JUNIOR ACHIEVEMENT
OF ARIZONA, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED
JUNE 30, 2014 AND 2013

Sarvas, Coleman, Edgell & Tobin, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

TERRY B. SARVAS
ROBERT F. COLEMAN
MICHAEL W. EDGELL
DEBI A. TOBIN
EDWARD L. ESPINOZA

5050 NORTH 40TH STREET • SUITE 310
PHOENIX, ARIZONA 85018
TELEPHONE (602) 241-1200 • FACSIMILE (602) 241-0162
WEBSITE: www.scetcpa.com

ANNE M. BRADER
JEROME A. BRINER
MICHAEL T. HALLER
BRYNN J. KOLINSKI
JOSHUA L. KUNDE
JOHN A. MARTELLINI
CRAIG R. NEUMANN
CORBIN A. SMITH
VIRGINIA C. TEJADA
CARLIE F. THOMASON

INDEPENDENT AUDITORS' REPORT

To the Boards of Directors of
Junior Achievement of Arizona, Inc. and Affiliates:

We have audited the accompanying combined financial statements of Junior Achievement of Arizona, Inc. and Affiliates (the "Organization") which comprise the combined statements of financial position as of June 30, 2014 and 2013, and the related combined statements of activities and changes in net assets, and of cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk

INDEPENDENT AUDITORS' REPORT (Continued)

Auditor's Responsibility (Continued)

assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Arizona, Inc. and Affiliates as of June 30, 2014 and 2013, and the changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Phoenix, Arizona
September 8, 2014

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013

ASSETS

	2014	2013
Current Assets:		
Cash and Cash Equivalents	$ 263,369	$ 626,262
Pledges Receivable - Unrestricted, net	277,045	348,553
Pledges Receivable - Temporarily Restricted, net	277,350	189,025
Other Receivables	902	3,101
Prepaid Assets	107,773	79,259
In-Kind Inventory	26,677	17,552
Total Current Assets	953,116	1,263,752
Other Assets:		
Mutual Fund Investments	2,056,732	1,928,240
Pledges Receivable, net	156,314	80,059
Other Long-Term Assets	22,815	21,400
Fixed Assets, net	2,379,041	2,531,723
Total Other Assets	4,614,902	4,561,422
Total Assets	$ 5,568,018	$ 5,825,174

LIABILITIES AND NET ASSETS

	2014	2013
Current Liabilities:		
Accounts Payable	$ 53,497	$ 26,305
Accrued Liabilities	153,879	141,175
Current Portion of Obligations Under Capital Leases	20,765	32,108
Total Current Liabilities	228,141	199,588
Obligations Under Capital Leases - Long-Term	5,112	25,877
Total Liabilities	233,253	225,465
Net Assets:		
Unrestricted	4,413,708	4,856,314
Temporarily Restricted	627,347	454,685
Permanently Restricted	293,710	288,710
Total Net Assets	5,334,765	5,599,709
Total Liabilities and Net Assets	$ 5,568,018	$ 5,825,174

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

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, Losses, and Other Support:				
Contributions:				
Corporate	$ 798,274	$ 307,800	$ -	$ 1,106,074
Foundations	232,225	-	-	232,225
Individual	130,585	21,020	5,000	156,605
Total Contributions	1,161,084	328,820	5,000	1,494,904
Special Events	995,816	149,000	-	1,144,816
Less: Direct Costs of Benefits to Donors	(261,959)	-	-	(261,959)
Special Events, net	733,857	149,000	-	882,857
Gains, Losses, and Other Support:				
Donated Items, Goods, and Services	347,310	-	-	347,310
Governmental Income	205,722	34,500	-	240,222
Unrealized Gain on Investments	120,760	28,264	-	149,024
Other Revenue, Gains, and Losses	133,777	-	-	133,777
Interest and Dividends	73,651	-	-	73,651
Realized Gain on Investments	7,499	-	-	7,499
Net Assets Released from Restrictions	367,922	(367,922)	-	-
Total Gains, Losses, and Other Support	1,256,641	(305,158)	-	951,483
Total Revenues, Gains, Losses, and Other Support	3,151,582	172,662	5,000	3,329,244
Expenses:				
Program Services	2,424,196	-	-	2,424,196
Fundraising:				
Cost of Soliciting Volunteers	21,139	-	-	21,139
Cost of Soliciting Contributions	922,456	-	-	922,456
Total Fundraising	943,595	-	-	943,595
Management and General	226,397	-	-	226,397
Total Expenses	3,594,188	-	-	3,594,188
Change in Net Assets	(442,606)	172,662	5,000	(264,944)
Net Assets, beginning of year	4,856,314	454,685	288,710	5,599,709
Net Assets, end of year	$ 4,413,708	$ 627,347	$ 293,710	$ 5,334,765

