



**Mayer Hoffman McCann P.C.**  
An Independent CPA Firm

1401 Court Street ■ Clearwater, FL 33756  
Main: 727.446.3058 ■ Fax: 727.441.1499 ■ [www.mhmcpa.com](http://www.mhmcpa.com)

**JUNIOR ACHIEVEMENT OF  
TAMPA BAY, INC.**

Financial Statements

June 30, 2014 and 2013

(With Independent Auditors' Report Thereon)



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**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

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## **Independent Auditors' Report**

The Board of Directors  
Junior Achievement of Tampa Bay, Inc.:

We have audited the accompanying financial statements of Junior Achievement of Tampa Bay, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2014 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Tampa Bay, Inc. as of June 30, 2014, 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.

## **Prior Period Financial Statements**

The financial statements of Junior Achievement of Tampa Bay, Inc. as of June 30, 2013 were audited by other auditors, Lewis, Birch & Ricardo, LLC whose members became shareholders of Mayer Hoffman McCann P.C. as of February 1, 2014, and whose report dated December 2, 2013, expressed an unmodified opinion on those statements.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule 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.

MAYER HOFFMAN McCANN P.C.

Clearwater, Florida  
December 9, 2014

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statements of Financial Position

June 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash and cash equivalents	\$ 707,947	904,249
Certificates of deposit	505,338	505,085
Grants and contracts receivable	332,536	429,617
Pledges receivable, net of allowance	266,625	577,449
Prepaid expenses	85,720	68,092
Total current assets	<u>1,898,166</u>	<u>2,484,492</u>
Certificates of deposit	504,951	503,499
Investments - scholarships	241,518	204,371
Investments - other	960,740	510,405
Funds held in trust by others	218,850	188,391
Long term pledges receivable, net of allowance	735,770	447,278
Other receivables	57	12,505
Property and equipment, net of accumulated depreciation	<u>1,944,544</u>	<u>1,996,895</u>
Total long term assets	<u>4,606,430</u>	<u>3,863,344</u>
Total assets	<u>\$ 6,504,596</u>	<u>6,347,836</u>
 <u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 121,342	113,037
Deferred revenue	25,000	-
Accrued expenses	<u>131,043</u>	<u>133,933</u>
Total current liabilities and total liabilities	<u>277,385</u>	<u>246,970</u>
Net assets:		
Unrestricted	3,346,939	3,410,876
Net investment in property and equipment	<u>1,944,544</u>	<u>1,996,895</u>
Total unrestricted net assets	<u>5,291,483</u>	<u>5,407,771</u>
Temporarily restricted - JA BizTown	128,947	244,479
Temporarily restricted - time restrictions	<u>684,113</u>	<u>325,948</u>
Total temporarily restricted net assets	<u>813,060</u>	<u>570,427</u>
Permanently restricted for endowment	<u>122,668</u>	<u>122,668</u>
Total net assets	6,227,211	6,100,866
Commitments and related party transactions	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 6,504,596</u>	<u>6,347,836</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statements of Activities and Changes in Net Assets

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b><u>Unrestricted Activities</u></b>		
<b>Public Support and Revenue:</b>		
<i>Contributions:</i>		
Corporate	\$ 160,200	33,005
Individual	203,559	459,152
Foundations	<u>311,300</u>	<u>408,067</u>
 Total contributions	 <u>675,059</u>	 <u>900,224</u>
<i>Special events:</i>		
Special events revenue	111,095	200,045
Contributions derived from special events	1,444,078	1,358,502
Less: direct cost of special events	<u>(538,740)</u>	<u>(561,826)</u>
 Total special events	 <u>1,016,433</u>	 <u>996,721</u>
Governmental income	624,958	819,232
Program revenue	354,864	341,985
Interest income	5,309	12,926
Unrealized gains on investments	77,068	25,835
In-kind contributions	25,950	22,563
Other income	9,049	18,190
Net assets released from restrictions	<u>407,082</u>	<u>560,115</u>
 Total support and revenue	 <u>3,195,772</u>	 <u>3,697,791</u>
<b>Expenses:</b>		
<i>Program services:</i>		
Educational programs	2,433,250	2,576,262
JA BizTown	<u>451,599</u>	<u>458,167</u>
 Total program expenses	 <u>2,884,849</u>	 <u>3,034,429</u>
<i>Support services:</i>		
Management and general	184,148	190,062
Fundraising	<u>243,063</u>	<u>232,534</u>
 Total support services	 <u>427,211</u>	 <u>422,596</u>
 Total expenses	 <u>3,312,060</u>	 <u>3,457,025</u>
 Change in unrestricted net assets	 (116,288)	 240,766
 Unrestricted net assets, beginning of year	 <u>5,407,771</u>	 <u>5,167,005</u>
 Unrestricted net assets, end of year	 <u>\$ 5,291,483</u>	 <u>5,407,771</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statements of Activities and Changes in Net Assets (Continued)

