

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

**Financial Statements
and
Supplemental Schedule**

**June 30, 2016 and 2015
(With Independent Auditor's Report Thereon)**

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

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Independent Auditor's 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 statements of financial position as of June 30, 2016 and 2015, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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 audits. We conducted our audits 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.



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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, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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.

December 14, 2016
Clearwater, Florida

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statements of Financial Position

June 30, 2016 and 2015

Assets	2016	2015
Current assets:		
Cash and cash equivalents	\$ 1,334,542	634,604
Certificates of deposit	505,650	505,498
Grants and contracts receivable	288,288	278,626
Pledges receivable, net of allowance	1,645,544	263,862
Prepaid expenses	73,953	161,787
	<hr/>	<hr/>
Total current assets	3,847,977	1,844,377
Certificates of deposit	506,174	505,667
Investments - scholarships	234,679	209,288
Investments - other	1,079,126	1,056,657
Funds held in trust by others	411,536	412,538
Long-term pledges receivable, net of allowance	1,428,190	903,193
Other receivables	4,792	7,457
Property and equipment, net of accumulated depreciation	1,805,333	1,852,847
	<hr/>	<hr/>
Total long-term assets	5,469,830	4,947,647
Total assets	\$ 9,317,807	6,792,024
	<hr/>	<hr/>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 91,783	84,012
Deferred revenue	60,523	15,504
Accrued expenses	151,052	138,642
	<hr/>	<hr/>
Total current liabilities and total liabilities	303,358	238,158
Net assets:		
Unrestricted	3,517,652	3,386,578
Net investment in property and equipment	1,805,333	1,852,847
	<hr/>	<hr/>
Total unrestricted net assets	5,322,985	5,239,425
Temporarily restricted - JA BizTown	902,451	978,099
Temporarily restricted - Finance Park	2,450,273	5,000
Temporarily restricted - time restrictions	216,072	208,674
	<hr/>	<hr/>
Total temporarily restricted net assets	3,568,796	1,191,773
Permanently restricted for endowment	122,668	122,668
	<hr/>	<hr/>
Total net assets	9,014,449	6,553,866
Commitments and related party transactions		
	<hr/>	<hr/>
Total liabilities and net assets	\$ 9,317,807	6,792,024
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JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statements of Activities and Changes in Net Assets

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Unrestricted activities:		
Public support and revenue:		
Contributions:		
Corporate	\$ 204,664	275,164
Individual	349,090	251,152
Foundations	<u>313,411</u>	<u>333,718</u>
Total contributions	867,165	860,034
Special events:		
Special events revenue	164,610	229,684
Contributions derived from special events	1,464,537	1,540,235
Less: direct cost of special events	<u>(466,403)</u>	<u>(581,391)</u>
Net special events	1,162,744	1,188,528
Governmental income	444,741	612,140
Program revenue	492,300	359,578
Interest and dividend income	28,576	29,713
Unrealized losses on investments	(2,205)	(8,596)
In-kind contributions	36,553	39,303
Other income	167,486	7,649
Net assets released from restrictions	<u>334,846</u>	<u>214,489</u>
Total support and revenue	3,532,206	3,302,838
Expenses:		
Program services:		
Educational programs	2,451,754	2,470,548
JA BizTown	<u>522,996</u>	<u>463,241</u>
Total program services	2,974,750	2,933,789
Support services:		
Management and general	184,428	167,769
Fundraising	<u>289,468</u>	<u>253,338</u>
Total support services	<u>473,896</u>	<u>421,107</u>
Total expenses	<u>3,448,646</u>	<u>3,354,896</u>
Change in unrestricted net assets	83,560	(52,058)
Unrestricted net assets, beginning of year	<u>5,239,425</u>	<u>5,291,483</u>
Unrestricted net assets, end of year	<u>\$ 5,322,985</u>	<u>5,239,425</u>

(Continued)

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statements of Activities and Changes in Net Assets - Continued

