

Junior Achievement of Mahoning Valley, Inc.

Report on Audit of Financial Statements

June 30, 2018 and 2017

Yurchyk & Davis
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Junior Achievement of Mahoning Valley, Inc.
Girard, Ohio 44420

We have audited the accompanying statements of financial position of Junior Achievement of Mahoning Valley, Inc. (a not for profit organization) which comprise the statement of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows 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

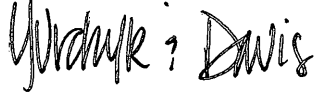
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 auditors' 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 Mahoning Valley, 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 conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Yurchyk & Davis". The signature is written in a cursive, somewhat stylized font.

Yurchyk & Davis
Certified Public Accountants, Inc.
October 9, 2018

Junior Achievement of Mahoning Valley, Inc.

Statements of Financial Position

June 30, 2018 and 2017

ASSETS

	2018	2017
<i><u>Current Assets</u></i>		
Cash and Cash Equivalents	\$ 78,418	\$ 48,980
Pledges Receivable - net of allowance for doubtful pledges of \$-0- in 2018 and 2017	10,265	10,661
Prepaid Expenses	847	983
Total Current Assets	89,530	60,624
<i><u>Long-Term Assets</u></i>		
Investments - Endowment Fund	165,683	155,956
Custodial Children's Savings Accounts	59,873	59,862
Deposits	760	760
Furniture and Equipment, net of accumulated depreciation of \$18,970 and \$16,076 in 2018 and 2017, respectively	1,410	4,304
Total Long-Term Assets	227,726	220,882
TOTAL ASSETS	\$ 317,256	\$ 281,506

LIABILITIES AND NET ASSETS

<i><u>Current Liabilities</u></i>		
Accrued and Withheld Payroll Liabilities	\$ 10,759	\$ 12,585
Total Current Liabilities	10,759	12,585
<i><u>Long-Term Liabilities</u></i>		
Custodial Children's Savings Liability	59,873	59,862
Total Long-Term Liabilities	59,873	59,862
Total Liabilities	70,632	72,447
<i><u>Net Assets</u></i>		
Unrestricted Net Assets	80,941	49,700
Board Designated Net Assets	160,683	150,956
Total Unrestricted Net Assets	241,624	200,656
Temporarily Restricted Net Assets	-	3,403
Permanently Restricted Net Assets	5,000	5,000
Total Net Assets	246,624	209,059
TOTAL LIABILITIES AND NET ASSETS	\$ 317,256	\$ 281,506

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Statements of Activities

For the Years Ended June 30, 2018 and 2017

	2018	2017
Unrestricted Activities		
<i><u>Revenue, Gains, and Other Support</u></i>		
Contributions		
Fund Drive	\$ 46,675	\$ 32,538
Grants/Foundations	257,424	336,886
Program Contributions	13,557	19,808
Total Contributions	317,656	389,232
Special Events, Net of Expenses	56,949	20,355
Interest, Dividends and Realized Gains	6,642	5,983
Unrealized Gains (Losses) on Investments	5,873	5,855
In-Kind Contributions	1,743	5,735
Net Assets Released from Restrictions	3,403	-
Total Revenues	392,266	427,160
Less: Franchise Fee	(27,086)	(21,921)
Net Unrestricted Support & Revenue	365,180	405,239
<i><u>Expenses</u></i>		
Program Services	271,182	298,462
Management and General	36,239	60,377
Fundraising	16,791	17,811
Total Expenses	324,212	376,650
Change in Unrestricted Net Assets	40,968	28,589
Unrestricted Net Assets Beginning of Year	200,656	172,067
Unrestricted Net Assets End of Year	\$ 241,624	\$ 200,656

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Statements of Activities (continued)

For the Years Ended June 30, 2018 and 2017

	2018	2017
Temporarily Restricted Net Assets		
<i>Revenue</i>		
Contributions	\$ -	\$ 3,403
Released From Restrictions	(3,403)	-
Change in Temporarily Restricted Net Assets	(3,403)	3,403
Temporarily Restricted Net Assets Beginning of Year	3,403	-
Temporarily Restricted Net Assets End of Year	-	3,403
 Permanently Restricted Activities		
<i>Revenue</i>		
Released from restriction	-	-
Change in Permanently Restricted Net Assets	-	-
Permanently Restricted Net Assets Beginning of Year	5,000	5,000
Permanently Restricted Net Assets End of Year	5,000	5,000
 Change in Total Net Assets	37,565	31,992
Net Assets at Beginning of Year	209,059	177,067
Net Assets at End of Year	\$ 246,624	\$ 209,059