Years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b><u>Temporarily Restricted Activities</u></b>		
<b>Public Support and Revenue:</b>		
<i>Contributions:</i>		
Corporate	\$ 443,400	148,100
Individual	<u>183,687</u>	<u>106,506</u>
Total contributions	<u>627,087</u>	<u>254,606</u>
Investment earnings	22,628	16,316
Net assets released from restrictions:		
Net assets released from restrictions - JA BizTown	(152,834)	(170,914)
Net assets released from restrictions - time restrictions	<u>(254,248)</u>	<u>(389,201)</u>
Change in temporarily restricted net assets	242,633	(289,193)
Temporarily restricted net assets, beginning of year	<u>570,427</u>	<u>859,620</u>
Temporarily restricted net assets, end of year	<u><u>\$ 813,060</u></u>	<u><u>570,427</u></u>
<b><u>Permanently Restricted Activities</u></b>		
<b>Public Support and Revenue:</b>		
Contributions	\$ <u>-</u>	<u>-</u>
Change in permanently restricted net assets	-	-
Permanently restricted net assets, beginning of year	<u>122,668</u>	<u>122,668</u>
Permanently restricted net assets, end of year	<u><u>\$ 122,668</u></u>	<u><u>122,668</u></u>
<b>Total change in net assets</b>	\$ 126,345	(48,427)
<b>Total net assets, beginning of year</b>	<u>6,100,866</u>	<u>6,149,293</u>
<b>Total net assets, end of year</b>	<u><u>\$ 6,227,211</u></u>	<u><u>6,100,866</u></u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statement of Functional Expenses

Year ended June 30, 2014  
(with comparative totals for 2013)

	<i>Program Services</i>			<i>Support Services</i>			<i>Total</i>	
	<i>Educational Programs</i>	<i>JA BizTown</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Fundraising</i>	<i>Total Support Services</i>	<i>2014</i>	<i>2013</i>
Salaries	\$ 913,308	101,368	1,014,676	111,367	111,367	222,734	1,237,410	1,251,478
Payroll taxes and employee benefits	261,492	10,880	272,372	29,894	29,894	59,788	332,160	370,522
<b>Total salaries and related expenses</b>	<b>1,174,800</b>	<b>112,248</b>	<b>1,287,048</b>	<b>141,261</b>	<b>141,261</b>	<b>282,522</b>	<b>1,569,570</b>	<b>1,622,000</b>
JA Breakfast expenses	-	-	-	-	20,421	20,421	20,421	32,062
Insurance	22,471	15,695	38,166	3,366	3,368	6,734	44,900	42,186
Maintenance, telephone, and utilities	69,367	81,716	151,083	8,463	8,393	16,856	167,939	152,489
Rent	29,962	10	29,972	5,058	3,882	8,940	38,912	43,704
In-kind	16,174	1,746	17,920	2,731	7,045	9,776	27,696	24,308
Office supplies and postage	24,482	2,505	26,987	3,755	2,671	6,426	33,413	24,823
Volunteer and staff training and recognition	54,661	703	55,364	9,157	7,820	16,977	72,341	73,662
Public relations	1,437	-	1,437	719	719	1,438	2,875	-
Program materials and supplies	321,032	146,742	467,774	-	-	-	467,774	437,956
Franchise fees	82,448	-	82,448	-	-	-	82,448	57,956
Professional fees	13,684	-	13,684	2,311	1,776	4,087	17,771	22,103
Scholarships	8,547	-	8,547	1,443	1,110	2,553	11,100	14,000
Contract program expenses	578,557	-	578,557	-	-	-	578,557	727,819
Bad debt	-	-	-	-	30,000	30,000	30,000	39,167
Office expenses	34,979	291	35,270	5,775	7,483	13,258	48,528	42,640
<b>Total expenses before depreciation</b>	<b>2,432,601</b>	<b>361,656</b>	<b>2,794,257</b>	<b>184,039</b>	<b>235,949</b>	<b>419,988</b>	<b>3,214,245</b>	<b>3,356,875</b>
Depreciation	649	89,943	90,592	109	7,114	7,223	97,815	100,150
<b>Total expenses</b>	<b>\$ 2,433,250</b>	<b>451,599</b>	<b>2,884,849</b>	<b>184,148</b>	<b>243,063</b>	<b>427,211</b>	<b>3,312,060</b>	<b>3,457,025</b>

