

# **JA Worldwide, Inc. and Subsidiaries**

Independent Auditor's Reports and  
Consolidated Financial Statements

June 30, 2018 and 2017

**JA Worldwide, Inc. and Subsidiaries**  
**June 30, 2018 and 2016**

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## Independent Auditor's Report

Board of Directors  
JA Worldwide, Inc. and Subsidiaries  
Boston, Massachusetts

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of JA Worldwide, Inc. and Subsidiaries (the Organization), which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities 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.

#### *Auditor's 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. Our 2018 audit was also conducted in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit 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 auditor's 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.

Board of Directors  
JA Worldwide, Inc. and Subsidiaries

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of JA Worldwide, Inc. and Subsidiaries 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**

#### *Other Information*

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying statements of functional expenses and schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we also have issued our report dated September 20, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

**BKD, LLP**

Colorado Springs, Colorado  
September 20, 2018

**JA Worldwide, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Position**  
**June 30, 2018 and 2017**

**Assets**

	<b>2018</b>	<b>2017</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 5,290,234	\$ 9,562,208
Investments	1,498,903	-
Contributions receivable	1,148,648	487,463
Federal grants receivable	211,878	77,739
Due from related party	12,818	4,254
Affiliates accounts receivable, net of allowance for doubtful accounts; \$54,000 in 2018 and 2017	848,721	307,008
Prepaid expenses and other receivables	162,596	100,920
Total current assets	9,173,798	10,539,592
<b>Fixed Assets, Net</b>		
	1,773	6,069
Total assets	\$ 9,175,571	\$ 10,545,661

**Liabilities and Net Assets**

<b>Current Liabilities</b>		
Accounts payable - trade	\$ 339,667	\$ 1,002,732
Accrued liabilities	626,473	518,167
Funds held for affiliates	3,594,209	4,151,124
Total current liabilities	4,560,349	5,672,023
<b>Net Assets</b>		
Unrestricted	2,585,749	1,985,141
Temporarily restricted	2,029,473	2,888,497
Total net assets	4,615,222	4,873,638
Total liabilities and net assets	\$ 9,175,571	\$ 10,545,661

**JA Worldwide, Inc. and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2018**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,077,626	\$ 2,588,863	\$ 3,666,489
Member fees	2,399,813	-	2,399,813
In-kind contributions	701,064	-	701,064
Federal grants	1,161,371	-	1,161,371
Investment return	(2,278)	1,140	(1,138)
Other income	76,205	-	76,205
Net assets released from restrictions	<u>3,449,027</u>	<u>(3,449,027)</u>	<u>-</u>
Total support and revenue	<u>8,862,828</u>	<u>(859,024)</u>	<u>8,003,804</u>
<b>Expenses</b>			
Program services			
Field services	5,027,615	-	5,027,615
Communications and marketing	562,012	-	562,012
Research and development	175,488	-	175,488
Human resources	<u>50,724</u>	<u>-</u>	<u>50,724</u>
Total program services	<u>5,815,839</u>	<u>-</u>	<u>5,815,839</u>
Support services			
Management and general	1,342,253	-	1,342,253
Fundraising	<u>1,104,128</u>	<u>-</u>	<u>1,104,128</u>
Total support services	<u>2,446,381</u>	<u>-</u>	<u>2,446,381</u>
Total expenses	<u>8,262,220</u>	<u>-</u>	<u>8,262,220</u>
<b>Change in Net Assets</b>	600,608	(859,024)	(258,416)
<b>Net Assets, Beginning of Year</b>	<u>1,985,141</u>	<u>2,888,497</u>	<u>4,873,638</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,585,749</u>	<u>\$ 2,029,473</u>	<u>\$ 4,615,222</u>