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2018

	<u>Program Service</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 140,038	\$ 5,001	\$ 6,515	\$ 151,554
Payroll Taxes and Benefits	40,202	1,436	1,871	43,509
Program Materials	48,223	-	-	48,223
Rent	10,515	1,953	2,554	15,022
Repairs, Maintenance, Utilities, and Insurance	7,645	1,420	1,856	10,921
Training and Recognition	7,740	-	-	7,740
Supplies and Postage	3,311	615	804	4,730
Depreciation	2,026	376	492	2,894
Outside Services	2,108	23,191	1,054	26,353
Dues and Subscriptions	497	92	121	710
Technology	3,987	740	968	5,695
Travel and Transportation	1,465	586	42	2,093
Donated Services and Materials	1,307	436	-	1,743
Miscellaneous Expenses	2,118	393	514	3,025
	<u>271,182</u>	<u>36,239</u>	<u>16,791</u>	<u>324,212</u>
Total Expenses	\$ 271,182	\$ 36,239	\$ 16,791	\$ 324,212

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Statement of Functional Expenses

For the Year Ended June 30, 2017

	<u>Program Service</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 145,481	\$ 5,342	\$ 6,284	\$ 157,107
Payroll Taxes and Benefits	48,633	1,786	2,100	52,519
Program Materials	55,379	-	-	55,379
Rent	10,927	2,029	2,654	15,610
Repairs, Maintenance, Utilities, and Insurance	6,196	1,151	1,504	8,851
Training and Recognition	10,288	-	-	10,288
Supplies and Postage	3,615	671	878	5,164
Depreciation	2,025	376	492	2,893
Outside Services	4,201	46,210	2,100	52,511
Dues and Subscriptions	717	133	174	1,024
Technology	3,837	713	931	5,481
Travel and Transportation	806	150	195	1,151
Donated Services and Materials	4,301	1,434	-	5,735
Miscellaneous Expenses	2,056	382	499	2,937
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	\$ <u>298,462</u>	\$ <u>60,377</u>	\$ <u>17,811</u>	\$ <u>376,650</u>

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2018 and 2017

	2018	2017
<u><i>Cash Flows from Operating Activities</i></u>		
Change in Net Assets	\$ 37,565	\$ 31,992
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities		
Depreciation	2,894	2,893
Unrealized (Gains) Losses on Investments	(5,873)	(5,855)
Endowment Fund Activity	(3,854)	(3,184)
Changes in Current Assets and Liabilities		
(Increase) Decrease in Assets:		
Pledges Receivables	396	17,646
Prepaid Expenses	136	(698)
Increase (Decrease) in Liabilities:		
Accrued and Withheld Payroll Liabilities	(1,826)	9,561
Deferred Grant Revenue	-	(32,000)
Net Cash Provided By Operating Activities	29,438	20,355
 <u><i>Cash Flows from Investing Activities</i></u>		
Receipts for Custodial Children's Saving Accounts	(11)	(2)
Deposits to Custodial Children's Savings Accounts	11	2
Purchase of Investments	-	(7,500)
Net Cash Provided By Investing Activities	-	(7,500)
 Net Increase In Cash and Cash Equivalents	 29,438	 12,855
 Cash and Cash Equivalents, Beginning of Year	 48,980	 36,125
 Cash and Cash Equivalents, End of Year	 \$ 78,418	 \$ 48,980

The Accompanying Notes are an Integral Part of These Statements

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE A – DESCRIPTION OF ENTITY

Junior Achievement of Mahoning Valley, Inc. (the "Organization") is a private nonprofit organization incorporated in the state of Ohio. The Organization serves the Ohio counties of Mahoning, Trumbull, Ashtabula and Columbiana by providing opportunities to young people, in cooperation with adult advisors/consultants to inspire and prepare young people to succeed in a global economy. The Organization is an affiliate of Junior Achievement USA, Inc., (the National Organization) located in Colorado Springs, Colorado.

Junior Achievement offers a variety of programs in school and after school for children in kindergarten through twelfth grade that focus on helping young people better understand concepts related to financial literacy, economics, entrepreneurship, and workforce readiness. Junior Achievement programs build successful partnerships between local classroom teachers and community volunteers.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting – The Organization is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets) based upon the existence and/or nature of any donor-imposed restrictions.

Contributions – Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Cash and Cash Equivalents – For purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give – Promises to Give includes pledges under an annual fund drive. All amounts are due in less than one year. The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. Promises to give are recorded net of an allowance for doubtful accounts, which was \$0 in 2018 and 2017, respectively.

