributions recognized each period and the resulting adequacy of the allowance at the end of each period is determined using a combination of historical loss experience and individual account-by-account analysis of contributions receivable balances. It is possible that management's estimate regarding collectability will change in the near term resulting in a change in the carrying value of contributions receivable. Management has provided an allowance for doubtful accounts of \$5 thousand and \$7 thousand as of June 30, 2019 and 2018, respectively.

*Investments*

Investments, primarily consisting of mutual funds and money-market accounts, are stated at fair value. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are included in interest and investment income in the accompanying statements of activities.

The underlying investments in mutual funds are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, and the level of uncertainty related to changes in the value of the mutual funds, it is at least reasonably possible that changes in risks in the near term could materially affect account balances and the amounts reported in the statement of financial position and the statement of activities.

*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.

*Impairment of Long-Lived Assets*

JA reviews property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of the property and equipment may not be recoverable.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

*Impairment of Long-Lived Assets (continued)*

Recoverability is measured by a comparison of the carrying amount of the asset to future net cash flows, undiscounted and without interest, expected to be generated by the asset.

If assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the asset. During the years ended June 30, 2019 and 2018, there were no events or changes in circumstances indicating that the carrying amount of the property and equipment may not be recoverable.

*Contributions and Donor Imposed Restrictions*

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as contributions with donor restrictions that increases that net asset class. When donor restrictions expire, that is, when a time restriction ends and/or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction.

*Functional Allocation of Expenses*

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Certain categories of expenses are attributable to both program services and supporting activities. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and facility costs, which are allocated on a square-footage basis, as well as salaries and benefits, which are allocated based on estimates of time and effort.

*Income Taxes*

JA is a not-for-profit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state taxes under similar provisions of the Texas statutes. Accordingly, no provision for federal and state income taxes has been recorded in the accompanying financial statements. JA files the required annual federal informational return for tax-exempt organizations.

JA identifies and evaluates uncertain tax positions, if any, and recognizes the impact of uncertain tax positions for which there is a less than more-likely-than-not probability of the position being upheld when reviewed by the relevant taxing authority. Such positions are deemed to be unrecognized tax benefits and a corresponding liability is established on the statement of financial position. JA has not recognized a liability for uncertain tax positions. If there were an unrecognized tax benefit, JA would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties in operating expenses.

*Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

*Accounting Pronouncements Issued but Not Yet Adopted*

In June 2018 the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new standard clarifies and improves guidance about whether a transfer of assets is a contribution or an exchange transaction, as well as clarifying how an entity determines whether a resource provider is participating in an exchange transaction by evaluating whether the resource provider is receiving commensurate value in return for the resources transferred. The new standard is effective for fiscal periods beginning after December 15, 2018, using either of the following transition methods: (i) a modified prospective in the first set of financial statements following the effective date to agreements that are either not completed as of the effective date or entered into after the effective date, or (ii) a full retrospective approach reflecting the application of the standard in each prior reporting period in the financial statements. Early adoption is permitted. JA is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments. For leases with a lease term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize a right-of-use asset or lease liability. A lessee making this accounting policy election would recognize lease expense over the term of the lease, generally in a straight-line pattern. This guidance is effective for financial statements issued for fiscal years beginning after December 15, 2020. Early adoption is permitted. Management is currently evaluating the impact of this ASU on its financial statements.

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position, are comprised of the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash and cash equivalents	\$ 945,928	\$ 990,011
Contributions receivable, net	293,132	535,690
Investments	199,828	199,692
Total financial assets	<u>1,438,888</u>	<u>1,725,393</u>
Less financial assets not available for general expenditure:		
Donor restricted cash	(15,000)	(120,000)
Donor restricted contributions receivable	(168,718)	(435,000)
Donor restricted investments	(111,922)	(117,834)
Total financial assets available for general expenditure	<u>\$ 1,143,248</u>	<u>\$ 1,052,559</u>

Donor restricted investments consist of donor-restricted endowments. Income from donor restricted investments is available for general expenditure. Donor restricted funds included in cash and contributions receivable are not available for general expenditure.