**JA Worldwide, Inc. and Subsidiaries**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2017**

	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,313,163	\$ 3,110,181	\$ 4,423,344
Member fees	2,476,617	-	2,476,617
In-kind contributions	752,088	-	752,088
Federal grants	405,616	-	405,616
Interest income	28	-	28
Other income	5,173	-	5,173
Net assets released from restrictions	<u>3,194,263</u>	<u>(3,194,263)</u>	<u>-</u>
Total support and revenue	<u>8,146,948</u>	<u>(84,082)</u>	<u>8,062,866</u>
<b>Expenses</b>			
Program services			
Field services	4,428,743	-	4,428,743
Communications and marketing	620,941	-	620,941
Program development	370,746	-	370,746
Human resources	<u>18,361</u>	<u>-</u>	<u>18,361</u>
Total program services	<u>5,438,791</u>	<u>-</u>	<u>5,438,791</u>
Support services			
Management and general	1,087,826	-	1,087,826
Fundraising	<u>1,008,169</u>	<u>-</u>	<u>1,008,169</u>
Total support services	<u>2,095,995</u>	<u>-</u>	<u>2,095,995</u>
Total expenses	<u>7,534,786</u>	<u>-</u>	<u>7,534,786</u>
<b>Change in Net Assets</b>	612,162	(84,082)	528,080
<b>Net Assets, Beginning of Year</b>	<u>1,372,979</u>	<u>2,972,579</u>	<u>4,345,558</u>
<b>Net Assets, End of Year</b>	<u>\$ 1,985,141</u>	<u>\$ 2,888,497</u>	<u>\$ 4,873,638</u>

**JA Worldwide, Inc. and Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
<b>Operating Activities</b>		
Change in net assets	\$ (258,416)	\$ 528,080
Items not requiring (providing) operating activities cash flows		
Depreciation	4,296	4,296
Bad debt credit	-	(4,099)
Net unrealized loss on investments	1,138	-
Changes in assets and liabilities		
Contributions receivable	(661,185)	710,041
Federal grants receivable	(134,139)	(44,468)
Affiliates accounts receivable	(541,713)	149,168
Funds held for affiliates	(556,915)	173,497
Due to/from related party	(8,564)	(823)
Prepaid expenses and other receivables	(61,676)	(46,333)
Accounts payable and accrued liabilities	(554,759)	(398,092)
Net cash provided by (used in) operating activities	(2,771,933)	1,071,267
<b>Investing Activities</b>		
Purchase of investments	(1,500,041)	-
Net cash used in investing activities	(1,500,041)	-
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(4,271,974)	1,071,267
<b>Cash and Cash Equivalents, Beginning of Year</b>	9,562,208	8,490,941
<b>Cash and Cash Equivalents, End of Year</b>	\$ 5,290,234	\$ 9,562,208



**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

JA Worldwide, Inc. (the Organization) is a Delaware not-for-profit organization whose mission and principal activities are to oversee global fund raising, brand development and protection, quality assurance, and financial accountability.

JA Worldwide, Inc. provides oversight to Europe, Africa, Asia Pacific, the Middle East and the Americas (excluding the USA) and is responsible for the growth and development of Junior Achievement around the world. Junior Achievement USA®, a related party, provides oversight to the United States (see Note 12). Future grants, gifts and contributions that will be focused either entirely or mostly outside of the United States will be processed and executed by the Organization.

The Organization reaches out to the global community through a network of over 100 affiliates that develop and implement economic education programs for young people through a partnership between business and education. Except for JA Africa, Inc., JA Asia Pacific Limited and JA Americas (discussed below), the affiliates' financial statements are not included in the consolidated financial statements of the Organization, since it does not have a controlling interest in the affiliates' Board of Directors or a financial interest in the affiliates' operations. The by-laws of each affiliate designate a similar purpose not-for-profit organization to receive the residual interest of an affiliate in the event of dissolution.

While not a separate legal entity, but rather legally part of the organization, the activities of JA Americas (which does not include the USA) are included in the consolidated financial statements. JA Africa, Inc. is a Delaware not-for-profit corporation that conducts education programs in Africa. JA Asia Pacific Limited is a Hong Kong not-for-profit corporation that conducts education programs in Asia. JA Africa, Inc. and JA Asia Pacific Limited are subsidiaries of the Organization and their results are fully consolidated.

The Organization's primary revenues come from corporate and individual contributions, federal and private grants, and member fees charged to its affiliates.

***Principles of Consolidation and Basis of Accounting***

The accompanying consolidated financial statements include the accounts of JA Worldwide, Inc., JA Africa, Inc. and JA Asia Pacific Limited. All material intercompany transactions and balances have been eliminated in the consolidated financial statements.

