

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
JUNIOR ACHIEVEMENT OF TAMPA BAY, INC. AND AFFILIATE
June 30, 2018 and 2017

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RIVERO, GORDIMER & COMPANY, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Junior Achievement of Tampa Bay, Inc.

We have audited the accompanying consolidated financial statements of Junior Achievement of Tampa Bay, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated 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 consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

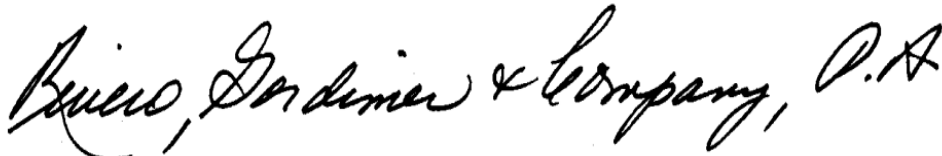
Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Tampa Bay, Inc. and Affiliate as of June 30, 2018 and 2017, 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 Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information, identified in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Benicio, Gordinier & Company, P.A." The signature is written in a cursive, flowing style.

Tampa, Florida
October 16, 2018

Junior Achievement of Tampa Bay, Inc. and Affiliate
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,437,039	\$ 2,249,160
Certificates of deposits	-	252,779
Grants and contracts receivable	605,427	522,635
Pledges receivable, net of allowance	938,543	1,516,280
Prepaid expenses	30,403	25,594
Total current assets	<u>7,011,412</u>	<u>4,566,448</u>
LONG-TERM ASSETS		
Investments - scholarships	203,582	226,690
Investments - other	1,145,478	1,084,104
Beneficial interest in assets held by others	433,146	410,744
Long-term pledges receivable, net of allowance	1,453,974	1,792,271
Other receivables	10,368	5,120
Property and equipment, net of accumulated depreciation	7,218,571	2,277,580
Leveraged note receivable	3,885,637	-
Total long-term assets	<u>14,350,756</u>	<u>5,796,509</u>
TOTAL ASSETS	<u>\$ 21,362,168</u>	<u>\$ 10,362,957</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 219,639	\$ 119,619
Construction payables	598,138	-
Deferred revenue	3,930	15,030
Accrued expenses	182,146	164,310
Total current liabilities	<u>1,003,853</u>	<u>298,959</u>
LONG-TERM LIABILITIES		
Long-term debt, net of issuance costs	<u>8,362,214</u>	-
Total long-term liabilities	<u>8,362,214</u>	-
Total liabilities	9,366,067	298,959
NET ASSETS		
Unrestricted	607,800	3,306,502
Net investments in property and equipment	7,218,571	2,277,580
Total unrestricted net assets	<u>7,826,371</u>	<u>5,584,082</u>
Temporarily restricted - JA BizTown	586,407	684,118
Temporarily restricted - Finance Park	2,968,811	3,098,001
Temporarily restricted - time restrictions	271,719	355,004
Total temporarily restricted net assets	<u>3,826,937</u>	<u>4,137,123</u>
Permanently restricted net assets	<u>342,793</u>	<u>342,793</u>
Total net assets	<u>11,996,101</u>	<u>10,063,998</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 21,362,168</u>	<u>\$ 10,362,957</u>

The accompanying notes are an integral part of these consolidated statements.

Junior Achievement of Tampa Bay, Inc. and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Contributions				
Corporate	\$ 158,337	\$ 232,150	\$ -	\$ 390,487
Individual	2,309,836	331,326	-	2,641,162
Foundations	364,927	-	-	364,927
Total contributions	<u>2,833,100</u>	<u>563,476</u>	<u>-</u>	<u>3,396,576</u>
Special events				
Special events revenue	283,996	-	-	283,996
Contributions derived from special events	878,706	-	-	878,706
Less direct costs of special events	<u>(308,624)</u>	<u>-</u>	<u>-</u>	<u>(308,624)</u>
Net special events	<u>854,078</u>	<u>-</u>	<u>-</u>	<u>854,078</u>
Governmental income	330,207	-	-	330,207
Program revenue	396,138	-	-	396,138
Interest and dividend income	93,019	3,177	-	96,196
Realized and unrealized gain (loss) on investments	(4,107)	20,744	-	16,637
In-kind contributions	44,000	-	-	44,000
Other revenue	2,500	-	-	2,500
Net assets released from restrictions	<u>897,583</u>	<u>(897,583)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,759,340</u>	<u>(873,662)</u>	<u>-</u>	<u>885,678</u>
Total support and revenue	<u>5,446,518</u>	<u>(310,186)</u>	<u>-</u>	<u>5,136,332</u>
Expenses				
Program services	<u>2,798,238</u>	<u>-</u>	<u>-</u>	<u>2,798,238</u>
Support services				
Management and general	181,790	-	-	181,790
Fundraising	<u>224,201</u>	<u>-</u>	<u>-</u>	<u>224,201</u>
Total support services	<u>405,991</u>	<u>-</u>	<u>-</u>	<u>405,991</u>
Total expenses	<u>3,204,229</u>	<u>-</u>	<u>-</u>	<u>3,204,229</u>
Change in net assets	2,242,289	(310,186)	-	1,932,103
Net assets at beginning of year	<u>5,584,082</u>	<u>4,137,123</u>	<u>342,793</u>	<u>10,063,998</u>
Net assets at end of year	<u>\$ 7,826,371</u>	<u>\$ 3,826,937</u>	<u>\$ 342,793</u>	<u>\$ 11,996,101</u>

The accompanying notes are an integral part of this consolidated statement.

