JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

June 30, 2019 and 2018

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Junior Achievement of North Central Ohio, Inc.
Akron, Ohio

We have audited the accompanying financial statements of Junior Achievement of North Central Ohio, Inc. (a nonprofit organization) (the “Organization”), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of North Central Ohio, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of Error
As discussed in Note 16 to the financial statements, a certain error resulting in a misclassification among net asset classifications (with donor restriction and without donor restriction) previously reported as of June 30, 2018 was discovered during the current year. Accordingly, amounts reported within these classifications have been restated in the June 30, 2019 financial statements. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information
We have previously audited the Organization's 2018 financial statements, and in our report dated October 29, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule on pages 23 and 24 is presented for the 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.

Bober, Markey, Fedorovich & Company

BOBER, MARKEY, FEDOROVICH & COMPANY
Akron, Ohio

December 9, 2019

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	$ 9,536	$ 11,630
Restricted cash and cash equivalents	18,341	11,055
Pledges receivable - unrestricted, net of allowance of $0 as of June 30, 2019 and 2018	68,387	84,206
Inventories	242	281
Prepaid expenses	-	450
TOTAL CURRENT ASSETS	96,506	107,622
OTHER ASSETS		
Investments - endowment	136,159	130,535
Beneficial interest in fund held at Akron Community Foundation	564,037	568,868
Beneficial interest in perpetual fund held at Akron Community Foundation	161,799	163,266
Property and equipment, net	1,664	2,134
TOTAL OTHER ASSETS	863,659	864,803
TOTAL ASSETS	$ 960,165	$ 972,425
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 21,277	$ 6,812
Accrued liabilities	4,129	14,939
Line of credit	20,719	14,548
Deferred revenue	-	24,310
TOTAL CURRENT LIABILITIES	46,125	60,609
NET ASSETS		
Without donor restriction		
Without restriction	29,255	30,642
Board designated - scholarship	93,111	85,731
	122,366	116,373
With donor restriction	791,674	795,443
TOTAL NET ASSETS	914,040	911,816
TOTAL LIABILITIES AND NET ASSETS	$ 960,165	$ 972,425

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

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019 Without Donor Restriction	2019 With Donor Restriction	2019 Total	2018 Total
PUBLIC SUPPORT AND REVENUE				
Contributions				
Corporate	126,325	$ -	$ 126,325	$ 206,060
Individual	44,612	-	44,612	76,327
Foundations	203,436	-	203,436	206,895
Total contributions	374,373	-	374,373	489,282
Special events, gross	98,938	-	98,938	45,069
Less: Special event expenses	(31,263)	-	(31,263)	(15,071)
Special events, net	67,675	-	67,675	29,998
Unrealized gain on investments	2,021	9,251	11,272	10,435
Realized gain (loss) on sale of investments	2,665	1,371	4,036	24,636
Investment return, net	2,639	12,854	15,493	13,789
In-kind contributions	10,955	-	10,955	27,403
Program sales	123,213	-	123,213	99,458
Net assets released from restriction	27,245	(27,245)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	610,786	(3,769)	607,017	695,001
EXPENSES				
Functional expenses:				
Program expenses	474,558	-	474,558	495,815
Fundraising expenses	46,312	-	46,312	59,515
Management and general expenses	40,367	-	40,367	46,101
Total functional expenses	561,237	-	561,237	601,431
National license fee	32,601	-	32,601	36,467
In-kind expenses	10,955	-	10,955	27,403
TOTAL EXPENSES	604,793	-	604,793	665,301
CHANGE IN NET ASSETS	5,993	(3,769)	2,224	29,700
NET ASSETS, BEGINNING OF YEAR AS ORIGINALLY REPORTED	(1,555)	913,371	911,816	882,116
RESTATEMENT (SEE NOTES 2 & 15)	117,928	(117,928)	-	-
NET ASSETS, BEGINNING OF YEAR AS RESTATED	116,373	795,443	911,816	882,116
NET ASSETS, END OF YEAR	$ 122,366	$ 791,674	$ 914,040	$ 911,816