***Foreign Subsidiaries***

The functional currency of the foreign subsidiaries is the U.S. dollar; however, certain transactions of the foreign subsidiaries may be translated, as necessary, into U.S. dollars using the current exchange rate. Assets located outside of the United States totaled approximately \$937,000 and \$1,331,000 at June 30, 2018 and 2017, respectively.

# **JA Worldwide, Inc. and Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **June 30, 2018 and 2017**

#### ***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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Cash and Cash Equivalents***

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At June 30, 2018, cash equivalents consisted primarily of certificates of deposit.

At June 30, 2018, the Organization's cash accounts exceeded federally insured limits by approximately \$3,633,000.

Some of the Organization's cash accounts reside in financial institutions outside of the United States and, thus, are not eligible for FDIC coverage. These accounts total approximately \$937,000 at June 30, 2018.

#### ***Investments and Investment Return***

Investments consist of certificates of deposit and are valued at market value. Investment return includes interest and other investment income; realized and unrealized gains and losses on investments carried at fair value.

Investment return is reflected in the statements of activities as unrestricted or temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions.

#### ***Affiliates Accounts Receivable***

The Organization's affiliates accounts receivable are comprised principally of non-U.S. affiliates' member fees. The receivables are for membership fees, which are based on 1% of affiliate revenue subject to member fees.

For non-U.S. affiliates having overdue balances, the Organization seeks to net the receivable balance against other grant monies due to the affiliate. Where netting is not possible, the regional operating center assigned to that affiliate county is informed to facilitate payment. Affiliates with unpaid member fees are considered "not in good standing" and will not receive grant funding from the Organization until fees are paid.

#### ***Fixed Assets***

Fixed assets are recorded at cost. Donated fixed assets are recorded at fair market value on the date of the gift. Depreciation is provided over the estimated useful life of the assets on a straight-line basis. An estimated useful life of five years has been assigned to the assets.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

***Temporarily Restricted Net Assets***

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose.

***Contributions***

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. Gifts that are originally restricted by the donor, and for which the restriction is met in the same time period, are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. However, any resulting discount was determined by management to be insignificant.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

***In-kind Contributions***

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors and affiliate offices. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by a like amount.

***Federal Grants***

Federal funds are received on a cost reimbursement basis. Revenue and federal grants receivable with respect to the federal awards are recognized to the extent of allowable expenses incurred under the award terms. Upon completion or expiration of a grant, unexpended funds are not available to the Organization. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

# JA Worldwide, Inc. and Subsidiaries

## Notes to Consolidated Financial Statements

### June 30, 2018 and 2017

#### ***Income Taxes***

The Organization (including JA Africa, Inc.) is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. JA Asia Pacific Limited is incorporated in Hong Kong as a charity. However, the Organization is subject to federal income tax on any unrelated business taxable income.

#### ***Functional Allocation of Expenses***

The costs of providing the various program and supporting services have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited based on relative efforts expended on each activity. Program services include the following:

*Field services:* Encompasses a range of direct support to over 100 affiliates of the Organization to inspire and prepare young people to succeed in a global economy. Services include, but are not limited to, staff training, marketing and brand support, facilitating the sharing of best practices, and assistance with board development and governance.

*Communications and marketing:* Heightens awareness and understanding of the Organization's purpose and mission through multiple media channels to corporations, volunteers, educators, funders and the general public. Fosters brand consistency globally.

*Research and development:* Covers the development and support of Junior Achievement programs including student competitions and programs directed at marginalized youth, girls and family support, youth unemployment and quality education for youth ages 5-25.

*Human resources:* Encompasses talent management and employee development to ensure the Organization is hiring and retaining high quality staff to deliver programs and recruit volunteers to educate young people in the areas of financial literacy, workforce readiness and entrepreneurship.

#### ***Subsequent Events***

Subsequent events have been evaluated through September 20, 2018, which is the date the consolidated financial statements were available to be issued.

#### **Note 2: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There is a hierarchy of three levels of inputs that may be used to measure fair value:

**Level 1** Quoted prices in active markets for identical assets or liabilities

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

- Level 2**    Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3**    Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The Organization has investments at June 30, 2018 and 2017 of \$1,498,903 and \$0, respectively that consist of certificates of deposit. These investments are classified within Level 2 of the fair value hierarchy.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3.

