

**JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.**

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2018 WITH COMPARATIVE
TOTALS FOR JUNE 30, 2017
AND
INDEPENDENT AUDITORS' REPORT**

**JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.**

June 30, 2018 with Comparative
Totals for June 30, 2017

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INDEPENDENT AUDITORS' REPORT

Junior Achievement of Central Upstate New York, Inc.
Rochester, New York

We have audited the accompanying financial statements of Junior Achievement of Central Upstate New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 organization'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 organization'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 Central Upstate New York, Inc., as of June 30, 2018, and the changes in its net assets, functional expenses, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Central Upstate New York, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Davie Kaplan, CPA, P.C.

Rochester, NY

October 12, 2018

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Financial Position as of June 30, 2018
with Comparative Totals for June 30, 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Current assets		
Cash	\$ 173,227	\$ 145,245
Pledges receivable	104,272	34,492
Prepaid expenses	<u>2,957</u>	<u>1,907</u>
	<u>280,456</u>	<u>181,644</u>
Property and equipment, net	<u>1,247</u>	<u>4,252</u>
Other assets		
Long-term pledges receivable	150,779	-
Long-term investments	<u>393,993</u>	<u>375,625</u>
	<u>544,772</u>	<u>375,625</u>
	<u>\$ 826,475</u>	<u>\$ 561,521</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 10,156	\$ 3,520
Accounts payable - other	491	-
Accrued expenses and other liabilities	813	751
Deferred revenue	<u>29,250</u>	<u>29,000</u>
	<u>40,710</u>	<u>33,271</u>
Net assets		
Unrestricted net assets		
Board designated	393,993	375,625
Undesignated	<u>123,759</u>	<u>115,075</u>
	517,752	490,700
Temporarily restricted net assets	<u>268,013</u>	<u>37,550</u>
	<u>785,765</u>	<u>528,250</u>
	<u>\$ 826,475</u>	<u>\$ 561,521</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2018</u>	<u>Total 2017</u>
Revenue, gains, and other support				
Contributions				
Corporate	\$ 139,447	\$ 60,000	\$ 199,447	\$ 172,079
Foundations	65,854	-	65,854	68,356
Individual	<u>62,579</u>	<u>225,463</u>	<u>288,042</u>	<u>89,090</u>
Total contributions	267,880	285,463	553,343	329,525
Governmental	30,735	-	30,735	23,048
In-kind revenue	71,071	-	71,071	84,536
Interest	96	-	96	35
Investment income realized	9,627	-	9,627	10,151
Other	16	-	16	6,501
Special events (net of related expenses, 2018 - \$128,249, 2017 - \$105,409)	287,235	-	287,235	244,885
Unrealized gain on investment	8,741	-	8,741	16,051
Temporarily restricted assets released from restriction	<u>55,000</u>	<u>(55,000)</u>	<u>-</u>	<u>-</u>
	<u>730,401</u>	<u>230,463</u>	<u>960,864</u>	<u>714,732</u>
Expenses				
Program	563,403	-	563,403	566,555
Fund raising	113,097	-	113,097	131,000
Management and general	<u>26,849</u>	<u>-</u>	<u>26,849</u>	<u>27,968</u>
	<u>703,349</u>	<u>-</u>	<u>703,349</u>	<u>725,523</u>
Total change in net assets	27,052	230,463	257,515	(10,791)
Net assets, beginning of year	<u>490,700</u>	<u>37,550</u>	<u>528,250</u>	<u>539,041</u>
Net assets, end of year	<u>\$ 517,752</u>	<u>\$ 268,013</u>	<u>\$ 785,765</u>	<u>\$ 528,250</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Functional Expenses for the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

	<u>Program</u>	<u>Fund Raising</u>	<u>Management and General</u>
Salaries	\$ 280,717	\$ 63,203	\$ 12,822
Supplies and materials	67,688	39	39
In-kind special events	36,300	23,295	206
Outside services	38,817	7,832	7,995
Employee benefits and payroll taxes	37,710	7,759	1,082
Rent and utilities	34,503	6,236	831
Junior Achievement Worldwide fees	28,883	2,549	2,549
Miscellaneous	14,878	-	-
Travel	11,140	-	-
Telephone	7,250	483	322
Office equipment	1,463	732	732
Insurance	934	169	23
Postage and freight	565	25	38
Recognition and public relations	-	535	-
Conferences	-	-	-
Equipment purchase	-	-	-
Total expenses before depreciation	<u>560,848</u>	<u>112,857</u>	<u>26,639</u>
Depreciation	<u>2,555</u>	<u>240</u>	<u>210</u>
Total	<u>\$ 563,403</u>	<u>\$ 113,097</u>	<u>\$ 26,849</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

.....June 30.....

