

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND
THE JUNIOR ACHIEVEMENT FOUNDATION OF THE
UPPER MIDWEST**

Maplewood, Minnesota

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2018 and 2017

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

TABLE OF CONTENTS

Independent Auditors' Report	1 - 2
Consolidated Financial Statements	
Consolidated Statement of Financial Position	3 - 4
Consolidated Statement of Activities	5 - 6
Consolidated Statement of Functional Expenses	7 - 8
Consolidated Statements of Cash Flows	9
Notes to Consolidated Financial Statements	10 - 28
Supplementary Consolidating Information	
Consolidating Statements of Financial Position	29 - 30
Consolidating Statements of Activities	31 - 32
Other Supplementary Information – Junior Achievement of the Upper Midwest, Inc.	
Schedule of Activities – Operating and Campaign	33

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Junior Achievement of the Upper Midwest, Inc.
St. Paul, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Junior Achievement of the Upper Midwest, Inc. and the Junior Achievement Foundation of the Upper Midwest (collectively, the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information as of and for the years ended June 30, 2018 and 2017, on pages 29 through 32 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated financial statements. The other supplementary information for the years ended June 30, 2018 and 2017, on page 33 is presented for purposes of additional analysis of the consolidated financial statements and is also not a required part of the consolidated financial statements. Such information presented in the consolidating and other supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating and other supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Minneapolis, Minnesota
December 5, 2018

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2018

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,390,362	\$ 574,627	\$ -	\$ 1,964,989
Investments	40,805	-	-	40,805
Pledges receivable - net	853,239	2,333,080	-	3,186,319
Inventory	85,392	-	-	85,392
Prepaid assets	45,527	-	-	45,527
Total Current Assets	<u>2,415,325</u>	<u>2,907,707</u>	<u>-</u>	<u>5,323,032</u>
LONG-TERM ASSETS				
Property and equipment - net				
Land and land improvements	297,113	-	-	297,113
Buildings	2,734,566	-	-	2,734,566
Building in progress	9,644,011	-	-	9,644,011
Furniture and equipment	780,293	-	-	780,293
	<u>13,455,983</u>	<u>-</u>	<u>-</u>	<u>13,455,983</u>
Less accumulated depreciation	2,023,428	-	-	2,023,428
Net property and equipment	11,432,555	-	-	11,432,555
Cash and cash equivalents for long-term purposes	91,800	185,156	-	276,956
Cash in escrow (Note 6)	7,646,316	-	-	7,646,316
Pledges receivable for long-term purposes, net	810,350	2,616,603	-	3,426,953
Investments	75,039	200,244	578,722	854,005
Notes Receivable - NMTC (Note 6)	11,303,400	-	-	11,303,400
Total Long-Term Assets	<u>31,359,460</u>	<u>3,002,003</u>	<u>578,722</u>	<u>34,940,185</u>
TOTAL ASSETS	<u>\$ 33,774,785</u>	<u>\$ 5,909,710</u>	<u>\$ 578,722</u>	<u>\$ 40,263,217</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 54,540	\$ -	\$ -	\$ 54,540
Construction payables	2,255,522	-	-	2,255,522
Other payables	436,721	-	-	436,721
Current maturity of long-term liabilities	57,491	-	-	57,491
Total Current Liabilities	<u>2,804,274</u>	<u>-</u>	<u>-</u>	<u>2,804,274</u>
LONG-TERM LIABILITIES				
Capital leases (Note 5)	3,967	-	-	3,967
Notes payables (Note 6)	1,950,000	-	-	1,950,000
Pledge notes payable (Note 6), net	3,544,411	-	-	3,544,411
Notes payable NMTC A (Note 6)	4,336,600	-	-	4,336,600
Notes payable NMTC B (Note 6), net	10,677,282	-	-	10,677,282
Total Long-Term Liabilities	<u>20,512,260</u>	<u>-</u>	<u>-</u>	<u>20,512,260</u>
Total Liabilities	<u>23,316,534</u>	<u>-</u>	<u>-</u>	<u>23,316,534</u>
NET ASSETS				
Unrestricted net assets	10,458,251	-	-	10,458,251
Temporarily restricted net assets	-	5,909,710	-	5,909,710
Permanently restricted net assets	-	-	578,722	578,722
Total Net Assets	<u>10,458,251</u>	<u>5,909,710</u>	<u>578,722</u>	<u>16,946,683</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 33,774,785</u>	<u>\$ 5,909,710</u>	<u>\$ 578,722</u>	<u>\$ 40,263,217</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2017