Junior Achievement of Tampa Bay, Inc. and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public support and revenue				
Contributions				
Corporate	\$ 258,243	\$ 1,280,647	\$ -	\$ 1,538,890
Individual	555,741	175,102	-	730,843
Foundations	258,711	-	-	258,711
Total contributions	<u>1,072,695</u>	<u>1,455,749</u>	<u>-</u>	<u>2,528,444</u>
Special events				
Special events revenue	205,470	-	-	205,470
Contributions derived from special events	1,056,887	-	-	1,056,887
Less direct costs of special events	<u>(311,740)</u>	<u>-</u>	<u>-</u>	<u>(311,740)</u>
Net special events	<u>950,617</u>	<u>-</u>	<u>-</u>	<u>950,617</u>
Governmental income	509,096	-	-	509,096
Program revenue	404,201	-	-	404,201
Interest and dividend income	34,148	3,831	-	37,979
Unrealized losses on investments	56,090	36,274	-	92,364
In-kind contributions	32,000	-	-	32,000
Other revenue	1,400	-	-	1,400
Net assets released from restrictions	<u>924,636</u>	<u>(924,636)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>1,961,571</u>	<u>(884,531)</u>	<u>-</u>	<u>1,077,040</u>
Total support and revenue	<u>3,984,883</u>	<u>571,218</u>	<u>-</u>	<u>4,556,101</u>
Expenses				
Program services	<u>3,067,280</u>	<u>-</u>	<u>-</u>	<u>3,067,280</u>
Support services				
Management and general	173,169	-	-	173,169
Fundraising	<u>266,102</u>	<u>-</u>	<u>-</u>	<u>266,102</u>
Total support services	<u>439,272</u>	<u>-</u>	<u>-</u>	<u>439,272</u>
Total expenses	<u>3,506,552</u>	<u>-</u>	<u>-</u>	<u>3,506,552</u>
Change in net assets	478,331	571,218	-	1,049,549
Net assets at beginning of year	5,322,985	3,568,796	122,668	9,014,449
Net asset transfers	<u>(217,234)</u>	<u>(2,891)</u>	<u>220,125</u>	<u>-</u>
Net assets at end of year	<u>\$ 5,584,082</u>	<u>\$ 4,137,123</u>	<u>\$ 342,793</u>	<u>\$ 10,063,998</u>

The accompanying notes are an integral part of this consolidated statement.

Junior Achievement of Tampa Bay, Inc. and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended June 30,

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 1,932,103	\$ 1,049,549
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	94,431	82,654
Net realized and unrealized gains on investment securities	(16,637)	(71,988)
Net earnings on beneficial assets held by others	(22,402)	792
Bad debt expense	20,277	167,307
Long-term pledges written off against allowance for doubtful accounts	53,952	92,899
Increase in grants and contracts receivable	(82,792)	(234,347)
Decrease (increase) in pledges receivable	841,805	(495,023)
Increase in other receivable	(5,248)	(328)
(Increase) decrease in prepaid expenses	(4,809)	48,359
Increase in accounts payable	100,020	27,836
Decrease in deferred revenue	(11,100)	(45,493)
Increase in accrued expenses	17,836	13,258
Total adjustments	985,333	(414,074)
Net cash provided by operating activities	2,917,436	635,475
Cash flows from investing activities		
Cash payments for the purchase of property and equipment	(4,429,355)	(554,901)
Cash invested in certificates of deposit	(31)	(491)
Proceeds from sale of investments and maturities of certificates of deposit	252,810	834,535
Purchase of investments	(21,629)	-
Increase in leveraged note receivable	(3,885,637)	-
Net cash (used) provided in investing activities	(8,083,842)	279,143
Cash flows from financing activities		
Debt issuance costs	(475,715)	-
Proceeds from notes payable	8,830,000	-
Net cash provided in financing activities	8,354,285	-
Net increase in cash and cash equivalents	3,187,879	914,618
Cash and cash equivalents at beginning of year	2,249,160	1,334,542
Cash and cash equivalents at end of year	\$ 5,437,039	\$ 2,249,160

The accompanying notes are an integral part of these consolidated statements.

Junior Achievement of Tampa Bay, Inc. and Affiliate
CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

For the year ended June 30,

	<u>2018</u>	<u>2017</u>
Supplemental disclosures of cash flow information		
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>
Interest paid	<u>\$ 79,202</u>	<u>\$ -</u>
Supplemental disclosures of noncash investing activities		
Construction in progress expenditures incurred but not yet paid	<u>\$ 598,138</u>	<u>\$ -</u>

The accompanying notes are an integral part of these consolidated statements.

Junior Achievement of Tampa Bay, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2018

	Program Services	Supporting Services		Total Support Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 1,114,460	\$ 121,791	\$ 129,429	\$ 251,220	\$ 1,365,680
Payroll taxes and employee benefits	308,806	30,270	39,295	69,565	378,371
Total salaries and related expenses	1,423,266	152,061	168,724	320,785	1,744,051
Insurance	63,615	3,500	3,500	7,000	70,615
Maintenance, telephone, and utilities	130,391	6,909	8,319	15,228	145,619
Rent	31,312	652	652	1,304	32,616
In-kind	35,200	4,400	4,400	8,800	44,000
Office supplies and postage	4,003	491	491	982	4,985
Volunteer and staff training and recognition	59,001	3,301	19,284	22,585	81,586
Public relations	6,000	539	539	1,078	7,078
Program materials	404,715	-	-	-	404,715
Franchise fees	85,404	-	-	-	85,404
Professional fees	30,514	3,814	3,814	7,628	38,142
Scholarships	12,881	-	-	-	12,881
Contract program expenses	284,455	-	-	-	284,455
Bad debt expense	20,277	-	-	-	20,277
Office expenses	34,571	5,623	13,978	19,601	54,172
Total expenses before depreciation, amortization and interest expense	2,625,605	181,290	223,701	404,991	3,030,596
Depreciation and amortization	93,431	500	500	1,000	94,431
Interest expense	79,202	-	-	-	79,202
Total expenses	<u>\$ 2,798,238</u>	<u>\$ 181,790</u>	<u>\$ 224,201</u>	<u>\$ 405,991</u>	<u>\$ 3,204,229</u>

The accompanying notes are an integral part of this consolidated statement.