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

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019
With Comparative Totals for the Year Ended June 30, 2018

	2019				2018
	Program Support	Fundraising	Management and General	Total Functional Expenses	Total Functional Expenses
Salaries	$ 186,123	$ 29,126	$ 21,549	$ 236,798	$ 342,860
Payroll taxes	18,258	2,857	2,114	23,229	26,275
Employee insurance	13,718	2,147	1,588	17,453	28,485
Pension	22,056	3,452	2,554	28,062	51,757
	240,155	37,582	27,805	305,542	449,377
General insurance	6,747	-	750	7,497	6,242
Outside services	28,537	1,585	1,585	31,707	12,985
Equipment lease	5,295	294	294	5,883	4,125
Rent	11,250	625	625	12,500	-
Office maintenance	139	8	8	155	279
Office and computer supplies	11,946	664	664	13,274	6,034
Dues and subscriptions	8,319	462	462	9,243	1,355
Postage	2,949	164	164	3,277	1,897
Telephone	4,883	271	271	5,425	6,036
Travel	14,964	1,566	870	17,400	18,646
Staff training and seminars	230	13	13	256	1,216
Public relations	453	-	-	453	363
Professional fees	51,330	2,852	2,852	57,034	11,634
Program materials	80,199	-	-	80,199	74,007
Fees	-	-	3,668	3,668	-
Scholarships	-	-	-	-	3,000
Bad debt expense	5,153	-	-	5,153	1,130
Miscellaneous	1,609	203	289	2,101	1,913
	234,003	8,707	12,515	255,225	150,862
Depreciation	400	23	47	470	1,192
Total functional expenses	$ 474,558	$ 46,312	$ 40,367	$ 561,237	$ 601,431

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

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
STATEMENTS OF CASH FLOWS
June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,224	$ 29,700
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation	470	1,192
Unrealized gain on investments and beneficial interests	(11,272)	(10,435)
Realized gain on investments and beneficial interests	(4,036)	(24,636)
Interest and dividends reinvested, net of fees	(15,493)	(10,769)
Changes in operating assets and liabilities		
Pledges receivable	15,819	8,741
Inventory	39	(281)
Prepaid expenses	450	(169)
Cash overdraft	-	(894)
Accounts payable	14,465	(18,886)
Scholarship payable	-	(2,000)
Accrued liabilities	(10,810)	(1,949)
Deferred revenue	(24,310)	24,310
NET CASH USED IN OPERATING ACTIVITIES	(32,454)	(6,076)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments / distribution from beneficial interests	31,475	65,333
Purchases of investments / contributions to beneficial interests	-	(44,548)
NET CASH PROVIDED BY INVESTING ACTIVITIES	31,475	20,785
CASH FLOWS FROM FINANCING ACTIVITIES		
Net borrowings (repayments) on line of credit	6,171	(6,136)
NET CASH PROVIDED BY FINANCING ACTIVITIES	6,171	(6,136)
NET INCREASE IN CASH, RESTRICTED CASH, AND CASH EQUIVALENTS	5,192	8,573
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT BEGINNING OF YEAR	22,685	14,112
CASH, RESTRICTED CASH, AND CASH EQUIVALENTS AT END OF YEAR	$ 27,877	$ 22,685
DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Cash paid for interest	$ 958	$ 683

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

NOTE 1 - ORGANIZATION

Junior Achievement of North Central Ohio, Inc. (a nonprofit organization) (the “Organization”) is an affiliate of Junior Achievement USA (the “National Organization”). The Organization inspires and prepares young people to succeed in the global economy. Volunteer delivered, experiential programs give students knowledge and skills in financial literacy, work readiness and entrepreneurship. The Organization helps to enhance the relevance of students’ classroom learning and increase their understanding of the value of staying in school. The Organization maintains its operating center in Akron, which serves Medina, Portage, Summit, Holmes, Coshocton, Ashland, Richland, Knox, Crawford, Morrow, Wayne, and Marion counties.

