

**JUNIOR ACHIEVEMENT OF GREATER
WASHINGTON**

**CONSOLIDATED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT**

JUNE 30, 2019 AND 2018

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
Junior Achievement of Greater Washington
Washington, DC

We have audited the accompanying consolidated financial statements of Junior Achievement of Greater Washington, which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statements of activities, 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

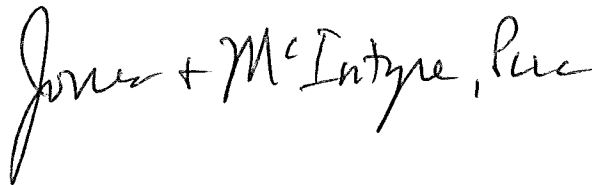
Independent Auditors' Report (Concluded)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Greater Washington as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Junior Achievement of Greater Washington's 2018 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 5, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Jones + McIntyre, P.C." The signature is written in a cursive, flowing style.

December 11, 2019

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

ASSETS	<u>2019</u>	<u>2018</u>
CURRENT ASSETS:		
Cash (Note 1)	\$ 1,941,428	\$ 1,592,931
Investments (Note 2)	736,459	593,964
Grants and accounts receivable (Notes 1 and 11)	2,219,082	2,807,097
Prepaid expenses	48,505	106,207
Total Current Assets	<u>\$ 4,945,474</u>	<u>\$ 5,100,199</u>
PROPERTY AND EQUIPMENT, at cost: (Note 1)		
Finance Park Building - Fairfax County	\$ 4,017,262	\$ 4,017,262
Finance Park Building - Prince George's County	3,240,742	3,240,742
Finance Park Building - Montgomery County	2,008,002	1,016,598
Equipment	991,932	904,003
Furniture	724,460	640,191
Total	<u>\$ 10,982,398</u>	<u>\$ 9,818,796</u>
Less, Accumulated depreciation	<u>2,378,236</u>	<u>1,939,998</u>
Property and Equipment, Net	<u>\$ 8,604,162</u>	<u>\$ 7,878,798</u>
OTHER ASSETS:		
Long term grants receivable, net discount of \$239,444 in 2019 and \$293,082 in 2018 (Notes 1 and 11)	\$ 2,879,945	\$ 2,763,173
Deposits	19,959	19,959
Total Other Assets	<u>\$ 2,899,904</u>	<u>\$ 2,783,132</u>
TOTAL ASSETS	<u><u>\$ 16,449,540</u></u>	<u><u>\$ 15,762,129</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses (Note 15)	\$ 495,644	\$ 642,139
Current maturities of long-term debt (Notes 8 and 9)	561,755	259,565
Total Current Liabilities	<u>\$ 1,057,399</u>	<u>\$ 901,704</u>
LONG-TERM LIABILITIES:		
Long-term debt (Notes 8 and 9)	\$ 504,049	\$ 467,601
Deferred rent	36,279	28,211
Total Long-term Liabilities	<u>\$ 540,328</u>	<u>\$ 495,812</u>
TOTAL LIABILITIES	<u>\$ 1,597,727</u>	<u>\$ 1,397,516</u>
NET ASSETS:		
Without donor restrictions	\$ 8,930,599	\$ 7,008,816
With donor restrictions (Note 3)	5,921,214	7,355,797
Total Net Assets	<u>\$ 14,851,813</u>	<u>\$ 14,364,613</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,449,540</u></u>	<u><u>\$ 15,762,129</u></u>

The accompanying notes are an integral part of these statements.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