Junior Achievement of Tampa Bay, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2017

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Total Support Services	
Salaries	\$ 1,243,949	\$ 112,122	\$ 159,092	\$ 271,214	\$ 1,515,163
Payroll taxes and employee benefits	319,847	28,827	40,904	69,731	389,578
Total salaries and related expenses	1,563,796	140,949	199,996	340,945	1,904,741
Insurance	44,893	2,850	3,884	6,734	51,627
Maintenance, telephone, and utilities	148,867	4,304	10,413	14,717	163,584
Rent	25,154	3,575	3,192	6,767	31,921
In-kind	22,400	3,200	6,400	9,600	32,000
Office supplies and postage	20,358	2,339	702	3,041	23,399
Volunteer and staff training and recognition	86,968	9,127	23,401	32,529	119,497
Public relations	10,908	-	2,500	2,500	13,408
Program materials	480,012	-	-	-	480,012
Franchise fees	81,679	-	-	-	81,679
Professional fees	16,983	2,426	4,856	7,282	24,265
Scholarships	-	-	-	-	-
Contract program expenses	282,728	-	-	-	282,728
Bad debt expense	167,307	-	-	-	167,307
Office expenses	32,873	4,249	10,608	14,857	47,730
Total expenses before depreciation and amortization	2,984,926	173,019	265,952	438,972	3,423,898
Depreciation and amortization	82,354	150	150	300	82,654
Total expenses	\$ 3,067,280	\$ 173,169	\$ 266,102	\$ 439,272	\$ 3,506,552

The accompanying notes are an integral part of this consolidated statement.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A brief description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of Organization

Junior Achievement of Tampa Bay, Inc. ("JATB") 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. JATB accomplishes this mission through its program services by bringing business role models into the classroom to help prepare our future work force. Funding for JATB's activities and programs is obtained through public contributions and fundraising activities.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. JATB is headquartered in Tampa, Florida, with responsibilities for Pinellas, Hillsborough, Hernando, Polk, Sarasota, Manatee, Pasco, Alachua, Marion, Levy, Highlands, and Citrus Counties.

JATB 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.

In August 2017, Junior Achievement Finance Park Tampa Bay, Inc. ("Finance Park") was formed to accept the funds from a New Markets Tax Credit (NMTC) transaction. The financial activities of JATB and Finance Park (collectively the "Organization") have been consolidated in this financial statement. All transactions and related account balances between the Organization, have been eliminated in these consolidated financial statements.

2. Basis of Accounting

The consolidated 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 the Organization.

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.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

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.

3. 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.

4. Certificates of Deposit

The Organization held investments in certificates of deposit in the amount of \$252,779 at June 30, 2017. Interest rates on the certificates of deposit averaged 0.08% for the year ended June 30, 2017. The Organization did not have investments in certificates of deposit at June 30, 2018.

5. 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.

6. 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. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

7. Beneficial Interest in Assets Held by Others

The Organization has transferred assets to several community foundations which hold funds for its benefit. When a nonprofit transfers assets to a charitable trust or community foundation in which the resource provider names itself as beneficiary, the economic benefit of the transferred assets remains with the resource provider. The assets received in exchange are beneficial interests in assets held by others, measured at the fair value of the assets contributed.

8. 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.

9. Debt Issuance Costs

Debt issuance costs represent costs associated with the issuance of long-term debt in connection with the New Market Tax Credit transaction (see Note O). These costs are being amortized over the life of the debt using the straight-line method. Amortization expense totaled approximately \$8,000 during the year ended June 30, 2018.

10. 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.

The Organization occupied donated space for its operations and estimated the fair value of the annual rent to be \$24,000 and \$17,000 for the years ended June 30, 2018 and 2017, respectively. The Organization also received donated event catering services valued at \$20,000 and \$15,000 during the years ended June 30, 2018 and 2017, respectively. Donated services and materials are included in contributions and expenses on the statement of activities and changes in net assets for the years ended June 30, 2018 and 2017.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. 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 M.

12. 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 2014 are open for examination. The Organization does not believe it has any unrecognized exposure relating to uncertain tax positions at June 30, 2018.

13. 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.

14. 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.

15. Funding and Credit Concentrations

The Organization maintains its primary deposit accounts with two commercial banks and one brokerage firm. Deposits with the commercial banks exceeded federal deposit insurance limits by \$3,795,280 and \$1,191,301 at June 30, 2018 and 2017, respectively. Cash equivalents held at a brokerage firm that are not federally insured totaled \$175,905 and \$150,128 at June 30, 2018 and 2017, respectively.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE A - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Credit risk related to pledges receivable is alleviated due to the large number of individual and corporate donors. However, amounts due from four donors accounted for 28% of pledges receivable at June 30, 2018. Amounts due from four donors accounted for 41% of pledges receivable at June 30, 2017.

