

**Junior Achievement
of Northern New England, Inc.**

Financial Statements
and
Independent Auditors' Report
June 30, 2016 and 2015



Daniel Dennis & Company LLP

Certified Public Accountants

Independent Auditors' Report

To the Board of Directors of
Junior Achievement of Northern New England, Inc.

We have audited the accompanying financial statements of Junior Achievement of Northern New England, Inc. (the Organization) which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Northern New England, Inc. as of June 30, 2016 and 2015, 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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information schedules (as prescribed by Junior Achievement USA) are presented for purposes of additional analysis and are 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.

Daniel Dennis + Company LPA

December 13, 2016

Junior Achievement of Northern New England, Inc.
 Statements of Financial Position
 June 30, 2016 and 2015

<i>Assets</i>		
	2016	2015
<i>Assets</i>		
<i>Current Assets</i>		
Cash and cash equivalents	\$ 94,704	\$ 356,928
Accounts receivable	76,762	54,948
Pledges receivable	89,046	109,492
Inventory	4,369	9,681
Prepaid expenses	<u>10,769</u>	<u>5,934</u>
Total current assets	<u>275,650</u>	<u>536,983</u>
 <i>Other Assets</i>		
Cash and cash equivalents	53,563	26,210
Investments, at fair value	676,885	650,214
Security deposit	9,988	9,988
Property and equipment, net	<u>11,215</u>	<u>18,017</u>
Total other assets	<u>751,651</u>	<u>704,429</u>
Total assets	<u><u>\$ 1,027,301</u></u>	<u><u>\$ 1,241,412</u></u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
<i>Current Liabilities</i>		
Accounts payable and accrued expenses	\$ 98,613	\$ 64,824
Refundable advances	90,115	57,249
Deferred rent	<u>-</u>	<u>5,634</u>
Total current liabilities	<u>188,728</u>	<u>127,707</u>
Total liabilities	<u>188,728</u>	<u>127,707</u>
 <i>Net Assets</i>		
Unrestricted	518,716	778,227
Temporarily restricted	219,857	235,478
Permanently restricted	<u>100,000</u>	<u>100,000</u>
Total net assets	<u>838,573</u>	<u>1,113,705</u>
Total liabilities and net assets	<u><u>\$ 1,027,301</u></u>	<u><u>\$ 1,241,412</u></u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.

Statements of Activities

For the Years Ended June 30, 2016 and 2015

	2016				2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Public Support and Revenues</i>								
Contributions:								
Corporations	\$ 219,798	\$ 44,434	\$ -	\$ 264,232	\$ 130,883	\$ 159,833	\$ -	\$ 290,716
Individuals	185,596	700	-	186,296	249,276	1,000	-	250,276
Foundations	167,116	90,690	-	257,806	374,894	43,989	-	418,883
Total contributions	<u>572,510</u>	<u>135,824</u>	<u>-</u>	<u>708,334</u>	<u>755,053</u>	<u>204,822</u>	<u>-</u>	<u>959,875</u>
Special events	667,116	-	-	667,116	942,820	-	-	942,820
Less special events expenses	(239,562)	-	-	(239,562)	(275,880)	-	-	(275,880)
Net special events income	<u>427,554</u>	<u>-</u>	<u>-</u>	<u>427,554</u>	<u>666,940</u>	<u>-</u>	<u>-</u>	<u>666,940</u>
Realized gains/(loss) on investments	(40,565)	(5,001)	-	(45,566)	(12,661)	2,955	-	(9,706)
Unrealized gain/(loss) on investments	15,420	4,318	-	19,738	(11,873)	(3,461)	-	(15,334)
Inkind contributions	23,199	-	-	23,199	450	-	-	450
Other income	17,199	-	-	17,199	19,282	-	-	19,282
Net assets released from restrictions	150,762	(150,762)	-	-	248,579	(248,579)	-	-
Total public support and revenues	<u>1,166,079</u>	<u>(15,621)</u>	<u>-</u>	<u>1,150,458</u>	<u>1,665,770</u>	<u>(44,263)</u>	<u>-</u>	<u>1,621,507</u>
<i>Expenses</i>								
Program expenses	884,713	-	-	884,713	916,941	-	-	916,941
Management and general expense	227,069	-	-	227,069	289,050	-	-	289,050
Fundraising	313,808	-	-	313,808	412,682	-	-	412,682
Total expenses	<u>1,425,590</u>	<u>-</u>	<u>-</u>	<u>1,425,590</u>	<u>1,618,673</u>	<u>-</u>	<u>-</u>	<u>1,618,673</u>
Change in net assets	(259,511)	(15,621)	-	(275,132)	47,097	(44,263)	-	2,834
Net assets, beginning of year	778,227	235,478	100,000	1,113,705	731,130	279,741	100,000	1,110,871
Net assets, end of year	<u>\$ 518,716</u>	<u>\$ 219,857</u>	<u>\$ 100,000</u>	<u>\$ 838,573</u>	<u>\$ 778,227</u>	<u>\$ 235,478</u>	<u>\$ 100,000</u>	<u>\$ 1,113,705</u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2016 and 2015