ASSETS	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,322,900	\$ 401,740	\$ -	\$ 1,724,640
Investments	55,439	-	-	55,439
Pledges receivable - net	473,735	319,790	-	793,525
Inventory	72,816	-	-	72,816
Prepaid assets	142,390	-	-	142,390
Total Current Assets	<u>2,067,280</u>	<u>721,530</u>	<u>-</u>	<u>2,788,810</u>
LONG-TERM ASSETS				
Property and equipment - net				
Land and land improvements	297,113	-	-	297,113
Buildings	2,734,566	-	-	2,734,566
Building in progress	285,277	-	-	285,277
Furniture and equipment	498,551	-	-	498,551
	<u>3,815,507</u>	<u>-</u>	<u>-</u>	<u>3,815,507</u>
Less accumulated depreciation	1,871,997	-	-	1,871,997
Net property and equipment	1,943,510	-	-	1,943,510
Cash and cash equivalents for long-term purposes	-	1,431,779	-	1,431,779
Cash in escrow	-	900,000	-	900,000
Pledges receivable for long-term purposes, net	110,816	2,973,438	-	3,084,254
Investments	335,672	158,011	578,722	1,072,405
Total Long-Term Assets	<u>2,389,998</u>	<u>5,463,228</u>	<u>578,722</u>	<u>8,431,948</u>
TOTAL ASSETS	<u>\$ 4,457,278</u>	<u>\$ 6,184,758</u>	<u>\$ 578,722</u>	<u>\$ 11,220,758</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 159,197	\$ -	\$ -	\$ 159,197
Other payables	402,528	-	-	402,528
Current maturity of long-term liabilities	17,773	-	-	17,773
Total Current Liabilities	<u>579,498</u>	<u>-</u>	<u>-</u>	<u>579,498</u>
LONG-TERM LIABILITIES				
Capital leases	11,292	-	-	11,292
Total Long-Term Liabilities	<u>11,292</u>	<u>-</u>	<u>-</u>	<u>11,292</u>
Total Liabilities	<u>590,790</u>	<u>-</u>	<u>-</u>	<u>590,790</u>
NET ASSETS				
Unrestricted net assets	3,866,488	-	-	3,866,488
Temporarily restricted net assets	-	6,184,758	-	6,184,758
Permanently restricted net assets	-	-	578,722	578,722
Total Net Assets	<u>3,866,488</u>	<u>6,184,758</u>	<u>578,722</u>	<u>10,629,968</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,457,278</u>	<u>\$ 6,184,758</u>	<u>\$ 578,722</u>	<u>\$ 11,220,758</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions				
Corporate	\$ 1,233,542	\$ 2,818,441	\$ -	\$ 4,051,983
Individual	371,015	2,089,784	-	2,460,799
Foundations	852,243	2,396,500	-	3,248,743
Special events, net of direct benefit to donors	924,198	-	-	924,198
Program fees	252,448	-	-	252,448
Unrealized gain on investments	21,180	39,737	-	60,917
Interest and dividends	4,461	2,496	-	6,957
Other income, including in-kind gifts	169,871	-	-	169,871
Net assets released from restriction	<u>7,622,006</u>	<u>(7,622,006)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	11,450,964	(275,048)	-	11,175,916
EXPENSES				
Program expenses	3,542,172	-	-	3,542,172
Fundraising expenses				
Volunteer expenses	202,076	-	-	202,076
Contribution expenses	706,052	-	-	706,052
Management and general	<u>408,901</u>	<u>-</u>	<u>-</u>	<u>408,901</u>
Total Expenses	<u>4,859,201</u>	<u>-</u>	<u>-</u>	<u>4,859,201</u>
Change in Net Assets	6,591,763	(275,048)	-	6,316,715
Net Assets, Beginning of the Year	<u>3,866,488</u>	<u>6,184,758</u>	<u>578,722</u>	<u>10,629,968</u>
Net Assets, End of the Year	<u>\$ 10,458,251</u>	<u>\$ 5,909,710</u>	<u>\$ 578,722</u>	<u>\$ 16,946,683</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions				
Corporate	\$ 1,226,377	\$ 1,357,000	\$ -	\$ 2,583,377
Individual	433,729	420,928	-	854,657
Foundations	445,510	1,602,000	-	2,047,510
Special events, net of direct benefit to donors	984,545	-	-	984,545
Program fees	271,511	-	-	271,511
Unrealized gain on investments	34,753	59,268	-	94,021
Interest and dividends	398	5,513	-	5,911
Other income, including in-kind gifts	329,212	-	-	329,212
Net assets released from restriction	<u>1,611,799</u>	<u>(1,611,799)</u>	<u>-</u>	<u>-</u>
Total Revenues, Gains and Other Support	5,337,834	1,832,910	-	7,170,744
EXPENSES				
Program expenses	3,549,898	-	-	3,549,898
Fundraising expenses				
Volunteer expenses	205,455	-	-	205,455
Contribution expenses	907,392	-	-	907,392
Management and general	<u>407,403</u>	<u>-</u>	<u>-</u>	<u>407,403</u>
Total Expenses	<u>5,070,148</u>	<u>-</u>	<u>-</u>	<u>5,070,148</u>
Change in Net Assets	267,686	1,832,910	-	2,100,596
Net Assets, Beginning of the Year	<u>3,598,802</u>	<u>4,351,848</u>	<u>578,722</u>	<u>8,529,372</u>
Net Assets, End of the Year	<u>\$ 3,866,488</u>	<u>\$ 6,184,758</u>	<u>\$ 578,722</u>	<u>\$ 10,629,968</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	Supporting Services				Total
	Program Expenses	Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Personnel					
Salaries and wages	\$ 1,671,338	\$ 136,643	\$ 413,863	\$ 262,665	\$ 2,484,509
Payroll taxes, benefits and development	419,205	34,273	103,805	65,880	623,163
Total Personnel	2,090,543	170,916	517,668	328,545	3,107,672
Materials, principally purchased from the National Organization	602,464	-	-	-	602,464
Other program costs	126,081	-	-	-	126,081
Scholarships	34,750	-	-	-	34,750
National Organization participation fees	89,986	-	5,920	22,497	118,403
Professional services	144,471	11,811	45,333	22,706	224,321
Office supplies, equipment and maintenance	83,061	6,791	20,568	13,053	123,473
Building maintenance	161,163	3,571	8,038	5,763	178,535
Travel	48,211	3,942	11,938	7,576	71,667
Miscellaneous	24,616	2,013	89,763	3,868	120,260
Cost of direct benefits to donors	-	-	199,670	-	199,670
Total Functional Expenses Before Depreciation	3,405,346	199,044	898,898	404,008	4,907,296
Depreciation	136,826	3,032	6,824	4,893	151,575
Total Functional Expenses	3,542,172	202,076	905,722	408,901	5,058,871
Cost of direct benefit to donors netted against revenue	-	-	(199,670)	-	(199,670)
Net Functional Expenses (see Note 12)	<u>\$ 3,542,172</u>	<u>\$ 202,076</u>	<u>\$ 706,052</u>	<u>\$ 408,901</u>	<u>\$ 4,859,201</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	Supporting Services				Total
	Program Expenses	Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Personnel					
Salaries and wages	\$ 1,637,253	\$ 135,151	\$ 339,663	\$ 245,215	\$ 2,357,282
Payroll taxes, benefits and development	412,853	34,080	85,650	61,834	594,417
Total Personnel	2,050,106	169,231	425,313	307,049	2,951,699
Materials, principally purchased from the National Organization	594,725	-	-	-	594,725
Other program costs	96,081	-	-	-	96,081
Scholarships	22,000	-	-	-	22,000
National Organization participation fees	95,961	-	6,313	23,990	126,264
Professional services	175,728	14,506	348,447	26,319	565,000
Office supplies, equipment and maintenance	71,417	5,895	14,816	10,695	102,823
Building maintenance	227,195	5,034	11,331	8,125	251,685
Travel	56,509	4,665	11,723	8,463	81,360
Miscellaneous	42,870	3,525	83,598	18,566	148,559
Cost of direct benefits to donors	-	-	208,723	-	208,723
Total Functional Expenses Before Depreciation	3,432,592	202,856	1,110,264	403,207	5,148,919
Depreciation	117,306	2,599	5,851	4,196	129,952
Total Functional Expenses	3,549,898	205,455	1,116,115	407,403	5,278,871
Cost of direct benefit to donors netted against revenue	-	-	(208,723)	-	(208,723)
Net Functional Expenses (see Note 12)	<u>\$ 3,549,898</u>	<u>\$ 205,455</u>	<u>\$ 907,392</u>	<u>\$ 407,403</u>	<u>\$ 5,070,148</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2018 with Comparative Totals for June 30, 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 6,316,715	\$ 2,100,596
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	151,575	129,952
Unrealized and realized gains on investments, net	(60,917)	(94,021)
Uncollectible pledges	28,929	29,306
Loss on asset disposal	1,289	-
Changes in assets and liabilities		
Pledges receivable	(754,000)	663,176
Inventory	(12,576)	(13,241)
Prepaid assets	96,863	(54,663)
Accounts payable	(104,657)	92,449
Other payables	34,193	166,208
Gifts restricted for long-term investment	(4,795,253)	(2,783,128)
Net Cash from Operating Activities	902,161	236,634
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(4,636,387)	(320,366)
Cash issued on long-term notes receivable	(11,303,400)	-
Change in cash committed to escrow	-	(825,000)
Purchase of investments	(6,049)	-
Proceeds from the sale of investments	300,000	296,210
Net Cash (used in) Investing Activities	(15,645,836)	(849,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Gifts received for long-term investment	2,784,831	2,779,490
Advances on long-term debt, net of costs	13,055,657	-
Payments of deferred financing costs	(143,680)	-
Payments on long-term debt and capital leases	(1,867,607)	(17,241)
Net Cash from Financing Activities	13,829,201	2,762,249
Net increase in cash and cash equivalents	(914,474)	2,149,727
CASH AND CASH EQUIVALENTS - Beginning of Year	3,156,419	1,006,692
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,241,945	\$ 3,156,419

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Junior Achievement offers financial literacy, college and career readiness, and entrepreneurship education to K-12 students in Minnesota, North Dakota and western Wisconsin. JA empowers students to make a connection between what they learn in school and how it can be applied in the real world – enhancing the relevance of their classroom learning and increasing their understanding of the value of staying in school.