Amounts due from the two local governmental agencies accounted for 63% of grants and contracts receivable at June 30, 2018. Additionally, amounts due from two local governmental agencies accounted for 26% of grants and contracts receivable at June 30, 2017. Funding from two local agencies accounted for 100% and 61% of governmental income for fiscal years ended June 30, 2018 and 2017, respectively.

NOTE B - PLEDGES RECEIVABLE

The following schedule presents when pledges receivable at June 30, 2018 and 2017 are due:

	<u>2018</u>	<u>2017</u>
Collectible in one year		
Contributions	\$ 184,462	\$ 139,609
JA BizTown	281,250	215,833
Finance Park	510,429	1,232,646
Collectible in two to five years		
Contributions	314,137	238,111
JA BizTown	220,000	292,500
Finance Park	754,728	967,179
Collectible in five years and beyond		
Contributions	14,083	4,625
JA BizTown	15,000	45,000
Finance Park	250,000	360,315
Less discount to present value of collectible amounts		
Contributions	(10,004)	(6,113)
JA BizTown	(7,050)	(8,483)
Finance Park	(29,992)	(36,009)
Less allowance for doubtful accounts		
Contributions	(104,526)	(136,662)
JA BizTown	-	-
Finance Park	-	-
	<u>\$ 2,392,517</u>	<u>\$ 3,308,551</u>

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE B - PLEDGES RECEIVABLE - Continued

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 rate of return utilized to discount future cash flows from pledges ranges from .36% to 2.50%.

The Organization has provided an allowance for doubtful accounts of \$104,526 and \$136,663 at June 30, 2018 and 2017, respectively. During the year ended June 30, 2018, the Organization wrote off \$53,952 of uncollectible pledges to the allowance for doubtful accounts and \$92,899 during the year ended June 30, 2017.

NOTE C - LEVERAGED NOTE RECEIVABLE

Leveraged note receivable consist of the following at June 30,:

	<u>2018</u>	<u>2017</u>
Note Receivable from an investment fund in the amount of \$3,885,637, dated August 18, 2017, with an interest rate of 1.05% per annum, interest payments of \$41,179 due yearly through December 31, 2024, principal and interest payments of \$191,200 due beginning January 1, 2025 and ending at the date of maturity (August 31, 2047), secured by first interest in pledge securities.	\$ 3,885,637	\$ -
Less current portion	<u>-</u>	<u>-</u>
	<u>\$ 3,885,637</u>	<u>\$ -</u>

Maturities on the leveraged note receivable are as follows:

<u>Year ending June 30,</u>	
2019	\$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	<u>3,885,637</u>
	<u>\$ 3,885,637</u>

See Note O for discussion on New Market Tax Credit Transaction.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE D - INVESTMENTS

At June 30, 2018 and 2017, the cost and fair value of investments, which were held in safekeeping by a financial institution, were as follows:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Corporate bonds	\$ 231,601	\$ 231,168	\$ 323,287	\$ 328,502
Exchange traded funds	967,007	1,117,892	834,926	982,292
	<u>\$ 1,198,608</u>	<u>\$ 1,349,060</u>	<u>\$ 1,158,213</u>	<u>\$ 1,310,794</u>

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:

	2018	2017
Investments - scholarship	\$ 203,582	\$ 226,690
Investment - other	1,145,478	1,084,104
	<u>\$ 1,349,060</u>	<u>\$ 1,310,794</u>

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2018 and 2017:

	2018	2017
Building	\$ 2,271,812	\$ 2,242,966
Land	73,892	73,892
Equipment	592,898	580,954
Furniture and fixtures	85,468	12,675
Construction in progress	5,500,158	588,489
	<u>8,524,228</u>	<u>3,498,976</u>
Less accumulated depreciation	<u>(1,305,657)</u>	<u>(1,221,396)</u>
	<u>\$ 7,218,571</u>	<u>\$ 2,277,580</u>

Depreciation expense totaled \$94,431 and \$82,654 during the years ended June 30, 2018 and 2017, respectively.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE F - 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 \$50,828 and \$66,747 for the years ended June 30, 2018 and 2017, respectively.

Junior Achievement of Tampa Bay, Inc. leases approximately 18,000 sq. feet of facilities from Junior Achievement Finance Park of Tampa Bay, Inc. under a non-cancellable leasing agreement. The agreement expires in August 2047. The related revenues and corresponding expenses have been eliminated in consolidation.

The following is a schedule of approximate minimum annual lease payments under noncancelable operating leases as of June 30, 2018:

<u>Year ending June 30,</u>	
2019	\$ 38,000
2020	38,000
2021	38,000
2022	38,000
2023	<u>1,000</u>
	<u>\$ 153,000</u>

Pursuant to a facilities agreement with the School District of Hillsborough County, the Organization is the recipient of approximately two acres of property for the construction and operation of JA BizTown and Finance Park.