See accompanying notes to financial statements.



**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statement of Functional Expenses

Year ended June 30, 2013

	<b>Program Services</b>			<b>Support Services</b>			<b>Total Expenses</b>
	<b>Educational Programs</b>	<b>JA BizTown</b>	<b>Total Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total Support Services</b>	
Salaries	\$ 938,151	94,628	1,032,779	113,820	104,879	218,699	1,251,478
Payroll taxes and employee benefits	284,860	20,913	305,773	33,698	31,051	64,749	370,522
Total salaries and related expenses	<u>1,223,011</u>	<u>115,541</u>	<u>1,338,552</u>	<u>147,518</u>	<u>135,930</u>	<u>283,448</u>	<u>1,622,000</u>
JA Breakfast expenses	-	-	-	-	32,062	32,062	32,062
Insurance	21,097	14,653	35,750	3,218	3,218	6,436	42,186
Maintenance, telephone, and utilities	55,805	81,428	137,233	7,628	7,628	15,256	152,489
Rent	33,653	10	33,663	5,680	4,361	10,041	43,704
In-kind	14,196	2,992	17,188	2,397	4,723	7,120	24,308
Office supplies and postage	17,984	2,853	20,837	3,037	949	3,986	24,823
Volunteer and staff training and recognition	55,668	588	56,256	9,314	8,092	17,406	73,662
Program materials and supplies	302,381	135,575	437,956	-	-	-	437,956
Franchise fees	57,956	-	57,956	-	-	-	57,956
Professional fees	17,019	-	17,019	2,874	2,210	5,084	22,103
Scholarships	10,780	-	10,780	1,820	1,400	3,220	14,000
Contract program expenses	727,819	-	727,819	-	-	-	727,819
Bad debt	-	15,000	15,000	-	24,167	24,167	39,167
Office expenses	30,637	268	30,905	5,182	6,553	11,735	42,640
Total expenses before depreciation	<u>2,568,006</u>	<u>368,908</u>	<u>2,936,914</u>	<u>188,668</u>	<u>231,293</u>	<u>419,961</u>	<u>3,356,875</u>
Depreciation	<u>8,256</u>	<u>89,259</u>	<u>97,515</u>	<u>1,394</u>	<u>1,241</u>	<u>2,635</u>	<u>100,150</u>
Total expenses	<u>\$ 2,576,262</u>	<u>458,167</u>	<u>3,034,429</u>	<u>190,062</u>	<u>232,534</u>	<u>422,596</u>	<u>3,457,025</u>

See accompanying notes to financial statements.

