

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**

Financial Statements

Year Ended June 30, 2019

With

Independent Auditor's Report



**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**

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## **Independent Auditor's Report**

Board of Directors  
Junior Achievement of Oklahoma, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Junior Achievement of Oklahoma, Inc., which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial 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 Oklahoma, Inc. 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.

## **Effect of Adopting New Accounting Standard**

As discussed in Note 1, the Organization adopted the Financial Accounting Standards Board's Accounting Standards update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities as of and for the year ended June 30, 2019. Our opinion is not modified with respect to this matter.

## **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Financial Position and Statement of Activities on pages 20 - 21 is presented for purposes of additional analysis and is not a required part of the 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.

MORSE & CO., PLLC

Tulsa, Oklahoma  
December 16, 2019

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**

**ASSETS**

**Assets**

Cash and cash equivalents	\$ 220,070
Pledges receivable, net	306,961
Prepaid expenses	28,556
Investments	407,001
Pledges receivable, net - restricted	143,929
Endowment funds - restricted	537,386
Property and equipment, net	<u>2,157,266</u>
<b>Total assets</b>	<b><u><u>\$ 3,801,169</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable	\$ 4,624
Accrued liabilities	13,246
Note payable	<u>112,858</u>

**Total liabilities**

130,728

**Net assets**

Without donor restrictions	2,989,126
With donor restrictions	<u>681,315</u>

**Total net assets**

3,670,441

**Total liabilities and net assets**

**\$ 3,801,169**

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support and revenue</b>			
Contributions and grants	\$ 868,809	\$ 149,083	\$ 1,017,892
Fundraising income	615,078	-	615,078
Program income	319,150	-	319,150
In-kind contributions	41,940	-	41,940
Interest income	29,508	-	29,508
Unrealized loss on investments, net	(32,255)	-	(32,255)
Realized gain on investments, net	71,449	-	71,449
Miscellaneous income	3,595	-	3,595
Net assets released from restrictions	216,035	(216,035)	-
<b>Total public support and revenue</b>	<b>2,133,309</b>	<b>(66,952)</b>	<b>2,066,357</b>
<b>Expenses</b>			
Program services	1,800,657	-	1,800,657
Management and general	202,422	-	202,422
Fundraising	222,089	-	222,089
<b>Total expenses</b>	<b>2,225,168</b>	<b>-</b>	<b>2,225,168</b>
<b>Decrease in net assets</b>	<b>(91,859)</b>	<b>(66,952)</b>	<b>(158,811)</b>
<b>Net assets, beginning of year</b>	<b>3,080,985</b>	<b>748,267</b>	<b>3,829,252</b>
<b>Net assets, end of year</b>	<b>\$ 2,989,126</b>	<b>\$ 681,315</b>	<b>\$ 3,670,441</b>

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2019**

<b>Operating activities</b>	
Change in net assets	\$ (158,811)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:	
Depreciation	135,303
Unrealized loss on investments	32,255
Realized gain on investments	(34,656)
Changes in assets and liabilities:	
Pledges receivable	75,020
Prepaid expenses	(7,137)
Accounts payable	(5,797)
Other liabilities	(5,268)
Total adjustments	<u>189,720</u>
<b>Net cash provided by operating activities</b>	<u>30,909</u>
<b>Investing activities</b>	
Purchase of property and equipment	<u>(22,361)</u>
<b>Net cash used for investing activities</b>	<u>(22,361)</u>
<b>Financing activities</b>	
Payments on long-term debt	<u>(35,714)</u>
<b>Net cash used for financing activities</b>	<u>(35,714)</u>
<b>Change in cash and cash equivalents</b>	(27,166)
<b>Cash and cash equivalents, beginning of year</b>	<u>247,236</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 220,070</u></u>
<b>Supplemental disclosure of cash flows</b>	
Cash paid for interest	<u><u>\$ 7,111</u></u>

See independent auditor's report and accompanying notes to financial statements.

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

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 1,075,036	\$ 129,362	\$ 118,200	\$ 1,322,599
General operations	392,028	69,046	23,767	484,841
Programs	216,477	-	-	216,477
Development	69,296	32	77,222	146,551
Participation fees	47,819	3,982	2,899	54,700
Total functional expenses	<u>\$ 1,800,657</u>	<u>\$ 202,422</u>	<u>\$ 222,089</u>	<u>\$ 2,225,168</u>

See independent auditor's report and accompanying notes to financial statements.



