

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

Financial Statements
and
Auditors' Report

June 30, 2011 and 2010



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Certified Public Accountants

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

Independent Auditors' Report

We have audited the accompanying statements of financial position of Junior Achievement of Northern New England, Inc. (the Organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Northern New England, Inc., Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The financial information schedules (as prescribed by JA Worldwide) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel Dennis + Company LLP

December 20, 2011

Junior Achievement of Northern New England, Inc.
 Statements of Financial Position
 June 30, 2011 and 2010

<i>Assets</i>		
	2011	2010
<i>Assets</i>		
Cash and cash equivalents	\$ 92,087	\$ 108,585
Investments, at fair value	425,812	480,538
Pledges receivable, net	113,352	87,706
Inventory	1,906	2,829
Prepaid expenses	8,110	8,343
Security deposits	14,982	5,927
Property and equipment, net	<u>13,244</u>	<u>19,896</u>
Total assets	<u>\$ 669,493</u>	<u>\$ 713,824</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities</i>		
Accounts payable and accrued expenses	\$ 32,011	\$ 57,532
Refundable advances	154,000	64,625
Deferred rent	<u>22,192</u>	<u>2,240</u>
Total liabilities	<u>208,203</u>	<u>124,397</u>
<i>Net Assets/(Deficit)</i>		
Unrestricted	(209,800)	35,277
Temporarily restricted	203,590	86,650
Permanently restricted	<u>467,500</u>	<u>467,500</u>
Total net assets/(deficit)	<u>461,290</u>	<u>589,427</u>
Total liabilities and net assets	<u>\$ 669,493</u>	<u>\$ 713,824</u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.
 Statements of Activities
 For the Years Ended June 30, 2011 and 2010

	2011			2010				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<i>Support and Revenues</i>								
Special event revenue	\$ 850,379	-	-	\$ 850,379	\$ 646,529	-	-	\$ 646,529
Less special event income	(444,716)	-	-	(444,716)	(246,876)	-	-	(246,876)
Net income from special events	405,663	-	-	405,663	399,653	-	-	399,653
Contributions	500,600	35,000	-	535,600	710,732	-	-	710,732
Interest and dividend income	5,856	-	-	5,856	8,616	-	-	8,616
Net realized/unrealized gain/(loss)	-	81,940	-	81,940	-	49,377	(40,000)	9,377
Other income	2,729	-	-	2,729	14,880	-	-	14,880
Total support and revenues	914,848	116,940	-	1,031,788	1,133,881	49,377	(40,000)	1,143,258
Net assets released from restrictions	-	-	-	-	-	-	-	-
Total support and revenues and reclassifications	914,848	116,940	-	1,031,788	1,133,881	49,377	(40,000)	1,143,258
<i>Expenses</i>								
Program expenses	851,802	-	-	851,802	990,555	-	-	990,555
General and administrative	134,665	-	-	134,665	128,905	-	-	128,905
Fundraising	173,458	-	-	173,458	210,874	-	-	210,874
Total expenses	1,159,925	-	-	1,159,925	1,330,334	-	-	1,330,334
Change in net assets	(245,077)	116,940	-	(128,137)	(196,453)	49,377	(40,000)	(187,076)
Net assets at beginning of year	35,277	86,650	467,500	589,427	231,730	37,273	507,500	776,503
Net assets at end of year	\$ (209,800)	\$ 203,590	\$ 467,500	\$ 461,290	\$ 35,277	\$ 86,650	\$ 467,500	\$ 589,427

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.
 Statements of Functional Expenses
 For the Years Ended June 30, 2011 and 2010