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Statements of Cash Flows

Years ended June 30, 2014 and 2013

	<b>2014</b>	<b>2013</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 126,345	(48,427)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	99,561	101,896
Net realized and unrealized gains on investment securities	(54,087)	(11,955)
Net earnings and loss on funds held in trust	(30,459)	(21,616)
Bad debt expense	30,000	39,167
Long-term pledges written off against allowance for doubtful accounts	22,940	46,315
Decrease (increase) in grants and contract receivable	97,081	(269,071)
Decrease (increase) in pledge receivable	(30,608)	207,477
Decrease (increase) in other receivable	12,448	(3,862)
Decrease (increase) in prepaid expenses	(17,628)	20,409
Increase (decrease) in accounts payable	8,305	(13,342)
Increase (decrease) in deferred revenue	25,000	(77,231)
Decrease in accrued expenses	(2,890)	(29,745)
Net cash provided by (used in) operating activities	286,008	(59,985)
<b>Cash flows from investing activities:</b>		
Cash payments for the purchase of property and equipment	(47,210)	(19,354)
Cash invested in certificates of deposit	(1,010,289)	(1,263,679)
Maturities of certificates of deposit	1,008,584	1,259,635
Proceeds from sale of investments	43,339	-
Purchase of investments	(476,734)	(245,720)
Net cash used in investing activities	(482,310)	(269,118)
Net decrease in cash and cash equivalents	(196,302)	(329,103)
Cash and cash equivalents at beginning of year	904,249	1,233,352
Cash and cash equivalents at end of year	\$ 707,947	904,249

See accompanying notes to financial statements.

# JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

## Notes to Financial Statements

June 30, 2014 and 2013

### (1) **Description of Organization and Summary of Significant Accounting Policies**

#### (a) **Description of Organization**

Junior Achievement of Tampa Bay, Inc. (the Organization) is incorporated under the laws of the State of Florida as a nonprofit corporation. Its purpose is to educate and inspire young people to succeed in a global economy and own their economic success. The Organization accomplishes this mission through its program services by bringing business role models into the classroom to help prepare our future work force. Funding for the Organization's activities and programs is obtained through public contributions and fund raising activities. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Organization is headquartered in Tampa, Florida, with responsibilities for Pinellas, Hillsborough, Hernando, Polk, Sarasota, Manatee, Pasco, Alachua, Marion, Levy, Highlands, and Citrus Counties.

The Organization also operates JA BizTown in Hillsborough County. JA BizTown is designed to encourage students to learn about the free enterprise system through active participation in a simulated community. With a variety of hands-on activities, students will better understand the relationship between what they learn in the classroom and their successful participation in the simulated economy.

Effective July 1, 2012, the Organization changed its name from Junior Achievement of West Central Florida, Inc. to Junior Achievement of Tampa Bay, Inc.

#### (b) **Basis of Accounting**

These financial statements, which are presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets and revenue, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Unrestricted net assets* consist of unrestricted amounts that are available for use in carrying out the operations of Junior Achievement of Tampa Bay, Inc.

*Temporarily restricted net assets* represent those amounts which are not available until future periods or are donor restricted for specific purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently restricted net assets* represent those amounts subject to donor-imposed stipulations requiring that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

Revenue is 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.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue of the unrestricted net asset class. The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(c) **Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

(d) **Certificates of Deposit**

The Organization holds investments in certificates of deposit in the amount of \$1,010,289 and \$1,008,584 at June 30, 2014 and 2013, respectively. Interest rates on the certificates of deposit averaged 0.11% for the year ended June 30, 2014 and 0.27% for the year ended June 30, 2013.

(e) **Property and Equipment**

Property and equipment are stated at cost, if purchased or at estimated fair value at the date of receipt if acquired by gift. The Organization capitalizes all expenditures for property and equipment in excess of \$250. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets. Major renewals and betterments are capitalized. Maintenance, repairs, and minor renewals are expensed as incurred. It is the policy of the Organization to maintain all property and equipment in good condition.

In accordance with Generally Accepted Accounting Principles, the Organization assesses the need to record impairment losses on property and equipment with finite lives when events or changes in circumstances indicate that the carrying amount of property and equipment may not be recoverable. An impairment loss would be recognized when future estimated undiscounted cash flows expected to result from use of the property and equipment is less than the carrying value.

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

(f) **Donated Services**

A substantial number of unpaid volunteers have made significant contributions of their time to develop and maintain the Organization's programs. No amounts have been recorded in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations. Donated materials or equipment, when received are reflected as contributions in the financial statements at their estimated fair market values at the date of receipt.

During the year ended June 30, 2014, the Organization occupied donated space for its operations. The Organization estimates the fair value of the annual rent to be \$18,546 and it is included in contributions and expenses on the statement of activities and changes in net assets (\$17,546 for the year ended June 30, 2013). The Organization also received donated supplies of \$7,650 and donated event services of \$1,500 during the year ended June 30, 2014.