The accompanying consolidated financial statements include the accounts of Junior Achievement of the Upper Midwest, Inc. (Junior Achievement), and the Junior Achievement Foundation of the Upper Midwest (the Foundation). The Foundation was incorporated in April 1997 as a not-for-profit organization to be operated exclusively for the benefit of and to carry out the purposes of Junior Achievement. All inter-organization accounts and transactions have been eliminated in the accompanying financial statements. Junior Achievement of the Upper Midwest, Inc. and the Junior Achievement Foundation of the Upper Midwest, are collectively referred to as the Organization.

The Organization operates in the states of Minnesota, North Dakota and three counties of western Wisconsin. Junior Achievement's revenues are derived primarily from corporate and individual contributions, class fees and fundraising events held locally. The Foundation's primary sources of financial support are individual contributors. Additionally, the Organization is an affiliate of Junior Achievement, USA Inc. (the National Organization) and Junior Achievement Worldwide, Inc. (the Global Organization).

Programs

The Organization's primary program activity is to provide essential economic education, in a variety of program formats, to students K-12. All core programs and materials are available free of charge to any school/educator, with the exception of Capstone programs. Core economic education programs offered annually include:

Traditional classroom – JAUM reached more than 165,000 students during the 2017-2018 school year with approximately 1.2 million contact hours. We achieve this reach in part through our age-appropriate classroom curriculum that begins in elementary school. Students learn how they can impact the world around them as individuals, workers, and consumers. Programming continues through middle and high school, where we focus on key content areas of financial literacy, college and career readiness, and entrepreneurship.

Elementary school programs – JA's elementary school programs are the foundation of our curricula. The kindergarten through fifth grade themes, as well as after-school and capstone experiences, work to change students' lives by helping them learn the basic concepts of business and understand the important role of education in preparing for a future career. Each volunteer-led program consists of five lessons.

Middle school programs – The middle grades programs build on concepts the students learned in elementary school 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. Each volunteer-led program consists of six lessons.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

High school programs – As high school students begin to position themselves for their future, there are many unanswered questions about what lies ahead. Junior Achievement's high school programs help students make informed, intelligent decisions about their future, and foster skills through important entrepreneurial concepts that will be valuable in the business world. Each volunteer-led program consists of five to twelve lessons.

Capstone - Capstone programs take the Junior Achievement experience to the next level. These programs are centered on a learning laboratory experience that serves as a hands-on experiment for students to apply what they have learned in the classroom. Capstone programs include: JA BizTown, JA Finance Park, JA Titan and JA Company Program. JA Finance Park is also available in an on-line version that allows the curriculum and simulation to occur on-site at the school location.

JA BizTown – Elementary school students are not old enough to drive, work, vote, or be the boss. But that doesn't stop them from operating banks, managing restaurants, writing checks, and voting for mayor at JA BizTown. The program combines in-class learning with a day-long visit to this fully-interactive simulated free market facility. The program helps students connect the dots between what they learn in school and the real world. Through daily lessons, hands-on activities, and active participation in this simulated community designed to support differentiated learning styles, students develop a strong understanding of the relationship between what they learn in school and their successful participation in a global economy.

JA Finance Park – Taking students into the world of business, JA Finance Park introduces personal planning and career exploration. It is designed to be taught to middle grade and high school students by classroom teachers. At the culmination of this program, students visit JA Finance Park in a virtual simulation or an on-site day to put into practice what they have learned about economic options and the principles of budgeting. Assisted by their teachers and a staff of trained volunteers, students have the opportunity to develop and commit to a personal budget.

JA Titan - In JA Titan, students apply their knowledge of business as they compete online to create and market a successful company in this interactive business simulation. While simulating "business quarters," students make decisions on price, production, marketing, capital investment, and R & D. JA Titan enhances business, economics and math skills while demonstrating the impact that decisions have on the success or failure of a company. JA Titan can take place at school, at an area business, or in our capstone facility in Maplewood, Minnesota. Test your skills by playing a sample game at <http://titanpublic.ja.org>.

JA Company Program - The JA Company Program is the pinnacle business and leadership experience for 9th-12th grade students. This re-designed program emphasizes activities to teach high school students how to start a company. Students are encouraged to use innovative thinking to create, market, and operate their own business as part of a school-based organization, club, or in an after-school setting. Over 13 – 20 weeks, students capitalize by selling stock, crowd funding or angel investing. They conduct market research and select a product or a service to market and sell. After operating the company for a period of time, they pay off their shareholders and liquidate their company. By organizing and operating an actual business, students develop the skills and knowledge that will set them apart when competing for scholarships, college acceptance and eventually a spot in the global marketplace. Through this in-depth leadership and entrepreneurship program, students gain real world business experience by working in teams of 15-20 to conceptualize, capitalize and manage their own small business. Hosted and advised by entrepreneurs and corporate volunteers, students will gain insight around larger concepts, such as market research, business leadership, financial management while developing valuable 21st Century Skills.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted, based on the existence or absence of donor-imposed restrictions.

Accounting Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported support, revenues and expenses. The allocation of functional expenses and the useful lives of property and equipment incorporate significant estimates and assumptions. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization's cash balances are held primarily at three financial institutions and at times exceed FDIC insurance limits.

The Organization considers all cash on deposit, money market funds, and any highly liquid instruments or certificates of deposit purchased with an original maturity of three months or less to be cash and equivalents. However, cash and equivalents invested as part of the Organization's investment strategies and/or which is classified within restricted net asset classifications and not available for use in operations, is included in investments in the accompanying consolidated statement of financial position.

Cash in escrow consists of amounts held for the renovation of a new Experiential Learning Center (see Notes 6 and 12).

Investments

Investments in cash equivalents, money market and marketable securities are recorded at current fair values primarily based on quoted market prices. Donated investments are initially recorded at their fair value on the date of donation and thereafter at the current fair value. Realized and unrealized gains and losses are recorded in the consolidated statement of activities as they occur.

Investment income earned is recorded as unrestricted, temporarily restricted, or permanently restricted, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated financial statements.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over estimated useful lives by use of the straight line method. The estimated useful life for buildings is 30 years and for furniture and equipment is 5 years. Maintenance and repairs are expensed as incurred. Major improvements and betterments are capitalized. The present values of capital lease obligations are classified as long-term debt and the related assets are included in equipment. Amortization of equipment under capital leases is included in depreciation expense. The Organization capitalizes property and equipment additions in excess of \$1,000.