As part of JA's liquidity management, JA invests cash in excess of daily requirements in short term investments and certificate of deposits.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 4 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable were as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Contributions from corporations	\$ 204,000	\$ 346,000
Contributions from individuals	54,118	80,200
Contributions from foundations	3,000	75,500
Contributions from government agencies	35,000	40,000
Other contributions	1,726	1,027
Total contributions receivable	<u>297,844</u>	<u>542,727</u>
Allowance for doubtful accounts	<u>(4,712)</u>	<u>(7,037)</u>
Total contributions receivable, net	<u><u>\$ 293,132</u></u>	<u><u>\$ 535,690</u></u>

Contributions receivable are expected to be collected as follows as of June 30:

	<u>2019</u>	<u>2018</u>
Due within one year	\$ 270,344	\$ 300,227
Due after 1 year but less than 2 years	27,500	222,500
Due after 2 years but less than 3 years	-	20,000
Total contributions receivable	<u><u>\$ 297,844</u></u>	<u><u>\$ 542,727</u></u>

**NOTE 5 - FAIR VALUE MEASUREMENTS**

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

*Valuation Techniques*

Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices in active markets for identical assets or liabilities. Financial assets and liabilities valued using Level 2 inputs are based primarily on observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets and liabilities using Level 3 inputs were primarily valued using unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Valuation techniques utilized to determine fair value are consistently applied.

The following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

*Certificates of Deposit* – Certificates of deposit are valued at cost plus accrued interest which approximates fair value.

*Mutual funds* – Mutual funds are valued at quoted market prices in active markets.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 5 - FAIR VALUE MEASUREMENTS (continued)**

An asset or liability's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

Fair values of assets and liabilities measured on a recurring basis at June 30, 2019, were as follows:

	<b>Fair Value Measurements as of June 30, 2019</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Certificate of Deposit	\$ 10,392	\$ -	\$ -	\$ 10,392
Mutual Funds:				
Large Blend	189,436	-	-	189,436
	\$ 199,828	\$ -	\$ -	\$ 199,828

Fair values of assets and liabilities measured on a recurring basis at June 30, 2018, were as follows:

	<b>Fair Value Measurements as of June 30, 2018</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Certificate of Deposit	\$ 10,309	\$ -	\$ -	\$ 10,309
Mutual Funds:				
Large Blend	189,383	-	-	189,383
	\$ 199,692	\$ -	\$ -	\$ 199,692

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30:

	<b>2019</b>	<b>2018</b>
Land	\$ 65,879	\$ 65,879
Building	602,388	595,769
Leasehold improvements	274,681	-
Furniture, fixtures, and equipment	647,923	898,176
	1,590,871	1,559,824
Less: accumulated depreciation	(1,182,739)	(1,119,801)
Less: unspent insurance proceeds	(2,886)	(6,618)
Total property, buildings and equipment, net	\$ 405,246	\$ 433,405

**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% (7.5% and 7% as of June 30, 2019 and 2018, respectively). The line of credit is collateralized by real estate. There were no outstanding balances on the line of credit as of June 30, 2019 and 2018.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of June 30 are available for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
<b>Subject to expenditure for specified purpose:</b>		
For program activities:		
JA BizTown®	\$ 141,218	\$ 120,000
Job Shadow	15,000	-
For Leasehold improvements:		
JA BizTown®	217,090	230,134
<b>Subject to the passage of time:</b>		
For periods at least one year from fiscal year end:		
JA BizTown®	27,500	435,000
<b>Not subject to appropriation or expenditure:</b>		
Endowment donor restricted funds	111,922	117,834
Total net assets with donor restrictions	<u>\$ 512,730</u>	<u>\$ 902,968</u>

Net assets with donor restrictions where restrictions were met by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors were as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
<b>Purpose restrictions accomplished:</b>		
JA BizTown®	\$ 279,326	\$ -
<b>Time restrictions accomplished:</b>		
JA BizTown®	120,000	305,000
<b>Release of earnings on donor restricted endowment amounts</b>	9,874	-
Total restrictions released	<u>\$ 409,200</u>	<u>\$ 305,000</u>

**NOTE 9 - ENDOWMENT**

JA has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) 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 the original value of gifts and the unappropriated investment earnings on donor-restricted endowments as net assets with donor restrictions. In accordance with TUPMIFA, JA considers the following factors in making a determination to appropriate accumulated donor-restricted endowment funds:

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JA
- The investment policy of JA



**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 9 - ENDOWMENT (continued)**

JA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that JA must hold in perpetuity or for donor specified periods as well as board designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of selected indices. Actual returns in any given year may be positive or negative.

To satisfy its long-term rate-of-return objectives, JA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). JA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

JA has a policy of appropriating for distribution each year its endowment fund's earnings in excess of donor restricted principle. In establishing this policy, JA considered the long-term expected return on its endowment. Accordingly, over the long-term, JA expects the current spending policy and expected rate of return to allow the endowment to maintain its historical value.

Changes in endowment net assets classified as with donor restriction for the years ended June 30, consisted of the following:

	<u>2019</u>	<u>2018</u>
Endowment net assets, beginning of year	\$ 117,834	\$ 114,377
Investment income	3,962	3,457
Appropriation of endowment assets for expenditure	<u>(9,874)</u>	<u>-</u>
Endowment net assets, en of year	<u>\$ 111,922</u>	<u>\$ 117,834</u>

As of June 30, 2019 and 2018, there were no endowment funds classified as net assets without donor restriction.