(g) **Fair Value of Financial Instruments**

U.S. Generally Accepted Accounting Principles require disclosure of an estimate of fair value of certain financial instruments. The Organization's significant financial instruments (other than investment securities) are cash and cash equivalents, certificates of deposit, grants and contract receivable and pledges receivable. For these financial instruments, carrying values approximate fair value.

Fair value measurement information relating to investments is detailed in note 11.

(h) **Income Taxes**

The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

FASB ASC Topic 740, *Accounting for Uncertainty in Income Taxes*, clarifies the accounting and recognition for income tax positions taken or expected to be taken in the Organization's income tax returns. The Organization's income tax filings are subject to audit by taxing authorities and filings for periods after 2010 are open for examination. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions at June 30, 2014.

(i) **Estimates in Financial Statements**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 increases or decreases in net assets during the period. Actual results could differ from those estimates.

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

(j) **Functional Allocation of Expenses**

The costs of providing the various programs have been summarized on a functional basis in the statements of functional expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided.

(k) **Investments**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the Organization's statement of financial position. Unrealized gains and losses are included in the changes in net assets in the accompanying financial statements. Restrictions on investment earnings are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the earnings are recognized.

(l) **Unconditional Promises to Give**

Contributions are recognized at their present value when a donor makes a contribution. Unconditional promises to give are recognized as revenue in the periods received. The Organization distinguishes between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets depending upon the existence or nature of any donor stipulations. In the absence of donor stipulations, contributions are reported as unrestricted support.

(m) **Funding and Credit Concentrations**

During fiscal 2014, the Organization maintained its primary deposit accounts with one commercial bank and one brokerage firm. Deposits with the commercial bank exceeded federal deposit insurance limits by \$1,365,723 and \$1,570,861 at June 30, 2014 and 2013, respectively. Cash equivalents held at a brokerage firm that are not federally insured totaled \$124,733 and \$293,465 at June 30, 2014 and 2013, respectively.

Credit risk related to pledges receivable is alleviated due to the large number of individual and corporate donors. However, amounts due from three donors accounted for 44% of pledges receivable at June 30, 2014. Amounts due from one donor accounted for 22% of pledges receivable at June 30, 2013.

Amounts due from two local governmental agencies accounted for 49% and 40% of grants and contracts receivable at June 30, 2014 and 2013, respectively. Revenues from two local agencies accounted for 100% of governmental income for the fiscal years ended June 30, 2014 and 2013.

(n) **Reclassification**

Certain 2013 amounts have been reclassified to conform to the 2014 presentation.

(Continued)

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Notes to Financial Statements

**(2) Pledges Receivable**

The following schedule presents when pledges receivable at June 30, 2014 and 2013 are due:

	<u>2014</u>	<u>2013</u>
Collectible in one year:		
Contributions	\$ 304,018	511,572
JA BizTown	55,000	124,000
Collectible in two to five years:		
Contributions	525,908	358,777
JA BizTown	80,000	138,000
Collectible in five years and beyond:		
Contributions	192,100	-
JA BizTown	15,000	30,000
Less discount to present value of collectible amounts:		
Contributions	(46,800)	(6,800)
JA BizTown	(4,400)	(6,700)
Less allowance for doubtful accounts:		
Contributions	(118,431)	(89,955)
JA BizTown	-	(34,167)
	<u>\$ 1,002,395</u>	<u>1,024,727</u>

Pledges receivable which are due in more than one year are recorded at estimated fair value at the date of the pledge by discounting future cash flows using current risk-adjusted rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected contribution collection period. The rates of return utilized to discount future cash flows from pledges ranged from 0.49% to 2.53%.

The Organization has provided an allowance for doubtful accounts of \$118,431 at June 30, 2014 and \$124,122 at June 30, 2013. During the year ended June 30, 2014, the Organization wrote off \$22,940 of uncollectible pledges to the allowance for doubtful accounts and \$46,315 during the year ended June 30, 2013.

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

#### (3) Investments

At June 30, 2014 and 2013, the cost and fair value of investments, which were held in safekeeping by a financial institution, were as follows:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	\$ 462,561	458,264	481,051	476,816
Exchange traded funds	669,897	743,994	203,858	237,960
	\$ 1,132,458	1,202,258	684,909	714,776

The Organization's investments in exchange traded funds and bonds are not concentrated in a single entity or in a few entities nor are there any specific industry concentrations.