**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Description of Organization***

Junior Achievement of Oklahoma, Inc. (Junior Achievement) has fostered strong partnerships throughout Oklahoma since 1966. Businesses, foundations and school districts alike stand behind Junior Achievement's time tested program because of the direct impact on individual students and the communities throughout our state. Strong future leaders with financial literacy skills, who are ready for their place in the workforce, will contribute to a building and sustaining a thriving economy. Junior Achievement is preventative in nature giving preference in service to schools with high poverty rates and matching volunteers who serve as role models showing students the wide range of career opportunities available to them.

With 76% growth in students served during the past 10 years Junior Achievement is more committed than ever to changing the trajectory of Oklahoma students thereby strengthening our businesses with quality employees and bolstering our state. Junior Achievement has a portfolio of 21 curriculum offerings, most of which are taught by volunteers at school sites. However, onsite capstone programs such as JA BizTown, JA Inspire, and JA Finance Park, are increasing JA's impact providing a more robust experience for students. These capstone programs are the greatest focus for growth for Junior Achievement and come during a time when school budgets are tight, and JA can serve as a solution provider for educational mandates passed down from the Oklahoma legislature. While there are many organizations focused on the needs of today, JA is focused on the demands of tomorrow.

Junior Achievement served 62,167 students in fiscal year 2019 and 59,005 in 2018. One measure of program impact to these students is through contact hours. In 2019, contact hours were 871,979 compared to 775,755 contact hours in 2018. The contact hour impact was achieved by 4,400 business and community volunteers in 2019 and 4,252 volunteers in 2018. The value of these volunteers is significant to Junior Achievement, with an estimated value of \$1,118,920 in 2019 and \$1,050,000 in 2018 based on an estimated 44,000 volunteer hours in 2018 and 42,520 hours in 2018. This value is determined by applying the National volunteer wage rate of \$25.43 per hour for 2019 and \$24.69 per hour for 2018 (a rate established by Independent Sector, a leadership network for nonprofit organizations).

***Basis of Accounting***

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Junior Achievement 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 without donor restrictions may be designated for specific purposes by action of the Board of Directors.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

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

***Basis of Accounting (Continued)***

***Net Assets With Donor Restrictions*** - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of Junior Achievement and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 6.

***Fair Value Measurements***

Junior Achievement records certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include the Organization's own internal data.

***Cash and Cash Equivalents***

Junior Achievement defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available and will be consumed during the next operating cycle.

***Accounts Receivable***

Accounts receivable are short-term, noninterest bearing, and uncollateralized; and are reflected in the statement of financial position net of the allowance for doubtful accounts. Management's assessment of the allowance for doubtful accounts is based on the overall creditworthiness of the individual accounts, existing economic conditions, and the amount and age of past due accounts. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. Junior Achievement considers accounts receivable at June 30, 2019, to be fully collectible. Accordingly, no allowance for doubtful accounts is recorded.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

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

***Pledges Receivable***

Contributions are recognized when the donor makes a promise to give to Junior Achievement that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable are reported at net realizable value measured using present value techniques and historical discount rates, if at the time the promise is made, payment is expected to be received in one year or more. Multi-year pledges are revalued annually. Pledges receivable that are expected to be collected within one year are reported at fair value in accordance with authoritative guidance. Management believes that the use of fair value reduces the cost of measuring pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements.

When estimating the fair value of pledges receivable, management considers the historical trends of collection, the type of donor (individual or corporation/foundation), general economic conditions in the geographic area in which the majority of the Junior Achievement's donors live, and market interest rate assumptions for individuals and corporations/foundations. The discount rate utilized by management is equivalent to the U.S. Treasury Yield rate. The interest resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue over the term of the pledge.

***Property and Equipment***

Donations of property and equipment are recorded as support at their estimated fair value and depreciated over the estimated useful lives using the straight-line method. Such donations are reported as net assets without donor restrictions 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, Junior Achievement reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. Junior Achievement reclassifies such net assets with donor restrictions to net assets without donor restrictions at that time.

Property and equipment purchased by Junior Achievement is recorded at cost and depreciated over estimated useful lives ranging from 5 to 40 years using the straight-line method. Junior Achievement follows the practice of capitalizing expenditures in excess of \$1,000.

Junior Achievement records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by Junior Achievement, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded during the year ended June 30, 2019.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

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

***Contributed Services***

During the year ended June 30, 2019, Junior Achievement received services contributed by volunteers. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts. Additionally, the value of contributed services which did meet the requirements for recognition in the financial statements was not material and has not been recorded.

***Use of Estimates***

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

***Functional Allocation of Expenses***

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and building depreciation which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, insurance, equipment depreciation, and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions on certain test dates and is reviewed annually by management.