CONSOLIDATED STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND OTHER SUPPORT:				
Revenues:				
Contributions:				
Corporate and other	\$ 15,398	\$ 3,048,406	\$ 3,063,804	\$ 2,651,652
Individual	33,547	-	33,547	82,573
Foundations	74,941	-	74,941	368,500
Net assets released from restrictions (Note 4)	4,256,489	(4,256,489)	-	-
Total Contributions	<u>\$ 4,380,375</u>	<u>\$ (1,208,083)</u>	<u>\$ 3,172,292</u>	<u>\$ 3,102,725</u>
Special events revenue	\$ 1,192,432	\$ 301,000	\$ 1,493,432	\$ 1,817,611
Net assets released from restrictions (Note 4)	527,500	(527,500)	-	-
Less: Costs of direct benefit to donors	(583,078)	-	(583,078)	(557,661)
Net revenue from special events	<u>\$ 1,136,854</u>	<u>\$ (226,500)</u>	<u>\$ 910,354</u>	<u>\$ 1,259,950</u>
Total Revenues	<u>\$ 5,517,229</u>	<u>\$ (1,434,583)</u>	<u>\$ 4,082,646</u>	<u>\$ 4,362,675</u>
Other Support:				
Finance Park participation fees	\$ 859,061	\$ -	\$ 859,061	\$ 618,297
Investment income	23,696	-	23,696	6,443
Total Other Support	<u>\$ 882,757</u>	<u>\$ -</u>	<u>\$ 882,757</u>	<u>\$ 624,740</u>
Total Revenues and Other Support	<u>\$ 6,399,986</u>	<u>\$ (1,434,583)</u>	<u>\$ 4,965,403</u>	<u>\$ 4,987,415</u>
PROGRAM AND SUPPORTING SERVICES EXPENSES:				
Program Services	\$ 3,358,679	\$ -	\$ 3,358,679	\$ 3,145,813
Supporting Services:				
Management and general	\$ 745,126	\$ -	\$ 745,126	\$ 646,670
Fundraising	374,398	-	374,398	429,648
Total Supporting Services	<u>\$ 1,119,524</u>	<u>\$ -</u>	<u>\$ 1,119,524</u>	<u>\$ 1,076,318</u>
Total Program and Supporting Services Expenses	<u>\$ 4,478,203</u>	<u>\$ -</u>	<u>\$ 4,478,203</u>	<u>\$ 4,222,131</u>
CHANGE IN NET ASSETS	\$ 1,921,783	\$ (1,434,583)	\$ 487,200	\$ 765,284
NET ASSETS, BEGINNING OF YEAR	<u>7,008,816</u>	<u>7,355,797</u>	<u>14,364,613</u>	<u>13,599,329</u>
NET ASSETS, END OF YEAR	<u>\$ 8,930,599</u>	<u>\$ 5,921,214</u>	<u>\$ 14,851,813</u>	<u>\$ 14,364,613</u>

The accompanying notes are an integral part of this statement.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018)

	Program Services	Supporting Services		Total Expenses	
		Management and general	Fund- raising	2019	2018
Salaries	\$ 1,572,925	\$ 168,299	\$ 214,332	\$ 1,955,556	\$ 1,855,040
Payroll taxes	113,475	12,138	15,525	141,138	129,752
Employee benefits (Note 6)	308,453	32,994	42,201	383,648	357,318
Program materials	133,442	-	-	133,442	232,141
Awards and recognition	120,275	5,386	7,199	132,860	131,077
Insurance	28,913	3,093	3,955	35,961	27,763
Rent	191,723	20,507	26,232	238,462	192,420
Travel	19,644	24,095	2,603	46,342	34,950
Telephone	20,712	12,766	30	33,508	31,477
Office supplies	26,600	9,582	270	36,452	52,947
Information technology	34,908	205,225	-	240,133	155,459
Postage and delivery	339	2,225	126	2,690	2,896
Staff conference and training	6,609	14,956	12	21,577	24,536
Communications and marketing	854	4,732	-	5,586	13,932
Maintenance	16,556	12,582	-	29,138	23,417
Miscellaneous	25,807	1,611	322	27,740	31,896
Depreciation	423,399	22,803	-	446,202	377,713
Dues and subscriptions	12,619	31,901	6,203	50,723	47,618
Printing	12,112	10,999	725	23,836	41,201
Service charges	17,871	1,912	2,445	22,228	24,913
Bad debts	30,000	890	-	30,890	37,500
Professional services	21,440	108,203	35,664	165,307	161,476
Meeting costs	41,505	23,594	915	66,014	56,404
Interest	64,195	2,407	-	66,602	44,061
License fees to JA USA (Note 5)	114,303	12,226	15,639	142,168	134,224
Total Functional Expenses	\$ 3,358,679	\$ 745,126	\$ 374,398	\$ 4,478,203	\$ 4,222,131

