



**FINANCIAL STATEMENTS**

**Year Ended June 30, 2016**

**with**

**Independent Auditors' Report**

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**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

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## **Independent Auditors' Report**

The Board of Directors  
Junior Achievement of Oregon & SW Washington, Inc.

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

We have audited the accompanying financial statements of Junior Achievement of Oregon & SW Washington, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2016, and the related 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 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.

### **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 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 Oregon & SW Washington, Inc. as of June 30, 2016, 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 the Organization's 2015 financial statements, and our report dated September 16, 2015, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Heuman, Stewart & Schmitt, P.C.*

Lake Oswego, Oregon  
September 19, 2016

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Financial Position**

<b>June 30, 2016</b> <i>(With Comparative Amounts for 2015)</i>	<b>2016</b>	<b>2015</b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 324,366	\$ 215,586
Accounts receivable	18,787	27,022
Contributions receivable <i>(Note 3)</i>	358,091	393,118
Prepaid expenses	11,005	11,594
Inventory	37,895	37,047
<b>Total current assets</b>	<b>750,144</b>	<b>684,367</b>
<b>Long-term assets:</b>		
Investments <i>(Notes 4 and 17)</i>	58,787	163,833
Contributions receivable <i>(Note 3)</i>	107,820	129,320
Beneficial interest in assets held by Oregon Community Foundation <i>(Notes 5 and 17)</i> <sup>^</sup>	189,934	204,340
Land, building, and equipment - net <i>(Note 6)</i>	2,606,795	2,772,123
<b>Total long-term assets</b>	<b>2,963,336</b>	<b>3,269,616</b>
<b>Total assets</b>	<b>\$ 3,713,480</b>	<b>\$ 3,953,983</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable and other liabilities	\$ 57,920	\$ 59,649
Accrued payroll and compensated absences	8,173	6,843
Deferred revenue	62,820	40,467
Scholarships payable	10,500	6,500
Note payable to related party <i>(Note 13)</i>	30,000	108,750
<b>Total current liabilities</b>	<b>169,413</b>	<b>222,209</b>
Commitments <i>(Notes 7 and 8)</i>		
<b>Net assets:</b>		
Unrestricted:		
Undesignated	1,733,196	1,715,499
Board designated for operating reserve	613,244	617,813
<b>Total unrestricted</b>	<b>2,346,440</b>	<b>2,333,312</b>
Temporarily restricted <i>(Note 9)</i>	1,197,627	1,398,462
<b>Total net assets</b>	<b>3,544,067</b>	<b>3,731,774</b>
<b>Total liabilities and net assets</b>	<b>\$ 3,713,480</b>	<b>\$ 3,953,983</b>

<sup>^</sup>The total value of funds held at the Oregon Community Foundation for the benefit of Junior Achievement of Oregon & SW Washington, Inc. was \$311,677 and \$331,513 at June 30, 2016 and 2015, respectively. In accordance with accounting principles generally accepted in the United States of America, the Organization has only reflected the value of funds transferred to the Oregon Community Foundation (along with an allocation of fund appreciation) as an asset on its statement of financial position. The remaining balance of the fund consists of contributions made directly to the Oregon Community Foundation by outside donors and the associated appreciation.

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Activities**

**Year Ended June 30, 2016** (With Comparative Totals for 2015)

	Unrestricted			Temporarily Restricted	Total	
	Undesignated	Board Designated	Total		2016	2015
<b>Operating revenues, gains, and other support:</b>						
Contributions:						
Corporate	\$ 317,236	\$ -	\$ 317,236	\$ 136,350	\$ 453,586	\$ 513,810
Individuals	56,189	1,000	57,189	-	57,189	60,662
Foundations	122,458	10,000	132,458	-	132,458	93,280
Total contributions	495,883	11,000	506,883	136,350	643,233	667,752
In-kind contributions (Note 15)	411,558	-	411,558	-	411,558	470,894
Special events:						
Revenues	416,085	-	416,085	-	416,085	438,629
Expenses	(119,142)	-	(119,142)	-	(119,142)	(141,255)
Net special events	296,943	-	296,943	-	296,943	297,374
Realized and unrealized losses on investments	-	(5,246)	(5,246)	-	(5,246)	(4,428)
Interest and dividend income	-	5,798	5,798	-	5,798	9,040
Net decrease in beneficial interest in assets held by Oregon Community Foundation	-	(5,984)	(5,984)	-	(5,984)	(359)
JA BizTown student fees	192,615	-	192,615	-	192,615	166,187
JA BizTown summer camp fees	80,294	-	80,294	-	80,294	105,220
JA Finance Park student fees	39,823	-	39,823	-	39,823	44,734
Contract revenue, net	93,922	-	93,922	-	93,922	69,500
Other income	27,109	-	27,109	-	27,109	30,815
Net assets released from restrictions (Note 9)	287,517	-	287,517	(287,517)	-	-
<b>Net operating revenues, gains, and other support (carried forward)</b>	<b>1,925,664</b>	<b>5,568</b>	<b>1,931,232</b>	<b>(151,167)</b>	<b>1,780,065</b>	<b>1,856,729</b>