***Income Taxes***

Junior Achievement is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. Junior Achievement has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

Junior Achievement has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-25, Accounting for Uncertainty in Income Taxes. Junior Achievement will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority.

Junior Achievement's evaluation as of June 30, 2019, revealed no uncertain tax positions that would have a material impact on the financial statements. Junior Achievement will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. Junior Achievement is no longer subject to tax examinations by taxing authorities for years before 2015.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

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

*Advertising Costs*

Junior Achievement expenses advertising costs as incurred. Advertising expense for the year ended June 30, 2019, was \$638.

*Change in Accounting Principle*

On August 18, 2016, 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. Junior Achievement has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. A restatement of opening balances was not required with the implementation.

*Subsequent Events*

The Organization has evaluated subsequent events through December 16, 2019, the date the financial statements were available to be issued.

**NOTE 2 - ENDOWMENT INVESTMENTS**

Junior Achievement's endowment consists of four individual funds established for operations in Tulsa, Bartlesville and Oklahoma City, as well as maintenance of the physical assets in Tulsa. Junior Achievement transferred an initial contribution of trust investments to the Tulsa Community Foundation, Bartlesville Community Foundation and Oklahoma City Community Foundation (Collectively referred to as the "Foundations") and named itself the beneficiary. The Junior Achievement executed an "Agency Fund Agreement" with the Foundations, creating an agency fund. The Board of Trustees of the Foundations shall have the power to modify any restriction or condition on distributions from the fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundations. All contributions to this fund are irrevocable once accepted by the Foundations. Funds held by the Foundations have been recorded as an asset at fair market value.

The funds held by the Foundations represent Junior Achievement's only endowments, which includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

*Interpretation of Relevant Law*

The Board of Directors of Junior Achievement has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Junior Achievement classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Junior Achievement considers the following factors in making a determination to appropriate or accumulate net assets with donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The composition of beneficial interest in assets held by the Foundations by fund type at June 30, was as follows:

2019	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ -	\$ 482,232	\$ 482,232
Board-designated endowment funds	55,154	-	-	55,154
Total	<u>\$ 55,154</u>	<u>\$ -</u>	<u>\$ 482,232</u>	<u>\$ 537,386</u>

Endowment assets earnings are designated for the operations of JA BizTown and general operations in Oklahoma City and Bartlesville.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

*Interpretation of Relevant Law (Continued)*

Investments at June 30, 2019, are summarized as follows:

	<u>Fair Value</u>	<u>Cost</u>
Tulsa Community Foundation	\$ 394,042	\$ 349,747
Bartlesville Community Foundation	127,848	115,820
Oklahoma City Community Foundation	15,496	15,496
Total	<u>\$ 537,386</u>	<u>\$ 481,063</u>

Changes in the beneficial interest in assets held by the Foundation for the years ending June 30, 2019 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2018	\$ 23,664	\$ -	\$ 482,232	\$ 505,896
Investment return: Net realized and unrealized appreciation	<u>31,490</u>	<u>-</u>	<u>-</u>	<u>31,490</u>
Endowment net assets, June 30, 2019	<u>55,154</u>	<u>-</u>	<u>482,232</u>	<u>537,386</u>

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)**

***Funds with Deficiencies***

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Junior Achievement to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2019.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, Junior Achievement 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). The Junior Achievement targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

***Return Objectives and Risk Parameters***

Junior Achievement has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for 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 the organization must hold in perpetuity or for a donor-specified period(s) 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 the S&P 500 index while assuming a moderate level of investment risk.

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

Junior Achievement has a policy of appropriating its endowment fund for distribution as needed. Distribution requires an affirmative majority vote of the Board of Directors. In establishing this policy, Junior Achievement considered the long-term expected return on its endowment. Accordingly, over the long term, Junior Achievement expects the current spending policy to allow its endowment to grow. This is consistent with Junior Achievement's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(Continued)



**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 3 - FAIR VALUE OF ASSETS AND LIABILITIES**

Financial assets and liabilities measured at fair value on a recurring basis consist of pledges receivable and beneficial interest in assets held by the Foundations. The following tables summarize the balances of Junior Achievement's assets at June 30:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by Foundations	\$ 537,386	\$ -	\$ -
Investments	407,001	-	-
	\$ 944,387	\$ -	\$ -

The beneficial interest in assets held by the Foundations is valued using quoted market prices of the underlying securities that comprise the interest.