Long-lived assets such as property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including, but not limited to, discounted cash flow models, quoted market values and third-party independent appraisals. No impairments of long-lived assets were recorded during the years ended June 30, 2018 or 2017.

Notes Receivable - NMTC

Notes receivable related to the New Markets Tax Credit (NMTC) program financing structure, is due from an unrelated financial institution and has payment schedules timed to coincide with payment due under the NMTC loans payable (see Note 6).

Debt Issuance Costs

Debt issuance costs relate to the Hemak Experiential Learning Center renovation project funding by the NMTC program financing. These costs are amortized over the life of the debt on a straight-line basis starting in fiscal 2019, when the renovation is completed. These costs are presented net against the notes payable to which they relate (see Note 6).

Income Taxes

The Internal Revenue Service has determined that Junior Achievement and the Foundation, through the Junior Achievement USA group exemption, are nonprofit entities exempt from federal and state income taxes under the provisions of the Internal Revenue Code, Section 501(c)(3) and applicable state statutes.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization for uncertain tax positions as of June 30, 2018 or 2017. The Organization's tax returns are subject to review and examination by federal and state authorities.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Net Assets

The change in net assets on the statement of activities reflects the difference between revenues and expenses within the fiscal year. The change in net assets can result in an increase or decrease in consolidated net assets. The revenues reflect the contributions and program fees received by the Organization, special events revenue received, investment income, and unrealized and realized gains or losses on investments. The expenses reflect the direct and indirect expenses of operating programs, fundraising, and management and general expenses of the Organization. Management's approach to operating the Organization is to be prudent with the resources and assets of the Organization by budgeting for a surplus, i.e., an increase in consolidated net assets. A surplus in the change in net assets provides for consistent cash flow, a reduced need for obtaining financing which reduces the Organization's per student costs for programs and services offered by Junior Achievement.

Contributions and Pledges

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization classifies temporarily restricted donations for which the restrictions expire in the same year as unrestricted contributions.

Unconditional pledges to give are recognized as revenues in the period received as assets or decreases of liabilities, depending on the form of the benefit received. Conditional pledges to give are recognized when the conditions on which they depend are substantially met. The Organization had one conditional pledge at June 30, 2017 of \$1,500,000 which was recognized during 2018 upon receiving additional comprehensive campaign gifts for the renovation of the new Experiential Learning Center (see Note 12).

Pledges receivable (unconditional promises to give) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash inflows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. Amortization of the discounts, if considered significant to the consolidated financial statements, is included in contribution revenue. An allowance for uncollectible contributions receivable is based on historical experience and management's evaluation of receivables at the end of each year. Bad debts are written off when deemed uncollectible.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Materials and Services

Donated materials and other gifts in kind are shown as revenues, gains and other support in the accompanying statements at their estimated fair values at date of receipt. The Organization recognizes contributed services at their estimated fair value if the services meet the requirements for recognition under accounting principles generally accepted in the United States of America, which are generally that the services provided require specialized skills and would have been purchased if not provided by contribution. The Organization's programs are delivered to students primarily by volunteers. Thus, the Organization is the beneficiary of significant amounts of time donated by a substantial number of volunteers. However, no amounts are recognized for these donated services since they do not meet the criteria for recognition. The Organization had in-kind donations for the fiscal years ending June 30, 2018 and 2017 of approximately \$161,000 and \$242,700, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. The functional allocation of expenses was based upon Management's best estimates considering square footage, labor, and other factors. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The Organization has evaluated subsequent events through December 5, 2018, the date which the financial statements were available to be issued.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This new accounting guidance outlines a single comprehensive model for entities to use in accounting for revenue from contracts with customers. ASU No. 2014-09 is effective for fiscal years beginning after December 15, 2018. Early application is permitted for fiscal years beginning after December 15, 2016. The Organization is assessing the impact this new standard will have on its financial statements.

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The new guidance improves and simplifies the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-14 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

In November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the combining statement of cash flows. ASU 2016-18 is effective for fiscal years beginning after December 15, 2018 (fiscal year 2020), with early adoption permitted. ASU 2016-18 is to be applied retroactively with transition provisions. The Organization is assessing the impact this standard will have on its financial statements.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 1 – NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contributions is conditional. ASU 2018-08 is effective for fiscal years beginning after June 15, 2018 (fiscal year 2019). The Organization is assessing the impact this standard will have on its financial statements.

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consist of the following instruments at June 30:

	2018	2017
Managed Investment Portfolio		
Cash equivalents	\$ 40,800	\$ 55,400
Fixed income	200,000	250,300
Equity securities	576,500	623,000
Commodities and other investments	56,700	112,000
Real asset funds	20,800	87,100
Total Investments	894,800	1,127,800
Less amounts classified as short-term investment	40,800	55,400
Long-term investments	\$ 854,000	\$ 1,072,400

Accounting standards define fair value as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under these standards, a three-level hierarchy is used for fair value measurements based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

- Level 2 – Inputs other than quoted priced included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs.

- Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risk) using the best information available in the circumstances, which may include the reporting entity's own data.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 2 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. As of June 30, 2018 and 2017, all of the investments are classified as Level 1 according to the fair value hierarchy.

The Organization has investments in money market funds which approximate fair value. The fair value of the remaining investments, including mutual funds, equity securities, brokerage funds, and real estate investment trusts, are based on quoted market prices.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. There were no changes in the assumptions or methodologies used to determine the Organization's estimates of fair value during the years ended June 30, 2018 and 2017.

NOTE 3 – PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	2018	2017
Net pledges receivable for operations, unrestricted	\$ 248,800	\$ 599,600
Net pledges receivable for operations, temporarily restricted	1,741,900	637,100
Net pledges receivable for capital acquisition	4,637,500	2,556,100
Net pledges receivable for foundation purposes	100	100,000
Less allowance for doubtful pledges	(15,000)	(15,000)
	\$ 6,613,300	\$ 3,877,800

Pledges totaling \$3,427,000 and \$3,084,000 as of June 30, 2018 and 2017, respectively, represent that are due within five years and are classified as long-term in the financial statements. The remaining \$3,186,300 and \$794,000 in pledges as of June 30, 2018 and 2017, respectively, represent operating pledges that are due within one year.

NOTE 4 – EMPLOYEE RETIREMENT PLANS

All full-time employees of the Organization are eligible to participate and contribute a portion of their salary to a 403(b) retirement plan of their choice. Currently, all participating employees are contributing to a plan sponsored by the Organization and administered by T. Rowe Price. The Organization has elected not to provide for employer contributions and therefore contributions are limited to employees' elected contributions.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 4 – EMPLOYEE RETIREMENT PLANS (Continued)

The Organization is a participant in the contributory multi-employer defined benefit pension plan of the National Organization (EIN 13-1635270; Plan Number: 333). Participation in the Plan is mandatory for all employees. The current actuarial value of accumulated benefits and net assets available for plan benefits are determined for the national plan in total. Under the Employee Retirement Income Security Act of 1974, the Organization may be liable for its share of the defined benefit portion of the National Plan's unfunded liabilities if the Organization were to withdraw from the National Plan or it was terminated. Information is not available from the administrators of the Plan to permit the Organization to determine its share of accumulated defined benefit plan benefits and net assets available for benefits. There is no recognition of the funded status of the Plan in the financial statements.