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 and Finance Park, 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 \$1,766 and \$1,912 for the years ended June 30, 2018 and 2017, respectively.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE G - LONG-TERM DEBT

Long-term debt consists of the following at June 30,:

	<u>2018</u>	<u>2017</u>
Note payable to a financial institution in the amount of \$3,100,000 dated August 18, 2017 as a declining revolving line of credit (Bridge Loan), interest payments at the one-month LIBOR rate plus 1.65% due monthly beginning September 18, 2017 and ending at the date of maturity (August 18, 2022), secured by assignment of revenue, capital campaign pledges receivables and sponsorship receivables for Junior Achievement Finance Park Campaign (see Note Q - Subsequent Events).	\$ 3,100,000	\$ -
Note payable to a private investment group in the amount of \$2,426,437 dated August 18, 2017 (note A1), interest at a fixed rate of 1% per annum, interest payments of \$6,066 due quarterly, with fixed quarterly payments of principal and interest of \$29,652 due beginning January 1, 2025 and ending at the date of maturity (August 31, 2047), secured by security agreement, assignment of leases and rents.	2,426,437	-
Note payable to a private investment group in the amount of \$1,459,200 dated August 18, 2017 (note A2), interest at a fixed rate of 1% per annum, interest payments of \$3,648 due quarterly, with fixed quarterly of principal and interest of \$17,382 due beginning January 1, 2025 and ending at the date of maturity (August 31, 2047), secured by security agreement, assignment of leases and rents.	1,459,200	-
Note payable to a private investment group in the amount of \$1,323,563 dated August 18, 2017 (note B1), interest at a fixed rate of 1% per annum, interest payments of \$3,039 due quarterly, with fixed quarterly payments of principal and interest of \$16,174 due beginning January 1, 2025 and ending at the date of maturity (August 31, 2047), secured by security agreement, assignment of leases and rents.	1,323,563	-
Note payable to a private investment group in the amount of \$520,800 dated August 18, 2017 (note B2), interest at a fixed rate of 1% per annum, interest payments of \$1,302 due quarterly, with fixed quarterly payments of principal and interest of \$6,364 due beginning January 1, 2025 and ending at the date of maturity (August 31, 2047), secured by security agreement, assignment of leases and rents.	<u>520,800</u>	<u>-</u>
	8,830,000	-
Less current portion	-	-
Less unamortized loan costs	<u>(467,786)</u>	<u>-</u>
	<u>\$ 8,362,214</u>	<u>\$ -</u>

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE G - LONG-TERM DEBT - Continued

Principal maturities of long-term debt are as follows:

<u>Year ending June 30,</u>	
2019	\$ -
2020	850,000
2021	500,000
2022	250,000
2023	250,000
Thereafter	<u>6,980,000</u>
	<u>\$ 8,830,000</u>

See Note O for discussion on New Market Tax Credit Transaction.

NOTE H - 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 Junior Achievement Worldwide, Inc. (JAWW) and covers all full-time employees of JAWW and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multi-employer plan. Benefits are determined based on years of service and salary history.

The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by JAWW's Board of Directors, based on an annual actuarial valuation.

Participating chapters make 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. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - EMPLOYEE BENEFIT PLANS - Continued

A June 30th measurement date is used for the Plan. Significant balances, costs and assumptions are:

	<u>2018</u>	<u>2017</u>
Benefit obligation	\$ (71,419,867)	\$ (75,095,461)
Fair value of Plan assets	<u>65,828,128</u>	<u>59,348,548</u>
Underfunded status	<u>\$ (5,591,739)</u>	<u>\$ (15,746,913)</u>
Accumulated benefit obligation	<u>\$ 65,387,421</u>	<u>\$ 68,891,767</u>

Significant assumptions include:

Weighted-average assumptions used to determine benefit obligations at June 30:

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.50%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30:

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.50%
Expected rate of return on Plan assets	6.25%	6.25%
Rate of compensation increase	4.00%	4.00%

The estimated long-term rate of return on Plan assets is based primarily on historical returns on Plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - EMPLOYEE BENEFIT PLANS - Continued

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid by the Plan as of June 30, 2018:

2019	\$	9,573,720
2020	\$	6,019,648
2021	\$	6,644,004
2022	\$	5,766,027
2023	\$	5,594,234
2024 to 2028	\$	22,173,076

Plan assets are held by Fidelity Investments and investment decisions are made in accordance with the provisions of the Plan's investment agreement by the Plan's investment advisor. The investment agreement permits investment in common stocks, corporate bonds, real estate and cash based on certain target allocation percentages.

The investment objective of the Plan is to construct an investment strategy that:

- Provides a high probability of attaining fully funded status;
- Retains the ability to pay benefits and expense obligations when due;
- Retains a funding cushion for unexpected developments;
- Maximizes the long-term returns that can be achieved within the level of risk that is reasonable and prudent; and
- Provides the Plan Sponsor with the flexibility to reduce future contributions, or increase future benefits, in a way that enables the Plan Sponsor to continue to provide competitive retirement benefits to its employees.

The target asset allocation percentages for 2018 are:

- Equity mutual funds Not to exceed 65%
- Corporate debt securities Not to exceed 48%
- Real estate Not to exceed 6%
- Cash and cash equivalents Not to exceed 2%

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - EMPLOYEE BENEFIT PLANS - Continued

Plan assets are rebalanced quarterly. Plan assets by category are as follows at June 30th :

	<u>2018</u>	<u>2017</u>
Equity mutual funds	54.20%	54.30%
Fixed income mutual funds	39.10%	39.70%
Real estate mutual funds	5.30%	4.90%
Cash	<u>1.40%</u>	<u>1.10%</u>
	<u>100.00%</u>	<u>100.00%</u>

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

- Assets contributed to the multi-employer 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.