The Organization currently supplements current school curriculum with the following sequential economic programs taught by local area business and community volunteers (consultants):

The elementary school program is designed to enhance basic understanding of a free market economy. By learning the principles of economics at an early age, students are better prepared to make decisions about their future because they understand the economic impact of those decisions.

The middle school program develops the desire in young people to value education and stay in school. Students learn critical skills from business consultants who build a bridge between the classroom and the workplace.

The high school program promotes understanding of economic principles for students nearly ready to enter college and the workforce. Many of the activities allow examination of the rewards and responsibilities of business through hands-on experiences in a virtually risk-free setting.

Students participating in the above programs totaled 21,409 and 20,154 for the years ended June 30, 2019 and 2018, respectively.

NOTE 2 - SUMMARY OF ACCOUNTING POLICIES

New Accounting Pronouncements

The Organization has adopted the accounting guidance in FASB ASU 2016-14, Not for Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities* in 2019. The update simplifies the net asset classification and investment return requirements and improves the qualitative and quantitative information disclosed about a not-for-profit entity’s liquidity. The Organization has adjusted the presentation of these statements accordingly. As a result of implementation of ASU 2016-14 certain board designated beginning net assets of $42,314 have been reclassified from with donor restriction to without donor restriction.

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers* (Topic 606). Under this standard, a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard implements a five-step process for customer contract revenue recognition that focuses on transfer of control. The standard is effective for annual reporting periods beginning after December 15, 2018. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adoption. The Organization is currently analyzing the impact of the standard on the financial statements.

In June 2018, the FASB issued ASU No. 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in the Update provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-08 is effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently assessing the impact this standard will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which requires a lessee to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases with a lease term of more than twelve months. Leases will continue to be classified as either financing or operating, with classification affecting the recognition, measurement and presentation of expenses and cash flows arising from a lease. The standard is effective for annual reporting periods beginning after December 15, 2020. The Organization is currently assessing the impact this standard will have on the financial statements.

Basis of Accounting

The Organization classifies revenue for accounting and reporting purposes according to externally (donor) imposed restrictions into two net asset categories: net assets without donor restrictions and net assets with donor restrictions. Unconditional promises to give (pledges) are recorded as receivables and revenues and the Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions.

A description of the net asset categories follows:

- Net Asset Without Donor Restrictions: Net assets that represent the operations of the Organization that include revenues and expenditures which are free of donor-imposed restrictions and temporarily restricted contributions of which the restrictions are met during the current fiscal year.
- Net Assets With Donor Restrictions: Net assets that represent amounts received that were restricted by the donor, grantor or other outside party for a specific use. At June 30, 2019 and 2018, the Organization had net assets restricted for use in the upcoming year and for the beneficial interest in fund held at Akron Community Foundation. Contributions received with restrictions whose restrictions are met within the same year are classified as net assets without donor restriction on the Statement of Activities.

Certain net assets with donor restrictions represent amounts received for which the principal must be preserved in perpetuity:

- Richard W. And Ruth C. Niemiec Endowment Fund – income earned is used to support annual student scholarships.
- Junior Achievement of North Central Ohio Fund - the Organization is the beneficiary of a fund created through contributions by the GAR Foundation and administered by the Akron Community Foundation. This is a perpetual trust, whereby, the Organization receives an annual grant of income from the trust. The beneficial interest in this fund is included in the statements of financial position of the Organization at the fair market value of the fund's assets, which totaled $161,799 and $163,266 at June 30, 2019 and 2018, respectively.

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits and cash on hand. The Organization maintains its cash with banks, which at times, may exceed federally insured limits. The Organization has not experienced any significant losses in such accounts. Management of the Organization believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Pledges Receivable

Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Pledges are considered impaired if payments are not received in accordance with the pledge terms. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to pledges receivable. The pledges receivable have been adjusted for all known uncollectible pledges. The Organization did not record any allowance for uncollectable pledges as of June 30, 2019 and 2018. At June 30, 2019, net pledges receivable to be collected by June 30, 2020 totaled $68,387. At June 30, 2018, net pledges receivable to be collected by June 30, 2019 totaled $84,206.

