



JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Financial Statements

June 30, 2013 and 2012

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154

Independent Auditors' Report

The Board of Directors
Junior Achievement of New York, Inc.:

We have audited the accompanying financial statements of Junior Achievement of New York, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, 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 U.S. generally accepted accounting principles; 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 New York, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

October 25, 2013

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Statements of Financial Position

June 30, 2013 and 2012

Assets	2013	2012
Current assets:		
Cash and cash equivalents	\$ 302,031	204,147
Contributions and special events receivables, net (note 3)	702,649	796,764
Inventory	45,182	23,431
Prepaid expenses and other assets	4,549	30,303
Total current assets	<u>1,054,411</u>	<u>1,054,645</u>
Long-term assets:		
Long-term contributions receivables (pledges), net (note 3)	557,992	707,558
Fixed assets, net (notes 4 and 8)	358,358	194,669
Other assets (note 6)	99,765	99,765
Total long-term assets	<u>1,016,115</u>	<u>1,001,992</u>
Total assets	<u>\$ 2,070,526</u>	<u>2,056,637</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses (note 10)	\$ 250,750	281,275
Deferred revenue	1,400	—
Obligation under capital lease (note 6)	30,720	28,336
Total current liabilities	<u>282,870</u>	<u>309,611</u>
Long-term liabilities:		
Obligation under capital lease (note 6)	13,955	44,676
Deferred rent obligation (note 6)	157,039	111,328
Total long-term liabilities	<u>170,994</u>	<u>156,004</u>
Total liabilities	<u>453,864</u>	<u>465,615</u>
Unrestricted net assets	411,181	426,696
Temporarily restricted net assets (note 5)	1,205,481	1,164,326
Total net assets	<u>1,616,662</u>	<u>1,591,022</u>
Total liabilities and net assets	<u>\$ 2,070,526</u>	<u>2,056,637</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Statements of Activities

Years ended June 30, 2013 and 2012

	2013			2012				
	Unrestricted	Temporarily restricted	Permanently restricted	Total	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating support and revenue:								
Contributions, net of participation payments of \$37,511 and \$35,477 in 2013 and 2012, respectively (note 3):								
Corporate	\$ 527,024	436,769	—	963,793	472,210	418,743	—	890,953
Individual	196,895	—	—	196,895	170,194	—	—	170,194
Foundations	190,201	49,488	—	239,689	91,361	58,413	—	149,774
Total contributions, net	914,120	486,257	—	1,400,377	733,765	477,156	—	1,210,921
Special events income (note 3)	2,186,738	—	—	2,186,738	2,535,276	—	—	2,535,276
Special events expenses and participation payments	(574,209)	—	—	(574,209)	(639,429)	—	—	(639,429)
Special events income, net	1,612,529	—	—	1,612,529	1,895,847	—	—	1,895,847
In-kind contributions (note 8)	460,705	261,251	—	721,956	355,171	—	—	355,171
Interest and other income	19,080	—	—	19,080	7,835	—	—	7,835
Net assets released from restriction	668,103	(668,103)	—	—	525,335	(525,335)	—	—
Total operating support and revenue	3,674,537	79,405	—	3,753,942	3,517,953	(48,179)	—	3,469,774
Operating expenses:								
Program services – Education programs	2,452,373	—	—	2,452,373	2,279,255	—	—	2,279,255
Supporting services:								
Management and general	383,597	—	—	383,597	389,393	—	—	389,393
Fund-raising:								
Volunteer recruiting costs	115,643	—	—	115,643	27,793	—	—	27,793
General solicitation of funds	738,439	—	—	738,439	765,844	—	—	765,844
Total fund-raising expenses	854,082	—	—	854,082	793,637	—	—	793,637
Total supporting services	1,237,679	—	—	1,237,679	1,183,030	—	—	1,183,030
Total operating expenses	3,690,052	—	—	3,690,052	3,462,285	—	—	3,462,285
(Decrease) increase in net assets from operations	(15,515)	79,405	—	63,890	55,668	(48,179)	—	7,489
Nonoperating activities:								
Losses on pledges	—	(38,250)	—	(38,250)	(1,000)	—	—	(1,000)
Total nonoperating activities	—	(38,250)	—	(38,250)	(1,000)	—	—	(1,000)
(Decrease) increase in net assets	(15,515)	41,155	—	25,640	54,668	(48,179)	—	6,489
Net assets at beginning of year	426,696	1,164,326	—	1,591,022	372,028	1,212,505	—	1,584,533
Net assets at end of year	\$ 411,181	1,205,481	—	1,616,662	426,696	1,164,326	—	1,591,022