	<u>2016</u>				<u>2015</u>			
	<i>Program</i>	<i>General and Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>	<i>Program</i>	<i>General and Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>
Salaries and related expenses	\$ 560,824	\$ 165,352	\$ 230,858	\$ 957,034	\$ 630,030	\$ 228,871	\$ 334,551	\$ 1,193,452
Program materials	171,057	-	-	171,057	153,427	-	-	153,427
Rent	49,938	14,724	20,556	85,218	35,761	13,082	19,364	68,207
License fee	18,774	8,269	23,806	50,849	22,341	6,152	26,292	54,785
Office expenses	4,575	1,349	1,883	7,807	4,426	1,619	2,397	8,442
Travel, auto and meals	9,177	2,706	3,778	15,661	11,859	4,338	6,422	22,619
Professional fees	-	19,271	-	19,271	-	17,660	-	17,660
Telephone	4,026	1,187	1,657	6,870	3,796	1,389	2,055	7,240
Insurance	11,713	334	467	12,514	10,903	429	635	11,967
Training	2,768	2,484	1,140	6,392	2,161	3,764	1,170	7,095
Public relations	-	-	13,760	13,760	-	-	2,410	2,410
Equipment lease	4,252	1,254	1,750	7,256	5,811	2,126	3,147	11,084
Scholarships	10,000	-	-	10,000	5,000	-	-	5,000
Payroll and bank fees	8,672	2,557	3,570	14,799	10,462	3,827	5,665	19,954
Depreciation	6,015	1,774	2,476	10,265	6,971	2,550	3,775	13,296
Bad debt expense	8,790	2,592	3,618	15,000	5,860	2,144	3,173	11,177
Utilities	1,642	484	676	2,802	1,883	689	1,020	3,592
Other expenses	12,490	2,732	3,813	19,035	6,250	410	606	7,266
Total expenses	<u>\$ 884,713</u>	<u>\$ 227,069</u>	<u>\$ 313,808</u>	<u>\$ 1,425,590</u>	<u>\$ 916,941</u>	<u>\$ 289,050</u>	<u>\$ 412,682</u>	<u>\$ 1,618,673</u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$(275,132)	\$ 2,834
Adjustments to reconcile change in net assets to net cash provided by in operating activities		
Depreciation	10,265	13,296
Bad debt expense	15,000	11,177
Net unrealized loss/(gain) on investments	(19,738)	15,334
Net realized loss/(gain) on sale of investments	45,566	9,706
Net investment loss/(income)	(16,663)	(18,667)
Changes that provide/(use) cash		
Accounts receivable	(21,814)	(11,963)
Pledges receivable	5,446	22,333
Inventory	5,312	(3,182)
Prepaid expenses	(4,835)	2,689
Accounts payable and accrued expenses	33,789	17,863
Refundable advances	32,866	(5,041)
Deferred rent	<u>(5,634)</u>	<u>(8,870)</u>
Net cash (used in)/ provided by operating activities	<u>(195,572)</u>	<u>47,509</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds from the sale of investments	626,197	560,382
Purchase of investments	(662,033)	(659,310)
Purchase of equipment	<u>(3,463)</u>	<u>(331)</u>
Net cash used in investing activities	<u>(39,299)</u>	<u>(99,259)</u>
Net decrease in cash and cash equivalents	(234,871)	(51,750)
Cash and cash equivalents - beginning of year	<u>383,138</u>	<u>434,888</u>
Cash and cash equivalents - end of year	<u>\$ 148,267</u>	<u>\$ 383,138</u>
<i>Reconciliation to Cash and Cash Equivalents on the Statement of Financial Position</i>		
Cash and cash equivalents - current	\$ 94,704	\$ 356,928
Cash and cash equivalents - other	<u>53,563</u>	<u>26,210</u>
Total	<u>\$ 148,267</u>	<u>\$ 383,138</u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements

June 30, 2016 and 2015

1. *Nature of Organization*

Junior Achievement of Northern New England, Inc. (the "Organization") is a Massachusetts not-for-profit organization. The Organization is a regional chapter of JA USA, an international organization. The mission of the Organization is to educate and inspire young people to value free enterprise, understand business and economics, and prepare themselves for the workforce. The Organization is based in Waltham, Massachusetts and sponsors educational programs and events in Northern New England. A description of the Organization's major programs is as follows:

Elementary School

The elementary school programs include five sequential themes for kindergarten through fifth-grade students. Students learn the basic concepts of business and economics and how education is relevant to the workplace. The sequential activities build on studies from each preceding grade and prepare students for secondary school and lifelong learning.

Middle School

The middle grades programs for students in grades sixth through ninth build on concepts the students learned in the elementary school program and help teens make difficult decisions about how to best prepare for their educational and professional future. The programs supplement standard social studies curricula and develop communication skills that are essential to success in the business world.

High School

As high school students in grades ninth through twelfth begin to position themselves for their future, there are many unanswered questions about what lies ahead. The Organization's high school programs help students make informed, intelligent decisions about their future, and foster skills that will be highly useful in the business world.

2. *Summary of Significant Accounting Policies*

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting for financial reporting in accordance with accounting principles generally accepted in the United States of America.

Classification and Reporting of Net Assets

The assets, liabilities, and net assets of the Organization are classified into three classes of net assets. These classifications are related to the existence or absence of donor-imposed restrictions as follows:

- Unrestricted net assets represent the portion of the net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Junior Achievement of Northern New England, Inc.
Notes to Financial Statements - *Continued*
June 30, 2016 and 2015

2. *Summary of Significant Accounting Policies - Continued*

Classification and Reporting of Net Assets - Continued

- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization defines cash and cash equivalents as short-term, highly liquid investments with initial maturities of three months or less.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions received without donor imposed restrictions, or with donor imposed restrictions that are satisfied in the same year as received, are recorded as revenues within the unrestricted net asset class. Contributions received with donor imposed specific purpose or time restrictions that are not satisfied within the same year are recorded as revenue within the temporarily restricted net asset class. When a restriction has been satisfied (payment has been made in accordance with the restriction or the time restriction has expired), the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that do not expire are recorded as revenue within the permanently restricted net asset class.

The Organization receives donated materials and services in support of its programs. Donated materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if they were not donated are recorded as in-kind contributions in the financial statements. Donated services such as fund-raising, clerical assistance, or other volunteer efforts not requiring specialized skills are not recorded in the financial statements.

Junior Achievement of Northern New England, Inc.
Notes to Financial Statements - *Continued*
June 30, 2016 and 2015

2. *Summary of Significant Accounting Policies - Continued*

Inventory

Inventory, consisting of program kits, is stated at the lower-of-cost or market based on the first-in first-out method.

Property and Equipment

The Organization capitalizes as property and equipment all purchases of assets having a useful life of more than one year and greater than \$100. Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized.