	<u>2016</u>	<u>2015</u>
Temporarily restricted activities:		
Public support and revenue:		
Contributions:		
Corporate	\$ 2,568,344	500,000
Individual	<u>143,525</u>	<u>93,202</u>
Total contributions	2,711,869	593,202
Investment losses	(4,510)	(3,696)
Net assets released from restrictions:		
Net assets released from restrictions - JA BizTown	(160,648)	(55,348)
Net assets released from restrictions - time restrictions	<u>(169,688)</u>	<u>(155,445)</u>
Change in temporarily restricted net assets	2,377,023	378,713
Temporarily restricted net assets, beginning of year	<u>1,191,773</u>	<u>813,060</u>
Temporarily restricted net assets, end of year	<u>\$ 3,568,796</u>	<u>1,191,773</u>
Permanently restricted activities:		
Public support and revenue:		
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>\$ 122,668</u>	<u>122,668</u>
Total change in net assets	\$ 2,460,583	326,655
Total net assets, beginning of year	<u>6,553,866</u>	<u>6,227,211</u>
Total net assets, end of year	<u>\$ 9,014,449</u>	<u>6,553,866</u>

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statement of Functional Expenses

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

	Program Services			Support Services			Total Expenses	
	Educational Programs	JA BizTown	Total Program Services	Management and General	Fundraising	Total Support Services	2016	2015
Salaries	\$ 1,085,967	131,111	1,217,078	109,984	155,681	265,665	1,482,743	1,333,743
Payroll taxes and employee benefits	286,994	36,764	323,758	29,257	41,413	70,670	394,428	344,089
Total salaries and related expenses	1,372,961	167,875	1,540,836	139,241	197,094	336,335	1,877,171	1,677,832
JA Breakfast expenses	-	-	-	-	21,799	21,799	21,799	13,609
Insurance	23,621	17,488	41,109	3,538	2,552	6,090	47,199	45,116
Maintenance, telephone, and utilities	49,154	101,088	150,242	8,821	15,981	24,802	175,044	152,573
Rent	27,917	-	27,917	3,808	2,930	6,738	34,655	36,769
In-kind	20,615	10	20,625	3,778	10,404	14,182	34,807	39,303
Office supplies and postage	18,593	8,870	27,463	3,984	-	3,984	31,447	35,982
Volunteer and staff training and recognition	62,125	1,119	63,244	10,408	8,568	18,976	82,220	84,073
Public relations	3,389	-	3,389	1,695	1,695	3,390	6,779	1,436
Program materials and supplies	362,288	142,730	505,018	-	-	-	505,018	479,797
Franchise fees	77,324	-	77,324	-	-	-	77,324	89,108
Professional fees	14,484	-	14,484	2,446	1,880	4,326	18,810	18,070
Scholarships	9,625	-	9,625	1,625	1,250	2,875	12,500	7,921
Contract program expenses	365,481	-	365,481	-	-	-	365,481	517,676
Bad debt	-	-	-	-	11,200	11,200	11,200	11,500
Office expenses	43,613	-	43,613	4,989	11,903	16,892	60,505	48,518
Total expenses before depreciation and amortization	2,451,190	439,180	2,890,370	184,333	287,256	471,589	3,361,959	3,259,283
Depreciation and amortization	564	83,816	84,380	95	2,212	2,307	86,687	95,613
Total expenses	\$ 2,451,754	522,996	2,974,750	184,428	289,468	473,896	3,448,646	3,354,896

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

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statement of Functional Expenses