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

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES
COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, Gains, Losses, and Other Support:				
Contributions:				
Corporate	$ 884,261	$ 164,833	$ -	$ 1,049,094
Individual	509,576	500	5,000	515,076
Foundations	206,993	40,000	-	246,993
Total Contributions	1,600,830	205,333	5,000	1,811,163
Special Events	970,396	142,500	-	1,112,896
Less: Direct Costs of Benefits to Donors	(213,766)	-	-	(213,766)
Special Events, net	756,630	142,500	-	899,130
Gains, Losses, and Other Support:				
Governmental Income	199,769	45,887	-	245,656
Unrealized Loss on Investments	37,630	22,890	-	60,520
Realized Gain on Investments	(2,534)	-	-	(2,534)
Interest and Dividends	61,808	-	-	61,808
Donated Items, Goods, and Services	103,469	-	-	103,469
Other Revenue, Gains, and Losses	132,590	-	-	132,590
Net Assets Released from Restrictions	325,212	(325,212)	-	-
Total Gains, Losses, and Other Support	857,944	(256,435)	-	601,509
Total Revenues, Gains, Losses, and Other Support	3,215,404	91,398	5,000	3,311,802
Expenses:				
Program Services	2,256,629	-	-	2,256,629
Fundraising:				
Cost of Soliciting Volunteers	22,827	-	-	22,827
Cost of Soliciting Contributions	803,974	-	-	803,974
Total Fundraising	826,801	-	-	826,801
Management and General	219,400	-	-	219,400
Total Expenses	3,302,830	-	-	3,302,830
Change in Net Assets	(87,426)	91,398	5,000	8,972
Net Assets, beginning of year	4,943,740	363,287	283,710	5,590,737
Net Assets, end of year	$ 4,856,314	$ 454,685	$ 288,710	$ 5,599,709

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

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities		
Change in Net Assets	$ (264,944)	$ 8,972
Adjustments to Reconcile Change in Net Assets to Net Cash (Used for) Provided by Operating Activities		
Depreciation	194,878	230,195
Unrealized Gain on Investments	(149,024)	(60,520)
Loss on Disposal of Fixed Assets	7,261	1,268
Provision for Uncollectible Pledges Receivable	46,638	13,611
Amortization of Discount on Pledges Receivable	4,495	5,835
Donated Fixed Assets	(15,707)	(9,104)
Decrease (Increase) in Operating Assets:		
Pledges Receivable	(144,205)	(62,585)
Other Receivables	2,199	(297)
Prepaid Assets	(28,514)	23,994
In-Kind Inventory	(9,125)	1,788
Other Long-Term Assets	(1,415)	249
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	27,192	(5,695)
Accrued Liabilities	12,704	20,669
Net Cash (Used for) Provided by Operating Activities	(317,567)	168,380
Net Cash (Used for) Provided by Investing Activities, from next page	(13,218)	36,220
Net Cash Used for Financing Activities, from next page	(32,108)	(31,451)
Net (Decrease) Increase in Cash and Cash Equivalents	(362,893)	173,149
Cash and Cash Equivalents, beginning of year	626,262	453,113
Cash and Cash Equivalents, end of year	$ 263,369	$ 626,262

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

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)