Use of 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pledges Receivable

Unconditional promises to give are recognized as revenue and receivables in the period in which the promise is made. Unconditional promises to give that are expected to be collected within the next year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are discounted to the present value of their net realizable value. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. The Organization has determined that all pledges receivable are collectible for the years ending June 30, 2016 and 2015; therefore, no related allowance has been recorded.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization for special event fees. An allowance for bad debt is provided based on management's evaluation of potential uncollectible accounts receivable at year-end. The Organization has determined that all accounts receivable are collectible for the years ending June 30, 2016 and 2015; therefore, no related allowance has been recorded.

Refundable Advances

Cash received as payment in advance for participation in special events is recorded as refundable advances, and is recognized as revenue when the event occurs.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

2. *Summary of Significant Accounting Policies - Continued*

Functional Allocation of Expenses

The costs of providing the various programs and activities of the Organization have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Value Measurements

The Financial Accounting Standards Board established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described below:

- Level 1 Inputs - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.
- Level 2 Inputs - Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; inputs other than quoted prices that are observable, such as models or other valuation methodologies; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 Inputs – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 and Investment Income

Investments in marketable securities with readily determinable fair values are valued at their fair values in the statements of financial position. Investments in mutual funds and equity and debt securities are measured at fair value, as determined by market quotations.

Investment income earned and unrealized gains/(losses) on unrestricted investments are reported as increases/(decreases) in unrestricted net assets. Unrealized gains and losses on permanently restricted investments are recorded as increases/(decreases) in temporarily restricted net assets on the statement of activities.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

2. *Summary of Significant Accounting Policies - Continued*

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2016 and 2015, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its fiscal year 2016 returns and believes they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. The Organization's fiscal year 2013 through 2015 tax years remain subject to examination by Federal and state tax authorities.

3. *Property and Equipment*

Property and equipment as of June 30, 2016 and 2015 are summarized as follows:

	<i>2016</i>	<i>2015</i>
Office equipment	\$ 61,453	\$65,164
Furniture and fixtures	<u>18,685</u>	<u>18,685</u>
Total	80,138	83,849
Less accumulated depreciation	<u>(68,923)</u>	<u>(65,832)</u>
Property and equipment - net	<u>\$ 11,215</u>	<u>\$18,017</u>

Depreciation expense for the years ended June 30, 2016 and 2015 totaled \$10,265 and \$13,296, respectively.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

4. Investments

Investment consist of mutual funds at June 30, 2016 and 2015. Fair value of mutual funds is based on quoted prices in active markets.

Interest and dividend income, totaling \$23,424 and \$24,890, respectively, net of investment expenses totaling \$6,761 and \$6,222, respectively, are reported as other income in the statements of activities.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at June 30, 2016 and 2015:

<i>Description</i>	<i>2016</i>			
	<i>Fair Value</i>	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>
Corporate Bond Funds	\$ 185,737	\$ 185,737	\$ -	\$ -
Government Bond Funds	289,890	289,890	-	-
Small Blend Funds	12,845	12,845	-	-
Large Blend Funds	32,269	32,269	-	-
Large Value Funds	22,530	22,530	-	-
Medium Growth	1,558	1,558	-	-
Large Growth	20,562	20,562	-	-
Specialty Funds	20,026	20,026	-	-
Cyclical Funds	18,907	18,907	-	-
Financial Funds	18,193	18,193	-	-
International Stock Funds	<u>54,368</u>	<u>54,368</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 676,885</u>	<u>\$ 676,885</u>	<u>\$ -</u>	<u>\$ -</u>

<i>Description</i>	<i>2015</i>			
	<i>Fair Value</i>	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>
Corporate Bonds Funds	\$ 297,482	\$ 297,482	\$ -	\$ -
Small Blend Funds	14,698	14,698	-	-
Large Blend Funds	111,959	111,959	-	-
Large Value Funds	40,251	40,251	-	-
Specialty Funds	102,758	102,758	-	-
Cyclical Funds	21,739	21,739	-	-
Financial Funds	22,235	22,235	-	-
International Stock Funds	<u>39,092</u>	<u>39,092</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 650,214</u>	<u>\$ 650,214</u>	<u>\$ -</u>	<u>\$ -</u>

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

5. *Endowment*

The Organization's endowment consists of one permanently restricted fund and a board designated fund. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor restrictions require the Organization to maintain permanently restricted net assets in perpetuity.