Year Ended June 30, 2015

	<u>Program Services</u>			<u>Support Services</u>			<u>Total Expenses</u>
	<u>Educational Programs</u>	<u>JA BizTown</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Support Services</u>	
Salaries	\$ 991,849	102,926	1,094,775	98,932	140,036	238,968	1,333,743
Payroll taxes and employee benefits	261,383	21,055	282,438	25,523	36,128	61,651	344,089
Total salaries and related expenses	1,253,232	123,981	1,377,213	124,455	176,164	300,619	1,677,832
JA Breakfast expenses	-	-	-	-	13,609	13,609	13,609
Insurance	22,579	16,471	39,050	3,382	2,684	6,066	45,116
Maintenance, telephone, and utilities	42,844	94,415	137,259	7,689	7,625	15,314	152,573
Rent	29,656	10	29,666	5,006	2,097	7,103	36,769
In-kind	22,952	-	22,952	3,876	12,475	16,351	39,303
Office supplies and postage	21,271	7,035	28,306	4,874	2,802	7,676	35,982
Volunteer and staff training and recognition	63,526	1,758	65,284	10,642	8,147	18,789	84,073
Public relations	718	-	718	359	359	718	1,436
Program materials and supplies	351,378	128,419	479,797	-	-	-	479,797
Franchise fees	89,108	-	89,108	-	-	-	89,108
Professional fees	13,914	-	13,914	2,350	1,806	4,156	18,070
Scholarships	6,099	-	6,099	1,030	792	1,822	7,921
Contract program expenses	517,676	-	517,676	-	-	-	517,676
Bad debt	-	-	-	-	11,500	11,500	11,500
Office expenses	34,972	17	34,989	4,001	9,528	13,529	48,518
Total expenses before depreciation and amortization	2,469,925	372,106	2,842,031	167,664	249,588	417,252	3,259,283
Depreciation and amortization	623	91,135	91,758	105	3,750	3,855	95,613
Total expenses	\$ <u>2,470,548</u>	<u>463,241</u>	<u>2,933,789</u>	<u>167,769</u>	<u>253,338</u>	<u>421,107</u>	<u>3,354,896</u>

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

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Statements of Cash Flows

Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,460,583	326,655
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	86,687	95,613
Net realized and unrealized losses on investment securities	2,205	8,596
Net earnings on funds held in trust	1,002	6,437
Bad debt expense	11,200	11,500
Long-term pledges written off against allowance for doubtful accounts	42,618	23,595
Decrease (increase) in grants and contract receivable	(9,662)	53,910
Increase in pledges receivable	(1,960,497)	(199,755)
Decrease (increase) in other receivable	2,665	(7,400)
Decrease (increase) in prepaid expenses	87,834	(58,278)
Increase (decrease) in accounts payable	7,771	(37,330)
Increase (decrease) in deferred revenue	45,019	(9,496)
Increase in accrued expenses	12,410	7,599
Net cash provided by operating activities	<u>789,835</u>	<u>221,646</u>
Cash flows from investing activities:		
Cash payments for the purchase of property and equipment	(39,173)	(21,705)
Cash invested in certificates of deposit	(659)	(876)
Proceeds from sale of investments	15,116	30,089
Purchase of investments	(65,181)	(302,497)
Net cash used in investing activities	<u>(89,897)</u>	<u>(294,989)</u>
Net increase (decrease) in cash and cash equivalents	699,938	(73,343)
Cash and cash equivalents, beginning of year	<u>634,604</u>	<u>707,947</u>
Cash and cash equivalents, end of year	<u>\$ 1,334,542</u>	<u>634,604</u>

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements

June 30, 2016 and 2015

(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.

(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.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(b) Basis of Accounting - Continued

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 \$1,011,824 and \$1,011,165 at June 30, 2016 and 2015, respectively. Interest rates on the certificates of deposit averaged 0.07% for the year ended June 30, 2016 and 0.09% for the year ended June 30, 2015.

(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 \$1,000. 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 U.S. Generally Accepted Accounting Principles (US GAAP), 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.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(1) Description of Organization and Summary of Significant Accounting Policies - Continued

(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 years ended June 30, 2016 and 2015, the Organization occupied donated space for its operations. The Organization estimates the fair value of the annual rent to be \$12,000 and it is included in contributions and expenses on the statement of activities and changes in net assets for the years ended June 30, 2016 and 2015. The Organization also received donated supplies of \$5,349 and event catering services of \$19,204 during the year ended June 30, 2016. The Organization received donated supplies of \$8,568, event catering services of \$11,100, and donated advertising of \$7,635 during the year ended June 30, 2015.