	2011			2010			
	<i>General and Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>	<i>Program</i>	<i>Admini- stration</i>	<i>Fund Raising</i>	<i>Total Expenses</i>
Salaries and related expenses	\$ 523,828	\$ 78,933	\$ 114,812	\$ 717,573	\$ 96,055	\$ 139,717	\$ 873,230
Program materials	132,314	-	-	132,314	-	-	124,335
Rent	56,338	3,756	15,024	75,118	4,434	17,736	88,681
License fee	14,472	7,936	24,276	46,684	9,844	20,135	44,744
Office expenses	14,514	968	3,871	19,353	512	2,047	10,236
Travel, auto and meals	12,269	818	3,272	16,359	1,035	4,138	20,689
Professional fees	-	39,332	-	39,332	14,113	450	16,252
Telephone	6,489	433	1,730	8,652	502	2,009	10,043
Insurance	10,892	110	439	11,441	178	713	17,448
Training	3,319	221	885	4,425	106	426	2,129
Public relations	-	-	519	519	-	14,191	14,191
Equipment lease	5,776	385	1,540	7,701	317	1,266	6,331
Scholarships	45,000	-	-	45,000	-	-	62,000
Moving expenses	7,043	470	1,878	9,391	-	-	-
Payroll and bank fees	5,975	398	1,593	7,966	318	1,380	6,876
Depreciation	7,912	527	2,110	10,549	430	1,722	8,608
Bad debt expense	1,137	76	303	1,516	894	3,578	17,890
Utilities	1,453	97	387	1,937	167	668	3,339
Other expenses	3,071	205	819	4,095	-	698	3,312
Total expenses	\$ 851,802	\$ 134,665	\$ 173,458	\$ 1,159,925	\$ 128,905	\$ 210,874	\$ 1,330,334

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.

Statements of Cash Flows

For the Years Ended June 30, 2011 and 2010

	2011	2010
<i>Cash Flows from Operating Activities</i>		
Change in net assets	\$ (128,137)	\$ (187,076)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Depreciation	10,549	8,608
Bad debt expense	1,516	17,890
Net unrealized appreciation on investments	(44,549)	(44,838)
Net realized gain on sale of investments	(37,391)	(4,661)
Changes that provide/(use) cash		
Pledges receivable	(27,113)	63,545
Inventory	923	(1,675)
Prepaid expenses	233	(1,675)
Security deposits	(9,055)	-
Accounts payable and accrued expenses	(25,520)	336
Refundable advances	89,375	(5,625)
Deferred rent	19,952	(8,976)
Net cash used in operating activities	<u>(149,217)</u>	<u>(164,147)</u>
<i>Cash Flows from Investing Activities</i>		
Proceeds from the sale of investments	301,973	472,569
Purchase of investments	(165,357)	(400,100)
Purchase of equipment	<u>(3,897)</u>	<u>(4,124)</u>
Net cash provided by/(used in) investing activities	<u>132,719</u>	<u>68,345</u>
Net decrease in cash and cash equivalents	(16,498)	(95,802)
Cash and cash equivalents - beginning of year	<u>108,585</u>	<u>204,387</u>
Cash and cash equivalents - end of year	<u>\$ 92,087</u>	<u>\$ 108,585</u>

See accompanying notes to financial statements.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements

June 30, 2011 and 2010

1. *Nature of Organization*

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

Elementary School

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

Middle School

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

High School

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

2. *Summary of Significant Accounting Policies*

Basis of Accounting

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

Classification and Reporting of Net Assets

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

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

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

2. *Summary of Significant Accounting Policies - Continued*

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

Cash and Cash Equivalents

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

Contributions

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

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

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

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

2. *Summary of Significant Accounting Policies - Continued*

Net Assets

Permanently restricted net assets consist of program endowments and general endowments that are required to be invested in perpetuity. Interest and dividend income earned on program endowments is restricted to use for the Organization's programs. Interest and dividend income earned on general endowments is unrestricted. Realized and unrealized gains and losses on endowments increase or decrease the respective endowments and are recorded as temporarily restricted net assets on the statement of activities.

Property and Equipment

Property and equipment are recorded at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are charged to expense while costs of significant renewals and betterments are capitalized.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Pledges Receivable

Unconditional promises to give are recognized as revenue and receivables in the period in which the promise is made. Unconditional promises to give that are expected to be collected within the next year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in subsequent years are discounted to the present value of their net realizable value. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end. Allowance for uncollectible pledges at June 30, 2011 and 2010 totaled \$8,500 and \$53,000, respectively.