The accompanying notes are an integral part of this statement.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from contributions and special events	\$ 5,766,917	\$ 5,062,304
Interest received	16,160	9,708
Cash paid to employees and vendors	(4,309,854)	(4,106,184)
Interest paid	(66,602)	(44,061)
	\$ 1,406,621	\$ 921,767
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments, net	\$ (134,959)	\$ (98,628)
Purchase of property and equipment	(1,261,803)	(776,893)
	\$ (1,396,762)	\$ (875,521)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital campaign receipts	\$ -	\$ 294,250
Long-term debt, net	338,638	(459,086)
	\$ 338,638	\$ (164,836)
NET INCREASE (DECREASE) IN CASH	\$ 348,497	\$ (118,590)
CASH, BEGINNING OF YEAR	1,592,931	1,711,521
CASH, END OF YEAR	\$ 1,941,428	\$ 1,592,931
Supplemental Disclosure:		
Property and equipment financed	\$ -	\$ 30,000
Property and equipment accrued in accounts payable	400,014	491,785
Total	\$ 400,014	\$ 521,785

The accompanying notes are an integral part of these statements.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

Note 1. Organization and Summary of Significant Accounting Policies:

Organization:

Junior Achievement of Greater Washington (Junior Achievement) is a nonprofit organization incorporated in the Commonwealth of Virginia. JANCA FP, LLC, JAGW PGFP, LLC and JAGW MCFP, LLC are wholly owned subsidiaries of Junior Achievement to hold the Finance Park – Fairfax County, Finance Park – Prince George's County and Finance Park – Montgomery County improvements, more fully described below in Note 8. Junior Achievement, in partnership with business and educators, teaches young people how to succeed in the dynamic global economy through our work readiness, financial literacy, and entrepreneurship educational pathways that give students the tools, information and experiences they need to earn an income, advance a career and manage their personal finances.

Junior Achievement is affiliated with the national organization, JA USA, which provides program materials and miscellaneous support services to Junior Achievement of Greater Washington.

Basis of Presentation:

The accounting financial statement presentation follows the recommendations under the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958. Under this ASC, Junior Achievement is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Beginning July 1, 2018, Junior Achievement adopted ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities.

Method of Accounting:

Junior Achievement's financial statements are prepared using the accrual method of accounting, whereby support and revenue are recognized in the year in which they are earned, and expenses are recognized in the year in which they are incurred.

Principles of Accounting:

The consolidated financial statements include the accounts of Junior Achievement, JANCA FP, LLC, JAGW PGFP, LLC and JAGW MCFP, LLC. All significant inter-company accounts and transactions have been eliminated.

Reclassifications:

Certain 2018 amounts have been reclassified for comparative purposes.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 1. **Organization and Summary of Significant Accounting Policies:** (Continued)

Comparative Information:

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with Junior Achievement's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Cash:

Cash consists of checking and money market accounts. Junior Achievement maintains cash balances at banks located in the Washington, D.C. area. Junior Achievement's demand deposits with financial institutions may at times exceed federally insured limits. Junior Achievement has not experienced any losses in such accounts, and management believes Junior Achievement is not exposed to any significant credit risks.

Grants and Accounts Receivable:

Junior Achievement provides for bad debts when, in the opinion of management, a specific account becomes uncollectible. If the reserve method of accounting for uncollectible accounts were used, it would not have a material effect on the financial statements.

Property and Equipment:

Purchased furniture and equipment is recorded at cost. Donated furniture and equipment is recorded at its estimated fair market value. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally three to seven years. The Finance Park buildings are depreciated on a straight-line basis over a useful life of 35 - 39 years. Leasehold improvements are depreciated over the life of the lease. Junior Achievement capitalizes property and equipment purchases with a unit cost greater than \$1,000.

Similar assets with a related purpose acquired through bulk/aggregate acquisitions exceeding the capitalization threshold are capitalized at cost.