The accompanying notes are an integral part of the financial statements.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Activities - Continued**

**Year Ended June 30, 2016** *(With Comparative Totals for 2015)*

	Unrestricted			Temporarily Restricted	Total	
	Undesignated	Board Designated	Total		2016	2015
<b>Net operating revenues, gains, and other support (brought forward)</b>	<b>\$ 1,925,664</b>	<b>\$ 5,568</b>	<b>\$ 1,931,232</b>	<b>\$ (151,167)</b>	<b>\$ 1,780,065</b>	<b>\$ 1,856,729</b>
<b>Operating expenses (Note 10) :</b>						
Program services	1,483,676	10,137	1,493,813	-	1,493,813	1,451,802
Supporting services:						
Management and general	145,026	-	145,026	-	145,026	168,176
Fundraising	279,265	-	279,265	-	279,265	346,878
<b>Total operating expenses</b>	<b>1,907,967</b>	<b>10,137</b>	<b>1,918,104</b>	<b>-</b>	<b>1,918,104</b>	<b>1,966,856</b>
<b>Increase (decrease) in net assets from operations</b>	<b>17,697</b>	<b>(4,569)</b>	<b>13,128</b>	<b>(151,167)</b>	<b>(138,039)</b>	<b>(110,127)</b>
<b>Non-operating items (Note 16) :</b>						
Depreciation and amortization	(47,675)	-	(47,675)	-	(47,675)	(47,579)
Interest expense	(1,993)	-	(1,993)	-	(1,993)	(5,873)
Net assets released from restrictions (Note 9)	49,668	-	49,668	(49,668)	-	-
<b>Total non-operating items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(49,668)</b>	<b>(49,668)</b>	<b>(53,452)</b>
<b>Increase (decrease) in net assets</b>	<b>17,697</b>	<b>(4,569)</b>	<b>13,128</b>	<b>(200,835)</b>	<b>(187,707)</b>	<b>(163,579)</b>
Net assets, beginning of year	1,715,499	617,813	2,333,312	1,398,462	3,731,774	3,895,353
<b>Net assets, end of year</b>	<b>\$ 1,733,196</b>	<b>\$ 613,244</b>	<b>\$ 2,346,440</b>	<b>\$ 1,197,627</b>	<b>\$ 3,544,067</b>	<b>\$ 3,731,774</b>