**Note 3:    Contributions Receivable**

Contributions receivable consist of the following:

	<b>2018</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Due within one year	\$    51,220	\$ 1,097,428	\$ 1,148,648
	<b>2017</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Due within one year	\$    42,780	\$    444,683	\$    487,463

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 4: Conditional Gifts**

The Organization has received the following conditional promises to give at June 30, 2018 and 2017, some of which are to benefit the affiliates of the Organization. These amounts are not recognized in the consolidated financial statements:

	<u>2018</u>	<u>2017</u>
Conditional promise to give upon approval of satisfactory progress	<u>\$ 2,385,310</u>	<u>\$ 5,441,496</u>

**Note 5: Fixed Assets, Net**

Property and equipment at June 30 consists of:

	<u>2018</u>	<u>2017</u>
Furniture and fixtures	\$ 17,164	\$ 17,164
Less accumulated depreciation	<u>15,391</u>	<u>11,095</u>
	<u>\$ 1,773</u>	<u>\$ 6,069</u>

**Note 6: Line of Credit**

The Organization maintained a \$100,000 revolving bank line of credit, which auto-renews until cancelled in writing by either party. The interest rate on the line is 10% annually, and is payable monthly. No amounts were borrowed against this line during 2018 or 2017.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 7: Temporarily Restricted Net Assets**

Temporarily restricted funding and grants have been donor-restricted for specific purposes or specified time frames. Restrictions are for the development of various types of curriculum: after school, online programs, ethics curriculum and personal financial literacy programs. Grants also provide funding for monitoring and evaluation, marketing and awareness, student competitions and grant administration.

Temporarily restricted net assets consist of the following at June 30:

	<b>2018</b>	<b>2017</b>
Abraaj	\$ 2	\$ 3
Alcoa STEM (Science, Technology, Engr. and Math) Career	-	13,904
The Allan and Carol Kelly Charitable Foundation	10,000	-
Bechtel - Support to Stewardship Programs	2,000	102,344
Bechtel - Future Leaders Initiative	6,000	-
Bloomberg	25	26
Cisco Alumni Project	58,250	-
Citi Africa Cluster	59	95,350
Citi Foundation	50,414	161,959
Citi - Digital	350,000	500,000
Citi - Strengthening Skills Initiative	8,292	25,999
Citi GLC	50,000	-
Coca Cola - Ripples of Happiness	21,467	43,753
Delta	73,169	39,474
Equifax	9,774	10,467
Exxon Mobil	1,656	6,205
Entrepreneurial Attitude	1,040	-
Facebook	8	-
FedEx Asia Pacific ITC	-	37,585
FedEx ITC	16,692	117,999
FedEx Company of the Year Competition	303,471	279,967
Fidelity	8,897	-
Franklin Templeton	-	13,500
GE Foundation Global Education Initiative	612	1,152
History Book Update	5,000	1,674
HSBC - More Than Money	5,251	254,135

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
	<b>(continued)</b>	<b>(continued)</b>
J&J	160,079	15,639
JP Morgan - Pathways to Employment	-	13,063
JP Morgan - Skills for Youth	3,080	49,007
JP Morgan - Steer Your Career	12,986	74,576
KPMG	3,000	-
Marketo	325	-
Marsh & McLennan	23,939	-
MasterCard - Women for Development	7,441	-
MasterCard - MENA	24,995	-
Mercado Libre	-	1,500
MetLife	7,152	-
MetLife Americas	5,000	5,000
MetLife Entrepreneurial Awards	-	8,830
Network for Good - MENA	-	18,683
Nokia	358	25,033
Novelis	-	3,722
Oracle	4,137	27,000
P Gbedemah - Africa ROC	35	-
Prudential Ja Cha-Ching School Curriculum	463,646	362,867
Road King	32,110	-
Rogers Capital	4	268
SAP	131,666	186,241
Scotiabank - Road to Success	159,218	195,423
TEDx Youth	8,067	11,061
WiSTEM	156	171,716
Youth Power Learning	-	13,372
	<u>                    </u>	<u>                    </u>
Total temporarily restricted	<u>\$ 2,029,473</u>	<u>\$ 2,888,497</u>