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Statement of Functional Expenses

Year ended June 30, 2013

	Program services		Supporting services		Total	Total	Special events expense	Participation payments
	Education programs	Management and general	Fund-raising – volunteer recruiting	Fund-raising – general solicitation				
Salaries and benefits (note 7)	\$ 1,461,722	196,351	87,267	436,335	719,953	2,181,675	—	—
Office and occupancy (note 6)	282,982	38,011	16,894	84,472	139,377	422,359	—	—
Travel, meetings, and conferences	28,976	3,892	1,730	8,649	14,271	43,247	—	—
Program materials	338,340	—	—	—	—	338,340	—	—
Outside services	95,682	12,853	5,715	28,562	47,130	142,812	530,174	—
Depreciation	67,612	9,082	4,037	20,183	33,302	100,914	—	—
Donated goods and services (note 8)	177,059	123,408	—	160,238	283,646	460,705	—	—
Participation payments	—	—	—	—	—	—	—	81,546
	<u>\$ 2,452,373</u>	<u>383,597</u>	<u>115,643</u>	<u>738,439</u>	<u>1,237,679</u>	<u>3,690,052</u>	<u>530,174</u>	<u>81,546</u>

Summary of expenses netted from revenue on statement of activities

	Special events expenses	Participation payments	Total
Contributions	\$ —	37,511	37,511
Special events	530,174	44,035	574,209
	<u>\$ 530,174</u>	<u>81,546</u>	<u>611,720</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Statement of Functional Expenses

Year ended June 30, 2012

	Program services		Supporting services		Total	Total	Special events expense	Participation payments
	Education programs	Management and general	Fund-raising – volunteer recruiting	Fund-raising – general solicitation				
Salaries and benefits (note 7)	\$ 1,407,851	239,705	21,630	499,175	760,510	2,168,361	—	—
Office and occupancy (note 6)	281,781	47,686	4,335	99,707	151,728	433,509	—	—
Travel, meetings, and conferences	24,284	4,110	374	8,592	13,076	37,360	—	—
Program materials	322,475	—	—	—	—	322,475	—	—
Outside services	69,085	11,692	1,063	24,446	37,201	106,286	583,939	—
Depreciation	25,430	4,304	391	8,998	13,693	39,123	—	—
Donated goods and services (note 8)	148,349	81,896	—	124,926	206,822	355,171	—	—
Participation payments	—	—	—	—	—	—	—	90,967
	<u>\$ 2,279,255</u>	<u>389,393</u>	<u>27,793</u>	<u>765,844</u>	<u>1,183,030</u>	<u>3,462,285</u>	<u>583,939</u>	<u>90,967</u>

Summary of expenses netted from revenue on statement of activities

	Special events expenses	Participation payments	Total
Contributions	\$ —	35,477	35,477
Special events	583,939	55,490	639,429
	<u>\$ 583,939</u>	<u>90,967</u>	<u>674,906</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Statements of Cash Flows

Years ended June 30, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Increase in net assets	\$ 25,640	6,489
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	100,914	39,123
Losses on pledges	38,250	1,000
Donated software and hardware	(261,251)	—
Changes in operating assets and liabilities:		
Contributions and special events receivables, net	205,431	114,821
Inventory	(21,751)	1,407
Prepaid expenses and other assets	25,754	(105,788)
Accounts payable and accrued expenses	(30,525)	58,999
Deferred revenue	1,400	(10,000)
Deferred rent obligation	45,711	84,676
Net cash provided by operating activities	129,573	190,727
Cash flows from investing activity:		
Purchase of fixed assets	(3,352)	(130,424)
Net cash used in investing activity	(3,352)	(130,424)
Cash flows from financing activities:		
Short-term borrowings	—	240,000
Repayments of short-term borrowings	—	(240,000)
Payments on obligation under capital lease	(28,337)	(19,639)
Net cash used in financing activities	(28,337)	(19,639)
Net increase in cash and cash equivalents	97,884	40,664
Cash and cash equivalents at beginning of year	204,147	163,483
Cash and cash equivalents at end of year	\$ 302,031	204,147
Supplemental disclosure:		
Acquisition of equipment through capital leases	\$ —	92,651

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(1) Description of Organization

The mission of Junior Achievement of New York, Inc. (JA New York) is to inspire and prepare young people to succeed in a global economy. Through a dedicated volunteer network of corporate and community individuals, JA New York provides high-quality K-12 in-school, workplace-based, after-school, and summer educational programs. JA New York educational programs impact important societal issues including youth development, economic development, and education development, and focus on three key content areas: work readiness, entrepreneurship, and financial literacy.