Junior Achievement USA's (JA USA) participation in this Plan for the annual period ended June 30, 2018 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 2018 and 2017 is for years ended June 30, 2018 and 2017. There have been no significant changes that affect the comparability of 2018 and 2017 contributions.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Funded Status</u>		<u>Contributions of Participating Chapters</u>	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	92%	79%	<u>\$1,153,789</u>	<u>\$1,090,661</u>

JA USA was listed in its Plan's Form 5500 as providing more than 5% of the total contributions for the June 30, 2018 and 2017 plan years.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - EMPLOYEE BENEFIT PLANS - Continued

Health and Welfare Benefits Trust

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

The following represents summarized financial information pertaining to the Benefits Trust as of and for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Assets	\$ 6,951,750	\$ 7,229,300
Liabilities	<u>691,661</u>	<u>238,818</u>
Net assets	<u>\$ 6,260,089</u>	<u>\$ 6,990,482</u>
Additions to net assets	\$ 7,593,596	\$ 7,985,521
Deductions from net assets	<u>8,323,989</u>	<u>7,261,066</u>
Change in net assets	(730,393)	724,455
Net assets, beginning of year	<u>6,990,482</u>	<u>6,266,027</u>
Net assets, end of year	<u>\$ 6,260,089</u>	<u>\$ 6,990,482</u>

In addition to the summarized financial information presented, above, the Benefits Trust also reports in the notes to the April 30, 2018 and 2017 audited financial statements, claims payable of \$195,270 and \$205,143, respectively, and claims incurred but not reported of \$445,073 and \$336,742, respectively. The obligation for claims incurred but not reported is not recorded in the Benefits Trust's statements of net assets available for benefits.

Postretirement Benefits Plan

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

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE H - EMPLOYEE BENEFIT PLANS - Continued

Total Post-Retirement Plan Information

A June 30th measurement date is used for the Post-Retirement Plan. Significant balances, costs and assumptions are:

	<u>2018</u>	<u>2017</u>
Benefit obligation	\$ (7,311,595)	\$ (8,020,413)
Fair value of Plan assets	<u>-</u>	<u>-</u>
Underfunded status	<u>\$ (7,311,595)</u>	<u>\$ (8,020,413)</u>
Accumulated benefit obligation	<u>\$ (7,311,595)</u>	<u>\$ (8,020,413)</u>

Weighted-average assumptions used to determine benefit obligations at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Discount rate	4.00%	3.50%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Discount rate	3.50%	3.25%
Rate of compensation increase	4.00%	4.00%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2018:

2019	\$	330,818
2020	\$	340,510
2021	\$	365,905
2022	\$	391,073
2023	\$	402,506
2024 to 2028	\$	2,072,697

JAWW's premium expense for the Health and Welfare Plan for the years ended June 30, 2018 and 2017 was \$1,029,232 and \$995,774, respectively.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE I - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The Organization had temporarily restricted net assets consisting of long-term pledges for the support of the BizTown program of \$586,407 and \$684,118 at June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, \$189,583 of temporarily restricted net assets were released from restrictions as a result of JA BizTown operating expenses being incurred (\$218,333 for the year ended June 30, 2017).

The Organization had temporarily restricted net assets consisting of long-term pledges for the support of the construction of Finance Park of \$2,968,811 and \$3,098,001 at June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, \$247,590 of temporarily restricted net assets were released from restrictions as a result of construction costs incurred for Finance Park (\$550,549 for the year ended June 30, 2017).

The Organization had temporarily restricted net assets consisting of long-term pledges for the general support of the Organization of \$179,847 and \$287,053 at June 30, 2018 and 2017, respectively. For the year ended June 30, 2018, \$797,583 of temporarily restricted net assets were released from restrictions as a result of satisfaction of time restrictions (\$924,636 for the year ended June 30, 2017).

NOTE J - RELATED PARTIES

A company for which a former board member is the former 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 were approximately \$330,000 and \$311,000 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were approximately \$34,000 for each year.

The Organization maintains funds at certain financial institutions where members of the Board of Directors are employed.

NOTE K - 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:

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE K - TRANSACTIONS WITH JUNIOR ACHIEVEMENT, USA - Continued

	<u>2018</u>	<u>2017</u>
Program materials	\$ 338,481	\$ 364,672
License fees	85,404	81,678
Life and health insurance	85,504	152,279
Business liability insurance	19,853	20,571
Pension costs	196,695	208,822
Student fee for JA BizTown	<u>34,308</u>	<u>30,508</u>
	<u>\$ 760,245</u>	<u>\$ 858,530</u>

NOTE L - 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, 2018.

NOTE M - 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 I 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.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE M - FAIR VALUE MEASUREMENTS – Continued

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.

Fair value of assets measured on a recurring basis at June 30, 2018 and 2017 was as follows:

Description	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value at June 30, 2018	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds				
Equities - international	\$ 143,048	\$ 143,048		\$ -
Equities - domestic	502,952	502,952		-
Fixed income	471,892	471,892		-
Corporate bonds	231,168		231,168	-
Total investments	1,349,060	1,117,892	231,168	-
Funds held in trust	433,146	-	433,146	-
	<u>\$ 1,782,206</u>	<u>\$ 1,117,892</u>	<u>\$ 664,314</u>	<u>\$ -</u>

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE M - FAIR VALUE MEASUREMENTS – Continued

Description	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value at June 30, 2017	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Exchange traded funds				
Equities - international	\$ 164,304	\$ 164,304	\$ -	\$ -
Equities - domestic	465,445	465,445	-	-
Fixed income	352,543	352,543	-	-
Corporate bonds	328,502	-	328,502	-
Total investments	1,310,794	982,292	328,502	-
Funds held in trust	410,744	-	410,744	-
	<u>\$ 1,721,538</u>	<u>\$ 982,292</u>	<u>\$ 739,246</u>	<u>\$ -</u>

NOTE N - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

Beneficial interests in assets held by others had fair values of \$433,146 and \$410,744 at June 30, 2018 and 2017, respectively.