**NOTE 10 - 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, 2019 and 2018, 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.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 10 - IN-KIND CONTRIBUTIONS (continued)**

For the years ended June 30, 2019 and 2018, JA recorded in-kind contributions as follows:

	<u>2019</u>	<u>2018</u>
Professional services	\$ 87,102	\$ 71,698
Office and program supplies	128	8,581
Lease of JA BizTown® location	120,000	120,000
Contributed capital assets:		
Leasehold improvements to JA Biztown®	-	253,617
	<u>\$ 207,230</u>	<u>\$ 453,896</u>

**NOTE 11 - OPERATING LEASE**

JA leases office space under a non-cancelable operating lease which expired in November 2018. The lease has been extended on a month-to-month basis, with monthly lease payments totaling \$600.

**NOTE 12 - 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, 2019 and 2018. Contributions are expensed as paid. JA is not directly responsible for the obligations of the Plan as administered by JA USA.

Effective June 30, 2019, the Board of Directors of JA USA approved the termination of the Plan, at which time all participants who were active in the Plan became fully vested for their respective accrued benefits. The Plan shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires that participating employers, including JA USA, remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied, and are thereby required to make contributions equal to 13.25% of participants' eligible compensation.

In connection with the termination of the Plan, JA USA obtained a loan to fund the estimated required contributions to terminate the Plan. At June 30, 2019, proceeds from the loan had been received and restricted for Plan contributions, but were not remitted to the Plan until after year-end.

Pension Fund	EIN/Pension Plan Number	<u>Funded Status</u>	
		<u>2019</u>	<u>2018</u>
Retirement Plan for Employees of Junior Achievement USA	13-1635270 / PN 333	108%	92%
		<u>Contributions of JA</u>	
		<u>2019</u>	<u>2018</u>
		\$ 107,819	\$ 124,156

JA's Contribution to the Plan is less than 5% of the total contributions for the June 30, 2019 and 2018 plan years.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**NOTE 12 - BENEFIT PLANS (continued)**

*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 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, 2019 and 2018 was approximately \$140 thousand and \$113 thousand, respectively.

**NOTE 13 - 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 \$62 thousand and \$60 thousand for the years ended June 30, 2019 and 2018, respectively, and is included in expenses in the accompanying statements of activities.

JA incurred expenses for the purchase of program materials from JA USA in the amount of \$228 thousand and \$234 thousand in 2019 and 2018, respectively. As of June 30, 2019 and 2018, no amounts were payable to JA USA.

**NOTE 14 - SUBSEQUENT EVENTS**

Management has reviewed events occurring subsequent to June 30, 2019 through the issue date of the financial statements, September 24, 2019. With the exception of the matter discussed below, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

JA USA terminated the Defined Benefit Plan mentioned in Note 12 on July 1, 2019. JA began sponsoring a Safe Harbor 401(k) Plan effective August 1, 2019.

**JUNIOR ACHIEVEMENT OF DALLAS, INC.**  
**COMBINING STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019**

	<u>Dallas</u>	<u>Tyler</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 826,181	\$ 119,747	\$ 945,928
Contributions receivable, net	292,807	325	293,132
Investments	189,436	10,392	199,828
Prepaid expenses	23,774	2,588	26,362
Property, buildings and equipment, net	405,246	-	405,246
Total assets	<u>\$ 1,737,444</u>	<u>\$ 133,052</u>	<u>\$ 1,870,496</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable	\$ 48,638	\$ 965	\$ 49,603
Accrued payroll	79,629	5,981	85,610
Other liabilities	3,910	-	3,910
Total liabilities	<u>132,177</u>	<u>6,946</u>	<u>139,123</u>
Commitments and contingencies	-	-	-
Net assets			
Without donor restrictions	1,102,537	116,106	1,218,643
With donor restrictions	502,730	10,000	512,730
Total net assets	<u>1,605,267</u>	<u>126,106</u>	<u>1,731,373</u>
Total liabilities and net assets	<u>\$ 1,737,444</u>	<u>\$ 133,052</u>	<u>\$ 1,870,496</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, 2019**