JA New York is a New York not-for-profit corporation and a franchise of JA USA, formerly JA Worldwide. JA New York serves the five boroughs of New York City and Long Island.

(2) Summary of Significant Accounting Policies

The accompanying financial statements of JA New York have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) Basis of Presentation

JA New York's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, its net assets and changes therein are classified and reported as follows:

Unrestricted net assets – net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – net assets subject to donor-imposed restrictions that will be met either by actions of JA New York and/or by the passage of time.

Permanently restricted net assets – net assets subject to donor-imposed restrictions that stipulate that resources be maintained permanently, but permit JA New York to use the income derived from the donated assets. At June 30, 2013 and 2012, there were no permanently restricted net assets.

Revenues and gains and losses on other assets or liabilities are reported as changes in unrestricted net assets unless their use is limited by explicit donor-imposed restrictions or by law. Expenses are reported as decreases in unrestricted net assets. Expiration of temporary restrictions on net assets is reported as net assets released from restrictions.

(b) Cash Equivalents

JA New York considers all highly liquid financial instruments with an original maturity of three months or less to be cash equivalents.

(c) Inventory

Inventory is recorded at the lower of cost or market, cost being determined on a first-in, first-out (FIFO) basis. Inventory primarily consists of education and program materials, including Junior Achievement program kits, textbooks, training materials, and related marketing materials.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Management analyzes inventory for obsolescence and records an allowance for obsolescent inventory, if necessary.

(d) Fixed Assets

Fixed assets are recorded at cost if purchased, or fair value at date of gift, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from three to ten years.

(e) Contributions

Contributions and special events revenue, which include unconditional promises to give or pledges, are recognized, at fair value, as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Unconditional pledges to be paid in future years are discounted to a present value using a risk-adjusted discount rate. Amortization of the discount is recorded as additional contribution revenue over the life of the commitment. Any decreases in the quantity or nature of assets expected to be received subsequent to the initial recognition of the pledge are reported as a loss in the applicable net asset class.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions of property and equipment are recorded as increases in temporarily restricted net assets, which are released from restriction as depreciated.

(f) In-Kind Contributions

In-kind contributions are recognized as revenue and expense or assets at the fair value of those goods and services provided they meet the criteria for recognition. In-kind contributions principally consist of professional services, public relations, program event space, and donated software and hardware.

(g) Participation Fees

Each franchised Junior Achievement area is required to pay franchise fees (participation payments) to the national organization, JA USA, on all contributions, special events income, and certain grant income raised in its territory in accordance with a scale established by the board of directors of JA USA and ratified by the areas. Such amounts are recorded as a reduction of revenue, and amounted to approximately \$81,500 and \$91,000 in fiscal years 2013 and 2012, respectively.

(h) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, and disclosures of contingencies at the date of the financial statements, and revenues and expenses recognized during the reporting period. Significant estimates include the fair value of contributions, including in-kind contributions; the allowance for uncollectible contributions and special events receivable; and the allocation of expenses by functional category. Actual results could differ from those estimates.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(i) ***Income Taxes***

JA New York is a not-for-profit organization that has been classified by the Internal Revenue Service as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. JA New York recognizes the impact of income tax positions only if those positions are more likely than not of being sustained. Income generated from activities unrelated to JA New York's tax-exempt purpose is subject to tax under Internal Revenue Code Section 511. JA New York did not have any material unrelated business income tax liability for the years ended June 30, 2013 and 2012.

(j) ***Nonoperating Activities***

Nonoperating activities in the accompanying statements of activities include losses on pledges and nonrecurring activities.

(k) ***Functional Allocation of Expenses***

The costs of providing programs and other activities have been summarized by programs and supporting services benefited in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the program and supporting services.

(l) ***New Accounting Pronouncement***

In September 2011, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2011-09, *Disclosures about an Employer's Participation in a Multiemployer Plan*. The guidance is intended to provide financial statement users with greater transparency about an employer's participation in multiemployer plans. The guidance requires additional qualitative and quantitative information disclosures to assist users of the financial statements in understanding the commitments and risks involved in participating in multiemployer plans, including the financial health of all of the significant plans in which the employer participates. This ASU does not change the current recognition and measurement guidance for an employer's participation in a multiemployer plan. Adoption of this guidance by JA New York in fiscal year 2013 only required additional disclosures (note 7) and did not have an impact on the financial position of JA New York.