**NOTE 4 - NOTE PAYABLE**

In December 2016, Junior Achievement entered into a long-term business loan agreement with a financial institution in the amount of \$300,000, to purchase fixed assets for the JA Finance Park. The note is payable in quarterly installments of interest only, and annual principal installments of \$35,714. The quarterly interest only payments are made in September, December, March and June of each year. The debt bears interest at 4.98% and is secured by all JA Finance Park equipment. This loan matures on December 21, 2021, but provides for two optional one-year extensions, provided that JA meets certain conditions. Under the note agreement, Junior Achievement is required to meet certain covenants. As of June 30, 2019, management believes Junior Achievement is in compliance with all covenants.

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**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 5 - PROPERTY AND EQUIPMENT**

At June 30, 2019, property and equipment were as follows:

Building	\$ 2,474,295
Equipment	565,333
Land	452,304
Furnitures and fixtures	116,224
Total	<u>3,608,156</u>
Accumulated depreciation	<u>(1,450,890)</u>
Property and equipment, net	<u><u>\$ 2,157,266</u></u>

Depreciation in the amount of \$135,303 for the year ended June 30, 2019, has been allocated to program and supporting activities in the statement of activities.

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors for the year ended June 30, 2019:

Purpose and time restrictions:

JA Finance Park	\$ 85,418
JA Classic	63,950
Annual partnership	35,167
JA Investor Challenge	31,500
Total	<u><u>\$ 216,035</u></u>

Net assets with donor restrictions, including cash and pledges receivable balances, were available for the following purposes or restricted for time at June 30, 2019:

JA Classic	\$ 59,200
Annual partnership	56,633
JA Finance Park	50,000
JA Investor Challenge	23,250
Business Success Stories	10,000
Perpetual Endowment	482,232
Total	<u><u>\$ 681,315</u></u>

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 7 - 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 date, comprise the following:

Cash and cash equivalents	\$ 220,070
Pledges receivable	<u>306,961</u>
	<u><u>\$ 527,031</u></u>

Junior Achievement regularly monitors liquidity required to meet its operating needs and other contractual commitments. Junior Achievement depends on donations from corporations, foundations, individuals, as well as grants, to fund its normal day-to-day operations. Donation levels vary in response to fundraising campaigns throughout the year. Junior Achievement also maintains an investment account which is primarily intended to fund long-term obligations.

For purposes of analyzing resources available to meet general expenditures over a twelve month period, Junior Achievement considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, Junior Achievement operates within a balanced budget and anticipates collecting sufficient revenues and grants to cover general expenditures.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

Participation fees are paid to JA USA. Participation fees are based upon contributions and net revenues from fund-raising events and are charged at a rate of 9 percent on the first \$300,000 and 1.8 percent thereafter. Fees paid to JA USA were \$54,700 for the year ended June 30, 2019.

Junior Achievement expended \$207,094 during the year ended June 30, 2019, for the purchase of various classroom program supplies and materials, JA Finance Park materials, and JA BizTown program fees and materials.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 9 - PENSION PLAN AND EMPLOYEE BENEFITS**

Prior to June 30, 2019, Junior Achievement participated in a noncontributory defined benefit pension plan (the Plan). The Plan was administered by Junior Achievement USA (JA USA) and covered all full-time employees of the Junior Achievement, JA USA, JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. 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, the respective participants' employers were required to fund the Plan, as determined by the JA USA's Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, the JA USA made contributions equal to 16.75% of plan participants' eligible compensation. JA USA 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 JA USA.

Effective June 30, 2019, the Board of Directors of JA USA 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 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.

JA USA has a self-funded medical, dental and other benefits plan covering full-time employees of JA USA and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of JA USA, 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 JA USA or Junior Achievement.

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 JA USA does not believe the implicit rate subsidy amount to be material, 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 JA USA or Junior Achievement.

Junior Achievement of Oklahoma has a 401K Plan which covers all full-time employees, regardless of age. Junior Achievement made matching contributions of \$9,975 during the year ended June 30, 2019.

(Continued)

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**NOTE 10 - CONCENTRATIONS OF CREDIT RISK**

Junior Achievement's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Junior Achievement maintains its cash balances at local banks. At June 30, 2019, the balances were insured by the Federal Deposit Insurance Corporation. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the risk related to these deposits are minimal.

Junior Achievement maintains investment accounts with various Foundations. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio.

**NOTE 11 - NEW ACCOUNTING PRONOUNCEMENTS**

In February 2016, the FASB issued Accounting Standards Update ASU 2016-02, Leases (Topic 842), which provides more transparency and comparability among organizations by recognizing leased assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2020, with early adoption permitted.