**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 8: Net Assets Released from Restrictions**

Net assets were released from temporary restrictions by incurring expenses satisfying restricted purposes for the years ended June 30 as follows:

	<b>2018</b>	<b>2017</b>
Abraaj	\$ 1	\$ 11,290
Alcoa - STEM (Science, Technology, Engr. and Math) Career	13,904	95,760
AT&T Global Company Program Competition	-	9,250
The Allan and Carol Kelly Charitable Foundation	2,000	-
Barclays	1,320	-
Bechtel - Future Leaders Initiative	86,000	-
Bechtel - Gabon	-	67,599
Bechtel - Support to Stewardship Programs	100,344	103,228
Bloomberg	19,900	18,977
Burkina Faso	-	1,355
Caterpillar Transforming Lives	-	31,012
Cisco Alumni	1,750	-
Citi Africa Cluster	95,291	85,420
Citi Americas	-	22,313
Citi Foundation	111,545	197,041
Citi - Digital	500,000	-
Citi - Strengthening Skills Initiative	17,707	41,001
Coca Cola - Women 4 Development	28,500	-
Coca Cola - Ripples of Happiness	22,286	57,953
Dell	34,174	55,283
Delta	121,306	45,026
Equifax	14,454	16,528
Exxon Mobil	4,549	92,842
Facebook	7,992	-
FedEx ITC	130,708	-
FedEx Asia Pacific ITC	37,585	158,651
FedEx Company of the Year Competition	276,503	283,563
Fidelity	17,953	-
First Caribbean Bank	6,664	-
Franklin Templeton	28,500	16,500
GE Foundation Global Education Initiative	540	30,144
GPE	-	89,334
History Book Update	-	3,326

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

	<b>2018</b>	<b>2017</b>
	<b>(continued)</b>	<b>(continued)</b>
HSBC - More Than Money	686,525	284,322
InterAmerican Development Bank	15,695	-
J&J	70,560	-
JP Morgan - Pathways to Employment	13,063	10,464
JP Morgan - Skills for Youth	45,927	27,351
JP Morgan - Steer Your Career	61,590	25,422
KPMG	4,500	-
Marketo	9,675	-
Marsh & McLennan	9,895	10,850
MasterCard - Women for Development	21,559	-
MasterCard - Women's Empowerment Program	15,000	-
Mercado Libre	1,500	1,500
MetLife	12,848	-
MetLife Entrepreneurial Awards	8,830	-
MetLife Volunteer Match Partnership	-	3,333
MetLife Americas	13,840	17,000
Neoris	-	1,401
Network for Good - MENA	18,683	40,213
Nokia	24,675	-
Novelis	3,722	2,278
Oracle	10,086	6,000
P Gbedemah - Africa ROC	2,395	6,880
Prudential Ja Cha-Ching School Curriculum	225,675	289,460
Rogers Capital	5,266	9,732
SAP	135,675	150,490
Scotiabank - Road to Success	151,205	294,577
TEDx Youth	26,064	11,221
Western Union	20,000	26,934
WiSTEM	126,560	419,311
Youth Power Learning	26,538	22,128
	<u>686,525</u>	<u>284,322</u>
Total restrictions released	<u>\$ 3,449,027</u>	<u>\$ 3,194,263</u>

Certain restrictions may be modified by the donor. When this occurs, the amount may be transferred to another category, but will not be shown as released from restrictions.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 9: Operating Lease**

Future minimum lease payments under operating leases for office space are:

2019	\$	33,386
2020		<u>17,774</u>
	<u>\$</u>	<u>51,160</u>

Rent expense was \$107,193 and \$101,863 for the years ended June 30, 2018 and 2017, respectively.

**Note 10: Pension and Postretirement Plan**

***Multiemployer Pension Plan***

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA® and covers all full-time employees of the Organization, Junior Achievement USA® and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multiemployer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by Junior Achievement USA's® Board of Directors, based on an annual actuarial valuation. The Organization makes contributions equal to 16.75% of participants' eligible compensation. The Plan requires that participating members who withdraw from the Plan, remain liable for any previous funding obligations under the Plan. Accordingly, the Organization recognizes, as net pension cost, the required contribution for the period and recognizes, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the consolidated financial statements of the Organization. The Organization provided less than 5% of the total contributions for the June 30, 2018 and 2017 plan years.