Investments are presented at fair value under the following captions in the accompanying statements of financial position:

	2014	2013
Investments – scholarships	\$ 241,518	204,371
Investments - other	960,740	510,405
	\$ 1,202,258	714,776

#### (4) Property and Equipment

Property and equipment consist of the following at June 30, 2014 and 2013:

	2014	2013
Building	\$ 2,242,966	2,242,966
Land	73,892	73,892
Equipment	571,465	523,756
Educational curriculum	12,249	12,249
Furniture and fixtures	12,675	12,675
	2,913,247	2,865,538
Less accumulated depreciation	(968,703)	(868,643)
	\$ 1,944,544	1,996,895

Depreciation expense for the years ended June 30, 2014 and 2013 was \$97,815 and \$100,150, respectively.

(Continued)



## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

#### (5) Leases

The Organization leases certain equipment and facilities for the operation of its programs under short-term operating leases that expire over the next year. Rent expense incurred for such facilities and equipment totaled \$38,912 and \$43,704 for years ended June 30, 2014 and 2013, respectively.

Pursuant to a facilities agreement with the School District of Hillsborough County, the Organization is the recipient of approximately 2 acres of property for the construction and operation of JA BizTown. The land is subject to a long-term lease agreement where the Organization pays \$10 per year for the site for 50 years. In the event that the facilities are used for purposes other than JA BizTown, then the lease interest will automatically revert back to the School District of Hillsborough County. In addition, as the Organization does not hold title to the property, it cannot use the land as collateral for a loan nor sell the land. In accordance with FASB Accounting Standards Codification 958, *Not-For-Profit Entities*, the Organization recognized an in-kind contribution in the amount of \$73,892 representing the fair value of this property during the year ended June 30, 2005. Amortization of the fair value of the donation to rent expense was \$1,746 for fiscal 2014.

#### (6) Employee Benefit Plans

##### *Multiemployer Pension Plan*

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

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

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

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

The Organization's participation in this Plan for the annual period ended June 30, 2014 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 2014 and 2013 is for years ended June 30, 2014 and 2013, respectively. Finally, the number of employees covered by the Organization's multiemployer plan decreased by 8% from 2013 to 2014. This factor affects the period-to-period comparability of the contributions for years 2014 and 2013.

Pension Fund	EIN/Pension Plan Number	Funded Status		Contributions of Organization	
		2014	2013	2014	2013
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	68%	66%	\$145,073	\$166,683

The Organization was listed in its Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2014 and 2013 plan years.

#### ***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 plan for each participant by the Organization. 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 the Organization.

#### ***Postretirement Benefits Plan***

The Organization also offers health care benefits to retired personnel of the Organization. The plan is administered by the Organization and accounted for like a multi-employer plan. 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.

#### **(7) Temporarily and Permanently Restricted Net Assets**

At June 30, 2014 and 2013, the Organization had temporarily restricted net assets consisting of long term pledges for the support of the BizTown program of \$128,947 and \$244,479, respectively. For the year ended June 30, 2014, \$152,834 of temporarily restricted assets were released from restrictions in satisfaction of operation of JA BizTown (\$170,914 for the year ended June 30, 2013).

At June 30, 2014 and 2013, the Organization had temporarily restricted net assets consisting of long term pledges for the general support of the Organization of \$645,169 and \$309,632, respectively. For the year ended June 30, 2014, \$254,247 of temporarily restricted net assets were released from restrictions in satisfaction of time restrictions (\$389,201 for the year ended June 30, 2013).

(Continued)

# JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

## Notes to Financial Statements

At June 30, 2014 and 2013, the Organization had temporarily restricted net assets of \$38,944 and \$16,316, respectively, resulting from earnings and net appreciation of the endowment included in permanently restricted net assets. At June 30, 2014 and 2013, the Organization had permanently restricted net assets in an endowment of \$122,668.