(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.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Accounting for Uncertainty in Income Taxes* (ASC 740), 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 fiscal 2012 are open for examination. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions at June 30, 2016.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

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

(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.

(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.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

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

(m) **Funding and Credit Concentrations**

During fiscal 2016, 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 \$2,309,523 and \$1,591,351 at June 30, 2016 and 2015, respectively. Cash equivalents held at a brokerage firm that are not federally insured totaled \$41,729 and \$75,648 at June 30, 2016 and 2015, respectively.

Credit risk related to pledges receivable is alleviated due to the large number of individual and corporate donors. However, amounts due from one donor accounted for 38% of pledges receivable at June 30, 2016. Amounts due from two donors accounted for 25% of pledges receivable at June 30, 2015.

Amounts due from two local governmental agencies accounted for 47% of grants and contracts receivable at June 30, 2016. Amounts due from two local governmental agencies accounted for 39% of grants and contracts receivable at June 30, 2015. Funding from two local agencies accounted for 100% of governmental income for the fiscal years ended June 30, 2016 and 2015.

(n) **Reclassification**

Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(2) Pledges Receivable

The following schedule presents when pledges receivable at June 30, 2016 and 2015 are due:

	2016	2015
Collectible in one year:		
Contributions	\$ 218,929	215,501
JA BizTown	196,667	137,084
Finance Park	685,000	-
Collectible in two to five years:		
Contributions	191,579	190,657
JA BizTown	499,583	567,916
Finance Park	1,105,000	-
Collectible in five years and beyond:		
Contributions	-	13,100
JA BizTown	150,000	205,000
Finance Park	200,000	-
Less discount to present value of collectible amounts:		
Contributions	(6,355)	(7,714)
JA BizTown	(25,094)	(48,151)
Finance Park	(66,656)	-
Less allowance for doubtful accounts:		
Contributions	(74,919)	(106,338)
JA BizTown	-	-
Finance Park	-	-
	\$ 3,073,734	1,167,055

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 0.36% to 2.35%.

The Organization has provided an allowance for doubtful accounts of \$74,919 at June 30, 2016 and \$106,338 at June 30, 2015. During the year ended June 30, 2016, the Organization wrote off \$42,618 of uncollectible pledges to the allowance for doubtful accounts and \$23,595 during the year ended June 30, 2015.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(3) Investments

At June 30, 2016 and 2015, the cost and fair value of investments, which were held in safekeeping by a financial institution, were as follows:

	2016		2015	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	\$ 400,865	413,840	418,382	424,756
Exchange traded funds	834,926	899,965	769,742	841,189
	\$ 1,235,791	1,313,805	1,188,124	1,265,945

The Organization's investments in exchange traded funds and corporate 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:

	2016	2015
Investments - scholarships	\$ 234,679	209,288
Investments - other	1,079,126	1,056,657
	\$ 1,313,805	1,265,945

(4) Property and Equipment

Property and equipment consist of the following at June 30, 2016 and 2015:

	2016	2015
Building	\$ 2,242,966	2,242,966
Land	73,892	73,892
Equipment	576,481	575,381
Furniture and fixtures	12,675	12,675
Construction in progress	38,071	-
	2,944,085	2,904,914
Less accumulated depreciation	(1,138,752)	(1,052,067)
	\$ 1,805,333	1,852,847

Depreciation expense for the years ended June 30, 2016 and 2015 was \$84,941 and \$93,867, respectively.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(5) Leases

The Organization leases certain equipment and facilities for the operation of its programs. The leases are classified as operating leases. Rent expense incurred for such facilities and equipment totaled \$62,972 and \$65,363 for the years ended June 30, 2016 and 2015, respectively. Future minimum annual payments for leases having initial or remaining non-cancellable lease terms in excess of one year are approximately \$12,100 in 2017, \$6,900 in 2018 and \$3,000 in 2019, for a total of \$22,000.