<u>Total</u> <u>2018</u>	<u>Total</u> <u>2017</u>
\$ 356,742	\$ 393,279
67,766	69,676
59,801	73,266
54,644	17,266
46,551	52,854
41,570	40,794
33,981	34,661
14,878	8,080
11,140	9,728
8,055	8,292
2,927	2,878
1,126	710
628	634
535	6,984
-	1,169
-	<u>1,058</u>
<u>700,344</u>	<u>721,329</u>
<u>3,005</u>	<u>4,194</u>
<u>\$ 703,349</u>	<u>\$ 725,523</u>

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Cash Flows for the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 257,515	\$ (10,791)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Depreciation	3,005	4,194
Unrealized gain on investments	<u>(8,741)</u>	<u>(16,051)</u>
	251,779	(22,648)
Increase (decrease) in cash and cash equivalents due to changes in operating assets and liabilities		
Pledges receivable	(69,780)	753
Long-term pledges receivable	(150,779)	-
Prepaid expenses	(1,050)	(13)
Accounts payable	6,636	931
Accounts payable - Other	491	
Accrued expenses and other liabilities	62	261
Deferred revenue	<u>250</u>	<u>24,000</u>
	<u>37,609</u>	<u>3,284</u>
Cash flows from investing activities		
Sales of investments	-	40,677
Purchase of investments	<u>(9,627)</u>	<u>-</u>
	<u>(9,627)</u>	<u>40,677</u>
Net increase in cash	27,982	43,961
Cash, beginning of year	<u>145,245</u>	<u>101,284</u>
Cash, end of year	<u>\$ 173,227</u>	<u>\$ 145,245</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

1. Description of Organization

Junior Achievement of Central Upstate New York, Inc. (the Organization) operates as a licensee of Junior Achievement USA. As a licensee, the Organization incurs license fees and program materials expense to Junior Achievement USA (JA USA) throughout the year. The Organization's purpose is to prepare and inspire youth to succeed in a global economy. The Organization's primary sources of support are derived from major businesses and schools in the Rochester, greater Syracuse, and Southern Tier areas of New York.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial statement presentation

The Organization utilizes Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under FASB ASC Topic 958, 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 or absence of donor-imposed restrictions.

In accordance with FASB ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Pledges

Contributions are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporary or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Organization considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful pledges is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Contributed materials and services

Contributed materials and services are reflected in the financial statements at the estimated fair value of the materials and services received. The contributions of 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 by donation.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

The Organization maintains cash at one financial institution which may exceed federally insured amounts at times.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

The Organization accounts for investments in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC Topic 820 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

- Level 2: Inputs are quoted prices for similar assets in markets that are not active, inputs other than quoted prices that are observable and market corroborated inputs which are derived principally from or corroborated by observable market data.
- Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

Property and equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method or declining balance methods over the estimated useful lives of the related assets which range from five to seven years. Maintenance and repairs are charged to operations as incurred. Significant improvements or renewals are capitalized.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions which have any restrictions satisfied in the same period they are received are recorded as increases in net assets and are reflected as unrestricted.

Deferred revenue

The Organization receives sponsorships in advance from donors for future fundraising events that provide a reciprocal transfer to the donor. These sponsorships are recorded as a liability until the special event has been completed.

Functional allocation of expenses

The costs of providing program services, fund raising and management and general functions have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based upon management estimates.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

2. Summary of Significant Accounting Policies (Continued)

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application of state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization 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 the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2018 and 2017.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of New York. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before 2015.

Retirement plan

The Organization has a Section 403(b) Retirement Plan for its employees. All employees are eligible and may elect to have the Organization purchase retirement annuities and mutual fund contracts, on a pre-tax basis, as part of their compensation.

The maximum contribution an employee may make each year is subject to statutory limits. The Plan does not require any contributions by the Organization and may be terminated at any time.

Recognition and public relation costs

Recognition and public relation costs are expensed as incurred.

Management's review of subsequent events

The Organization evaluated events occurring between the end of the most recent fiscal year and October 12, 2018, the date the financial statements were available to be issued.

3. Comparative Totals for the Year Ended June 30, 2017

The totals presented for the year ended June 30, 2017 are for comparative purposes only and are not intended to be a full and complete disclosure.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

4. Contributed Materials, Services, and Property

During the years ended June 30, 2018 and 2017, \$11,270 of contributed services and \$-0- of property were recorded as operating contributions.

The following is a summary of the functional expenses for which the contributed services were utilized:

	<u>2018</u>	<u>2017</u>
Rent and utilities	<u>\$ 11,270</u>	<u>\$ 11,270</u>

During the years ended June 30, 2018 and 2017, contributed services and materials of \$59,801 and \$73,266 were received and recorded as special event revenue and expense, respectively.