Property and Equipment

Property and equipment are recorded at cost and those donated are recorded at fair market value at date of gift. The Organization follows the practice of capitalizing all assets greater than or equal to $2,500 with an estimated useful life of one year or greater. Upon disposal, the cost and accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in current operations. Expenditures for routine maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line basis using the following lives for each asset classification:

Office equipment	5 years
Furniture and fixtures	5 - 10 years

Investments

Investments in equity securities, with readily determinable fair values, and all investments in debt securities are reported at fair value in the statements of financial position. In addition, gains and losses (realized or unrealized) are recognized as changes in net assets in the periods in which they occur and investment income is recognized as revenue in the period earned.

Fair Value of Financial Instruments

Fair value estimates are made at a specific point in time based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

Support and Revenue Recognition

The Organization's principal support is from charitable contributions. Contributions received are recorded as revenue with or without restriction, depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, restricted net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs that cannot be specifically identified to a function have been allocated among the program and supporting services based on factors such as an estimate of time spent by employees and square footage of space used.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Organization is required to identify potential uncertain tax positions taken, assess and quantify those positions and record reserves. As of and for the years ended June 30, 2019 and 2018, the Organization has identified no uncertain tax positions. The Organization files income tax returns in United States federal and state jurisdictions.

Estimates

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 income and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

Subsequent Events

The Organization has evaluated subsequent events through December 9, 2019, the date that the Organization's annual financial statements were available to be issued.

Effective July 1, 2019 Junior Achievement of East Central Ohio (JA Canton), merged with Junior Achievement of North Central Ohio (JA Akron). See Note 17.

In October 2019, the Akron Community Foundation approved the release of $90,000 from JANCO's restricted fund. During November 2019, $20,000 of these funds were used to pay down the line of credit balance.

NOTE 3 - INVESTMENTS AND ENDOWMENT FUNDS

Investments

Investments are classified in the other assets section of the statements of financial position and include the following at June 30:

	2019		
	Total Cost	Market Value	Unrealized Gain
Mutual funds	$ 127,584	$ 136,159	$ 8,575

	2018		
	Total Cost	Market Value	Unrealized Gain
Mutual funds	$ 123,565	$ 130,535	$ 6,970

Investment securities are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risks in the near term could materially affect the amounts reported in the statements of financial position and the statement of activities.

Endowment Funds

The Organization holds both donor designated and non-donor designated endowment funds administered by Akron Community Foundation. The Organization restricts net assets in accordance with the respective fund agreements: (a) the original value of the gifts donated to the endowment, and (b) accumulations to the endowment made in accordance with the directions of the applicable fund agreement.

The Organization has adopted investment and spending policies for endowment funds that provides for the preservation of capital while providing for the long-term growth of principle without undue exposure to risk. Mutual funds and money markets are measured at fair value using quoted market prices.

Under their policies, the Organization utilizes a strategy of cash equivalents, which is conducive to participation in a rising market while allowing for adequate protection in a failing market. The spending policy of endowment funds is explained in Note 4.

The following is a reconciliation of the beneficial interest in funds held at the Akron Community Foundation for the years ended June 30:

	2019		2018	
	Beneficial Interest In		Beneficial Interest In	
	Fund held at ACF	Perpetual fund held at ACF	Fund held at ACF	Perpetual fund held at ACF
Beginning balance	$ 568,868	$ 163,266	$ 551,283	$ 158,664
Net unrealized gain	6,270	1,730	8,751	2,515
Net realized (loss) gain	(986)	(271)	17,396	5,003
Investment return, net	8,725	2,481	7,665	2,193
Expenditures / released from restriction	(18,840)	(5,407)	(17,812)	(5,109)
Contributions	-	-	1,585	-
Ending balance	$ 564,037	$ 161,799	$ 568,868	$ 163,266

NOTE 4 - BENEFICIAL INTEREST IN ASSETS HELD BY AKRON COMMUNITY FOUNDATION

The Organization established a fund (“Fund”) at the Akron Community Foundation for the benefit of the Organization. The Organization records the beneficial interest in the assets held by the Akron Community Foundation at fair value. Fair values for the beneficial interest funds are measured using the relative fair market value of the Organization’s proportional share of funds in the pool as reported by the trustee as of June 30, 2019 and 2018. The assets of the fund are invested pursuant to the Akron Community Foundation governing instrument and investment policies.