(m) ***Subsequent Events***

In connection with the preparation of the financial statements, JA New York evaluated events after the statement of financial position date of June 30, 2013 through October 25, 2013, the date the financial statements were available to be issued, and determined that there were no additional matters that are required to be disclosed.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(3) Contributions and Special Events Revenue and Receivables

Contributions and special events receivable at June 30, 2013 and 2012 are scheduled to be collected as follows:

	<u>2013</u>	<u>2012</u>
Less than 1 year	\$ 711,426	796,764
1 – 5 years	—	200,000
Thereafter	<u>1,000,000</u>	<u>1,000,000</u>
	1,711,426	1,996,764
Unamortized discount (4.59%)	<u>(450,785)</u>	<u>(492,442)</u>
	<u>\$ 1,260,641</u>	<u>1,504,322</u>

Two pledges accounted for approximately 70% of gross contributions and special events receivable (59% of net contributions and special events receivable) at June 30, 2013. Two pledges accounted for approximately 70% of gross contributions and special events receivable (60% of net contributions and special events receivable) at June 30, 2012.

In fiscal year 2009, JA New York received a \$1 million grant from NASDAQ, scheduled to be paid in five equal installments from fiscal year 2010 through 2014. As of June 30, 2013, payments totaling \$800,000 have been received and the remaining payment is scheduled to be received in fiscal year 2014. This grant supports the JA New York Business Plan Competition over the five years. In fiscal year 2009, contributions revenue and receivable were recognized at the present value of the estimated future benefits to be received. The receivable is adjusted annually based on payments and accretion of the discount.

In fiscal year 2008, JA New York received a \$1 million pledge from the Halbert family, which will be partially funded through an irrevocable charitable remainder unitrust. In fiscal year 2008, contributions revenue and receivable were recognized at the present value of the estimated future benefits to be received upon the death of the trust beneficiaries. The receivable is adjusted during the term of the trust for accretion of the discount and other changes in the estimate of future benefits, and is expected to be collected in more than five years.

Contributions and special events revenue in fiscal years 2013 and 2012 include \$300,565 and \$291,557, respectively, collected on behalf of JA New York by JA USA. At June 30, 2013 and 2012, contributions and special events receivables include approximately \$71,900 and \$122,700, respectively, due from JA USA related to such amounts.

Approximately 69% and 80% of contributions and special event revenue during fiscal years 2013 and 2012, respectively, were received from members of the board and their affiliated entities.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(4) Fixed Assets

Fixed assets at June 30, 2013 and 2012 consist of the following:

	2013	2012
Equipment	\$ 167,894	167,402
Furniture and fixtures	75,194	65,344
Software	254,261	—
	497,349	232,746
Accumulated depreciation and amortization	(138,991)	(38,077)
	\$ 358,358	194,669

(5) Net Assets

Temporarily restricted net assets are available for the following purposes at June 30:

	2013	2012
Halbert pledge/trust – Inspiring Inner City Youth to Succeed	\$ 557,992	533,503
NASDAQ grant – JA New York Business Plan Competition	191,223	365,668
Programs and other	456,266	265,155
	\$ 1,205,481	1,164,326

(6) Leases

In fiscal year 2012, JA New York entered into a lease agreement for new office space and relocated its headquarters. The lease, which expires in July 2022, includes annual rent escalations and a rent credit equivalent to six months' rent. Rent expense is recorded on a straight-line basis with an associated deferred rent obligation.

The future minimum rental commitments as of June 30, 2013 required under the operating lease are as follows:

Fiscal year:	
2014	\$ 246,259
2015	251,184
2016	256,208
2017	272,734
2018	294,151
Thereafter	1,263,462
	\$ 2,583,998

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

Rent expense, including utilities, was approximately \$282,000 and \$208,000 for the years ended June 30, 2013 and 2012, respectively, and is included in office and occupancy expense in the accompanying statements of functional expenses.

In conjunction with the lease, the landlord holds a security deposit from JA New York (\$99,765 at June 30, 2013 and 2012), which is included in other assets. The security deposit may be reduced at the option of JA New York to \$59,859 after August 1, 2017.

Capital lease obligations relate to two equipment capital leases entered into by JA New York in fiscal year 2012. The leases bear interest at approximately 7.4% and 12.3% and expire in fiscal year 2015.