	2014	2013
Cash Flows from Investing Activities		
Purchases of Fixed Assets	$ (33,750)	$ (7,048)
Purchases of Investments	(1,090,811)	(439,362)
Sales of Investments	1,118,842	480,096
Realized (Gain) Loss on Investments Reinvested	(7,499)	2,534
Net Cash (Used for) Provided by Investing Activities	$ (13,218)	$ 36,220
Cash Flows from Financing Activities		
Repayments of Obligations Under Capital Leases	$ (32,108)	$ (31,451)
Net Cash Used for Financing Activities	$ (32,108)	$ (31,451)
Schedule of Non-Cash Investing and Financing Activities		
Additions to Fixed Assets	$ 49,457	$ 24,255
Less: Obligations Under Capital Leases Entered Into for Additions to Fixed Assets	-	(8,103)
Donated Fixed Assets	(15,707)	(9,104)
Cash Used to Purchase Fixed Assets	$ 33,750	$ 7,048
Issuance of Obligation Under Capital Lease	$ -	$ 8,103
Less: Amount Issued to Purchase Fixed Assets	-	(8,103)
Proceeds from Issuance of Obligation Under Capital Lease	$ -	$ -
Cost of Fixed Assets Disposed of	$ 75,249	$ 35,031
Accumulated Depreciation on Fixed Assets Disposed of	(67,988)	(33,763)
Loss from Fixed Assets Disposed of	(7,261)	(1,268)
Proceeds from Fixed Assets Disposed of	$ -	$ -
Supplemental Disclosure of Cash Paid for:		
Interest	$ 3,935	$ 6,216
Income Taxes	$ -	$ -

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

Note 1: The Organization and Its Significant Accounting Policies

The Organization

These combined financial statements include the accounts of Junior Achievement of Arizona, Inc. (“Junior Achievement”), and the following foundations which were established for the benefit of Junior Achievement: the Foundation for Junior Achievement of Arizona, Inc., and the Steven G. Mihaylo Junior Achievement Foundation. All of these entities (collectively, the “Organization”) are under common management and control. All material inter-affiliate accounts and transactions have been eliminated in these combined financial statements.

These combined financial statements do not include the Junior Achievement Endowment Fund (“Endowment”), which is an endowment set up for the benefit of Junior Achievement at the Arizona Community Foundation. Although, as beneficiary, Junior Achievement is entitled to receive the income from the Endowment and the income is to be used solely for the Organization’s programs, the trustees of the Endowment, Arizona Community Foundation, have variance power in determining the beneficiary. Because of that power, the Endowment does not meet the requirements for recording in the Organization’s combined financial statements under Financial Accounting Standards Board Codification (“FASC”) 958-20, Not-for-Profit, Financially Interrelated Entities.

Significant Accounting Policies

Basis of Combined Financial Statements

The Organization’s combined financial statements are prepared using the accrual basis of accounting. Accordingly, all revenues are recognized when earned, and all expenses are recognized when incurred.

Management Estimates

The preparation of combined 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, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Management is of the opinion that the estimates used in these combined financial statements are materially correct, however, actual results may differ.

Note 1: The Organization and Its Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Fair Value of Financial Instruments

The Organization uses fair value measurements to record certain assets and liabilities included in these combined financial statements. Accounting principles generally accepted in the United States of America establish a hierarchy that prioritizes inputs used in measuring fair value. The three levels of inputs are:

Level 1
Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2
Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates, and similar data.

Level 3
Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, pledges receivable, other receivables, accounts payable, and other payables approximate their carrying value, principally because of the short maturity of those instruments.

The fair value of the Organization's long-term pledges receivable is estimated by discounting the expected future cash flows using the rates currently offered for deposits of similar remaining maturities (Level 3 measurement). The same valuation techniques were used during the years ended June 30, 2014 and 2013.

Note 1: The Organization and Its Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Fair Value of Financial Instruments (Continued)

The Organization carries all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the combined statements of financial position. Unrealized gains and losses are included in the accompanying combined statements of activities and changes in net assets.

Donated assets are recorded at their estimated fair market value on the date of the donation, and are carried at the lower of the originally recorded value or fair market value, if known (Level 3 measurement).

Cash and Cash Equivalents

The Organization maintains substantially all of its available cash at a national financial institution and its affiliated brokerage firm. The Organization’s funds maintained at the financial institution are insured by the Federal Deposit Insurance Corporation up to a maximum of $250,000. Funds maintained at the brokerage firm are insured by the Securities Investment Protection Corporation up to a maximum amount of $500,000, including a maximum of $250,000 for cash balances. The Organization, at times, may maintain balances in excess of these insured limits.