Employer contributions are determined actuarially to cover the cost of plan benefits which are not provided by employee contributions. Employer contributions deposited with the National Organization under this plan were approximately \$300,200 for fiscal 2018 and \$292,400 for fiscal 2017 based on 16.75% of participants' eligible compensation. These contributions are less than 5% of total contributions to the Plan each year. The Plan is not required by the Pension Protection Act of 2006 to report a certified zone; however, the Plan is between 79% and 92% funded.

NOTE 5 – CAPITALIZED LEASE OBLIGATIONS

At June 30, 2018 and 2017, the Organization had several capital leases for various items of equipment over terms of three to four years. The equipment leases are payable in monthly installments totaling \$1,600, with implicit interest rates at 5%. The Organization is obligated to pay costs of insurance, taxes, repairs and maintenance pursuant to the terms of the leases.

Property and equipment include the following amounts for equipment held under capital leases at June 30:

	2018	2017
Equipment	\$ 82,800	\$ 82,800
Accumulated amortization	(72,300)	(55,800)
Net equipment under capital lease	\$ 10,500	\$ 27,000

Amortization expense is included in depreciation expense in the consolidated statement of activities.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 5 – CAPITALIZED LEASE OBLIGATIONS (Continued)

At June 30, 2018, the Organization had the following minimum commitments by fiscal year for payment of rentals under these leases:

	Capital Leases
Year Ending June 30	
2019	\$ 7,800
2020	2,400
2021	1,700
Total lease commitments	11,900
Less amounts representing interest	(400)
Present value of minimum lease payments	11,500
Less amount classified as current liabilities	(7,500)
Long-term capital lease liabilities	\$ 4,000

NOTE 6 – NOTES PAYABLE AND NEW MARKET TAX CREDIT PROGRAM FINANCING

Lines of Credit

The Organization has a revolving line of credit with a financial institution for a \$400,000 borrowing limit that expires on November 5, 2018. There were no outstanding borrowings at June 30, 2018 or 2017, but funds were drawn in connection with the purchase and renovation of the Experimental Learning Center (see Note 12). The interest rate provided under the line of credit agreement was a floating rate equal to the financial institution's indexed rate, with a minimum rate of 5.00%.

The Organization has a line of credit with a financial institution for a \$1,500,000 borrowing limit that matures on January 10, 2023. The entire line was drawn at June 30, 2018 and there were no outstanding borrowings at June 30, 2017. The interest rate provided under the line of credit agreement is a floating rate equal to the financial institution's indexed rate, with a minimum rate of 4.5%. Borrowings are secured by Maplewood, Minnesota real property owned by Junior Achievement of the Upper Midwest, Inc. in the amount of approximately \$1,415,000. Monthly principal payments of \$6,250 are due beginning November 2018. It is expected the line will be paid off upon a sale of the Maplewood property.

Program Related Investment (PRI)

The Organization received a five-year \$500,000 PRI from a foundation during 2018. For accounting and reporting purposes, the PRI is accounted for as long-term debt. The interest rate on the PRI is 2.5%. Annual interest-only payments of \$12,500 are due each December. The entire principal balance is due December 2022.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 6 – NOTES PAYABLE AND NEW MARKET TAX CREDIT PROGRAM FINANCING (Continued)

New Market Tax Credit Program Financing

On June 28, 2018, the Organization closed on \$16,000,000 New Market Tax Credit program financing. The financing provide federal tax incentives to the investing banks in exchange for which the Organization anticipates forgiveness of a portion of the outstanding principal balance remaining at the end of the initial seven year period. There are two types of NMTC notes payables. Notes Payable A for \$11,303,400 and Notes Payable B for \$4,336,600, both with interest only payments due quarterly at an annual rate of 1.7839% through June 2025, then quarterly installments of \$834,400, including interest and principal, through June 2048. Any unpaid principal balance and all accrued interest will be due and payable at the maturity date, subject to an early termination provision in June 2025. The Notes are secured by real and personal property owned by the Organization for building renovations with a current book value of \$9,644,000 and restricted cash escrow of \$7,646,300 at June 30, 2018. Related debt issuance costs paid relating to these notes payable total \$626,100.

In connection with the NMTC program financing, the Foundation, acting as a leveraged lender, entered into a note receivable arrangement with an unrelated organization totaling \$11,303,400. The Note Receivable bears an interest rate of 2% over a 30 year term. The repayment terms and the collateral on the Note Receivable approximate the terms and the collateral of the NMTC notes payable. Interest income earned on the Note Receivable will be included in investment income. The Foundation anticipates purchasing the security interest in the unrelated organization in seven years. This unrelated organization holds the Notes Payable A. After the purchase, the Foundation would own both the Note Receivable and the Notes Payable A and they would cancel. At this time, it is anticipated that Notes Payable B will be forgiven, and the Organization would realize approximately \$3,200,000 benefit, net of program costs of approximately \$1,800,000.

In order to establish the Foundation as the leveraged lender, certain campaign gifts, both pledged and collected, were contributed from Junior Achievement to the Foundation. These gifts totaled \$11,410,800. The contribution is eliminated in the Organization's consolidated financial statements.

Pledge Note Payable

In conjunction with the NMTC program financing, the Organization has a pledge note payable with a financial institution for \$3,651,800 that matures on June 28, 2025. The interest rate provided under the note payable is 4.75%. Borrowings are secured by pledge receivables owned by the Foundation. Monthly interest-only payments are required with principal payments made quarterly as the secured pledge receivables are collected. Any remaining amounts outstanding are due in full on June 28, 2025. Related debt issuance costs paid relating to this note payable total \$107,400 at June 30, 2018.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 6 – NOTES PAYABLE AND NEW MARKET TAX CREDIT PROGRAM FINANCING (Continued)

Maturities of long-term notes payable are as follows:

	Repayable	Forgivable	Total
Year Ending June 30,			
2019	\$ 50,000	\$ -	\$ 50,000
2020	75,000	-	75,000
2021	75,000	-	75,000
2022	575,000	-	575,000
2023	1,225,000	-	1,225,000
Thereafter	14,955,800	4,336,000	19,291,800
Total	\$ 16,955,800	\$ 4,336,000	\$ 21,291,800
Less debt issue costs			(733,500)
Less amounts reflected as current			(50,000)
			\$ 20,508,300

NOTE 7 – NET ASSETS

Permanently restricted net assets are limited by donor imposed stipulations requiring principal to be invested in perpetuity and investment net income may be expended. Temporarily restricted net assets are limited by donor restrictions to support program activities or the occurrence of other specified events or passage of time.