### (8) Related Parties

A company for which a board member is the Executive Director contracts with the Organization to provide disadvantaged youth financial and economic programs in training to provide them with skills to enter the workforce. Revenue recorded by the Organization under these contracts was approximately \$597,000 and \$794,000 for the years ended June 30, 2014 and 2013, respectively.

The Organization purchases food for student lunches related to programs from a company owned by a board member. Total purchases for the fiscal year ended June 30, 2014 and 2013 were \$31,565 and \$28,931, respectively.

### (9) Transactions with Junior Achievement, USA

The Organization was formed pursuant to an agreement with Junior Achievement, USA, a national organization. In this relationship, the Organization pays fees to and purchases program materials, insurance and various services from Junior Achievement, USA. The Organization made payments to Junior Achievement, USA during the year for the following items:

	<u>2014</u>	<u>2013</u>
Program materials	\$ 325,172	297,781
Franchise fees	82,448	57,956
Life and health insurance	120,744	137,107
Business liability insurance	21,672	21,037
Pension costs	146,215	164,624
Staff training	-	600
Student fee for JA BizTown	24,176	24,706
Software maintenance	4,600	5,750
	<u>\$ 725,027</u>	<u>709,561</u>

### (10) Commitments

During the year ended June 30, 2010, the Organization entered into an agreement with the Executive Director to provide a life insurance policy and pay the premiums of \$10,000 per year until the year ending June 30, 2018, provided the Executive Director remains with the Organization. If the Executive Director should leave the Organization before June 30, 2018, the Organization will cease paying the premiums and can restrict the Executive Director's ability to access the cash value of the policy until he attains the age of 65 years old (attained during the fiscal year ending June 30, 2027). The agreement remained in effect at June 30, 2014.

(Continued)

# JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

## Notes to Financial Statements

### (11) Fair Value Measurements

The Organization has adopted FASB guidance on “Fair Value Measurements” as codified in FASB ASC 820-10, which provides a common definition of fair value, establishes a framework for measuring fair value under U.S. generally accepted accounting principles and requires additional disclosures about fair value.

Financial instruments measured at fair value are classified and disclosed in the following categories:

Level 1 - Quoted prices are available in active markets for identical investments as of the reporting date. The types of investments included in Level 1 are equities, certain corporate bonds, intermediate bond funds, U.S. Treasury notes and cash and cash equivalents.

Level 2 - Pricing inputs are other than quoted prices for identical investments in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. The types of investments which are generally included in this category include corporate bonds, government bonds, mortgage backed securities, real estate investment trusts and closed-end funds.

Level 3 - Valuation is based on unobservable inputs.

The asset’s or liability’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.

Investment in exchange traded funds – fair value is the closing price reported on the active market which the individual securities are traded.

Investment in corporate bonds – fair value is based on quoted market values for similar securities in active markets, as bonds are not actively traded.

Investments in funds held in trust by others – are investments pooled with other assets of the Community Foundation for investment purposes and valued as the net asset value at which the underlying shares are actively traded.

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

Fair value of assets measured on a recurring basis at June 30, 2014 was as follows:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds:				
International	\$ 144,945	144,945	-	-
Index	253,902	253,902	-	-
Dividend and income	70,098	70,098	-	-
Corporate bonds	275,049	275,049	-	-
Corporate bonds	458,264	-	458,264	-
Funds held in trust	218,850	-	218,850	-
	\$ 1,421,108	743,994	677,114	-

Fair value of assets measured on a recurring basis at June 30, 2013 was as follows:

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Exchange traded funds:				
International	\$ 72,771	72,771	-	-
Index	131,097	131,097	-	-
Dividend and income	34,092	34,092	-	-
Corporate bonds	476,816	-	476,816	-
Funds held in trust	188,391	-	188,391	-
	\$ 903,167	237,960	665,207	-

#### (12) **Funds Held in Trust by Others**

The Community Foundation of Tampa Bay (Community Foundation) holds endowment funds for which the earnings have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization in accordance with professional standards. These “agency restricted funds” are pooled with the other assets of the Community Foundation for investment purposes.