Children's Custodial Savings Accounts – In 2011, the Organization initiated a new "I Can Save" program under which it, through the ongoing financial support of several contributors, will deposit funds into children's savings accounts each year from kindergarten through high school. The program also includes participating in ongoing Junior Achievement programs. The Organization is the custodian of the funds until the individuals graduate from high school. Upon graduation, these funds may be used by the individual to pay for college or technical school, to start a business, or to purchase a home.

Furniture and Equipment – Furniture and equipment are reported at cost. Donated equipment is reported at fair market value at the date of the donation. Maintenance and repairs and capital expenditures under \$500 are charged to operations when incurred. Depreciation is computed on the straight-line method over estimated useful lives, which range from 3 – 7 years.

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Furniture and Equipment (continued) – The following is a table showing the detail of the property and depreciation for 2018 and 2017.

	2018	2017
Furniture and Equipment	20,380	20,380
Accumulated Depreciation	(18,970)	(16,076)
Net Furniture and Equipment	<u>1,410</u>	<u>4,304</u>

Marketable Investments – Investments with readily determinable fair values are reported at their fair value in the Statements of Financial Position. Unrealized gains and losses are included in the change in unrestricted net assets.

Donated Services and Materials – During the years ended June 30, 2018 and 2017, the value of contributed services and materials meeting the requirements for recognition in the financial statements amounted to \$17,082 and \$11,895 respectively. These amounts are included in both support and expenses in the Statements of Activities and in Special Events, Net of Expenses, and offset each other accordingly.

A substantial number of unpaid volunteers have made significant contributions of their time to develop Junior Achievement's programs, primarily in educational programs and development. The value of this contributed time is not reflected in these financial statements since it does not lend itself to objective measurement, nor would it typically be purchased.

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

Subsequent Events – In preparing their financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 9, 2018, the date the financial statements were available to be issued.

NOTE C – AFFILIATED ORGANIZATION FRANCHISE FEES

The Organization, as part of its affiliation agreement, is required to remit a participation fee to the National Organization, calculated on the previous fiscal year reported revenue, paid in ten equal payments. Interest and dividend income as well as in-kind contributions income are not subject to the participation fee. The fee amounted to \$27,086 and \$21,921 for the years ended June 30, 2018 and 2017 respectively.

NOTE D – INCOME TAXES

The Organization is an exempt organization under Internal Revenue Code 501 (c) (3) and therefore no provision has been made for income taxes and no expense has been recognized.

The Organization is subject to routine audits by taxing jurisdictions; however there are currently no audits for any tax periods in progress. The Organization believes it is no longer subject to income tax examinations for years prior to 2015.

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE E – FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of financial position.

Assets at Fair Value as of June 30, 2018		
	Level 2	Total
Endowment Fund	\$ 165,683	\$ 165,683
	<u>\$ 165,683</u>	<u>\$ 165,683</u>

Assets at Fair Value as of June 30, 2017		
	Level 2	Total
Endowment Fund	\$ 155,956	\$ 155,956
	<u>\$ 155,956</u>	<u>\$ 155,956</u>

U.S. GAAP accounting standards codification 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Level 2 Fair Value Measurements – The fair value of the Organization's interest in the endowment fund is based on the beginning of year value of the Organization's interest in the investment plus actual contributions and allocated investment income less actual distributions and allocated administrative expenses. Quoted market prices are used to value investments in the endowment fund.

NOTE F– BOARD DESIGNATED NET ASSETS

Board designated net assets of \$160,683 and \$150,956 at June 30, 2018 and 2017 consist of monies set aside by the board for operating or other costs as needed.

NOTE G – PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets of \$5,000 at both June 30, 2018 and 2017 consist of monies received for the Endowment Fund. The principal from these funds cannot be spent by donor restriction.

NOTE H – PENSIONS

The Organization has a defined contribution pension plan covering all employees. Section 403(b) of the Internal Revenue Code contains certain restrictions pertaining to the plan. An insurance company invests the plan assets. The Organization does not contribute to the defined contribution plan.

The Organization also participates in a defined benefit pension plan through its national Organization, as detailed in Note M.

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE I – LEASES

The Organization leases office equipment under operating leases expiring in fiscal years 2018 and 2020. In the normal course of business, operating leases are generally renewed or replaced by other leases. The Organization also leases office space at \$806 per month through December 2018.