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Functional Expenses**

**Year Ended June 30, 2016** (With Comparative Totals for 2015)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	
				<b>2016</b>	<b>2015</b>
<b>Operating expenses:</b>					
Salaries and wages	\$ 401,456	\$ 75,382	\$ 162,264	\$ 639,102	\$ 667,125
Payroll taxes	36,696	6,990	14,562	58,248	63,021
Employee insurance (Note 12)	25,151	4,791	9,981	39,923	33,787
Pension/annuity (Note 11)	55,719	10,613	22,111	88,443	84,986
General insurance	8,537	1,707	1,138	11,382	11,587
Insurance - in-school programs	10,688	-	-	10,688	10,046
Outside services	2,531	-	46	2,577	2,803
Rent	18,092	8,896	-	26,988	31,571
Equipment expense	5,814	529	4,228	10,571	5,750
Office and organization maintenance	26,496	7,570	3,785	37,851	34,865
Computer software	15,657	5,219	5,219	26,095	28,635
Stationery supplies	16,473	3,530	3,530	23,533	12,631
Stationery supplies - BizTown	23,292	-	-	23,292	24,150
Stationery supplies - Finance Park	8,912	-	-	8,912	2,102
Subscriptions and dues	794	-	794	1,588	1,680
Postage and delivery	9,964	623	1,868	12,455	11,445
Telephone	10,331	738	3,690	14,759	14,621
Utilities	18,899	6,750	1,350	26,999	28,364
Professional fees	10,918	3,639	3,639	18,196	73,595
Student fees paid to JA USA (Note 13)	18,613	-	-	18,613	13,508
Bad debt expense	-	-	10,028	10,028	9,396
Participation fees paid to JA USA (Note 13)	49,824	-	-	49,824	52,225
Scholarship expense	10,137	-	-	10,137	6,101
Staff training	4,130	-	2,753	6,883	3,492
Travel and meals	29,143	-	10,251	39,394	44,107
Volunteer training, recruiting, and recognition	2,304	-	45	2,349	3,572
Public relations	12,155	-	5,209	17,364	17,996
Program materials (Note 13)	125,734	-	-	125,734	125,477
General fundraising	-	-	713	713	4,761
Banking and office services	2,416	805	4,832	8,053	10,810
Summer camp expense	16,200	-	-	16,200	15,086
Miscellaneous expense	6,016	94	80	6,190	4,281
Transportation	25,338	-	-	25,338	22,700
Board expenses	372	362	361	1,095	1,213
Donated teaching services (Note 15)	363,001	-	-	363,001	350,705
<b>Total operating expenses before depreciation and amortization<sup>A</sup> (carried forward)</b>	<b>1,371,803</b>	<b>138,238</b>	<b>272,477</b>	<b>1,782,518</b>	<b>1,828,194</b>

The accompanying notes are an integral part of the financial statements.



**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Functional Expenses - Continued**

**Year Ended June 30, 2016** *(With Comparative Totals for 2015)*

	Program Services	Management and General	Fundraising	Total	
				2016	2015
<b>Total operating expenses before depreciation and amortization<sup>A</sup> (brought forward)</b>	<b>\$ 1,371,803</b>	<b>\$ 138,238</b>	<b>\$ 272,477</b>	<b>\$ 1,782,518</b>	<b>\$ 1,828,194</b>
Depreciation and amortization	122,010	6,788	6,788	135,586	138,662
<b>Total operating expenses</b>	<b>1,493,813</b>	<b>145,026</b>	<b>279,265</b>	<b>1,918,104</b>	<b>1,966,856</b>
<b>Non-operating expenses:</b>					
Depreciation and amortization	42,907	2,384	2,384	47,675	47,579
Interest expense	1,993	-	-	1,993	5,873
<b>Total non-operating expenses</b>	<b>44,900</b>	<b>2,384</b>	<b>2,384</b>	<b>49,668</b>	<b>53,452</b>
<b>Total expenses</b>	<b><u>\$ 1,538,713</u></b>	<b><u>\$ 147,410</u></b>	<b><u>\$ 281,649</u></b>	<b><u>\$ 1,967,772</u></b>	<b><u>\$ 2,020,308</u></b>

*The accompanying notes are an integral part of the financial statements.*

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Statement of Cash Flows**

<b>Year Ended June 30, 2016</b> <i>(With Comparative Totals for 2015)</i>	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Decrease in net assets	\$ (187,707)	\$ (163,579)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	183,261	186,241
Realized and unrealized losses on investments	5,246	4,428
Net decrease in beneficial interest in assets held by Oregon Community Foundation	5,984	359
Net changes in:		
Contributions receivable	56,527	(66,497)
Prepaid expenses	589	1,525
Accounts receivable	8,235	(9,636)
Inventory	(848)	(2,852)
Accounts payable and other liabilities	(1,729)	(5,642)
Accrued payroll and compensated absences	1,330	(476)
Deferred revenue	22,353	(26,023)
Scholarships payable	4,000	250
<b>Net cash provided (used) by operating activities</b>	<b>97,241</b>	<b>(81,902)</b>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(17,933)	(16,080)
Purchase of investments	-	(2,400)
Proceeds from sale of investments	105,598	2,400
Reinvestment of dividend proceeds	(5,798)	(9,040)
Distribution received from beneficial interest in assets held by Oregon Community Foundation	8,422	-
<b>Net cash provided (used) by investing activities</b>	<b>90,289</b>	<b>(25,120)</b>
<b>Cash flows from financing activities:</b>		
Principal payments on note payable to related party	(78,750)	(68,750)
<b>Net cash used by financing activities</b>	<b>(78,750)</b>	<b>(68,750)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>108,780</b>	<b>(175,772)</b>
Cash and cash equivalents, beginning of year	215,586	391,358
<b>Cash and cash equivalents, end of year</b>	<b>\$ 324,366</b>	<b>\$ 215,586</b>