***Information on Organization Participation in the Plan***

The risks to the Organization of participating in this multiemployer pension plan 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 the Organization chooses to stop participating in the Plan, the Organization would be required to pay the Plan an amount based on the underfunded status of the Plan, referred to as a withdrawal liability.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

The Organization’s participation in the Plan for the annual periods ended June 30, 2018 and 2017 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 Plan’s funded status available in 2018 and 2017 is for the years ended June 30, 2018 and 2017. There have been no significant changes that affect the comparability of 2018 and 2017 contributions.

Pension Fund	EIN/Pension Plan Number	Funded Status		Contributions of Organization	
		2018	2017	2018	2017
Retirement Plan for Employees of Junior Achievement USA	13-1635270 PN 333	92%	79%	<u>\$ 226,409</u>	<u>\$ 206,406</u>

**Note 11: Health and Welfare Benefits Trust and Postretirement Benefits Plan**

***Health and Welfare Benefits Trust***

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The Health and Welfare Plan is accounted for like a multiemployer plan. Employees of the Organization, Junior Achievement USA® and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. All the assets and liabilities of the Health and Welfare 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 consolidated financial statements of the Organization. The Organization’s premium expense for the Health and Welfare Plan for the years ended June 30, 2018 and 2017 was \$108,199 and \$118,013, respectively. The Organization provided less than 5% of total contributions for the 2018 and 2017 plan years.

***Postretirement Benefits Plan***

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employers. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the Organization does not believe the implicit rate subsidy amount to be material to the Organization, especially since the Plan is a multiemployer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the consolidated financial statements of the Organization.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 12: Related-party Transactions**

***Activity with Junior Achievement USA®***

The Organization and Junior Achievement USA® are related parties that are not financially interrelated organizations. During 2018 and 2017, through a member fee agreement between the Organization and Junior Achievement USA®, the Organization assessed a member fee of 1% of prior fiscal year gross revenues of each Junior Achievement USA® local area office for their use of brand, logos and trademarks owned by the Organization. Junior Achievement USA® remits this fee to the Organization from the member fees Junior Achievement USA® collects from each local area office. As a result, the Organization recorded member fee income of \$1,355,498 and \$1,282,971 during 2018 and 2017 from Junior Achievement USA®, respectively.

Through a contractual agreement, the Organization purchased administrative support services from Junior Achievement USA® totaling \$2,970 and \$8,760 during 2018 and 2017, respectively. The expenses generated from these transactions are allocated to field services, communications and marketing, programs, human resources, management and general and fundraising expenses on the consolidated statements of activities.

Any uncollected and unpaid balances related to transactions with Junior Achievement USA® are shown net in the due from related party line item on the consolidated statements of financial position. For 2018, due from related party included \$271,100 of receivables from and \$270,786 of payables to Junior Achievement USA®. For 2017, due from related party included \$131 of receivables from and \$6,850 of payables to Junior Achievement USA®.

***Activity with Board Members and Other Related Parties***

Contributions of cash, in-kind gifts and pledges from related parties, including board members and corporations affiliated with board members was \$887,560 and \$2,185,896 for the years ended June 30, 2018 and 2017, respectively. Contributions receivable from related parties including board members and corporations affiliated with board members was \$396,737 and \$379,688 as of June 30, 2018 and 2017, respectively.

The Organization allows for compensation advances to employees. As of June 30, 2018 and 2017, the Organization has \$12,504 and \$10,973, respectively, and is recorded in due from related party on the consolidated statements of financial position. There is no allowance for these receivables as the Organization expects to collect 100% through payroll deductions.

***Activity with Worldwide Affiliates***

The Organization assists its affiliates around the world in setting up their own organizations to administer Junior Achievement programs. The Organization holds funds on behalf of certain of these affiliates for their expenses. These are included in cash and contributions receivable on the consolidated statements of financial position and total \$3,140,583 and \$453,626, respectively, as of June 30, 2018 and total \$3,771,852 and \$379,272, respectively, as of June 30, 2017. During the years ended June 30, 2018 and 2017, the Organization passed through to some of its affiliates \$9,528,850 and \$13,269,912, respectively, of funds resource providers directed to be transferred to such affiliates. Because the Organization functions as a conduit, these amounts have not been reflected on the consolidated statements of activities. Approximately \$38,000 and \$482,000 of

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

these pass-through funds at June 30, 2018 and 2017, respectively, were committed for distribution but not yet transferred to affiliate offices. These undistributed amounts reside in accounts payable on the consolidated statements of financial position.