Inventory

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

Refundable Advances

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

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

2. *Summary of Significant Accounting Policies - Continued*

Fair Value Measurements

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

- Level 1 Inputs – Quoted prices for identical assets or liabilities in active markets;
- Level 2 Inputs – Quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets in inactive markets; or inputs other than quoted prices that are observable, such as models or other valuation methodologies;
- Level 3 Inputs – Unobservable inputs for where there is little, if any, market activity.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Investments and Investment Income

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

Dividends and interest on investments are reported as increases in unrestricted net assets unless a donor or law temporarily or permanently restricts their use. Realized and unrealized gains and losses on permanently restricted investments are recorded as temporarily restricted net assets on the statement of activities.

Functional Allocation of Expenses

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

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2011 and 2010, would be subject to federal and state income taxes. Consequently, the accompanying financial statements do not reflect any provision for income taxes.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

2. Summary of Significant Accounting Policies - Continued

Income Taxes - Continued

The Organization evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are *more-likely-than-not* to be sustained by the applicable federal and state authority. Tax positions not deemed to meet the *more-likely-than-not* threshold, along with accrued interest and penalties thereon, would be recorded as an expense in the current year financial statements. The Organization has evaluated the tax positions taken in its previously filed returns and those expected to be taken in its 2011 returns and believes they are *more-likely-than-not* to be sustained if examined by federal or state tax authorities. The Organization's 2007 through 2009 tax years remain subject to examination by Federal and state tax authorities.

3. Property and Equipment

Property and equipment as of June 30, 2011 and 2010 are summarized as follows:

	<i>2011</i>	<i>2010</i>
Office equipment	\$ 38,766	\$ 80,793
Furniture and fixtures	<u>17,866</u>	<u>21,035</u>
Total	56,632	101,828
Less accumulated depreciation	<u>(43,388)</u>	<u>(81,932)</u>
Property and equipment - net	<u>\$ 13,244</u>	<u>\$ 19,896</u>

Depreciation expense for the years ended June 30, 2011 and 2010 totaled \$10,549 and \$8,608, respectively.

4. Investments

Investments as of June 30, 2011 are summarized as follows:

<i>Description</i>	<i>2011</i>		
	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
U.S. Government Securities	\$ 27,875	\$ 31,800	\$ 3,925
Municipal Bond	20,060	22,620	2,560
Corporate Bonds	37,945	38,187	242
Domestic Equity Securities	215,218	294,770	79,552
Foreign Equity Securities	<u>35,136</u>	<u>38,435</u>	<u>3,299</u>
Total	<u>\$ 336,234</u>	<u>\$ 425,812</u>	<u>\$ 89,578</u>

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

4. Investments - Continued

Investments as of June 30, 2010 are summarized as follows:

<i>Description</i>	<i>Cost</i>	<i>Fair Value</i>	<i>Unrealized Appreciation (Depreciation)</i>
U.S. Government Securities	\$ 52,470	\$ 55,577	\$ 3,107
Municipal Bond	20,060	21,344	1,284
Corporate Bonds	36,211	37,162	951
Domestic Equity Securities	292,087	334,586	42,499
Foreign Equity Securities	<u>33,447</u>	<u>31,869</u>	<u>(1,578)</u>
Total	<u>\$ 434,275</u>	<u>\$ 480,538</u>	<u>\$ 46,263</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at June 30, 2011 and 2010:

<i>Description</i>	<i>2011</i>			
	<i>Fair Value</i>	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>
U.S. Government Securities	\$ 31,800	\$ -	\$ 31,800	\$ -
Municipal Bond	22,620	-	22,620	-
Corporate Bonds	38,187	-	38,187	-
Domestic Equity Securities	294,770	294,770	-	-
Foreign Equity Securities	<u>38,435</u>	<u>38,435</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 425,812</u>	<u>\$ 333,205</u>	<u>\$ 92,607</u>	<u>\$ -</u>
<i>Description</i>	<i>2010</i>			
	<i>Fair Value</i>	<i>Level I</i>	<i>Level II</i>	<i>Level III</i>
U.S. Government Securities	\$ 55,577	\$ -	\$ 55,577	\$ -
Municipal Bond	21,344	-	21,344	-
Corporate Bonds	37,162	-	37,162	-
Domestic Equity Securities	334,586	334,586	-	-
Foreign Equity Securities	<u>31,869</u>	<u>31,869</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 480,538</u>	<u>\$ 366,455</u>	<u>\$ 114,083</u>	<u>\$ -</u>

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

4. *Investments - Continued*

The fair values of level 2 investments were determined using the income approach. The income approach to fair value measurement estimates the fair value by calculating the present value of future cash flows that the asset is expected to generate over its lifetime. The cash flows are discounted to the measurement date at rate of return that is required to compensate with the risk associated with receipt of the future cash flows.

5. *Endowment*

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

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

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

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

5. *Endowment - Continued*

Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Organization has a policy of appropriating for distribution each year annual an amount which exceeds the 3% per annum rate of return required to retain the endowments' purchasing power.

A summary of the endowment activity is as follows:

	<i>2011</i>	<i>2010</i>
Endowment net assets - beginning of year	\$ <u>554,150</u>	\$ <u>544,773</u>
Investment return:		
Investment income	10,659	13,214
Net appreciation (realized and unrealized)	<u>81,940</u>	<u>49,377</u>
Total investment return	92,599	62,591
Contributions	-	-
Withdrawals	(6,653)	(8,492)
Fees	(4,006)	(4,722)
Loss from allowance for doubtful endowment pledges	<u>-</u>	<u>(40,000)</u>
Endowment net assets - end of year	636,090	554,150
Less temporarily restricted net assets	<u>168,590</u>	<u>86,650</u>
Permanently restricted net assets	<u>\$ 467,500</u>	<u>\$ 467,500</u>

During the years ended June 30, 2011 and 2010, the Organization borrowed \$157,000 and \$65,000, respectively, from the permanently restricted endowment to fund operations in accordance with their Fund Spending and Borrowing Policy Statement. Interest earned for this borrowing that will be credited to the endowment upon repayment totaled and \$4,894 and \$1,352 for the years ended June 30, 2011 and 2010, respectively. The Organization intends to repay these loans when funds are available.

The Organization also has deficit unrestricted net assets at June 30, 2011 totaling \$209,800, representing additional borrowings from restricted funds. Management anticipates that donors will not require the contributions to be returned. As such, no provision has been made for any liabilities that might arise.

6. *Inkind Contributions*

In-kind contributions of services and materials to support programs and special events have been recorded at fair value as both revenue and expense in the accompanying statements of activities. For the years ended June 30, 2011 and 2010, in-kind contributions totaled \$294,641 and \$90,688, respectively.

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

7. *Lease Commitments*

The Organization leases its office facility under an operating lease that expires on January 31, 2016. Rent expense for the years ended June 30, 2011 and 2010 totaled \$65,876 and \$75,009, respectively. Future minimum rent under this operating lease is as follows:

<i>June 30,</i>	<i>Amount</i>
2012	62,292
2013	65,446
2014	68,599
2015	71,754
2016	<u>42,316</u>
Total	<u>\$ 310,406</u>

8. *Related Party Transactions*

The Organization pays JA Worldwide an annual license fee calculated as a percentage of revenues generated. The franchise fee expense for the years ended June 30, 2011 and 2010 was \$46,684 and \$44,744, respectively.

The Organization also purchases program insurance and certain program materials from JA Worldwide. Such purchases for the years ended June 30, 2011 and 2010 amounted to \$140,335, and \$147,750, respectively.

Amounts due to JA Worldwide at June 30, 2011 and 2010 totaled \$895 and 14,095, respectively.