Changes in the beneficial interest in assets held by others for the year ended June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ -	\$ 67,951	\$ 342,793	\$ 410,744
Contributions	-	-	-	-
Investment income (expense)	-	1,657	-	1,657
Net appreciation (realized and unrealized)	-	20,745	-	20,745
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 90,353</u>	<u>\$ 342,793</u>	<u>\$ 433,146</u>

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE N - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - Continued

Changes in the beneficial interest in assets held by others for the year ended June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	\$ 258,131	\$ 30,737	\$ 122,668	\$ 411,536
Contributions	-	-	-	-
Investment income (expense)	-	3,831	-	3,831
Net appreciation (realized and unrealized)	-	36,274	-	36,274
Remove designated fund	(40,897)	-	-	(40,897)
Transfers to correctly reflect restrictions	(217,234)	(2,891)	220,125	-
Amounts appropriated for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 67,951</u>	<u>\$ 342,793</u>	<u>\$ 410,744</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; 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. They are pooled with other assets of the community foundations for investment purposes.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE N - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS - Continued

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. The Organization has reinvested all net earnings into the respective funds for the years ended June 30, 2018 and 2017. If the Organization chooses to request a grant distribution, it must be used in accordance with the terms of the agreement with the Community Foundation.

NOTE O - NEW MARKET TAX CREDIT TRANSACTION

On August 18, 2017 Junior Achievement Finance Park Tampa Bay, Inc., a supporting organization for Junior Achievement of Tampa Bay, Inc. obtained financing through the utilization of the federal New Markets Tax Credit (NMTC) program. The proceeds of \$5,730,000 in "qualified low-income community investment" proceeds will be used to build and equip Finance Park.

The NMTC financing is provided through two "qualified low-income community investment" loans in the form of a "A1", "A2", "B1" and a "B2" note. The cumulative A1 and A2 Notes (the "A Notes"), in the amount of \$3,885,637 are at a fixed rate of 1.0000% per annum and require quarterly principal and interest payments of \$9,654 with a maturity date of August 31, 2047. No prepayment of the A Notes is allowed during the first seven years. The cumulative B1 and B2 Notes (the "B Notes"), in the amount of \$1,844,363 are at a fixed rate of 1.0000% per annum and require quarterly principal and interest payments of \$4,461 with a maturity date of August 31, 2047. No prepayment of the B Notes is allowed during the first seven years.

In addition, Junior Achievement of Tampa Bay, Inc. initiated a leverage loan in the amount of \$3,885,637 (the "Leverage Loan") to JA Tampa Bay Investment Fund, LLC, a Georgia limited liability company (the "Fund"). One hundred percent (100%) of the membership interests in the Fund are owned by SunTrust Community Capital ("STCC"), and the Fund is capitalized through the tax credit equity from STCC. Proceeds of the Leverage Loan along with tax credit equity were used by the Fund to initiate a "qualified equity investment" into two subsidiaries of community development entities (the "CDEs"). The CDEs, in turn, utilized a substantial portion of the "qualified equity investments" in order to initiate the "qualified low-income community investments" to Junior Achievement Finance Park Tampa Bay, Inc. The Leverage Loan has a term of 30 years at a rate of 1.05977% per annum and requires interest only payments to the Organization of \$41,179 annually.

At the end of the seven-year NMTC compliance period, a put option under a put/call option agreement may be exercised at the discretion of STCC whereby the interest in the Fund is sold to Junior Achievement of Tampa Bay, Inc. for \$1,000. Alternatively, at the end of the seven-year NMTC compliance period, a call option under a put/call option agreement may be exercised at the discretion of Junior Achievement of Tampa Bay, Inc. whereby the interest in the Fund is sold to Junior Achievement of Tampa Bay, Inc. for the fair market value of the Fund.

Junior Achievement of Tampa Bay, Inc. and Affiliate

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2018 and 2017

NOTE O - NEW MARKET TAX CREDIT TRANSACTION – Continued

Principal maturities of the cumulative A1, A2, B1, and B2 notes, net of payments to be received from the leveraged note receivable are as follows:

<u>Year ending June 30,</u>	<u>NMTC Debt Maturities</u>	<u>Leveraged Note Receivable Maturities</u>	<u>Net Principal Maturities</u>
2019	\$ -	\$ -	\$ -
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
Thereafter	<u>5,730,000</u>	<u>3,885,637</u>	<u>1,844,363</u>
	<u>\$ 5,730,000</u>	<u>\$ 3,885,637</u>	<u>\$ 1,844,363</u>

NOTE P - 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.

NOTE Q - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to June 30, 2018 as of October 16, 2018, which is the date the financial statements were available to be issued. Except as noted below, the Organization has determined that no subsequent events have occurred that would require adjustment or disclosure in the accompanying financial statements.

In August 2018, JATB made a payment of approximately \$2,900,000 on the outstanding note payable to the financial institution in connection with its bridge loan.

SUPPLEMENTARY INFORMATION

Junior Achievement of Tampa Bay, Inc. and Affiliate

REVENUE SUBJECT TO LICENSE FEE

Year ended June 30, 2018

Area ID	111800
Junior Achievement of Tampa Bay, Inc.	
For Year Ended	June 30, 2018

Revenue per audit	
Total unrestricted revenue	\$ 5,446,518
Total permanently restricted revenue	-
Add in prior year pledges - gross	1,608,900
Subtract current year pledges - gross	(2,290,800)
Add special event expenses	<u>308,624</u>
Adjusted total revenue	5,073,242

Subtract	
In-kind	(44,000)
In-kind special event (if included in special event revenue)	-
Other income - from statement of activities	(2,500)
Realized/unrealized gains/losses	4,107
Investment income	-
Interest	(93,019)
Rental income	-
Pass-through from Junior Achievement USA, if it was exempt from License Fee	(69,900)
Actual pledges write-offs	(53,952)

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

*Capital campaign	(1,985,474)
*Scholarship for higher education	<u>(78,311)</u>

Total subject to license fee	<u>\$ 2,750,193</u>
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License fee calculated (9% of first \$300,000, 1.8% over \$300,000)	<u>\$ 71,103</u>
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See accompanying independent auditors' report.