Income Taxes:

Junior Achievement is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is also exempt from Virginia, Maryland and District of Columbia income taxes. In addition, the Internal Revenue Service has determined that Junior Achievement is not a private foundation within the meaning of Section 509(a) of the Code.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 1. **Organization and Summary of Significant Accounting Policies:** (Concluded)

Income Taxes: Concluded

Junior Achievement believes that it has appropriate support for any income tax positions taken and, as such, does not have any uncertain income tax positions that are material to the financial statements. Junior Achievement's income tax returns are generally subject to examination by the Internal Revenue Service and other state and local taxing authorities for three years after they were filed.

Contributions:

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a restriction expires or is satisfied, 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 restrictions.

In-Kind Donations and Volunteer Services:

Donated materials, professional services and equipment are recorded at their estimated fair market value at the date of receipt. No amounts have been reflected in the statements for volunteer services since no objective basis is available to measure the value of such services. Nevertheless, approximately 6,700 and 6,000 volunteers donated significant amounts of their time to Junior Achievement resulting in over 800,000 and 700,000 student contact hours during the years ended June 30, 2019 and 2018, respectively.

Functional Expenses:

Junior Achievement allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Salaries, payroll taxes and employee benefits are allocated based on an estimate of time and effort. Insurance, rent, service charges and license fees are allocated using that same estimate.

Estimates:

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 2. Investments:

Investments are carried at fair value, based on quoted market prices.

FASB ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad categories: levels 1, 2 and 3. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (level 1) and lowest priority to unobservable inputs (level 3).

In some cases, the inputs used to measure fair value might fall into different levels of the fair value hierarchy. The level in the fair value hierarchy that the assets or liability falls under is based on the lowest input level that is significant to the fair value measurement in its entirety. The fair value of Junior Achievement's investments is based on quoted market prices in active markets (level 1 inputs).

At June 30, 2019 and 2018, investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Cash, CDs and money market funds	\$ 145,494	\$ 517,431
Mutual funds	547,651	76,533
Stocks	<u>43,314</u>	<u>---</u>
Total Investments	<u>\$ 736,459</u>	<u>\$ 593,964</u>

Unrealized and realized gains (losses) included in investment income on the statement of activities totaled \$7,536 and \$(3,265) for the years ended June 30, 2019 and 2018, respectively.

Note 3. Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Finance Park – Fairfax County	\$ 1,643,184	\$ 1,155,049
Finance Park – Prince George's County	1,375,084	1,195,583
Finance Park – Montgomery County	2,172,255	3,922,583
Essay Competition	137,500	120,000
General support and other programs	56,191	125,832
Bowl-a-Thon	61,000	81,000
Hall of Fame	255,000	461,500
JA Discovery Center	<u>221,000</u>	<u>294,250</u>
Total	<u>\$ 5,921,214</u>	<u>\$ 7,355,797</u>

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 4. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by time elapsing on the restrictions.

	<u>2019</u>	<u>2018</u>
Finance Park - Fairfax County	\$ 1,069,133	\$ 1,057,590
Finance Park – Prince George’s County	857,643	438,507
Finance Park – Montgomery County	2,031,792	50,000
Essay Competition	110,500	123,000
General support and other programs	104,671	52,509
JA Discovery Center	<u>82,750</u>	<u>52,509</u>
Subtotal	<u>\$ 4,256,489</u>	<u>\$ 1,721,606</u>
Bowl-a-Thon	\$ 81,000	\$ 65,000
Hall of Fame	<u>446,500</u>	<u>454,000</u>
Subtotal	<u>\$ 527,500</u>	<u>\$ 519,000</u>
Total	<u>\$ 4,783,989</u>	<u>\$ 2,240,606</u>

Note 5. Related Party Transactions:

For the years ended June 30, 2019 and 2018, Junior Achievement remitted to JA USA, a license fee of 9% of the first \$300,000 of gross revenue raised plus 1.8% of gross revenue raised above \$300,000. For purposes of the June 30, 2019 and 2018 license fee calculations, gross revenue is the audited gross revenue from the years ended June 30, 2017 and 2016, respectively and does not include scholarship funding or Finance Park capital campaign receipts. Junior Achievement also remitted to JA USA \$1.50 for each student that participated in Finance Park - Fairfax County and Finance Park - Prince George’s County during the previous year. During 2019 and 2018, Junior Achievement paid license and student fees totaling \$142,168 and \$134,224, respectively.