9. *Pension Plan*

The Organization participates in a pension plan sponsored by JA Worldwide. The Plan covers all employees with at least one year and 1,000 hours of service. The Organization makes an annual contribution to the plan equal to a percentage of eligible compensation. Total expense for the years ended June 30, 2011 and 2010 was \$62,597 and \$76,376, respectively, and is included in salaries and related expenses in the statements of functional expenses.

10. *Concentrations of Credit Risk*

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

Junior Achievement of Northern New England, Inc.

Notes to Financial Statements - *Continued*

June 30, 2011 and 2010

11. *Temporarily Restricted Net Assets*

Temporarily restricted net assets at June 30, 2011 and 2010 consisted of the following:

<i>Description</i>	<i>2011</i>	<i>2010</i>
Net appreciation on endowment investments	\$ 168,590	\$ 86,650
Program restricted	<u>35,000</u>	<u>-</u>
Total	<u>\$ 203,590</u>	<u>\$ 86,650</u>

12. *Subsequent Events*

The Organization has evaluated subsequent events through December 20, 2011, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2011 that require recognition or disclosure in these financial statements.

SUPPLEMENTAL INFORMATION

Junior Achievement of Northern New England, Inc.
Financial Information Schedule
(As Prescribed By JA Worldwide)
For the Year ended June 30, 2011

Revenue and Expenses	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Permanently Restricted</i>	<i>Total</i>
<i>Revenue</i>				
Contributions (exclusive of special events)				
Corporations	\$ 272,935	\$ 35,000	\$ -	\$ 307,935
Individuals	113,578	-	-	113,578
Foundations	97,525	-	-	97,525
Total contributions	<u>484,038</u>	<u>35,000</u>	<u>-</u>	<u>519,038</u>
Special events	850,379	-	-	850,379
Less special events expenses	<u>(444,716)</u>	<u>-</u>	<u>-</u>	<u>(444,716)</u>
Net special events income	<u>405,663</u>	<u>-</u>	<u>-</u>	<u>405,663</u>
Realized gains on investments	-	37,391	-	37,391
Unrealized gains on investments	-	44,549	-	44,549
Contributions (in kind)	16,562	-	-	16,562
Other income/(losses)	8,585	-	-	8,585
Net assets released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues (net of special events expenses)	<u>914,848</u>	<u>116,940</u>	<u>-</u>	<u>1,031,788</u>
<i>Expenses (exclusive of special event expenses)</i>				
Program expenses	851,802	-	-	851,802
General and administrative	134,665	-	-	134,665
Fundraising	173,458	-	-	173,458
Total expenses	<u>1,159,925</u>	<u>-</u>	<u>-</u>	<u>1,159,925</u>
Surplus/(deficit)	<u>\$ (245,077)</u>	<u>\$ 116,940</u>	<u>\$ -</u>	<u>\$ (128,137)</u>
Financial Position				
Assets	<u>\$ (1,597)</u>	<u>\$ 203,590</u>	<u>\$ 467,500</u>	<u>\$ 669,493</u>
Liabilities	<u>\$ 208,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 208,203</u>
Beginning net assets	35,277	86,650	467,500	589,427
Surplus/(deficit)	<u>(245,077)</u>	<u>116,940</u>	<u>-</u>	<u>(128,137)</u>
Ending net assets	<u>(209,800)</u>	<u>203,590</u>	<u>467,500</u>	<u>461,290</u>
Total liabilities and net assets	<u>\$ (1,597)</u>	<u>\$ 203,590</u>	<u>\$ 467,500</u>	<u>\$ 669,493</u>

Junior Achievement of Northern New England, Inc.
Financial Information Schedule
(As Prescribed By JA Worldwide) - *Continued*
For the Year ended June 30, 2011

Additional Information

Income not subject to license fee:

Contributions of gifts inkind (exclusive of inkind gifts relating to special events totaling \$282,604)	\$ 16,562
Interest and dividend income	<u>5,856</u>
Total	<u>\$ 22,418</u>
Total depreciation	<u>\$ 10,549</u>
License fee paid	<u>\$ 46,684</u>