Permanently and temporarily restricted net assets are restricted for the following purposes at June 30:

	2018		2017	
	Permanently Restricted	Temporarily Restricted	Permanently Restricted	Temporarily Restricted
Restricted for subsequent fiscal year operations	\$ -	\$ 1,534,900	\$ -	\$ 790,100
Restricted for renovation of building and future building operation	-	4,157,100	-	5,198,800
JA Foundation Endowment ⁽¹⁾	578,700	217,700	578,700	195,900
	\$ 578,700	\$ 5,909,700	\$ 578,700	\$ 6,184,800

⁽¹⁾ The JA Foundation Endowment Fund represents gifts donated with the stipulation that the principal be maintained intact in perpetuity and that the investment income is used to carry out the purposes of Junior Achievement of the Upper Midwest. These donor-restricted endowment funds are further described in Note 9.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors as follows for the years ended June 30:

	2018	2017
Temporarily Restricted		
Satisfaction of program and time restrictions	\$ 7,583,800	\$ 1,580,700
Appropriation of earnings of endowment	38,200	31,100
	\$ 7,622,000	\$ 1,611,800

NOTE 9 – ENDOWMENT FUNDS

The Organization's endowments consist of donor-restricted and board-restricted funds established for the support of the Organization as discussed in Note 7. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. Endowment assets consist of cash, investments and pledge receivables.

Interpretation of Relevant Law

Minnesota has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Organization's Board of Directors has interpreted the Minnesota UPMIFA 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 UPMIFA. In accordance with UPMIFA, 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 fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (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
- (7) The investment policies of the Organization

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 9 – ENDOWMENT FUNDS (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. As of June 30, 2018 and 2017, the Organization had \$20,800 and \$381,300, respectively of board-designated funds.

As approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that generate a composite fund total return over any five-year moving time period that exceeds the return of a hybrid index comprised of the 90-day Treasury bill rate, S&P 500 index, Russell 2000 Small Cap Index, MSCI EAFE Index, MSCI Emerging Markets Index, and the Barclays Multiverse Index, while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide an average rate of return of approximately 5 percent over any five-year moving time period. Actual returns in any given time period may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Depending on the composite fund total return of the hybrid index as previously described, the Organization may not meet a positive growth rate each year based on market conditions. However management has determined this is a conservative and appropriate benchmark for the Organization's intentions related to the growth and preservation of the funds. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 9 – ENDOWMENT FUNDS (Continued)

Endowment and Restricted Net Asset Composition by Type of Fund

	June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
JA Foundation Endowment Fund	\$ 20,800	\$ 217,700	\$ 578,700	\$ 817,200
	June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
JA Foundation Endowment Fund	\$ 381,300	\$ 195,900	\$ 578,700	\$ 1,155,900

Changes in Endowment Net Assets

	Year Ended June 30, 2018			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 381,300	\$ 195,900	\$ 578,700	\$ 1,155,900
Contributions	3,600	-	-	3,600
Investment return				
Unrealized gain on investments	21,200	39,700	-	60,900
Interest and dividends	1,300	2,500	-	3,800
Total investment return	22,500	42,200	-	64,700
Personnel and administration expenses	(48,400)	-	-	(48,400)
Appropriation of endowment assets for:				
Expenditure (Campaign)	(300,000)	-	-	(300,000)
Expenditure (Donor advised)	-	(5,000)	-	(5,000)
Expenditure (spending policy)	(38,200)	(15,400)	-	(53,600)
Total Appropriations	(338,200)	(20,400)	-	(358,600)
Net assets, end of year	\$ 20,800	\$ 217,700	\$ 578,700	\$ 817,200

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 9 – ENDOWMENT FUNDS (Continued)

	Year Ended June 30, 2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Net assets, beginning of year	\$ 427,900	\$ 63,000	\$ 578,700	\$ 1,069,600
Contributions	21,000	100,000	-	121,000
Investment return				
Unrealized gain on investments	34,500	59,700	-	94,200
Interest and dividends	2,200	4,300	-	6,500
Total investment return	36,700	64,000	-	100,700
Personnel and administration expenses	(82,800)	-	-	(82,800)
Appropriation of endowment assets for expenditure (spending policy)	(21,500)	(31,100)	-	(52,600)
Net assets, end of year	<u>\$ 381,300</u>	<u>\$ 195,900</u>	<u>\$ 578,700</u>	<u>\$ 1,155,900</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies at June 30, 2018 and 2017.

NOTE 10 – VOLUNTEER RECRUITMENT

Junior Achievement of the Upper Midwest, Inc. has included the costs associated with recruiting volunteers for delivering classroom programs as a fundraising expense. These expenses, totaling \$202,100 and \$205,500 in fiscal years 2018 and 2017, respectively, are directly related to recruiting the volunteers necessary to provide approximately 1.2 million contact hours related to Junior Achievement programs during both fiscal years 2018 and 2017.

NOTE 11 – OTHER RELATED PARTY TRANSACTIONS

At June 30, 2018 and 2017, related party (board members) pledges receivable totaled \$694,400 and \$935,100, respectively.

The Organization is a participant in the contributory multi-employer defined benefit pension plan of the National Organization (see Note 4).

The Organization purchases its materials from and pays a contractual participation fee to the National and Global Organizations. Participation fees are paid at 3% based on cash collected from net public support.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 12 – LET’S BUILD COMPREHENSIVE CAMPAIGN AND EXPERIENTIAL LEARNING CENTER

Let’s Build Comprehensive Campaign

The Organization has embarked on a \$20 million Let’s Build comprehensive campaign. The Let’s Build campaign is raising funds towards the purchase and renovation of a centrally located larger Experimental Learning Center. The new Experiential Learning Center will allow the Organization to double the number of students and teachers utilizing our experimental model and learning labs. In addition the Let’s Build campaign will also grow the JA Foundation, providing longer term funding to meet future demands for our programs

Certain funds during the Let’s Build campaign raised contain restrictions on their use. These amounts are recorded as temporarily restricted and totaled \$4,157,100 and \$5,198,800, respectively, as of June 30, 2018 and 2017. Total raised through June 30, 2018 for all purposes was \$14,709,000.

Purchase and Renovation of Experiential Learning Center

In July 2017, the Organization purchased an existing building at 1745 University Ave W, centrally located in the Midway neighborhood of St. Paul, which is being renovated to meet the Organization’s specific needs. The purchase price of this facility including due diligence costs was approximately \$5 million. The purchase of the property was financed utilizing:

Cash collected from comprehensive campaign	\$ 3,150,000
Draw against an existing line of credit (Note 6)	400,000
Short-term Loan, secured by 1745 University Ave W	1,000,000
Short-term Loan, secured by campaign pledges and other assets	450,000
	<u>\$ 5,000,000</u>

The Short-term Loans were paid off during 2018 with various notes payable as described in Note 6.

Renovation is continuing on this property with an expected completion in late calendar year 2018. The renovation is being funded by continuing contributions and New Market Tax Credit Financing (see Note 6).

Functional Expenses

As part of undertaking the Let’s Build campaign, the Organization incurs expenses related solely to this campaign. These expenses are represented in the Fundraising – Contribution Solicitation column of our Consolidated Statement of Functional Expenses. The impact to our functional expenses without these expenses are reflected in the tables below.