The Board of Directors of the Organization (the Board) has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The Organization has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified portfolio of liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price. The goal is, net of spending, to grow the aggregate portfolio value of the endowment by at least the rate of inflation, which based on historical trends, is estimated to be 3% per annum over the Organization's investment horizon (5 years), while adhering to the risk parameters established in the investment policy. Actual returns in any given year may vary from this amount.

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Organization has a policy of appropriating for distribution each year an amount that exceeds 3% of the fund's total return per annum, which is measured based upon the moving average of the last three years' fund total return measured at the end of the month preceding the budget process. The exact amount spent each year is determined in the budget process and approved by the Board annually.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

5. *Endowment – Continued*

A summary of the endowment activity is as follows:

	<i>2016</i>	<i>2015</i>
Endowment net assets - beginning of year	<u>\$ 793,195</u>	<u>\$ 810,438</u>
Investment return:		
Investment income	27,699	29,019
Net depreciation (realized and unrealized)	<u>(25,482)</u>	<u>(25,040)</u>
Total investment return	2,217	3,979
Contributions	-	-
Withdrawals	-	(15,000)
Fees	<u>(6,449)</u>	<u>(6,222)</u>
Endowment net assets - end of year	788,963	793,195
Less permanently restricted net assets	(100,000)	(100,000)
Less temporarily restricted net assets	<u>(25,796)</u>	<u>(21,478)</u>
Endowment unrestricted net assets	<u>\$ 663,167</u>	<u>\$ 671,717</u>

In prior years, the Organization borrowed a total of \$272,000 from the endowment to fund operations in accordance with their Fund Spending and Borrowing Policy Statement. The Organization made principal payments on this loan totaling \$0 and \$15,000 during fiscal years 2016 and 2015, respectively. The balance on this loan totaled \$137,642 and \$137,642 at June 30, 2016 and 2015, respectively. At June 30, 2016 and 2015, accrued interest on this loan totaled \$8,382 and \$4,129, respectively.

6. *Lease Commitments*

The Organization leases its office facility under an operating lease that expires on January 31, 2019. Rent expense for the years ended June 30, 2016 and 2015 totaled \$85,218 and \$68,207, respectively. Future minimum rent under this operating lease is as follows:

<i>June 30,</i>	<i>Amount</i>
2017	85,158
2018	85,158
2019	<u>49,676</u>
Total	<u>\$ 219,992</u>

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

7. *Inkind Contributions*

In-kind contributions of services and materials to support programs and special events have been recorded at fair value as both revenue and expense in the accompanying statements of activities. For the years ended June 30, 2016 and 2015, in-kind contributions totaled \$43,985 and \$32,332, respectively.

8. *Related Party Transactions*

The Organization pays Junior Achievement USA (JA USA) an annual license fee calculated as a percentage of revenues generated. The annual license fee expense for the years ended June 30, 2016 and 2015 was \$50,849 and \$54,785, respectively.

The Organization also purchases program insurance and certain program materials from JA USA. Such purchases for the years ended June 30, 2016 and 2015 amounted to \$178,744 and \$182,352, respectively.

Amounts due to JA USA at June 30, 2016 and 2015 totaled \$5,469 and \$323, respectively.

9. *Pension Plan*

The Organization participates in a pension plan (the Plan) sponsored by JA USA. The Plan covers all employees with at least one year and 1,000 hours of service. Benefits are determined based on years of service and salary history. The Plan is funded by participating employers as assessed by JA USA. The Organization recognizes its required contribution for the year as pension expense and recognizes unpaid contributions required for the year as a liability. Plan assets are invested by JA USA. Participating employers who withdraw from the Plan remain liable for accumulated funding obligations. Total pension expense for the years ended June 30, 2016 and 2015 was \$29,631, and is included in salaries and related expenses in the statements of functional expenses. At June 30, 2016 and 2015 there were unpaid contributions in the amount of \$0 and \$2,469, respectively.