*The accompanying notes are an integral part of the financial statements.*

# JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

## Notes to Financial Statements

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### 1. Organization

Junior Achievement of Oregon & SW Washington, Inc. (the Organization) is a nonprofit organization founded in 1950 and affiliated with Junior Achievement USA. The Organization's mission is to educate and inspire young people to succeed in a global economy. The Organization operates in schools throughout Oregon and Southwest Washington and relies on contributions from businesses, individuals, and foundations in those geographic regions for its operating support.

During the year ended June 30, 2016, the Organization incurred program service expenses in the following major areas while serving 41,367 area students:

**Elementary School In-Class Programs** - The elementary school programs are designed to help kindergarten through fifth-grade students learn about their economic society. Each theme builds on the previous one and stresses the relationship between school and future success.

**JA BizTown** - JA BizTown is an experiential simulation that helps fifth and sixth grade students become productive citizens in an 8,500 square foot replica of a real American city. Designed to supplement JA's foundational in-school programs, JA BizTown contains all the infrastructure of an actual city; multiple businesses, a city hall, etc. The simulation engages students in the American free enterprise system by allowing them to assume hands-on roles and gain real-life experiences in running businesses, being civic leaders, and practicing personal financial decision making.

**Middle School In-Class Programs** - The middle grade programs stress the importance of an education and staying in school while introducing students to economic concepts and information about the world of work and financial literacy.

**JA Finance Park** - JA Finance Park is a financial literacy simulation designed to engage middle and high school students across Oregon and Southwest Washington in the world of personal finance through an interactive, hands-on experience. The program blends teacher-led classroom instruction with a culminating simulation day that delivers a high-tech, high-touch educational experience. The basic goal for participants is to develop a balanced household budget based around a fictional adult identity they receive that includes a fixed income and family situation. JA Financial Park includes 16 interactive business storefronts that participants use to gather information and make budgeting decisions.

**High School In-Class Programs** - The high school programs strive to help students develop the knowledge, skills, and attitudes needed to become productive workers as well as leaders in business and society.

# JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

## Notes to Financial Statements - Continued

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### 2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

**Basis of Presentation** - Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- Unrestricted net assets - Net assets not subject to donor-imposed stipulations.
- Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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. Among other areas, estimates are used in the calculation of depreciation expense and any allowance for uncollectible receivables.

**Contributions** - Contributions, which are the Organization's primary source of revenue, include unconditional promises to give (contributions receivable), and are recognized as revenue in the period received. Management records an estimated allowance for uncollectible contributions receivable based on the size and nature of the associated contributions. Conditional contributions are recognized when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

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**2. Summary of Significant Accounting Policies - Continued**

**In-Kind Contributions** - The Organization receives contributed services from a large number of volunteers who assist in program activities. Significant services received that create or enhance a nonfinancial asset, or require specialized skills the Organization would have purchased if not donated, are recognized in the statement of activities.

In-kind contributions of supplies and other materials are recorded where there is an objective basis on which to value these contributions and where the contributions are an essential part of the Organization's activities.

**Contributions of Long-Lived Assets** - Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are released ratably over the estimated useful lives of the assets.

**Cash Equivalents** - For purposes of the financial statements, the Organization considers all highly liquid investments having initial maturities of three months or less to be cash equivalents.

**Investments** - Investments are reported at fair value based on quoted market prices and consist of mutual funds.

**Accounts Receivable** - Accounts receivable represents amounts due from various schools for participation in the JA BizTown program and various other receivables. Based on a specific review of those receivables, management does not believe an allowance for uncollectible accounts is necessary. Once reasonable collection efforts are exhausted, management will write off specific receivables considered to be uncollectible. At June 30, 2016, there was no accounts receivable outstanding greater than 90 days.

**Inventory** - Inventory, which consists primarily of educational materials that are used in classrooms and during JA BizTown, is carried at the lower of cost (first-in, first-out) or market value.