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 12 – LET’S BUILD COMPREHENSIVE CAMPAIGN AND EXPERIENTIAL LEARNING CENTER (Continued)

Expenses for the year ended June 30, 2018 as adjusted for Let’s Build campaign:

	Program Expenses	Supporting Services			Total
		Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Functional expenses as reported	\$ 3,542,200	\$ 202,100	\$ 706,000	\$ 408,900	\$ 4,859,200
Less Let’s Build Campaign Expenses	-	-	(303,700)	-	(303,700)
	<u>\$ 3,542,200</u>	<u>\$ 202,100</u>	<u>\$ 402,300</u>	<u>\$ 408,900</u>	<u>\$ 4,555,500</u>
Functional expense percentages without Let’s Build Campaign Expenses	78%	4%	9%	9%	100%

Expenses for the year ended June 30, 2017 as adjusted for Let’s Build campaign:

	Program Expenses	Supporting Services			Total
		Fundraising		Management and General	
		Volunteer Recruitment	Contribution Solicitation		
Functional expenses as reported	\$ 3,549,900	\$ 205,400	\$ 907,400	\$ 407,400	\$ 5,070,100
Less Let’s Build Campaign Expenses	-	-	(546,600)	-	(546,600)
	<u>\$ 3,549,900</u>	<u>\$ 205,400</u>	<u>\$ 360,800</u>	<u>\$ 407,400</u>	<u>\$ 4,523,500</u>
Functional expense percentages without Let’s Build Campaign Expenses	78%	5%	8%	9%	100%

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As of and for the Years Ended June 30, 2018 and 2017

NOTE 13 – SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

	2018	2017
Cash paid during the year for interest	\$ 1,100	\$ 200
Cash paid during the year for interest in property and equipment	57,300	-
Noncash investment and financing activities		
Proceeds from NMTC notes placed in escrow	7,646,300	-
Purchase of building with LOC and bridge financing	1,850,000	-
Purchase of building with escrow funds	900,000	-
Purchase of building with amounts in construction payable	2,255,500	-
Debt issuance costs paid with long-term debt proceeds	589,800	-

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of June 30, 2018

ASSETS	Junior Achievement of the Upper Midwest	Junior Achievement Foundation of the Upper Midwest	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,964,989	\$ -	\$ -	\$ 1,964,989
Investments	-	40,805	-	40,805
Intercompany receivable	99,548	-	(99,548)	-
Pledges receivable - net	2,036,170	1,150,149	-	3,186,319
Inventory	85,392	-	-	85,392
Prepaid assets	45,527	-	-	45,527
Total Current Assets	<u>4,231,626</u>	<u>1,190,954</u>	<u>(99,548)</u>	<u>5,323,032</u>
LONG-TERM ASSETS				
Property and equipment - net				
Land and land improvements	297,113	-	-	297,113
Buildings	2,734,566	-	-	2,734,566
Building in progress	9,644,011	-	-	9,644,011
Furniture and equipment	780,293	-	-	780,293
	<u>13,455,983</u>	<u>-</u>	<u>-</u>	<u>13,455,983</u>
Less accumulated depreciation	2,023,428	-	-	2,023,428
Net property and equipment	11,432,555	-	-	11,432,555
Cash and cash equivalents for long-term purposes	255,156	21,800	-	276,956
Cash in escrows	7,646,316	-	-	7,646,316
Pledges receivable for long-term purposes, net	925,166	2,501,787	-	3,426,953
Investments	-	854,005	-	854,005
Notes Receivable	-	11,303,400	-	11,303,400
Total Long-Term Assets	<u>20,259,193</u>	<u>14,680,992</u>	<u>-</u>	<u>34,940,185</u>
TOTAL ASSETS	<u>\$ 24,490,819</u>	<u>\$ 15,871,946</u>	<u>\$ (99,548)</u>	<u>\$ 40,263,217</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 54,540	\$ -	\$ -	\$ 54,540
Intercompany payable	-	99,548	(99,548)	-
Construction payable	2,255,522	-	-	2,255,522
Other payables	436,721	-	-	436,721
Current maturity of long-term liabilities	57,491	-	-	57,491
Total Current Liabilities	<u>2,804,274</u>	<u>99,548</u>	<u>(99,548)</u>	<u>2,804,274</u>
LONG-TERM LIABILITIES				
Capital leases	3,967	-	-	3,967
Notes payables (Note 6)	1,950,000	-	-	1,950,000
Pledge notes payable (Note 6), net	-	3,544,411	-	3,544,411
Notes payable NMTC A (Note 6)	4,336,600	-	-	4,336,600
Notes payable NMTC B (Note 6), net	10,677,282	-	-	10,677,282
Total Long-Term Liabilities	<u>16,967,849</u>	<u>3,544,411</u>	<u>-</u>	<u>20,512,260</u>
Total Liabilities	<u>19,772,123</u>	<u>3,643,959</u>	<u>(99,548)</u>	<u>23,316,534</u>
NET ASSETS				
Unrestricted net assets	2,034,513	8,423,738	-	10,458,251
Temporarily restricted net assets	2,684,183	3,225,527	-	5,909,710
Permanently restricted net assets	-	578,722	-	578,722
Total Net Assets	<u>4,718,696</u>	<u>12,227,987</u>	<u>-</u>	<u>16,946,683</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 24,490,819</u>	<u>\$ 15,871,946</u>	<u>\$ (99,548)</u>	<u>\$ 40,263,217</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
As of June 30, 2017