Investment Policies (Akron Community Foundation)

Objectives

The primary objective for the investments of the Akron Community Foundation is the preservation of capital while providing for the long-term growth of principle without undue exposure to risk. The objectives shall be accomplished by utilizing a strategy of equities, fixed income, and cash equivalents and alternative investments; in a mix which is conductive to participation in a rising market while allowing for adequate protection in a falling market. The investment managers’ greatest concern should be total return with consistency of investment performance. Due to the inevitability of short-term market fluctuations, which may cause variations the investment performance, it is intended that the following objectives will be achieved by the investment managers over a 5-year moving period. The investment objectives of the plan shall be as follows:

The total return on the assets, net of investment manager fees, shall strive to exceed the Consumer Price Index plus 5% over a five year moving period. In addition, the total return on the assets, net of fees, shall strive to achieve an 8% nominal rate of return annually.

The total Fund shall be diversified both by asset class (e.g., equities, bonds, cash equivalents and alternative investments, and within equities by economic sector, industry, quality, size, investment style, etc.). However, this should not imply that assets must be diversified to the extent required to become an index of either the economy or any stock/bond exchange. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total Fund.

The purpose of the fixed income fund (bonds and cash equivalents) is to provide a deflation hedge, to reduce the overall volatility of the Fund and to produce current income in support of the needs of the Organization.

The fixed income fund and cash should normally represent approximately 16% of total Fund assets at market value, although the actual percentage of fixed income and fixed reserves will fluctuate with market conditions. The Finance Committee of Akron Community Foundation may change any of the ratios at their discretion, but it is anticipated that such changes will be infrequent.

The purpose of the equity portion is to provide a total return that will simultaneously provide for growth in principle and current income sufficient to support Organization payment requirements, while at the same time preserve the purchasing power of the Fund’s assets. It is recognized that the equity fund entails the assumption of greater market variability and risk. The equity fund should normally represent 57% of total Fund assets at market value, although the actual percentage of equities and equity reserves will vary with market conditions. The Finance Committee may change any of the ratios at their discretion, but it is anticipated that such changes will be infrequent.

Alternative investments should normally represent 20% of the total Fund assets at market value. The actual percentage of alternative investments will vary with market conditions.

Additions to principle shall be allocated by the Finance Committee. As a general rule, unless funds are allocated to a balanced manager, new cash will be used to rebalance the total Fund in the direction of the asset allocation detailed in the policy.

Each manager will also be evaluated versus a universe of managers with similar asset mixes and will be expected to consistently rank favorably over a five year moving period.
The risk adjusted performance (alpha) for each manager will be expected to be greater than zero over each three and five year moving period.

Asset Allocation

The Akron Community Foundation's Finance Committee will review the asset allocation quarterly and will re-allocate to within the guidelines below when significant differences occur:

	Asset Allocation		
	Minimum	Preferred	Maximum
Equities	52%	57%	62%
Fixed income & cash	18%	23%	33%
Alternative	10%	20%	25%

Changes in the asset allocation parameters are to be approved by the Finance Committee. The Finance Committee is given full discretion relating to asset allocation within the above specifications.

Risk Guidelines

It is recognized by the Finance Committee that a certain amount of volatility will be incurred in order to meet the secondary objective of long-term growth of capital. However, the annualized standard deviation of the total portfolio shall not exceed the comparable balanced index by more than 6.0%.

Because the growth of the portfolio is largely dependent of the equity portion, a level of volatility (beta) for the equity portion of 1.20 to that of the Standard & Poor's 500 Index of 1.00 is tolerable, if necessary. However, the level of volatility (beta) of the total portfolio shall not exceed .75 to that of the Standard & Poor's 500 Index of 1.00.

The intent of the fixed income and cash portions is to reduce the overall volatility of the portfolio. Therefore, the standard deviation of the fixed portion shall not be significantly higher than that of the Barclays Aggregate Bond Index.