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

Pledges Receivable

Pledges receivable consists primarily of amounts pledged as support in connection with the Organization’s annual fund-raising campaigns and certain special events. These pledges are reported as an increase in net assets in the year in which the pledge is made by the donor.

Note 1: The Organization and Its Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Pledges Receivable (Continued)

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Amortization of the related discounts is included in contribution revenue over the life of the promise.

The Organization uses the allowance method to determine potentially uncollectible pledges receivable. This allowance is based on historical collection experience and management’s analysis of specific pledges.

Fixed Assets

Fixed assets are stated at historical cost, or if donated, at the fair market value at the date of the gift. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty-nine years. It is the Organization’s policy to capitalize fixed assets with a cost in excess of $250.

Maintenance and repairs are charged to expense and renewals and improvements are capitalized. When fixed assets are retired or disposed of, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in the combined statements of activities and changes in net assets.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are originally restricted by the donor are reported as increases in unrestricted net assets in the year in which the restrictions are fulfilled. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Note 1: The Organization and Its Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Functional Expenses

The cost of providing programs and other activities has been summarized on a functional basis in the combined statements of activities and changes in net assets. Accordingly, certain costs have been allocated among program and supporting services based on the relative benefit to each. Costs unrelated to program services are allocated between fundraising and management and general expenses.

Donated Services

The Organization recognizes contribution revenue when certain specialized services are received if the services (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These revenues are recorded at the estimated fair market value of the services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its programs and services. The fair market value of these services has not been reflected in these combined financial statements.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201(4) of the Arizona Revised Statutes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

The Organization utilizes the provisions of Financial Accounting Standards Board (“FASB”) ASC 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Note 1: The Organization and Its Significant Accounting Policies (Continued)

Significant Accounting Policies (Continued)

Income Taxes (Continued)

Based on the Organization's evaluation of the June 30, 2011 through 2013 income tax returns and positions expected to be taken in the June 30, 2014 income tax returns, the Organization did not engage in activities or take uncertain tax positions that would jeopardize its tax-exempt status, or generate unrelated business income, which would be subject to taxation. In the event the Organization is assessed interest or penalties by major tax jurisdictions, it will be included in the provision for income taxes in the combined financial statements.

The Organization's federal and state income tax returns for the years ended June 30, 2011 through 2014 are subject to possible examination by the related taxing authorities. The taxing authorities generally have a period of three years after the returns were filed to examine them.

Advertising Costs

The Organization uses third-party advertising and its own website to promote its programs among the public it serves. All advertising costs are expensed as incurred. The Organization incurred $4,500 in advertising costs during the year ended June 30, 2014. The Organization did not incur any advertising costs during the year ended June 30, 2013.

Concentration of Revenues

The majority of the Organization's revenues arises from contributions and support from businesses, foundations, and individuals, most of whom are located or reside in the Phoenix and Tucson, Arizona metropolitan areas.

Note 2: Mutual Fund Investments

Investments in mutual funds classified as available-for-sale consist of the following as of June 30:

	2014		2013	
	Fair Market Value	Cost	Fair Market Value	Cost
Bond Funds	$ 874,150	$ 856,589	$ 1,058,939	$ 1,073,394
Equity Funds	946,552	754,264	702,222	621,615
Real Property	133,394	122,525	92,434	91,214
Other	102,636	102,777	74,645	70,463
Total Mutual Fund Investments	$ 2,056,732	$ 1,836,155	$ 1,928,240	$ 1,856,686

Note 3: Pledges Receivable

Pledges receivable consist of the following as of June 30:

	2014	2013
Capital/JA BizTown® Campaigns	$ 7,500	$ 15,000
All Other Campaigns	748,832	629,765
Allowance for Uncollectible Pledges	(34,000)	(20,000)
Pledges Receivable Before Discount	722,332	624,765
Less: Unamortized Discount	(11,623)	(7,128)
Pledges Receivable, net	$ 710,709	$ 617,637
Amounts Due In:		
Less than one year	$ 554,395	$ 537,578
One to five years	156,314	80,059
Total	$ 710,709	$ 617,637

Pledges receivable with due dates extending beyond one year were discounted using rates effective on the date of the pledge, which were 3.25 percent.