The following is a schedule by years of future rental payments under non-cancellable operating leases:

<u>June 30</u>		
2019	\$	8,555
2020		3,420
2021		570
2022		-
2023		-
	\$	<u>12,545</u>

Rent expense for the fiscal years ended June 30, 2018 and 2017 amounted to \$15,022 and \$15,610 respectively.

NOTE J – SPECIAL EVENTS INCOME

Special events income is reported in the statement of activities net of direct special events expenses. Actual income and expenses are as follows:

	<u>2018</u>	<u>2017</u>
Bowl-A-Thon:		
Revenue	\$ 23,322	\$ 20,313
Expenses	<u>(4,065)</u>	<u>(3,619)</u>
Net Bowl-A-Thon Revenue	19,257	16,694
Designer Bag Bingo		
Revenue	34,766	-
Expenses	<u>(11,944)</u>	<u>-</u>
Net Designer Bag Bingo Revenue	22,822	-
Miscellaneous Events		
Revenue	14,920	3,661
Expenses	<u>(50)</u>	<u>-</u>
Net Miscellaneous Events Revenue	<u>14,870</u>	<u>3,661</u>
Net Special Events Revenue	\$ <u>56,949</u>	\$ <u>20,355</u>

In-kind contributions and expenses excluded from the Bowl-A-Thon and Designer Bag Bingo and miscellaneous events amounts above for 2018 were \$3,364, \$2,960, and \$7,398 respectively. In-kind contributions and expenses excluded from the Bowl-A-Thon, and miscellaneous events amounts above for 2017 were \$6,160 and \$0, respectively.

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE K – ENDOWMENT FUNDS

Unrestricted designated net assets and permanently restricted net assets at June 30, 2018 and 2017 consist of endowment funds established to support the Organization and its services. Permanently restricted net assets of \$5,000 are subject to donor restriction that the principal can never be used, but income from the principal is unrestricted. The balance of the endowment funds are designated for operating reserves when appropriated by the Board of Trustees.

The designated endowment funds are invested in cash equivalents and other funds pursuant to the Organization's investment and spending objectives subjecting the funds to low investment risk and providing the program services with current income. The Organization generally expends the endowment fund's investment income for the board designated purpose when determined necessary. During the years ended June 30, 2018 and 2017, the board approved expending no monies from the endowment fund, and deposited \$7,500 and \$7,750, respectively to the fund from the general operating fund.

The composition of endowment net assets for these funds and the changes in endowment net assets as of June 30, 2018 and 2017 are as follows:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, July 1, 2016	\$ 134,418	\$ 5,000	\$ 139,418
Investment Income	5,983	-	5,983
Net Appreciation (Depreciation)	5,855	-	5,855
Investment Expenses	(2,800)	-	(2,800)
Transfer (to)/from Operations	7,500	-	7,500
Endowment net assets, June 30, 2017	150,956	5,000	155,956
Investment Income	6,642	-	6,642
Net Appreciation (Depreciation)	5,873	-	5,873
Investment Expenses	(2,788)	-	(2,788)
Transfer (to)/from Operations	-	-	-
Endowment net assets, June 30, 2018	\$ 160,683	\$ 5,000	\$ 165,683

NOTE L – CONCENTRATIONS

The Organization received grants from one foundation amounting to 24% and 35% of total revenues for 2018 and 2017.

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE M – MULTIEMPLOYER PENSION PLAN

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA and covers all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multi-employer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by Junior Achievement USA's Board of Directors, based on an annual actuarial valuation. The Organization makes contributions equal to 16.75% of participants' eligible compensation. The Plan requires that participating members who withdraw from the Plan remain liable for any previous funding obligations under the Plan. Accordingly, the Organization recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

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

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

The Organization's participation in this plan for the annual period ended June 30, 2018 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. The Plan's funded status available in 2018 and 2017 is for years ended June 30, 2018 and 2017, respectively. There have been no significant changes that affect the comparability of 2018 and 2017 contributions.

		2018	2017	2018	2017
Retirement Plan for					
Employees of					
Junior Achievement					
USA	13-1635270 PN 333	92%	79%	<u>\$ 15,071</u>	<u>\$ 15,820</u>
				<u>\$ 15,071</u>	<u>\$ 15,820</u>
				<u>\$ 15,071</u>	<u>\$ 15,820</u>

Junior Achievement of Mahoning Valley, Inc.

Notes to Financial Statements

June 30, 2018 and 2017

NOTE N – HEALTH AND WELFARE BENEFITS TRUST

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multiemployer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide Inc. and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2018 and 2017 was \$10,799 and \$12,179 respectively.