Fund Distributions

Net income of the Fund shall be determined by application of the Akron Community Foundation's spending policy, which currently makes available on an annual basis up to 5% of the Fund's 12-quarter average trailing market value as a component of the Foundation's main asset pool. Distributions shall be made annually or more or less frequently as the parties may from time to time agree. Any net income not distributed shall accumulate in the Fund as undistributed income, shall be, reinvested by the Akron Community Foundation for the Fund, and together with any interest thereon, shall be available to the Organization as distributable income.

Distributions in excess of the net income of the Fund may be made if requested by the Organization, upon request by the Organization's Board of Trustees and with the approval of the Board of Directors of the Akron Community Foundation, however such approval shall not be unreasonably withheld.
In the event of any unforeseen contingency by reason of which expenditure of a portion or all of the principle of the Fund is necessary to accomplish or promote the exempt purpose of the Organization, such invasion of principal shall be permitted, upon the request by the Board of Trustees of the

Organization and with the approval of the Board of Directors of the Akron Community Foundation, however such approval shall not be unreasonably withheld.

Fees

The Akron Community Foundation shall charge the Fund an annual administration fee of 1.25% of the average market value of the Fund. The fee may be changed in the future if the Akron Community Foundation levies the changed fee on all funds administered by it; provided, however, that said fee increases shall not cause the administration fees charged to the Fund by the Akron Community Foundation to exceed the amount of fees which would be customarily charged by another community foundation.

NOTE 5 - FAIR VALUE MEASUREMENTS

Fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Organization uses a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1: Observable inputs such as quoted prices in active markets;
- Level 2: Inputs, other than the quoted prices in active markets, that are observable either directly or indirectly; and
- Level 3: Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

- *Mutual funds:* Valued based on the closing price reported on the active market on which the individual securities are traded.
- *Money market accounts:* Valued using models or other valuation methodologies based on assumptions that are observed in the active market and are classified within Level 2 of the fair value hierarchy.
- *Beneficial interest in fund and beneficial interest in perpetual fund*: This investment pool, in which the Organization participates, includes investments in equities, mutual funds, and fixed income funds. The Organization's separate accounts are adjusted with its proportion of investment activity from the investment pool throughout the year. The fair value of both, the beneficial interest in fund and beneficial interest in perpetual fund, is equal to the Organization's proportion of the quoted price obtained for total investments in the investment pool.

Financial assets and liabilities measured at fair value on a recurring basis are as follows:

	June 30, 2019		
	Level 1	Level 2	Total
Mutual funds:			
Blend funds	$ 9,422	$ -	$ 9,422
Value funds	126,737	-	126,737
Total mutual funds	136,159	-	136,159
Money market accounts	-	18,341	18,341
Held at Akron Community Foundation:			
Beneficial interest in fund	-	564,037	564,037
Beneficial interest in perpetual fund	-	161,799	161,799
Investments at fair value	$ 136,159	$ 744,177	$ 880,336

	June 30, 2018		
	Level 1	Level 2	Total
Mutual funds:			
Blend funds	$ 9,130	$ -	$ 9,130
Value funds	121,405	-	$ 121,405
Total mutual funds	130,535	-	130,535
Money market accounts	-	11,055	11,055
Held at Akron Community Foundation:			
Beneficial interest in fund	-	568,868	568,868
Beneficial interest in perpetual fund	-	163,266	163,266
Investments at fair value	$ 130,535	$ 743,189	$ 873,724

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment, at cost, was comprised of the following at June 30:

	2019	2018
Office equipment	$ 9,377	$ 9,377
Furniture and fixtures	3,167	3,167
	12,544	12,544
Less: Accumulated depreciation	(10,880)	(10,410)
	$ 1,664	$ 2,134

NOTE 7 - DONATED SERVICES AND FACILITIES

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. No amounts have been reflected in the financial statements for donated services. However, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services. Management of the Organization estimates that volunteers donated a total of 6,402 and 5,802 hours for the years ended June 30, 2019 and 2018, respectively.