(7) Pension and Health Plans

JA New York participates in three plans administered by JA USA which are accounted for as multiemployer plans. The risks to JA New York of participating in multiemployer plans are different from single-employer plans in the following aspects:

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

Multiemployer Pension Plan

JA New York offers a noncontributory defined benefit pension plan (the Pension Plan) to its employees. The Pension Plan covers all full-time employees of JA New York. Benefits are determined based on years of service and salary history. The Pension Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Pension Plan, as determined necessary by JA USA's board of directors, based on an annual actuarial valuation. Effective July 1, 2012, JA New York makes contributions equal to 16.75% of participants' eligible compensation. Prior to this, JA New York made contributions equal to 11.5% of participants' eligible compensation. Additionally, the Pension Plan requires that participating members who withdraw from the Pension Plan remain liable for any previous funding obligations under the Pension Plan. Accordingly, JA New York recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. Pension cost for the years ended June 30, 2013 and 2012 was \$229,784 and \$134,463, respectively. There is no recognition of the funded status of the Pension Plan in the financial statements of JA New York.

JA New York's participation in the Pension Plan for the year ended June 30, 2013 is outlined in the table below. The "EIN/Pension Plan Number" column provides the Employee Identification Number (EIN) and the three-digit plan number. The number of employees covered by the multiemployer plan increased by 5% from 2012 to 2013 and the plan increased its base for contributions from 11.5% of eligible compensation in 2012 to 16.75% of eligible compensation in 2013. These factors affect the period-to-period comparability

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

of the contributions for years 2013 and 2012. Contributions made by JA New York represented less than 5% of total plan contributions.

The following table discloses selected financial information for the Pension Plan as of and for the year ended December 31, 2012 (the date of the latest audited financial statements of the Pension Plan):

<u>Legal name and plan number</u>	<u>EIN/Pension Plan Number</u>	<u>Actuarial present value of accumulated plan benefits</u>	<u>Fair value of plan assets</u>	<u>Total contributions</u>	<u>Funded status</u>
Retirement Plan for Employees of Junior Achievement USA	13-1635270 / PN 333	\$ 60,899,639	42,032,196	6,006,513	65 - 80%

Health and Welfare Benefits Trust

JA New York participates in a self-funded medical, dental, and other benefits plan covering full-time employees of JA New York and their beneficiaries and covered dependents. Premiums are paid into the plan for each participant by JA New York. All the assets and liabilities of the plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of JA New York.

Postretirement Benefits Plan

JA New York participates in a postretirement benefits plan which offers healthcare benefits to retired personnel of JA New York. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of JA New York does not believe the implicit rate subsidy amount to be material to JA New York, especially since the plan is a multiemployer plan. Accordingly, no balances or transactions of the plan are recorded in the financial statements of JA New York.

JA New York's premium expense for the Health and Welfare Benefits Trust and the Postretirement Benefits Plan for the years ended June 30, 2013 and 2012 was \$154,939 and \$202,625, respectively.

JUNIOR ACHIEVEMENT OF NEW YORK, INC.

Notes to Financial Statements

June 30, 2013 and 2012

(8) In-Kind Contributions

In-kind contributions received during fiscal years 2013 and 2012 are reported at fair value as both support and expense (except where capitalized) in the accompanying statements of activities and consist of the following:

	<u>2013</u>	<u>2012</u>
Public relations	\$ 147,246	61,897
Fund-raising and volunteer recruiting	160,238	61,896
Software and hardware (included in fixed assets)	261,251	—
Training and meetings	689	—
Office and occupancy expense	15,000	18,500
Programs, conferences, and events	14,813	7,952
Accounting and tax services	15,300	15,000
Consulting services	—	100,000
Legal services	107,419	89,926
	<u>\$ 721,956</u>	<u>355,171</u>

In-kind contributions include contributions by board members and their affiliates of \$139,808 and \$228,315 in fiscal years 2013 and 2012, respectively.

(9) Line of Credit

JA New York has a line of credit (LOC) with a financial institution for an amount not to exceed \$400,000, which matures on February 13, 2014. The financial institution is represented on JA New York's board of directors. The LOC bears interest at LIBOR plus 3.809% (4.001% at June 30, 2013 and 2012) and is collateralized by the assets of JA New York. No amounts were drawn during fiscal 2013 or outstanding as of June 30, 2013 or 2012.

(10) Amounts Due to JA USA

At June 30, 2013 and 2012, accounts payable and accrued expenses included approximately \$24,000 and \$28,000, respectively, due to JA USA for purchases of program materials as well as approximately \$32,000 and \$30,000, respectively, due to JA USA for employee retirement and health plan expenses.