The Organization also receives member fee income from affiliates. These fees totaled \$1,016,295 and \$968,674 for the years ended June 30, 2018 and 2017, respectively. The Organization has accounts receivable of \$848,721 and \$307,008 as of June 30, 2018 and 2017, respectively, from affiliates.

**Note 13: Significant Estimates and Concentrations**

Generally accepted accounting principles require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Contribution Concentrations***

Contribution revenue (including in-kind contributions) of \$4,367,553 and \$5,175,432 in 2018 and 2017, comprised approximately 55% and 65%, respectively, of the Organization's total support and revenue. The operations of the Organization could be affected with a significant change in contributions. Approximately 25% of contribution revenue was received from one donor in 2017. No individual donors exceeded 20% of contribution revenue in 2018.

**Note 14: Contingencies**

The United States Agency for International Development (USAID) has historically been one of the primary federal awarding agencies for the Organization. Included in various grant agreements awarded by USAID was a provision for a Negotiated Indirect Cost Rate Agreement (NICRA). The provision stipulated that the Organization shall be reimbursed for indirect costs on the basis of the predetermined rate published in the agreement, but pending the establishment of a revised, final rate.

During 2014, the Organization was notified by USAID of the final rates effective retroactively for grant periods from July 2004 through June 2010. During 2016, the Organization was notified by USAID of the final rates effective retroactively for grant periods from July 2010 through June 30, 2013. The Organization believes that a loss, resulting from the recalculated NICRA based on the revised rates, is probable on all applicable open grants.

As a result, the Organization recorded a contingency liability that is included in accounts payable in the consolidated statements of financial position for all applicable open grants as of June 30, 2018 and 2017 of \$154,555 and \$162,566, respectively. Management believes that this estimated liability fully accounts for any probable exposure to the Organization. It is reasonably possible that a change in these estimates could occur in the near term.

**JA Worldwide, Inc. and Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**June 30, 2018 and 2017**

**Note 15: Future Change in Accounting Principle**

***Presentation of Financial Statements of Not-for-Profit Entities***

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to *net assets with donor restrictions* and *net assets without donor restrictions*; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations and requires disclosure of expenses by both their natural and functional classification on the face of the statements of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment is effective for all fiscal years beginning after December 15, 2017. The amendment will be applied retrospectively to all periods presented. The Organization is in the process of evaluating the impact the amendment will have on the financial statements.

## **Supplementary Information**



**JA Worldwide, Inc. and Subsidiaries**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2018 and 2017**

	Program Services					Support Services			Total Expenses
	Field Services	Communications and Marketing	Research and Development	Human Resources	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>June 30, 2018</b>									
Compensation	\$ 1,927,874	\$ 215,508	\$ 67,292	\$ 19,451	\$ 2,230,125	\$ 514,696	\$ 423,387	\$ 938,083	\$ 3,168,208
Occupancy	120,455	13,465	4,204	1,215	139,339	32,159	26,453	58,612	197,951
Program support	1,448,980	161,974	50,577	14,619	1,676,150	386,843	318,214	705,057	2,381,207
Professional and other services	1,527,691	170,773	53,324	15,413	1,767,201	407,857	335,500	743,357	2,510,558
Depreciation	2,615	292	91	26	3,024	698	574	1,272	4,296
Total expenses	<u>\$ 5,027,615</u>	<u>\$ 562,012</u>	<u>\$ 175,488</u>	<u>\$ 50,724</u>	<u>\$ 5,815,839</u>	<u>\$ 1,342,253</u>	<u>\$ 1,104,128</u>	<u>\$ 2,446,381</u>	<u>\$ 8,262,220</u>