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 a 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 2016 and fiscal 2015.

(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.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(6) Employee Benefit Plans - Continued

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.

The Organization’s participation in this 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 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 Organization	
		2016	2015	2016	2015
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	68%	71%	\$194,507	\$168,050

The Organization was listed in its Plan’s Form 5500 as providing more than 5% of the total contributions for the June 30, 2016 and 2015 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 multiemployer 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.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(6) Employee Benefit Plans - Continued

Postretirement Benefits Plan

The Organization also offers health care benefits to retired personnel of the participating employers. 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 multiemployer 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, 2016 and 2015, the Organization had temporarily restricted net assets consisting of long-term pledges for the support of the BizTown program of \$902,451 and \$978,099, respectively. For the year ended June 30, 2016, \$160,648 of temporarily restricted net assets were released from restrictions as a result of JA BizTown operating expenses being incurred (\$55,348 for the year ended June 30, 2015).

At June 30, 2016 and 2015, the Organization had temporarily restricted net assets consisting of long-term pledges for the support of the Finance Park Virtual program of \$2,450,273 and \$5,000, respectively. For the year ended June 30, 2016, \$38,071 of temporarily restricted net assets were released from restrictions as a result of Finance Park Virtual program operating expenses being incurred (\$0 for the year ended June 30, 2015).

At June 30, 2016 and 2015, the Organization had temporarily restricted net assets consisting of long-term pledges for the general support of the Organization of \$185,335 and \$173,427, respectively. For the year ended June 30, 2016, \$131,617 of temporarily restricted net assets were released from restrictions as a result of satisfaction of time restrictions (\$155,445 for the year ended June 30, 2015).

At June 30, 2016 and 2015, the Organization had temporarily restricted net assets of \$30,737, and \$35,247, respectively, resulting from earnings and net appreciation of the endowment included in permanently restricted net assets. At June 30, 2016 and 2015, the Organization had permanently restricted net assets in an endowment of \$122,668, as more fully described in Note 12.

During fiscal 2015, the Organization transferred \$485,000 of long-term pledges from the time restricted classification of temporarily restricted net assets to JA BizTown temporarily restricted net assets as a result of re-evaluating which program the pledges supported. This transfer, recorded at net present value using a discount of \$40,500, had no impact on the total change in net assets or the change in temporarily restricted net assets for fiscal 2015.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(8) Related Parties

A company for which a board member is the Executive Director contracts with the Organization to provide youth financial and economic training programs to provide them with skills to enter the workforce. Revenue recorded by the Organization under these contracts was approximately \$420,000 and \$587,000 for the years ended June 30, 2016 and 2015, 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, 2016 and 2015 were \$34,105 and \$28,457, 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>2016</u>	<u>2015</u>
Program materials	\$ 420,606	420,498
Franchise fees	77,324	89,108
Life and health insurance	148,849	128,381
Business liability insurance	23,512	22,824
Pension costs	194,507	168,050
Student fee for JA BizTown	28,412	26,253
Software maintenance	3,720	4,600
	<u>\$ 896,930</u>	<u>859,714</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 (attained during the fiscal year ending June 30, 2027). The agreement remained in effect at June 30, 2016.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(11) Fair Value Measurements

The Organization has adopted FASB guidance on *Fair Value Measurement* 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.

Investments in exchange traded funds are investments whose fair value is the closing price reported on the active market which the individual securities are traded.

Investments in corporate bonds are investments whose 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 at net asset value based on the valuation of the underlying securities.