5. Investments

The Organization's investment strategy is to create two funds: a long-term board designated fund (the Board Designated Fund), and a short-term fund used for operations (the Operating Fund), collectively referred to as the Funds.

The Board Designated Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a modest annual distribution to provide perpetual financial support to the Organization. The Operating Fund is to be invested with the objective of remaining relatively liquid, preserving principal and providing working capital for the Organization. As of June 30, 2018, the Operating Fund has not been funded.

Investments are recorded at fair value based on quoted prices in active markets and consist of the following as of June 30:

	<u>2018</u>	<u>2017</u>
Long-term investments:		
Mutual funds	<u>\$393,993</u>	<u>\$375,625</u>

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

5. Investments (Continued)

All of the Organization's investments are measured using Level 1 inputs (Note 2). There were no investments measured using Level 2 and 3 inputs. There were no transfers between categories and no changes in valuation methods during the years ended June 30, 2018 and 2017.

Investment income consists of the following:

	<u>2018</u>	<u>2017</u>
Dividends	\$ 9,531	\$ 9,970
Capital gain distributions	<u>96</u>	<u>181</u>
	9,627	10,151
Unrealized gain on investments	<u>8,741</u>	<u>16,051</u>
	<u>\$ 18,368</u>	<u>\$ 26,202</u>

6. Board Designated Net Assets

Board designated net assets consists of the following:

	<u>2018</u>	<u>2017</u>
Board designated fund balance	<u>\$393,993</u>	<u>\$375,625</u>

The purpose of the restriction is to ensure the stability of the mission, programs and ongoing operations of the Organization. The funds are to be used only with the direction and approval of the Board of Directors.

7. Property and Equipment

Property and equipment consists of the following:

	<u>2018</u>	<u>2017</u>
Office equipment	\$ 27,095	\$ 27,095
Furniture and fixtures	<u>21,070</u>	<u>21,070</u>
	48,165	48,165
Less: Accumulated depreciation	<u>46,918</u>	<u>43,913</u>
	<u>\$ 1,247</u>	<u>\$ 4,252</u>

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose:

	<u>2018</u>	<u>2017</u>
Contributions designated for the Capstone project	<u>\$268,013</u>	<u>\$ 37,550</u>

During the year ended June 30, 2018, temporarily restricted contributions made by individual members of the Board of Directors (Board) totaling \$55,000 were released from restriction by the Board.

9. Line of Credit

The Organization has a \$50,000 working capital line of credit available. The line of credit bears interest at the prime rate of interest plus 1.00% per annum. The line of credit is secured by substantially of the assets of the Organization. The outstanding balance on the line was \$-0- at June 30, 2018 and 2017. The prime rate as of June 30, 2018 is 5.00%.

10. Commitments

Junior Achievement USA franchise fees

The Organization is required to pay franchise fees under a program applying the applicable rates to the prior fiscal year qualifying contributions.

The franchise fee expense incurred to Junior Achievement USA was \$33,981 and \$34,661 for the years ended June 30, 2018 and 2017, respectively.

Lease commitment

The Organization has a two-year lease agreement that began on January 1, 2016 at \$2,122 per month, with a 3% annual escalation. This lease was extended for one year in 2017 with monthly rent at \$2,251 for the extension period. The lease expires on December 31, 2018 with two options to extend renew the term for an additional period of six months each. Per the lease amendment dated August 28, 2017, the Organization exercised its first option to renew the lease for six months. The future minimum lease payments required of the Organization are as follows:

<u>Year</u>	<u>Amount</u>
2019	<u>\$ 27,015</u>

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Notes to Financial Statements
For the Year Ended June 30, 2018
with Comparative Totals for the Year Ended June 30, 2017

10. Commitments (Continued)

Rent expense amounted to \$30,300 and \$29,524 for the years ended June 30, 2018 and 2017, respectively, for the Rochester location. As noted in Note 4, rent and utilities for the Elmira and Syracuse territories are contributed to Junior Achievement for \$11,270 for each of the years ended June 30, 2018 and 2017. Total rent expense amounted to \$41,570 and \$40,794 for the years ended June 30, 2018 and 2017, respectively.

The Organization has a lease agreement for five years for certain office equipment with monthly payments at \$234 which also includes supplies beginning in April, 2016. The future minimum lease payments required of the Organization for the years ending June 30 are as follows:

<u>Year</u>	<u>Amount</u>
2019	\$ 2,806
2020	2,806
2021	<u>2,806</u>
	<u>\$ 8,418</u>

Lease expense amounted to \$2,927 and \$2,878 for the years ended June 30, 2018 and 2017, respectively.