Note 4: Fixed Assets

Fixed assets consist of the following as of June 30:

	2014	2013
Building	$ 2,733,460	$ 2,738,683
Equipment	387,539	423,883
Land Improvements - Parking Lot	343,703	343,703
Furniture	183,202	183,366
Sponsor Improvements	43,967	28,881
Construction-in-Progress	854	-
	3,692,725	3,718,516
Less: Accumulated Depreciation	(1,771,384)	(1,644,493)
	1,921,341	2,074,023
Land	457,700	457,700
	$ 2,379,041	$ 2,531,723

Depreciation expense was $194,878 and $230,195 for the years ended June 30, 2014 and 2013, respectively, and is allocated to program services, fundraising, and management and general expense in the combined statements of activities and changes in net assets.

Note 5: Life Insurance Policies

The Organization owns and is the beneficiary of life insurance policies on three individuals. These policies have a combined face value of $48,000, and have estimated death values of $61,797 and $60,782 as of June 30, 2014 and 2013, respectively. The individuals provide the Organization with the funds to make the related premium payments. Upon the death of the insured, the Organization will receive all benefits payable and, if the policy is terminated prior to the death of the insured, the Organization will receive the policy cash surrender value. As of June 30, 2014 and 2013, respectively, the estimated net cash value of the policies totaled $19,707 and $18,292, which is included in long-term assets in the combined statements of financial position.

Note 6: Line of Credit

The Organization has a revolving line of credit agreement with a national financial institution which allows for advances to a maximum of $250,000. This line of credit accrues interest at the greater of 5 percent or the prime rate plus 1 percent, is secured by substantially all of the Organization's unrestricted net assets, and matures during January 2015. As of June 30, 2014 and 2013, there were no amounts outstanding under this line of credit agreement.

Note 7: Obligations Under Capital Leases

The Organization leases certain fixed assets under agreements that have been classified as capital leases. The related assets are included in fixed assets at a cost of $121,663 with accumulated depreciation of $85,913 and $55,902, respectively, as of June 30, 2014 and 2013. The fixed assets serve as collateral under these capital leases.

Obligations under capital leases consist of the following as of June 30:

	2014	2013
Obligations Under Capital Leases	$ 25,877	$ 57,985
Less: Current Portion	(20,765)	(32,108)
	$ 5,112	$ 25,877

Note 7: Obligations Under Capital Leases (Continued)

Future minimum payments under these lease agreements are as follows during the year ending June 30:

2015	$ 21,839
2016	1,971
2017	1,971
2018	1,807
2019	-
	27,588
Less: Amount Representing Interest	(1,711)
Present Value of Future Minimum Lease Payments	$ 25,877

Note 8: Operating Leases

The Organization is party to an operating lease agreement for a lot used as an additional parking lot for the Organization’s office located in Tempe, Arizona. This lease requires monthly payments of $1,772 through May 31, 2018.

Future minimum lease payments under this lease agreement are as follows during the year ending June 30:

2015	$ 21,364
2016	21,269
2017	21,269
2018	19,497
	$ 83,399

Note 8: Operating Leases (Continued)

The Organization incurred rents of $22,910 and $22,289 under this lease agreement, and an additional month-to-month lease of storage space, during the years ended June 30, 2014 and 2013, respectively.

The Organization’s Tucson office space is provided at no charge by a member of the Organization’s Boards of Directors.

Note 9: Restricted Net Assets

Temporarily restricted net assets consist primarily of amounts to be used for scholarships and special events.

Permanently restricted net assets have donor-imposed restrictions that require the principal to be maintained in perpetuity. Investment income earned may be used by the Organization for program expenses, general operations, or scholarships, as designated by the donors.