In 2018, the FASB issued ASU 2018-08 Clarifying the Scope and Accounting Guidance for Contributions Received and Made to address difficulty and diversity in practice among not-for-profit entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) Subject to Topic 958, Not-for-Profit Entities, or as exchanges (reciprocal transactions) subject to Topic 606 and (2) determining between conditional and unconditional contributions. This ASU applies to all entities that receive or make contributions. The term used in the presentation of financial statements to label revenue (for example, contribution, grant, donation) that is accounted for within Topic 958 is not a factor for determining whether an agreement is within the scope of that guidance. The standard is effective for annual periods beginning after December 15, 2018, for the majority of not-for-profit entities. The changes in this standard should generally be applied on a retrospective basis in the year that it is first applied.

Junior Achievement will be evaluating the impact these standards will have on its financial statements and related disclosures.

## Supplemental Information

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2019**  
**(With Comparative Totals for 2018)**

**ASSETS**

<b>Assets</b>	<b>2019</b>	<b>2018</b>
Current assets		
Cash and cash equivalents	\$ 220,070	\$ 247,235
Current investments	21,172	-
Prepaid expenses	28,556	21,419
Pledges receivable, net	306,961	301,469
Total current assets	576,759	570,123
Long-term assets		
Long-term pledges, net - restricted	143,929	224,441
Investments	390,176	434,091
Investments - Endowment	533,039	507,895
Fixed assets	2,157,266	2,270,208
Total long-term assets	3,224,410	3,436,635
<b>Total assets</b>	\$ 3,801,169	\$ 4,006,758

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Current liabilities		
Accounts payable	\$ 4,624	\$ 10,421
Accrued liabilities	13,246	18,513
Current maturity of note payable	35,715	35,715
Total current liabilities	53,585	64,649
Long-term liabilities		
Note payable	77,143	112,857
Total long-term liabilities	77,143	112,857
<b>Net assets</b>		
Without donor restrictions	2,933,972	3,057,321
Board designated net assets	55,154	23,664
Total net assets without donor restrictions	2,989,126	3,080,985
Net assets with donor restrictions	681,315	748,267
<b>Total net assets</b>	3,670,441	3,829,252
<b>Total liabilities and net assets</b>	\$ 3,801,169	\$ 4,006,758

See independent auditor's report and accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2019**  
**(With Comparative Totals for 2018)**

	2019			2018	
	Net Assets Without Donor Restrictions		Total	Net Assets With Donor Restrictions	
	Operating	Board Designated		Total	Total
<b>Public support and revenue</b>					
Contributions and grants					
Corporate	\$ 513,820	\$ -	\$ 513,820	\$ 146,483	\$ 660,303
Individual	152,621	-	152,621	1,850	154,471
Foundations	349,168	-	349,168	750	349,918
Total contributions and grants	<u>1,015,609</u>	<u>-</u>	<u>1,015,609</u>	<u>149,083</u>	<u>1,164,692</u>
Special events, gross	615,078	-	615,078	-	615,078
Less special event expenses	(146,118)	-	(146,118)	-	(146,118)
Special events, net	<u>468,960</u>	<u>-</u>	<u>468,960</u>	<u>-</u>	<u>468,960</u>
Governmental revenue	172,350	-	172,350	-	172,350
Investment return, net	29,508	-	29,508	-	29,508
Unrealized (loss) gain on investments, net	(32,255)	-	(32,255)	-	(32,255)
Realized gain on investments, net	39,959	31,490	71,449	-	71,449
In-kind contributions	41,940	-	41,940	-	41,940
Other income	3,595	-	3,595	-	3,595
Net assets released from restrictions					
Purpose restrictions	152,085	-	152,085	(152,085)	-
Time restrictions	63,950	-	63,950	(63,950)	-
<b>Total public support and revenue</b>	<u>1,955,701</u>	<u>31,490</u>	<u>1,987,191</u>	<u>(66,952)</u>	<u>1,920,239</u>
<b>Expenses</b>					
Program services	1,800,657	-	1,800,657	-	1,800,657
Management and general	202,422	-	202,422	-	202,422
Fundraising	75,971	-	75,971	-	75,971
<b>Total expenses</b>	<u>2,079,050</u>	<u>-</u>	<u>2,079,050</u>	<u>-</u>	<u>2,079,050</u>
<b>Increase (decrease) in net assets</b>	(123,349)	31,490	(91,859)	(66,952)	(158,811)
<b>Net assets, beginning of year</b>	<u>3,057,321</u>	<u>23,664</u>	<u>3,080,985</u>	<u>748,267</u>	<u>3,829,252</u>
<b>Net assets, end of year</b>	<u>\$ 2,933,972</u>	<u>\$ 55,154</u>	<u>\$ 2,989,126</u>	<u>\$ 681,315</u>	<u>\$ 3,670,441</u>

See independent auditor's report and accompanying notes to financial statements.