Additionally, Junior Achievement purchased program materials and various support services from JA USA, which totaled \$652,485 in 2019 and \$688,092 in 2018.

One of Junior Achievement’s Board members is an officer of Ridgewells Catering. Junior Achievement paid \$182,271 and \$183,530 to Ridgewells Catering during the years ended June 30, 2019 and 2018, respectively. No amounts were due to Ridgewells Catering as of June 30, 2019 and 2018.

One of Junior Achievement’s Board members is an officer of Interface Media Group. Junior Achievement paid \$7,000 and \$65,875 to Interface Media Group during the years ended June 30, 2019 and 2018, respectively. No amounts were due to Interface Media Group as of June 30, 2019 and 2018.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 6. **Pension and Benefit Plans:**

Defined Benefit Pension Plan

Prior to June 30, 2019 JA USA offered a noncontributory defined benefit pension plan (the Plan) which Junior Achievement of Greater Washington was a participant. The Plan covered all employees who had been employed one year and had completed 1,000 hours of service. Employees were 100 percent vested after three years.

The Plan is accounted for like a multi-employer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. Prior to June 30, 2019 Junior Achievement of Greater Washington was required to fund the Plan, as determined by JA USA's Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, Junior Achievement of Greater Washington made contributions equal to 16.75% of plan participants' eligible compensation. Accordingly, Junior Achievement of Greater Washington 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 Junior Achievement of Greater Washington.

Effective June 30, 2019, JA USA's Board of Directors approved the termination of the Defined Benefit 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 participants' accrued benefits as soon as is administratively practicable. The Plan requires that Junior Achievement of Greater Washington 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.

The risks to Junior Achievement of Greater Washington of participating in this multiemployer pension plan are different from single-employer plans as follows:

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 Junior Achievement of Greater Washington chooses to stop participating in the plan, it would be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 6. Pension and Benefit Plans: (Concluded)

Defined Benefit Pension Plan (Concluded)

Junior Achievement of Greater Washington's participation in this plan for the annual period ended June 30, 2019 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 2019 and 2018 is for years ended June 30, 2019 and 2018, respectively. There have been no significant changes that affect the comparability of 2019 and 2018 contributions.

<u>EIN/Pension Plan Number</u>	<u>Funded Status</u>		<u>Contributions</u>	
	2019	2018	2019	2018
13-1635270 PN 333	108%	92%	\$ 212,902	\$201,428

Junior Achievement of Greater Washington was listed in the Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2019 and 2018 plan years.

Health and Welfare Benefits

Junior Achievement has a self-funded medical, dental and other benefits plan covering full-time employees of Junior Achievement and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the plan for each participant by Junior Achievement. All the assets and liabilities of the 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 Junior Achievement.

Junior Achievement also offers health care benefits to retired personnel. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of Junior Achievement does not believe the implicit rate subsidy amount to be material to Junior Achievement, especially since the plan is a multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of Junior Achievement.

Tax Deferred Annuity Plan

Junior Achievement has also established a 403(b) tax deferred annuity plan. The plan allows employee contributions pursuant to salary reduction agreements. Junior Achievement does not contribute to this plan.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 7. **Commitments:**

Junior Achievement leases office space under a noncancellable operating lease. Junior Achievement entered into a new office lease beginning in January 2018 expiring in December 2023. Junior Achievement also leases office equipment under a noncancellable operating lease. Minimum payments under these leases are as follows for fiscal years ending:

2020	\$ 237,134
2021	242,548
2022	248,109
2023	254,312
2024	128,727
	<u>\$ 1,110,830</u>

Junior Achievement also has a contract with an on-line fundraising company for use in conjunction with the Bowl-a-Thon. Junior Achievement makes an annual payment plus five percent of all transaction funds processed in excess of \$11,500 per month. Fees paid under this agreement totaled \$15,455 and \$14,235 for the years ended June 30, 2019 and 2018, respectively.

Note 8. **Finance Parks:**

Fairfax County

In concert with Fairfax County Public Schools, and with the support of the local business community, Junior Achievement constructed a state-of-the-art 20,000 square foot facility – *Junior Achievement Finance Park* – at the Frost-Woodson Campus in Fairfax Virginia. Designed to deliver high-tech, high-touch educational experiences to more than 14,000 middle school students each year, *Junior Achievement Finance Park* provides students with the ability to build financial skills for life.