During 2018, the organization occupied, without charge, certain administrative and program facilities located in Akron. The fair rental value of these premises, including utilities and services such as security and parking was estimated by management to be $9,856 for the year ended June 30, 2018. This contribution and related expense have been recorded in the statement of activities. No such donated services and facilities occurred in 2019. Additional in-kind consists of various donations in support of the Organization's special events.

NOTE 8 - MULTIEMPLOYER PENSION PLAN

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

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

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

The Organization's participation in this Plan for the annual periods ended June 30, 2019 and 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 increase in contribution percentage noted above affects the period-to-period comparability of the contributions for years 2019 and 2018.

Pension Fund	EIN/Pension Plan Number	Funded Status 2019	Funded Status 2018	Contributions of Organization 2019	Contributions of Organization 2018
Retirement Plan for Employees of Junior Achievement USA	13-163 5270 PN 333	108%	86%	$ 28,061	$ 51,757

Effective June 30, 2019, the Board of Directors of Junior Achievement USA approved the termination of the Defined Benefit Plan in which the Organization's employees participate, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied and are thereby required to make contributions equal to 13.25% of participants' eligible compensation.

NOTE 9 - HEALTH AND WELFARE BENEFITS TRUST

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

The Organization's insurance premium expense for the years ended June 30, 2019 and 2018 was $17,453 and $28,485, respectively. The Organization's policy is to fund insurance premium costs as it is billed by the National Organization.

NOTE 10 - INCENTIVE PLAN

The Organization has an incentive plan for substantially all full-time employees. Incentives are paid annually to employees based on program, revenue and strategic objective goals being met for the fiscal year. Management determined that no such accrual was necessary at June 30, 2019 and 2018.

NOTE 11 - LEASES

The Organization has operating leases for a copier and mail machine. Future minimum rental payments required under the operating leases are as follows:

2020	$	3,552
2021		3,552
2022		2,664
	$	9,768

Rent expense was $5,883 and $4,125 for the years ended June 30, 2019 and 2018, respectively.

Effective October 1, 2018, the Organization leases its office space from a related party. This lease expired on September 30, 2019. The Organization paid annual rent of $15,000 under the terms of this agreement. Subsequent to year end, the Organization relocated to a new building (See Note 17).

NOTE 12 - NATIONAL LICENSE FEE

The Organization is supported by the National Organization which seeks to ensure uniform operating standards of local programs. The National Organization provides staff assistance, training manuals, training programs and other supporting services. Participation in the National Organization requires a fee of 9% of the Organization's cash-basis public support received up to $300,000 and 1.8% of cash-basis public support in excess of $300,000. The Organization has an agreement with the National Organization whereby the Organization pays fees in ten equal installments based on audited revenues from the previous year. National license fee expense was $32,601 and $36,469 for the years ended June 30, 2019 and 2018, respectively. The related payable to the National Organization totaled $12,974 and $0 as of June 30, 2019 and 2018, respectively.

NOTE 13 – LINE OF CREDIT

On January 9, 2017, the Organization opened a line of credit with a financial institution with availability up to $25,000, secured by all assets owned by the Organization. Interest is at Prime rate plus 2.5% (7.75% and 8% at June 30, 2019 and 2018, respectively). The outstanding balance on the line of credit was $20,719 and $14,548 at June 30, 2019 and June 30, 2018, respectively.

NOTE 14 – LIQUIDITY AND AVAILABILITY

The Agency's financial assets available within one year of the statement of financial position date for general expenditures, that is, without donor or other restrictions limiting their use, are as follows as of June 30, 2019:

Total cash, restricted cash, and cash equivalents	$ 27,877
Pledges receivable	68,387
Total financial assets	96,264
Restricted cash and cash equivalents	(18,341)
Total amount not available to be used within one year	(18,341)
Financial assets available to meet general expenditures over the next twelve months	$ 77,923

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, which consist primarily of money market accounts. The Organization also has available a line of credit of $25,000 available to meet cash flow needs (See Note 13.)