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(11) Fair Value Measurements - Continued

Fair value of assets measured on a recurring basis at June 30, 2016 and 2015 was as follows:

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Assets Measured at Fair Value at June 30, 2016</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange traded funds:				
International	\$ 140,666	140,666	-	-
Index	313,028	313,028	-	-
Dividend and income	446,271	446,271	-	-
Corporate bonds	413,840	-	413,840	-
Total investments	<u>1,313,805</u>	<u>899,965</u>	<u>413,840</u>	<u>-</u>
Funds held in trust	<u>411,536</u>	<u>-</u>	<u>411,536</u>	<u>-</u>
	<u>\$ 1,725,341</u>	<u>899,965</u>	<u>825,376</u>	<u>-</u>

<u>Description</u>	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Assets Measured at Fair Value at June 30, 2015</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Exchange traded funds:				
International	\$ 151,424	151,424	-	-
Index	297,386	297,386	-	-
Dividend and income	392,379	392,379	-	-
Corporate bonds	424,756	-	424,756	-
Total investments	<u>1,265,945</u>	<u>841,189</u>	<u>424,756</u>	<u>-</u>
Funds held in trust	<u>412,538</u>	<u>-</u>	<u>412,538</u>	<u>-</u>
	<u>\$ 1,678,483</u>	<u>841,189</u>	<u>837,294</u>	<u>-</u>

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(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.

During fiscal 2015, the Organization transferred \$200,125 to the Community Foundation of North Central Florida to establish the Junior Achievement Endowment Fund. The earnings of this fund have been restricted for the benefit of the Organization. Assets contributed to the Community Foundation of North Central Florida 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 of North Central Florida for investment purposes.

“Agency restricted funds” which were established for the Organization within the Community Foundations had fair values of \$411,536 and \$412,538 at June 30, 2016 and 2015, respectively. These funds are recorded by the Organization as follows:

Funds held in trust by others by type of fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Tampa Endowment - designated by the Board	\$ 13,028	-	-	13,028
Alachua Endowment - agency fund	40,897	-	-	40,897
Alachua Endowment	-	30,737	122,668	153,405
Gainesville Endowment	193,935	-	-	193,935
Givewell Community Foundation	10,271	-	-	10,271
	<u>\$ 258,131</u>	<u>30,737</u>	<u>122,668</u>	<u>411,536</u>

Funds held in trust by others by type of fund as of June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Tampa Endowment - designated by the Board	\$ 13,411	-	-	13,411
Alachua Endowment - agency by the Board	42,309	-	-	42,309
Alachua Endowment	-	35,247	122,668	157,915
Gainesville Endowment	198,903	-	-	198,903
	<u>\$ 254,623</u>	<u>35,247</u>	<u>122,668</u>	<u>412,538</u>

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(12) Funds Held in Trust by Others - Continued

Changes in funds held in trust by others for the year ended June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 254,623	35,247	122,668	412,538
Contributions	10,000	-	-	10,000
Investment income (expense)	2,694	7,979	-	10,673
Net depreciation (realized and unrealized)	(9,186)	(12,489)	-	(21,675)
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	\$ <u>258,131</u>	<u>30,737</u>	<u>122,668</u>	<u>411,536</u>

Changes in funds held in trust by others for the year ended June 30, 2015:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 57,238	38,944	122,668	218,850
Contributions	200,125	-	-	200,125
Investment income	1,263	5,414	-	6,677
Net depreciation (realized and unrealized)	(4,003)	(9,111)	-	(13,114)
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	\$ <u>254,623</u>	<u>35,247</u>	<u>122,668</u>	<u>412,538</u>

JUNIOR ACHIEVEMENT OF TAMPA BAY, INC.

Notes to Financial Statements - Continued

(12) Funds Held in Trust by Others - Continued

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; and
- 6) The investment policies of the Organization.

Return Objectives and Risk Parameters

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

Spending Policy

The Community Foundations can make yearly grants to the Organization of no more than 5% of the fund's fair value upon written request from the Organization. For the years ended June 30, 2016 and 2015, 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.

(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 14, 2016, the date the financial statements were available for issuance.