10. *Concentrations of Credit Risk*

The Organization invests in various investment securities. Investment securities 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 such changes could materially affect the amounts reported in the statements of financial position.

The Organization's bank account is held at a financial institution that is FDIC insured up to the maximum amount of \$250,000 per depositor. The balance on deposit in this account may exceed this insured limit through the fiscal year. The Organization has not experienced any losses in this account, and management believes that the Organization is not exposed to any significant credit risk on cash.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2016 and 2015

11. *Restricted Net Assets*

Temporarily restricted net assets at June 30, 2016 and 2015 consisted of the following:

<i>Description</i>	<i>2016</i>	<i>2015</i>
Net appreciation on endowment investments	\$ 25,795	\$ 21,478
Program restricted	<u>194,062</u>	<u>214,000</u>
Total	<u>\$ 219,857</u>	<u>\$ 235,478</u>

Permanently restricted net assets consist of a program endowment that is required to be invested in perpetuity. Investment income earned on this endowment is restricted to use for specific organizational programs.

12. *Subsequent Events*

The Organization has evaluated subsequent events through December 13, 2016 which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 that requires recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

Junior Achievement of Northern New England, Inc.
 Financial Information Schedule
 (As Prescribed By JA USA)
 For the Year ended June 30, 2016

Audited Revenue Subject to License Fee

Area ID: 100901

Junior Achievement of Northern New England

For Year Ending June 30, 2016

Revenue per Audit:

Total Unrestricted Revenue	\$ 1,166,079
Total Permanently Restricted Revenue	-
Add in 6/30/15 Total Pledges (Accounts Receivable) - Gross	164,440
Subtract 6/30/16 Total Pledges (Accounts Receivable) - Gross	(165,808)
Add Special Event Expenses	
if Net Special Event was presented:	239,562
 Adjusted Total Revenue:	 1,404,273

Subtract:

In-Kind	(23,198)
In-Kind Special Event (if included in Special Event Revenue)	(20,787)
Other Income - from Statement of Activities	(535)
Realized Gains/Losses (other than temporarily restricted)	40,565
Unrealized Gains/Losses (other than temporarily restricted)	(15,420)
Investment Income	(16,663)
Interest	-
Rental Income	-
Pass-through from Junior Achievement USA, if it was exempt from License Fee	(100,950)
Actual Pledges Write-offs	(15,000)

If the following two items are included in the Adjusted Revenue section above,
 including Released from Restriction, attach a signed waiver:

* Capital Campaign	-
* Scholarships for Higher Education	-

Total Subject to License Fee: \$ 1,252,285

License Fee Calculated: \$ 44,141

(9% of first \$300,000, 1.8% over \$300,000)

* Must have signed waivers

Junior Achievement of Northern New England, Inc.
Financial Information Schedule
(As Prescribed By JA USA)
For the Year ended June 30, 2016

Area ID 100901

Fiscal Year Ending June 30, 2016

Other Income:

Other Income \$ 535

Total Other Income \$ 535

Junior Achievement of Northern New England, Inc.
Financial Information Schedule
(As Prescribed By JA USA)
For the Year ended June 30, 2016

Area ID 100901
Fiscal Year Ending June 30, 2016

Pass-Through from JA USA:

<i>Purpose/Donor</i>	<i>Date</i>	<i>Amount</i>	<i>Exempt</i>	<i>Not Exempt</i>
Cisco	7/7/2015	\$ 25,000	\$ 25,000	\$ -
State Street Bank	11/18/2015	25	-	25
Fidelity & Santander	1/19/2016	16,950	16,950	-
AIG	1/28/2016	25,000	25,000	-
TD Ameritrade	1/7/2016	8,000	8,000	-
Santander	2/24/2016	25,000	25,000	-
Gen RE	3/1/2016	1,000	1,000	-
Windham Professionals	3/23/2016	900	-	900
State Street Bank	4/18/2016	20	-	20
Voya	6/7/2016	10,000	-	10,000
Total		<u>\$ 111,895</u>	<u>\$ 100,950</u>	<u>\$ 10,945</u>
Total Exempt Pass-Through			<u>\$ 100,950</u>	