ASSETS	Junior Achievement of the Upper Midwest	Junior Achievement Foundation of the Upper Midwest	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,724,640	\$ -	\$ -	\$ 1,724,640
Investments	-	55,439	-	55,439
Intercompany receivable	71,938	-	(71,938)	-
Pledges receivable - net	693,525	100,000	-	793,525
Inventory	72,816	-	-	72,816
Prepaid assets	142,390	-	-	142,390
Total Current Assets	<u>2,705,309</u>	<u>155,439</u>	<u>(71,938)</u>	<u>2,788,810</u>
LONG-TERM ASSETS				
Property and equipment - net				
Land and land improvements	297,113	-	-	297,113
Buildings	2,734,566	-	-	2,734,566
Building in progress	285,277	-	-	285,277
Furniture and equipment	498,551	-	-	498,551
	<u>3,815,507</u>	<u>-</u>	<u>-</u>	<u>3,815,507</u>
Less accumulated depreciation	1,871,997	-	-	1,871,997
Net property and equipment	1,943,510	-	-	1,943,510
Cash and cash equivalents for long-term purposes	1,431,779	-	-	1,431,779
Cash in escrows	900,000	-	-	900,000
Pledges receivable for long-term purposes, net	3,084,254	-	-	3,084,254
Investments	-	1,072,405	-	1,072,405
Total Long-Term Assets	<u>7,359,543</u>	<u>1,072,405</u>	<u>-</u>	<u>8,431,948</u>
TOTAL ASSETS	<u>\$ 10,064,852</u>	<u>\$ 1,227,844</u>	<u>\$ (71,938)</u>	<u>\$ 11,220,758</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 159,197	\$ -	\$ -	\$ 159,197
Intercompany payable	-	71,938	(71,938)	-
Other payables	402,528	-	-	402,528
Current maturity of long-term liabilities	17,773	-	-	17,773
Total Current Liabilities	<u>579,498</u>	<u>71,938</u>	<u>(71,938)</u>	<u>579,498</u>
LONG-TERM LIABILITIES				
Capital leases	11,292	-	-	11,292
Total Long-Term Liabilities	<u>11,292</u>	<u>-</u>	<u>-</u>	<u>11,292</u>
Total Liabilities	<u>590,790</u>	<u>71,938</u>	<u>(71,938)</u>	<u>590,790</u>
NET ASSETS				
Unrestricted net assets	3,485,200	381,288	-	3,866,488
Temporarily restricted net assets	5,988,862	195,896	-	6,184,758
Permanently restricted net assets	-	578,722	-	578,722
Total Net Assets	<u>9,474,062</u>	<u>1,155,906</u>	<u>-</u>	<u>10,629,968</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,064,852</u>	<u>\$ 1,227,844</u>	<u>\$ (71,938)</u>	<u>\$ 11,220,758</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Junior Achievement of the Upper Midwest	Junior Achievement Foundation of the Upper Midwest	Eliminations	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions				
Corporate	\$ 4,049,978	\$ 2,005	\$ -	\$ 4,051,983
Individual	2,459,194	1,605	-	2,460,799
Foundations	3,553,743	-	(305,000)	3,248,743
Special events, net of direct benefit to donors	924,198	-	-	924,198
Program fees	252,448	-	-	252,448
Unrealized gain on investments	-	60,917	-	60,917
Interest and dividends	3,128	3,829	-	6,957
Other income, including in-kind gifts	169,871	-	-	169,871
Appropriation of endowment earnings	53,641	(53,641)	-	-
	<u>11,466,201</u>	<u>14,715</u>	<u>(305,000)</u>	<u>11,175,916</u>
Total Revenues, Gains and Other Support				
EXPENSES				
Program expenses	3,542,172	305,000	(305,000)	3,542,172
Fundraising expenses				
Volunteer expenses	202,076	-	-	202,076
Contribution expenses	657,629	48,423	-	706,052
Management and general	408,901	-	-	408,901
Total Expenses	<u>4,810,778</u>	<u>353,423</u>	<u>(305,000)</u>	<u>4,859,201</u>
Change in Net Assets Before Transfers	6,655,423	(338,708)	-	6,316,715
Campaign gifts contributed to the Foundation (Note 6)	(11,410,789)	11,410,789	-	-
Change in Net Assets	(4,755,366)	11,072,081	-	6,316,715
Net Assets, Beginning of the Year	<u>9,474,062</u>	<u>1,155,906</u>	<u>-</u>	<u>10,629,968</u>
Net Assets, End of the Year	<u>\$ 4,718,696</u>	<u>\$ 12,227,987</u>	<u>\$ -</u>	<u>\$ 16,946,683</u>

**JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.
AND THE JUNIOR ACHIEVEMENT FOUNDATION OF THE UPPER MIDWEST**

CONSOLIDATING STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	Junior Achievement of the Upper Midwest	Junior Achievement Foundation of the Upper Midwest	Eliminations	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions				
Corporate	\$ 2,887,119	\$ 2,500	\$ (306,242)	\$ 2,583,377
Individual	746,148	108,509	-	854,657
Foundations	2,037,510	10,000	-	2,047,510
Special events, net of direct benefit to donors	984,545	-	-	984,545
Program fees	271,511	-	-	271,511
Unrealized gain on investments	300	93,721	-	94,021
Interest and dividends	(1,821)	7,732	-	5,911
Other income, including in-kind gifts	329,212	-	-	329,212
Appropriation of endowment earnings	52,619	(52,619)	-	-
	<u>7,307,143</u>	<u>169,843</u>	<u>(306,242)</u>	<u>7,170,744</u>
Total Revenues, Gains and Other Support				
EXPENSES				
Program expenses	3,549,898	306,242	(306,242)	3,549,898
Fundraising expenses				
Volunteer expenses	205,455	-	-	205,455
Contribution expenses	822,323	85,069	-	907,392
Management and general	407,403	-	-	407,403
Total Expenses	<u>4,985,079</u>	<u>391,311</u>	<u>(306,242)</u>	<u>5,070,148</u>
Change in Net Assets	2,322,064	(221,468)	-	2,100,596
Net Assets, Beginning of the Year	<u>7,151,998</u>	<u>1,377,374</u>	<u>-</u>	<u>8,529,372</u>
Net Assets, End of the Year	<u>\$ 9,474,062</u>	<u>\$ 1,155,906</u>	<u>\$ -</u>	<u>\$ 10,629,968</u>

JUNIOR ACHIEVEMENT OF THE UPPER MIDWEST, INC.

SCHEDULE OF ACTIVITIES - OPERATING AND CAMPAIGN

For the Years Ended June 30, 2018 and 2017

	Fiscal Year ending June 30, 2018			Fiscal Year ending June 30, 2017		
	Operating Activites	Campaign / Activities	Total 6/30/2018	Operating Activites	Campaign / NMTC Activities	Total 6/30/2017
REVENUES, GAINS AND OTHER SUPPORT						
Contributions						
Corporate	\$ 1,680,203	\$ 2,369,775	\$ 4,049,978	1,991,619	\$ 895,500	\$ 2,887,119
Individual	388,716	2,070,478	2,459,194	493,520	252,628	746,148
Foundations	1,703,743	1,850,000	3,553,743	502,510	1,535,000	2,037,510
Special events, net of direct benefit to donors	924,198	-	924,198	984,545	-	984,545
Program fees	252,448	-	252,448	271,511	-	271,511
Unrealized gain on investments	-	-	-	300	-	300
Interest and dividends	545	2,583	3,128	(2,192)	371	(1,821)
Other income, including in-kind gifts	169,871	-	169,871	248,712	80,500	329,212
Appropriation of endowment earnings	53,641	-	53,641	52,619	-	52,619
	<u>5,173,365</u>	<u>6,292,836</u>	<u>11,466,201</u>	<u>4,543,144</u>	<u>2,763,999</u>	<u>7,307,143</u>
EXPENSES						
Program expenses	3,542,172	-	3,542,172	3,549,898	-	3,549,898
Fundraising expenses						
Volunteer expenses	202,076	-	202,076	205,455	-	205,455
Development / campaigning expenses	401,795	255,834	657,629	597,327	224,996	822,323
Management and general	388,301	20,600	408,901	85,811	321,592	407,403
Total Expenses	<u>4,534,344</u>	<u>276,434</u>	<u>4,810,778</u>	<u>4,438,491</u>	<u>546,588</u>	<u>4,985,079</u>
Change in Net Assets before Transfer	639,021	6,016,402	6,655,423	104,653	2,217,411	2,322,064
Campaign gifts transferred to the Foundation	-	(11,410,789)	(11,410,789)	-	-	-
Change in Net Assets	639,021	(5,394,387)	(4,755,366)	104,653	2,217,411	2,322,064
Net Assets, Beginning of the Year	<u>3,909,151</u>	<u>5,564,911</u>	<u>9,474,062</u>	<u>3,804,498</u>	<u>3,347,500</u>	<u>7,151,998</u>
Net Assets, End of the Year	<u>\$ 4,548,172</u>	<u>\$ 170,524</u>	<u>\$ 4,718,696</u>	<u>\$ 3,909,151</u>	<u>\$ 5,564,911</u>	<u>\$ 9,474,062</u>