	Dallas Office			Tyler Office			Total		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>									
Contributions:									
Corporate	\$ 561,462	\$ 15,000	\$ 576,462	\$ 8,220	\$ -	\$ 8,220	\$ 569,682	\$ 15,000	\$ 584,682
Individual	172,554	-	172,554	600	-	600	173,154	-	173,154
Foundation	200,823	-	200,823	51,408	-	51,408	252,231	-	252,231
Total contributions	934,839	15,000	949,839	60,228	-	60,228	995,067	15,000	1,010,067
Contributions - donation in-kind	207,230	-	207,230	-	-	-	207,230	-	207,230
Interest and investment income	15,533	-	15,533	-	-	-	15,533	-	15,533
Special Events:									
Special events income	921,690	-	921,690	78,589	-	78,589	1,000,279	-	1,000,279
Special events expenses	(244,715)	-	(244,715)	(12,130)	-	(12,130)	(256,845)	-	(256,845)
Net total special events	676,975	-	676,975	66,459	-	66,459	743,434	-	743,434
Other income	62,190	3,962	66,152	929	-	929	63,119	3,962	67,081
Net assets released from restrictions	409,200	(409,200)	-	-	-	-	409,200	(409,200)	-
Total revenue and support	2,305,967	(390,238)	1,915,729	127,616	-	127,616	2,433,583	(390,238)	2,043,345
<b>FUNCTIONAL EXPENSES</b>									
Program services	1,785,037	-	1,785,037	115,834	-	115,834	1,900,871	-	1,900,871
Management and general	152,020	-	152,020	11,383	-	11,383	163,403	-	163,403
Fundraising	286,250	-	286,250	33,957	-	33,957	320,207	-	320,207
Total functional expenses	2,223,307	-	2,223,307	161,174	-	161,174	2,384,481	-	2,384,481
Change in net assets	82,660	(390,238)	(307,578)	(33,558)	-	(33,558)	49,102	(390,238)	(341,136)
Net assets, beginning of year	1,019,877	892,968	1,912,845	149,664	10,000	159,664	1,169,541	902,968	2,072,509
Net assets, end of year	\$ 1,102,537	\$ 502,730	\$ 1,605,267	\$ 116,106	\$ 10,000	\$ 126,106	\$ 1,218,643	\$ 512,730	\$ 1,731,373

**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, 2018**

	<u>Dallas</u>	<u>Tyler</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 835,590	\$ 154,421	\$ 990,011
Contributions receivable, net	535,365	325	535,690
Investments	189,383	10,309	199,692
Prepaid expenses	28,559	1,587	30,146
Property, buildings and equipment, net	433,405	-	433,405
Total assets	<u>\$ 2,022,302</u>	<u>\$ 166,642</u>	<u>\$ 2,188,944</u>
<b>LIABILITIES AND NET ASSETS</b>			
Liabilities			
Accounts payable	\$ 46,830	\$ 190	\$ 47,020
Accrued payroll	56,284	6,788	63,072
Other liabilities	6,343	-	6,343
Total liabilities	<u>109,457</u>	<u>6,978</u>	<u>116,435</u>
Commitments and contingencies	-	-	-
Net assets			
Without donor restrictions	1,019,877	149,664	1,169,541
With donor restrictions	892,968	10,000	902,968
Total net assets	<u>1,912,845</u>	<u>159,664</u>	<u>2,072,509</u>
Total liabilities and net assets	<u>\$ 2,022,302</u>	<u>\$ 166,642</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			Total		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
<b>REVENUE AND SUPPORT</b>									
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
Total contributions	980,166	5,000	985,166	82,117	-	82,117	1,062,283	5,000	1,067,283
Contributions - donation in-kind	223,762	230,134	453,896	-	-	-	223,762	230,134	453,896
Interest and investment income	19,442	-	19,442	-	-	-	19,442	-	19,442
Special Events:									
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)
Net total special events	708,648	-	708,648	77,875	-	77,875	786,523	-	786,523
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)	-
<b>Total revenue and support</b>	<b>2,320,848</b>	<b>(66,409)</b>	<b>2,254,439</b>	<b>160,481</b>	<b>-</b>	<b>160,481</b>	<b>2,481,329</b>	<b>(66,409)</b>	<b>2,414,920</b>
<b>FUNCTIONAL EXPENSES</b>									
Program services	1,617,308	-	1,617,308	110,418	-	110,418	1,727,726	-	1,727,726
Management and general	139,061	-	139,061	12,093	-	12,093	151,154	-	151,154
Fundraising	264,853	-	264,853	35,912	-	35,912	300,765	-	300,765
Total functional expenses	2,021,222	-	2,021,222	158,423	-	158,423	2,179,645	-	2,179,645
Change in net assets	299,626	(66,409)	233,217	2,058	-	2,058	301,684	(66,409)	235,275
Net assets, beginning of year	720,251	959,377	1,679,628	147,606	10,000	157,606	867,857	969,377	1,837,234
Net assets, end of year	<u>\$ 1,019,877</u>	<u>\$ 892,968</u>	<u>\$ 1,912,845</u>	<u>\$ 149,664</u>	<u>\$ 10,000</u>	<u>\$ 159,664</u>	<u>\$ 1,169,541</u>	<u>\$ 902,968</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.**