(Continued)

## JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

### Notes to Financial Statements

“Agency restricted funds” which were established for the Organization within the Community Foundation had fair values of \$218,850 and \$188,391 at June 30, 2014 and 2013, respectively. These funds are recorded by the Organization as follows:

Funds held in trust by others by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Tampa Endowment – designated by the Board	\$ 13,724	-	-	13,724
Alachua Endowment – agency fund	43,514	-	-	43,514
Alachua Endowment	-	38,944	122,668	161,612
	<u>\$ 57,238</u>	<u>38,944</u>	<u>122,668</u>	<u>218,850</u>

Funds held in trust by others by type of fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Tampa Endowment – designated by the Board	\$ 11,803	-	-	11,803
Alachua Endowment – agency fund	37,604	-	-	37,604
Alachua Endowment	-	16,316	122,668	138,984
	<u>\$ 49,407</u>	<u>16,316</u>	<u>122,668</u>	<u>188,391</u>

Changes in funds held in trust by others for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 49,407	16,316	122,668	188,391
Contributions	-	-	-	-
Investment income	1,091	3,641	-	4,732
Net appreciation (realized and unrealized)	6,740	18,987	-	25,727
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ 57,238</u>	<u>38,944</u>	<u>122,668</u>	<u>218,850</u>

(Continued)

# JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

## Notes to Financial Statements

Changes in funds held in trust by others for the year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 44,107	-	122,668	166,775
Contributions	-	-	-	-
Investment income	487	2,812	-	3,299
Net appreciation (realized and unrealized)	4,813	13,504	-	18,317
Amounts appropriated for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 49,407</u>	<u>16,316</u>	<u>122,668</u>	<u>188,391</u>

### Interpretation of Relevant Law

Management has interpreted the law as requiring donor restricted net assets in an endowment fund to remain restricted until appropriated for expenditure by the Organization for the donor's intended purpose. In accordance with the State Management of Institutional Funds Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

### Return Objectives and Risk Parameters

Assets contributed to the Community Foundation for the benefit of the Organization are recorded as assets of the Organization in accordance with professional standards. These "agency restricted funds" are pooled with other assets of the Community Foundation for investment purposes.

### Spending Policy

The Community Foundation can make yearly grants to the Organization of no less than 5% of the fund's fair value upon written request from the Organization. For the years ended June 30, 2014 and 2013, the Organization has reinvested the grant earnings into the respective funds. If the Organization chooses to request the grant funds, they must be used in Tampa Bay or Alachua operations depending on which endowment produced the earnings necessary to fund the grants.

(Continued)

**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Notes to Financial Statements

**(13) Claims and Contingencies**

*Local Grants*

Grant funds received by the Organization are subject to audit by grantor agencies and independent auditors working under their direction. Audits of these grants may result in disallowed costs, which may constitute a liability of the Organization. In the opinion of management, disallowed costs, if any, would not have a materially adverse effect on the Organization's financial condition.

**(14) Subsequent Events Review**

The Organization has evaluated subsequent events through December 9, 2014, the date the financial statements were available for issuance.

\* \* \* \* \*



**JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.**

Revenue Subject to License Fee

Year ended June 30, 2014

Area ID	<u>111801</u>
Junior Achievement of Tampa Bay, Inc.	
For Year Ending	<u>6/30/14</u>

Revenue per audit:

Total unrestricted revenue	\$ 3,195,772
Total permanently restricted revenue	-
Net assets released (pledges only) from restrictions	(407,083)
Add in prior year pledges - gross	1,162,349
Subtract current year pledges - gross	(1,172,026)
Add special event expenses	<u>538,740</u>

Adjusted total revenue 3,317,752

Subtract:

In-kind	(25,950)
In-kind special event (if included in special event revenue)	-
Other income - from statement of activities	(4,648)
Realized/Unrealized gains / losses	(99,696)
Investment income	-
Interest	(5,309)
Rental income	-
Pass-through from Junior Achievement USA, if it was exempt from License Fee	(143,123)
Contribution income for improvements to BizTown	-
Actual pledges write-offs	(22,940)

If the following two items are included in the adjusted revenue above, including release from restriction, attach a signed waiver:

1 Capital campaign	-
1 Scholarships for higher education	<u>(5,700)</u>

Total subject to license fee: \$ 3,010,386

License fee calculated: \$ 75,787  
 (9% of first \$300,000, 1.8% over \$300,000)

See accompanying independent auditors' report.