**Land, Building, and Equipment** - Land, building, and equipment are carried at cost when purchased, and at estimated fair value when acquired by gift. Depreciation and amortization are generally provided on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 40 years for buildings and improvements and 3 to 7 years for furniture, equipment, and software. The Organization capitalizes all purchases over \$500.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

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**2. Summary of Significant Accounting Policies - Continued**

**Deferred Revenue** - Deferred revenue consists of advance payments received for JA BizTown prior to the specific program to which the payment relates takes place.

**Revenue Recognition** - All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. JA BizTown and JA Finance Park student fees are recorded as earned.

**Advertising Expenses** - Advertising and promotional costs are charged to expense as they are incurred. For the years ended June 30, 2016 and 2015, advertising expenses totaled \$17,279 and \$17,996, respectively.

**Income Taxes** - The Organization is exempt from Federal and state income taxes under 501(c)(3) of the Internal Revenue Code and similar state provisions. Accordingly, no income tax provision is recorded in the accompanying financial statements

Under GAAP, the recognition of an estimated tax liability and related disclosure is required for tax positions taken by the Organization that under an examination by a taxing authority, may not be sustained. Management does not believe the Organization has any significant tax positions that under examination would not be sustained and, accordingly, has not recorded an estimated liability. The Organization did not record any penalty or interest related to its tax positions and, if any were recorded, those amounts would be included in management and general expenses.

**Reclassifications** - Certain information in the 2015 financial statements has been reclassified for comparative purposes to conform to the 2016 presentation.

**Summarized Financial Information for 2015** - The accompanying financial information as of and for the year ended June 30, 2015, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**3. Contributions Receivable**

Contributions receivable are summarized as follows at June 30:

	<b>2016</b>	<b>2015</b>
Unconditional promises expected to be collected in:		
Less than one year	\$ 358,091	\$ 393,118
One year to five years	<u>121,000</u>	<u>142,500</u>
Gross contributions receivable	479,091	535,618
Less discount to present value (3 percent discount rate)	<u>(8,180)</u>	<u>(8,180)</u>
Net present value	470,911	527,438
Less allowance for uncollectible amounts	<u>(5,000)</u>	<u>(5,000)</u>
	465,911	522,438
Less current portion	<u>(358,091)</u>	<u>(393,118)</u>
Long-term portion	<u><u>\$ 107,820</u></u>	<u><u>\$ 129,320</u></u>

**4. Investments**

Investments held by the Organization are summarized as follows at June 30:

	<b>2016</b>	<b>2015</b>
Domestic equity mutual funds	\$ 31,546	\$ 106,730
Fixed income mutual funds	27,230	33,377
Money market mutual funds	11	2,112
International equity mutual funds	<u>-</u>	<u>21,614</u>
	<u><u>\$ 58,787</u></u>	<u><u>\$ 163,833</u></u>

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

#### 5. Beneficial Interest in Assets Held by Oregon Community Foundation

In April 1996, the Organization transferred \$50,000 to Oregon Community Foundation (OCF) to establish the Junior Achievement of Oregon & SW Washington, Inc. Endowment Fund (the Fund). Although termed an endowment, the Fund is actually a component of the Organization's Board-designated operating reserve, and is not necessarily functioning as an endowment per se. The Organization transferred an additional \$12,000 to the Fund in June 2003. The Organization's agreement with OCF permits annual distributions equal to a specified percentage of the fair value of Fund assets. Moreover, additional distributions, even to the extent of Fund depletion, may be requested by the Organization's Board of Directors, subject to the discretion of the OCF Board of Trustees. During the years ended June 30, 2016 and 2015, the Organization received distributions from OCF totaling \$13,905 and \$-0-, respectively. Of the amount for 2016, \$8,422 has been considered a return of capital from the Organization's principal contributions.

In order to comply with GAAP, the Organization has recorded the fair value of Fund assets as a beneficial interest in assets held by OCF in the statement of financial position, with the annual net change in the fair value of this beneficial interest reported in the statement of activities. At June 30, 2016 and 2015, the fair value of the Organization's beneficial interest in assets held by OCF totaled \$189,934 and \$204,340, respectively. This amount represents the portion of the overall Fund balance attributable to the Organization's principal contributions of April 1996 and June 2003, as provided above, and thereby exclude that measure of the total Fund balance attributable to Fund contributions provided by outside donors. At June 30, 2016 and 2015, the cumulative portion of Fund assets attributable to outside donor contributions totaled \$116,260 and \$127,173, respectively.