Under its 15 year agreement with Fairfax County Public Schools (County), the County retains its rights to the land and JANCA FP, LLC owns the Finance Park building. The agreement also contains four 5-year extensions. The original cost of the Finance Park building and equipment was approximately \$4.5 million. The Fairfax County Finance Park opened in October 2010.

Prince George's County

During fiscal year 2016 Junior Achievement completed construction of a Finance Park in Prince George's County, Maryland. Under its 15 year agreement with the Prince George's County Board of Education (Board), the Board retains its rights to the land and JAGW PGFP, LLC owns the Finance Park building. The agreement also contains four 5-year extensions. The new facility is approximately 13,500 square feet and the cost of the Finance Park building and equipment was approximately \$3,600,000. Construction costs were funded by a combination of donations and bank financing. The Prince George's County Finance Park opened in September 2015.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 8. Finance Parks: (Concluded)

Prince George's County (Concluded)

On October 21, 2019 Junior Achievement and BB&T restructured the remaining principal balance of the loan used for the development of the Prince George's County Finance Park. Interest is at the bank's prime rate minus .5% as adjusted from time to time by the bank, subject to a minimum fixed rate of 3.5% per annum. Interest is payable monthly. Principal curtailments are scheduled to be made in three annual installments of \$150,980 beginning April 30, 2020. The note matures on October 23, 2022. At June 30, 2019 and 2018 the outstanding loan balance was \$452,939 and \$702,939.

Montgomery County

During the fall of 2018, Junior Achievement completed construction of a Finance Park in Montgomery County, Maryland. JAGW MCFP, LLC is leasing a portion of Thomas Edison High School of Technology (approximately 25,150 square feet) from the Montgomery County Board of Education (Board) with an initial term of 10 years. The agreement also contains five 5-year extensions. The Montgomery County Finance Park opened in October 2018.

On March 27, 2015 (modified June 11, 2018) Junior Achievement agreed to terms with BB&T on a \$1,600,000 note to be used for financing the development of Finance Park - Montgomery County. Interest is at the bank's prime rate minus .5% as adjusted from time to time by the bank, subject to a minimum fixed rate of 3.5% per annum. Interest will be payable monthly subsequent to the initial loan draw. Principal curtailments are scheduled to be \$400,000 on March 31 for the years ending 2019 through 2022. The note matures on March 31, 2022. At June 30, 2019 and 2018 the outstanding loan balance was \$598,203 and \$0.

Note 9. Long-Term Debt:

In addition to the notes payable described in Note 8, Junior Achievement financed \$30,000 of office equipment in October 2017. The note requires monthly principal and interest payments totaling \$996. Interest on the note is at 11.97% per annum. The note matures in October 2020.

At June 30, long-term debt consists of the following:

	2019	2018
Note payable, FP Prince George's Co. (Note 8)	\$ 452,939	\$ 702,939
Note payable, FP Montgomery Co. (Note 8)	598,203	---
Note payable, Marlin Equipment Finance	14,662	24,227
Less, Current portion	(561,755)	(259,565)
Total Long-Term Debt	\$ 504,049	\$ 467,601

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 9. Long-Term Debt: (Concluded)

Maturities on long-term debt for the years ending June 30 are as follows:

2020	\$	561,755
2021		353,070
2022		<u>150,979</u>
Total		<u>\$ 1,065,804</u>

Note 10. Line of Credit:

Junior Achievement has a \$125,000 line of credit with JA USA, with an interest rate of 12% on unpaid balances exceeding 30 days old. As of June 30, 2019 and 2018, balances outstanding under this arrangement which are included in accounts payable were \$0 and \$3,300.

Note 11. Major Donor and Long Term Grants Receivable:

Junior Achievement has received a \$2,500,000 grant from Capital One Financial Corporation to be used for the construction and buildout of the Finance Park in Montgomery County. \$1,300,000 of the grant funds have been received, and the remaining portion of the grant, \$1,200,000, is receivable over three years. Additionally, Junior Achievement has received a number of multi-year grants from various sources in connection with the Finance Park – Fairfax County capital campaign, Finance Park – Prince George’s County construction and operations, Finance Park – Montgomery County construction, and other multi-year grants to be used to support the operations of each Finance Park.