NOTE 15 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2019	2018
Subject to expenditure for specified:		
Time restriction	$ 3,000	$ 6,000
Permanent with income subject to spending policy or appropriation:		
Individual donors - permanently	1,450	1,450
Niemiec scholarship endowment - permanently	61,388	55,859
Beneficial interest in assets held by community foundation - temporar	564,037	568,868
Beneficial interests in perpetual trusts - permanent	161,799	163,266
	788,674	789,443
	$ 791,674	$ 795,443

Net assets were released from donor restrictions by satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2019 and 2018:

	2019	2018
Expiration of Time Restrictions		
For the current program year	$ 3,000	$ 78,614
Restricted-purpose spending-rate distributions and appropriations		
Educational Programs	24,245	22,919
	$ 27,245	$ 101,533

NOTE 16 – RESTATEMENT OF NET ASSETS

During the June 30, 2019, it came to our attention that as of June 30, 2018 there was $75,614 of contributions that were listed as with donor restriction that should have been released during the year ended June 30, 2018. Additionally, as disclosed in Note 2, certain board designated net assets totaling $42,314 have been reclassified from with donor restrictions to without donor restrictions as of June 30, 2019 upon implementing ASU 2016-14. As a result, the beginning net assets have been restated to properly reflect these contributions as net assets without donor restrictions in the current year financial statements.

NOTE 17 – MERGER OF JUNIOR ACHIEVEMENT OF EAST CENTRAL OHIO, INC.

On July 1, 2019 The Organization entered into an agreement and plan of merger to merge the accounts and operations of Junior Achievement of East Central Ohio, Inc. ("JAECO") into the Organization, as the surviving entity. The board of directors of both of the Organization and JAECO agreed it was in the best interests of both organizations for JAECO to be merged into the Organization under the terms of the merger agreement. Under the terms of the agreement, all assets, real property, tangible property, rights, privileges, powers and franchises of the JAECO were merged and converted to the Organization. As a result of the merger, the Organization relocated to the building owned by JAECO. JAECO's unaudited statement of financial position consisted of the following assets and liabilities as of June 30, 2019 as reported on the reviewed financial statements:

Assets:	
Cash	$ 89,786
Pledges receivable	27,678
Prepaid assets	13,071
Total Current Assets	130,535
Land building and equipment	694,147
Less accumulated depreciation	(237,002)
Land, building and equipment, net	457,145
Total Assets	$ 587,680
Liabilities:	
Accounts payable and accrued liabilities	$ 3,889
Net Assets	
Without donor restrictions	567,669
With donor restrictions	16,122
Total Net Assets	583,791
Total Liabilities and Net Assets	$ 587,680

JAECO also entered into a severance agreement with an employee, as a result of the merger. The severance expense that was accrued as of the effective date of the merger and not included above was approximately $25,000 in addition to a pension liability owed of approximately $30,000.

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
REVENUE SUBJECT TO LICENSE FEE

Area ID		1001-03
Junior Achievement of		North Central Ohio
For the year ended		June 30, 2019
Revenue per audit:		
Total unrestricted revenue	$	610,786
Total permanently restricted revenue		(1,468)
Add prior year pledges receivable - gross		84,206
Subtract total current year-end pledges receivable - gross		(68,387)
Add special event expenses		31,263
Adjusted total revenue		656,400
Subtract:		
In-kind		(10,955)
Other income		(123,213)
Realized losses (gains), net - (Net gain from beneficial interests and loss on disposal of assets)		(2,393)
Unrealized loss (gain)		(3,751)
Investment income		(5,120)
Pass-through from Junior Achievement USA, if exempt from license fee		-
Revenue subject to license fee	$	510,968
License fee calculated (9% of first $300,000, 1.8% over $300,000)	$	30,797

JUNIOR ACHIEVEMENT OF NORTH CENTRAL OHIO, INC.
REVENUE SUBJECT TO LICENSE FEE
OTHER INCOME & PASSTHROUGH DETAIL

Area ID	1001-03
Junior Achievement of	North Central Ohio
For the year ended	June 30, 2019

Other income		
Program sales	$	123,213
Pass-through from Junior Achievement USA	$	-