#### 6. Land, Building, and Equipment

Land, building, and equipment are summarized as follows at June 30:

	2016	2015
Land and land improvements	\$ 1,174,588	\$ 1,174,588
Building	632,470	632,470
Building improvements	1,004,468	1,004,468
Furniture and equipment	1,018,441	1,000,509
Software and applications	106,334	106,334
	<u>3,936,301</u>	<u>3,918,369</u>
Less accumulated depreciation and amortization	<u>(1,329,506)</u>	<u>(1,146,246)</u>
	<u>\$ 2,606,795</u>	<u>\$ 2,772,123</u>



**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**7. Line of Credit**

In September 2012, the Organization opened a \$500,000 revolving line of credit with U.S. Bank N.A. Interest is payable at the bank's prime rate plus 0.50 percent (4 percent at June 30, 2016). The line is secured by certain real property and is due on demand. There were no borrowings outstanding at June 30, 2016. The line matures on December 11, 2016.

**8. Commitments**

The Organization leases office space and equipment under various noncancelable operating lease agreements expiring through June 2021. Subsequent to year end, the Organization entered into an agreement to extend the lease period for certain office space. The Organization's annual lease commitments under these agreements, inclusive of the extended lease, are as follows:

<b>Years Ending June 30,</b>	<b>Amount</b>
2017	\$ 9,401
2018	7,500
2019	7,500
2020	7,500
2021	2,880
	<u>2,880</u>
	<u><u>\$ 34,781</u></u>

**9. Restrictions and Limitations on Net Asset Balances**

Temporarily restricted net assets are available for the following purposes at June 30:

	<b>2016</b>	<b>2015</b>
JA BizTown	\$ 990,350	\$ 1,005,886
JA Finance Park	<u>207,277</u>	<u>392,576</u>
	<u><u>\$ 1,197,627</u></u>	<u><u>\$ 1,398,462</u></u>

During the year ended June 30, 2016, net assets of \$337,185 were released from donor restrictions by either incurring expenses related to the restricted purposes specified by donors or by the passage of time.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

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#### 10. Expenses

The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs by their natural classification are presented in the statement of functional expenses.

#### 11. Multi-Employer Pension Plan

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

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

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

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**11. Multi-Employer Pension Plan - Continued**

The Organization's participation in the Plan for the annual period ended June 30, 2016, 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 2016 and 2015 is for the years ended June 30, 2016 and 2015, respectively. There have been no significant changes that affect the comparability of 2016 and 2015 contributions.

Pension Fund	EIN/Pension Plan Number	Funded Status		Contributions of the Organization	
		2016	2015	2016	2015
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN33	68%	71%	<u>\$ 88,443</u>	<u>\$ 84,986</u>

**12. Health and Welfare Benefits Trust and Postretirement Benefits Plan**

**Health and Welfare Benefits Trust**

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

**Postretirement Benefits Plan**

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

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2016 and 2015, was \$34,590 and \$27,721, respectively.

## JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.

### Notes to Financial Statements - Continued

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#### 13. Related-Party Transactions

Each year the Organization supports the program services provided by Junior Achievement USA, its national affiliate, through the payment of service fees, which are based on cash receipts. This is classified as participation expense in the accompanying financial statements. During the years ended June 30, 2016 and 2015, the Organization incurred participation expense of \$49,824 and \$52,225, respectively.

For the years ended June 30, 2016 and 2015, the Organization purchased program materials from Junior Achievement USA totaling \$110,301 and \$103,297, respectively. For the years ended June 30, 2016 and 2015, the Organization paid student fees to Junior Achievement USA of \$18,613 and \$13,508, respectively.

During the years ended June 30, 2016 and 2015, the Organization received contributions from members of the Board of Directors of \$27,483 and \$28,161, respectively.

The Organization executed an unsecured non-interest bearing note payable with a Board member on February 27, 2014. The note is due 120 days following demand, but if no demand is made, the note is due on June 30, 2017. The balance of the note at June 30, 2016 and 2015, was \$30,000 and \$108,750, respectively. For the years ended June 30, 2016 and 2015, the Organization has recorded interest expense of \$1,993 and \$5,873, respectively. In addition, the Organization has recognized corresponding in-kind contributions for donated interest related to this note.