	Program Services					Support Services			Total Expenses
	Field Services	Communications and Marketing	Research and Development	Human Resources	Total Program Services	Management and General	Fundraising	Total Support Services	
<b>June 30, 2017</b>									
Compensation	\$ 1,821,623	\$ 255,405	\$ 152,495	\$ 7,552	\$ 2,237,075	\$ 447,574	\$ 414,678	\$ 862,252	\$ 3,099,327
Occupancy	135,940	19,060	11,380	564	166,944	33,401	30,946	64,347	231,291
Program support	1,084,918	152,113	90,822	4,498	1,332,351	266,565	246,973	513,538	1,845,889
Professional and other services	1,383,737	194,010	115,838	5,737	1,699,322	339,664	314,997	654,661	2,353,983
Depreciation	2,525	353	211	10	3,099	622	575	1,197	4,296
Total expenses	<u>\$ 4,428,743</u>	<u>\$ 620,941</u>	<u>\$ 370,746</u>	<u>\$ 18,361</u>	<u>\$ 5,438,791</u>	<u>\$ 1,087,826</u>	<u>\$ 1,008,169</u>	<u>\$ 2,095,995</u>	<u>\$ 7,534,786</u>

**JA Worldwide Inc. and Subsidiaries**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2018**

Federal Grantor/ Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Grant or Identifying Number	Total Federal Expenditures
Agency for International Development (USAID)			
USAID Foreign Assistance for Programs Overseas			
Eastern Europe	98.001	AID-OAA-A-17-00006	\$ 502,889
Turkmenistan	98.001	AID-176-A-15-00002	86,752
Turkmenistan	98.001	AID-176-A-17-00001	<u>558,541</u>
Total USAID Foreign Assistance for Programs Overseas and total expenditures of federal awards			<u><u>\$ 1,148,182</u></u>

**Notes to Schedule**

1. This schedule of expenditures of federal awards (the Schedule) includes the federal award activity of JA Worldwide Inc. and Subsidiaries under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of JA Worldwide Inc. and Subsidiaries, it is not intended and does not present the financial position, changes in net assets or cash flows of JA Worldwide Inc. and Subsidiaries.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. JA Worldwide Inc. and Subsidiaries has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance; however, JA Worldwide Inc. and Subsidiaries has elected to use a rate agreed on through the grant agreement.
3. Of the federal expenditures presented in this schedule, JA Worldwide Inc. and Subsidiaries provided no federal awards to subrecipients.

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of the Financial Statements Performed in Accordance  
with *Government Auditing Standards***

**Independent Auditor's Report**

Board of Directors  
JA Worldwide Inc. and Subsidiaries  
Boston, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of JA Worldwide Inc. and Subsidiaries (the Organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 20, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Board of Directors  
JA Worldwide Inc. and Subsidiaries

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BKD, LLP**

Colorado Springs, Colorado  
September 20, 2018

## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board of Directors  
JA Worldwide Inc. and Subsidiaries  
Boston, Massachusetts

#### Report on Compliance for Each Major Federal Program

We have audited JA Worldwide Inc. and Subsidiaries' (the Organization) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2018. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Board of Directors  
JA Worldwide Inc. and Subsidiaries

### ***Opinion on the Major Federal Program***

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**BKD, LLP**

Colorado Springs, Colorado  
September 20, 2018

**JA Worldwide Inc. and Subsidiaries**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was (were):  
 Unmodified       Qualified       Adverse       Disclaimer
  
2. The independent auditor’s report on internal control over financial reporting disclosed:  

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
3. Noncompliance considered material to the financial statements was disclosed by the audit?  
 Yes       No

*Federal Awards*

4. The independent auditor’s report on internal control over compliance for major federal awards programs disclosed:  

Significant deficiency(ies)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Material weakness(es)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
  
5. The opinion(s) expressed in the independent auditor’s report on compliance for major federal award program(s) was (were):  
 Unmodified       Qualified       Adverse       Disclaimer
  
6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)?  
 Yes       No
  
7. Identification of major programs:

Cluster/Program	CFDA Number
USAID Foreign Assistance for Programs Overseas	98.001

**JA Worldwide Inc. and Subsidiaries**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2018**

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. The Organization qualified as a low-risk auditee?  Yes  No

**Section II – Findings Required to be Reported by *Government Auditing Standards***

Reference Number	Finding
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No matters are reportable

**Section III – Findings Required to be Reported by the Uniform Guidance**

Reference Number	Finding
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No matters are reportable



**JA Worldwide Inc. and Subsidiaries**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2018**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
No matters are reportable		