Long term grants receivable at June 30, 2019 and 2018 have been discounted to present value using a 3 percent rate. At June 30, grants and accounts receivable consist of the following:

	2019	2018
Due within one year	\$ 2,219,082	\$ 2,807,097
Due within one to five years	<u>2,879,945</u>	<u>2,763,173</u>
Total	<u>\$ 5,099,027</u>	<u>\$ 5,570,270</u>

Note 12. Strategic Blueprint:

The Junior Achievement Board of Directors has adopted a Strategic Blueprint designed for educational transformation. The hallmarks of the Blueprint include relevant experiential learning by connecting learning to real-world complexities; multidimensional competencies that focus on building transferable skills; and broad career exposure which enables students to more confidently manage their career aspirations. Three educational priorities have been identified to implement the Strategic Blueprint:

Priority 1 - JA Discovery Center, a state-of-the-art facility-based experience that provides a connected and immersive educational pathway for middle and high school students in the District of Columbia. The Discovery Center offers ladder programs with increasing rigor

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2019 AND 2018

Note 12. **Strategic Blueprint:** (Concluded)

of concepts and competencies. The JA Discovery Center includes JA BizTown for 6th graders, JA Finance Park for 8th graders, and an Innovation Lab for high school students.

Priority 2 – Entrepreneurship program innovation to build the next generation of Greater Washington leaders through expansion of the JA Company Program and JA Business Week.

Priority 3 – High School reimaged by providing comprehensive experiences to better reflect the real world and prepare students for life beyond the classroom walls. The core programs include 3DE (Note 15), JA Finance Park Advanced, and semester long credit-bearing courses.

Note 13. **Risks and Uncertainties:**

Junior Achievement invests in various investment securities, which are exposed to risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and such changes could have a material effect on the amounts reported in the financial statements.

Note 14. **Liquidity and Availability of Financial Assets:**

The following reflects Junior Achievement's financial assets as of June 30, 2019 reduced by amounts not available for general use because of contractual or donor-imposed restrictions.

Financial assets at year-end	\$ 7,776,914
Donor restricted	<u>(5,921,214)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,855,700</u>

Junior Achievement has a policy to structure its financial assets to be available throughout the year as general expenditures become due.

Note 15. **Subsequent Events:**

Montgomery County Finance Park

As described in Note 8, the Montgomery County Finance Park was completed in the fall of 2018. At June 30, 2019 accrued building costs of \$400,014 was included in accounts payable and accrued expenses. The total cost of the new facility and equipment is approximately \$2,500,000.

JUNIOR ACHIEVEMENT OF GREATER WASHINGTON
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONCLUDED)

JUNE 30, 2019 AND 2018

Note 15. Subsequent Events: (Concluded)

New License Fee Structure

JA USA adopted a new license fee structure for area offices beginning next year. Under the new structure, Junior Achievement will pay license fees of 11.5% of gross revenue up to \$1 million; 9.5% of gross revenue in excess of \$1 million up to \$2 million; and 7.5% of gross revenue above \$2 million. JA USA will implement a three-year phase in formula to help ease the transition to the new fee structure.

New 401(k) Retirement Plan

With the termination of the Defined Benefit Pension Plan, JA USA is offering a new 401(k) retirement plan to JA Area associates. Junior Achievement's Board of Directors approved adoption of the new plan on October 1, 2019.

3DE Program

3DE is a transformative re-engineering of the comprehensive high school experience to better reflect the real world and prepare students for life beyond the classroom walls. The 3DE program was launched in 2015 through a joint venture between Junior Achievement of Georgia, the Atlanta area school system, and local businesses. In 2019 3DE was officially rolled out into a subsidiary of JA USA and Junior Achievement was chosen as one of five pilot areas for national expansion. 3DE will officially launch in the Greater Washington region in the fall of 2020 in partnership with Prince George's County Public Schools.

Management has evaluated subsequent events through December 11, 2019, the date the financial statements were available to be issued.