#### 14. Financial Instruments with Concentrations of Risk

Financial instruments that potentially subject the Organization to concentrations of risk consist primarily of cash and cash equivalents and investments. On occasion throughout the year, cash and cash equivalent balances exceeded amounts insured by the Federal Deposit Insurance Corporation (FDIC). Investments are managed via the Organization's investment policies. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible changes in the values of investment securities will occur in the near term and such changes could materially affect account balances and the amounts reported in the financial statements.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

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**15. In-Kind Contributions**

The Organization received the following in-kind contributions during the years ended June 30:

	<b>2016</b>	<b>2015</b>
Donated services:		
Services to teach Junior Achievement programs as follows:		
Elementary school in-class programs	\$ 202,059	\$ 194,782
Middle school in-class programs	61,782	70,073
High school in-class programs	<u>99,160</u>	<u>85,850</u>
Total donated teaching services	363,001	350,705
Donated professional services	<u>-</u>	<u>56,000</u>
Total donated services	363,001	406,705
Donated interest on demand note ( <i>Note 13</i> )	1,993	5,873
Donated supplies and materials	<u>46,564</u>	<u>58,316</u>
Total in-kind contributions	<u>\$ 411,558</u>	<u>\$ 470,894</u>

**16. Non-Operating Items**

Certain transactions resulting from the JA BizTown Project and JA Finance Park Project have been excluded from normal operations on the statement of activities. Depreciation and amortization expense, certain project expenses incurred, as well as other revenues and expenses that are not deemed to be a part of ongoing operations have been reported as non-operating items on the statement of activities.

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**17. Fair Value Measurements**

The classification of assets and liabilities within the fair value hierarchy is based on whether the inputs to the valuation methodology used for measurement are observable or unobservable. Observable inputs reflect market-derived or market-based information obtained from independent sources while unobservable inputs reflect estimates about market data.

The three levels of the fair value hierarchy under the valuation methodologies used for assets are described below:

*Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets the Organization has the ability to access.

*Level 2:* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices observable for the asset or liability.
- Inputs derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3:* Fair value based on significant unobservable inputs.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30:

<b>2016</b>	<b>Level 1</b>	<b>Level 3</b>	<b>Total</b>
Investments:			
Domestic equity mutual funds	\$ 31,546	\$ -	\$ 31,546
Fixed income mutual funds	27,230	-	27,230
Money market mutual funds	<u>11</u>	<u>-</u>	<u>11</u>
Total investments	58,787	-	58,787
Beneficial interest in assets held by OCF	<u>-</u>	<u>189,934</u>	<u>189,934</u>
	<u>\$ 58,787</u>	<u>\$ 189,934</u>	<u>\$ 248,721</u>

**JUNIOR ACHIEVEMENT OF OREGON & SW WASHINGTON, INC.**

**Notes to Financial Statements - Continued**

**17. Fair Value Measurements - Continued**

2015	Level 1	Level 3	Total
Investments:			
Domestic equity mutual funds	\$ 106,730	\$ -	\$ 106,730
Fixed income mutual funds	33,377	-	33,377
International equity mutual funds	21,614	-	21,614
Money market mutual funds	<u>2,112</u>	<u>-</u>	<u>2,112</u>
Total investments	163,833	-	163,833
Beneficial interest in assets held by OCF	<u>-</u>	<u>204,340</u>	<u>204,340</u>
	<u>\$ 163,833</u>	<u>\$ 204,340</u>	<u>\$ 368,173</u>

The following is a description of the valuation methodologies used for assets measured at fair value.

*Mutual funds:* Valued at the net asset value of shares held by the Organization at year end.

*Beneficial interest in assets held by OCF:* Assets held at OCF represent the Organization's share of a pooled investment portfolio managed by OCF. The Organization's share of the pooled investment portfolio is not actively traded, and significant other observable inputs are not available. However, as described in *Note 5*, the underlying investments of OCF are measured by management of OCF using a variety of valuation methods including Level 1, Level 2, and Level 3 inputs. As such, this asset is classified as Level 3.

A summary of the changes in fair value of Level 3 assets for the year ended June 30, 2016, is as follows:

Balance, beginning of year	\$ 204,340
Realized and unrealized losses	(6,999)
Interest and dividends	2,611
Fees paid	(1,596)
Distributions	<u>(8,422)</u>
Balance, end of year	<u>\$ 189,934</u>

**18. Subsequent Events**

Management has evaluated subsequent events through September 19, 2016, the date the financial statements were available for issue.