Junior Achievement of Tampa Bay, Inc. and Affiliate
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2018

	<u>JATB</u>	<u>Finance Park</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 4,725,996	\$ 711,043	\$ -	\$ 5,437,039
Certificates of deposits	-	-	-	-
Grant and contracts receivable	520,959	84,468	-	605,427
Pledges receivable, net of allowance	938,543	-	-	938,543
Prepaid expenses	30,403	-	-	30,403
Total current assets	<u>6,215,901</u>	<u>795,511</u>	<u>-</u>	<u>7,011,412</u>
LONG-TERM ASSETS				
Investments - scholarships	203,582	-	-	203,582
Investments - other	1,145,478	-	-	1,145,478
Beneficial interest in assets held by others	433,146	-	-	433,146
Long-term pledges receivable, net of allowance	1,453,974	-	-	1,453,974
Other receivables	10,368	-	-	10,368
Property and equipment, net of accumulated depreciation	1,718,413	5,500,158	-	7,218,571
Leveraged note receivable	3,885,637	-	-	3,885,637
Total long-term assets	<u>8,850,598</u>	<u>5,500,158</u>	<u>-</u>	<u>14,350,756</u>
TOTAL ASSETS	<u>\$ 15,066,499</u>	<u>\$ 6,295,669</u>	<u>\$ -</u>	<u>\$ 21,362,168</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 219,639	\$ -	\$ -	\$ 219,639
Construction payables	-	598,138	-	598,138
Deferred revenue	3,930	-	-	3,930
Accrued expenses	182,146	-	-	182,146
Total current liabilities	<u>405,715</u>	<u>598,138</u>	<u>-</u>	<u>1,003,853</u>
LONG-TERM LIABILITIES				
Long-term debt, net of issuance costs	3,100,000	5,262,214	-	8,362,214
Total long-term liabilities	<u>3,100,000</u>	<u>5,262,214</u>	<u>-</u>	<u>8,362,214</u>
Total liabilities	<u>3,505,715</u>	<u>5,860,352</u>	<u>-</u>	<u>9,366,067</u>
NET ASSETS				
Unrestricted	5,672,641	(5,064,841)	-	607,800
Net investments in property and equipment	1,718,413	5,500,158	-	7,218,571
Total Unrestricted	<u>7,391,054</u>	<u>435,317</u>	<u>-</u>	<u>7,826,371</u>
Temporarily restricted - JA BizTown	586,407	-	-	586,407
Temporarily restricted - Finance Park	2,968,811	-	-	2,968,811
Temporarily restricted - time restrictions	271,719	-	-	271,719
Total temporarily restricted net assets	<u>3,826,937</u>	<u>-</u>	<u>-</u>	<u>3,826,937</u>
Permanently restricted	342,793	-	-	342,793
Total net assets	<u>11,560,784</u>	<u>435,317</u>	<u>-</u>	<u>11,996,101</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,066,499</u>	<u>\$ 6,295,669</u>	<u>\$ -</u>	<u>\$ 21,362,168</u>

See accompanying independent auditors' report.

Junior Achievement of Tampa Bay, Inc. and Affiliate

CONSOLIDATING STATEMENT OF ACTIVITIES

For the year ended June 30, 2018

	<u>JATB</u>	<u>Finance Park</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Public support and revenue				
Contributions				
Corporate	\$ 390,487	\$ -	\$ -	\$ 390,487
Individual	2,641,162	-	-	2,641,162
Foundations	364,927	-	-	364,927
Total contributions	<u>3,396,576</u>	<u>-</u>	<u>-</u>	<u>3,396,576</u>
Special events				
Special events revenue	283,996	-	-	283,996
Contributions derived from special events	878,706	-	-	878,706
Less direct costs of special events	(308,624)	-	-	(308,624)
Net special events	<u>854,078</u>	<u>-</u>	<u>-</u>	<u>854,078</u>
Governmental income	330,207	-	-	330,207
Program revenue	396,138	-	-	396,138
Interest and dividend income	96,196	-	-	96,196
Realized and unrealized gain on investments	16,637	-	-	16,637
In-kind contributions	44,000	364,258	(364,258)	44,000
Other revenue	2,500	109,468	(109,468)	2,500
Total revenue	<u>885,678</u>	<u>473,726</u>	<u>-</u>	<u>885,678</u>
Total support and revenue	<u>5,136,332</u>	<u>473,726</u>	<u>-</u>	<u>5,136,332</u>
Expenses				
Program expenses	3,267,586	-	(469,348)	2,798,238
Support services				
Management and general	145,570	38,409	(2,189)	181,790
Fundraising	226,390	-	(2,189)	224,201
Total expenses	<u>3,639,546</u>	<u>38,409</u>	<u>-</u>	<u>3,204,229</u>
Change in net assets	1,496,786	435,317		1,932,103
Net assets at beginning of year	10,063,998	-	-	10,063,998
Net assets at end of year	<u>\$ 11,560,784</u>	<u>\$ 435,317</u>	<u>\$ -</u>	<u>\$ 11,996,101</u>

See accompanying independent auditors' report.