Note 10: Donated Items, Goods, and Services

Contributed goods and materials, fixed assets, and services are recorded in the accompanying combined financial statements at estimated fair market value on the date of receipt. Contributed items, goods, and services received by the Organization to be used as auction items or otherwise be provided to donors and participants in connection with special events are recorded at estimated fair market value as in-kind inventory and in-kind revenue. When the Organization utilizes the contributed items, goods and services at the special events, in-kind inventory and in-kind revenue are reduced and the proceeds from the sale of the contributed items, goods and services are recorded as special events revenue.

Note 10: Donated Items, Goods, and Services (Continued)

Total in-kind contributions included in revenues were as follows during the years ended June 30:

	2014	2013
In-Kind Inventory	$ 103,585	$ 200,732
Services	72,882	12,315
Goods and Materials	249,696	67,390
Fixed Assets	15,707	9,104
Total In-Kind Contributions	441,870	289,541
Items, Goods, and Services Utilized at Special Events	(94,559)	(186,072)
Donated Items, Goods, and Services Revenue	$ 347,311	$ 103,469

Contributed goods, materials and services are recorded in the following functional expense categories during the years ended June 30:

	2014	2013
Donated Goods and Materials:		
Fundraising	$ 23,576	$ 28,909
Management and General	2,101	5,138
Program Services	224,019	33,343
Total Donated Goods and Materials	$ 249,696	$ 67,390
Donated Services:		
Fundraising	$ 29,467	$ 2,695
Management and General	23,685	4,090
Program Services	19,730	5,530
Total Donated Services	$ 72,882	$ 12,315

Note 11: Retirement Plans

The Organization has a defined contribution retirement plan which covers all employees who have met certain age and length of service requirements, as defined in the plan document.

The Organization makes contributions of 6.3 percent of eligible annual compensation to the plan. Contributions to the plan were $51,070 and $63,338 during the years ended June 30, 2014 and 2013, respectively.

The Organization has a 403(b) retirement plan. This plan allows employees to defer compensation on a pre-tax basis. The Organization does not contribute to this plan.

The Organization also has a 457(b) retirement plan. This plan allows highly compensated employees to defer additional compensation on a pre-tax basis. The Organization's president is the only participant in this plan. The Organization does not contribute to this plan.

Note 12: Related Party Transactions

The Organization incurred national franchise fees totaling $74,296 and $66,872 to Junior Achievement, Inc. ("JA USA") during the years ended June 30, 2014 and 2013, respectively. The fee for the year ended June 30, 2014 was based upon actual revenue reported to JA USA during the period from July 1, 2011 through June 30, 2012, less any allowed waivers. The fee for the year ended June 30, 2013 was based upon actual revenue reported to JA USA during the period from July 1, 2010 through June 30, 2011, less any allowed waivers.

The Organization incurred liability insurance premiums totaling $23,602 and $23,327 to JA USA during the years ended June 30, 2014 and 2013, respectively. The premium for the year ended June 30, 2014 was based upon actual student numbers reported to JA USA during the period from July 1, 2011 through June 30, 2012. The premium for the year ended June 30, 2013 was based upon actual student numbers reported to JA USA during the period from July 1, 2010 through June 30, 2011.

The Organization also incurs an assessment of $1.50 per student for the intellectual content of the JA BizTown® and JA Finance Park® programs. The student fees incurred to JA USA were $29,696 and $27,594 for the years ended June 30, 2014 and 2013, respectively.

Note 12: Related Party Transactions (Continued)

The Organization purchased and utilized certain educational materials from JA USA in the amounts of $258,569 and $247,690 during the years ended June 30, 2014 and 2013, respectively.

The Organization receives contributions, goods, and services from various members of the Organization's Board of Directors and from their companies and employers, some at reduced rates and some at no cost to the Organization. Such goods and services include telephone service, legal services, advertising, moving services, and donated fixed assets. Management does not consider any of these transactions to be material to the combined financial statements.

The Organization also maintains substantially all of its available funds and has a line of credit and capital leases with companies whose employees serve on its Boards of Directors.

Note 13: Risks and Uncertainties

The Organization invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and could materially affect the amounts reported in the combined statements of financial position.

Note 14: Subsequent Events

The Organization has evaluated subsequent events through September 8, 2014, the date that these combined financial statements were available to be issued. There were no subsequent events that require adjustment to, or disclosure in the combined financial statements.