



**JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
LONGVIEW, TEXAS**

COMPARATIVE FINANCIAL STATEMENTS

As of June 30, 2010 and 2009

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.

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Independent Auditor's Report

The Board of Directors
Junior Achievement of East Texas, Inc.
Longview, Texas

We have audited the accompanying statement of financial position of Junior Achievement of East Texas, Inc. (a nonprofit Texas organization) as of June 30, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended, in accordance with standards established by the American Institute of Certified Public Accountants. 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 audit. The financial statements of Junior Achievement of East Texas, Inc. as of June 30, 2009 were audited by other auditors whose report dated December 11, 2009, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 audit provides 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 East Texas, Inc., as of June 30, 2010, and the changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Curtis Blakely & Co., P.C.

Longview, Texas

December 9, 2010

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
Statements of Financial Position
June 30

Assets		
	<u>2010</u>	<u>2009</u>
Current Assets:		
Cash and cash equivalents	\$ 108,302	\$ 175,436
Certificates of deposit	46,047	45,704
Accounts receivable	76	2,000
Total Current Assets	154,425	223,140
Fixed Assets:		
Property and equipment	1,705	26,331
Less: Accumulated depreciation	(681)	(26,311)
Total Fixed Assets	1,024	20
Other Noncurrent Assets:		
Deposits	600	-0-
Certificates of deposit restricted to scholarships	21,171	20,930
Total Noncurrent Assets	21,771	20,930
Total Assets	\$ 177,220	\$ 244,090
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 4,958	\$ 2,639
Cash overdraft payable	7,370	119
Payroll taxes payable	138	109
Pension plan payable	-0-	100
Total Current Liabilities	12,466	2,967
Net Assets:		
Unrestricted	143,583	220,193
Temporarily restricted	7,171	6,930
Permanently restricted	14,000	14,000
Total Net Assets	164,754	241,123
Total Liabilities and Net Assets	\$ 177,220	\$ 244,090

(See accompanying notes and accountant's report.)

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
Statements of Activities
For the Years Ended June 30

	<u>2010</u>	<u>2009</u>
CHANGE IN UNRESTRICTED NET ASSETS:		
Support:		
Grants	\$ 48,745	\$ 87,585
Contributions	60,633	91,588
Donated services	13,905	29,790
Special events, net of \$29,676 and \$42,216 expenses	<u>115,543</u>	<u>157,094</u>
Total Public Support	<u>238,826</u>	<u>366,057</u>
Revenues:		
Interest revenue	<u>1,089</u>	<u>2,346</u>
Total Unrestricted Support and Revenues	<u>239,915</u>	<u>368,403</u>
Expenses:		
Program Services	202,729	234,738
Support Services:		
Management and general	84,110	94,179
Fundraising	<u>29,686</u>	<u>33,239</u>
Total Support Services	<u>113,796</u>	<u>127,418</u>
Total Expenses	<u>316,525</u>	<u>362,156</u>
Change in Unrestricted Net Assets	<u>(76,610)</u>	<u>6,247</u>
Temporarily Restricted Net Assets:		
Interest revenue	<u>241</u>	<u>596</u>
Change in Temporarily Restricted Net Assets	<u>241</u>	<u>596</u>
Change in Net Assets	(76,369)	6,843
Net Assets at Beginning of Year	<u>241,123</u>	<u>234,280</u>
Net Assets at End of Year	<u>\$ 164,754</u>	<u>\$ 241,123</u>

(See accompanying notes and accountant's report.)

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
Statements of Functional Expenses
For the Years Ended June 30

	<u>Support Services</u>			<u>2010</u>	<u>2009</u>
	<u>Program Services</u>	<u>Management and General</u>	<u>Fund- raising</u>		
Salaries	\$ 83,440	\$ 52,536	\$ 18,542	\$ 154,518	\$ 156,275
Payroll taxes	6,199	3,903	1,378	11,480	10,409
Employee benefits	11,490	7,235	2,553	21,278	25,381
Total Salaries and Related Expenses	101,129	63,674	22,473	187,276	192,065
Telephone	4,130	2,601	918	7,649	9,161
Staff training	1,333	839	296	2,468	7,120
Board training and retreat	298	188	66	552	1,107
Grant expense	642	404	143	1,189	300
Travel and workshops	4,986	3,139	1,108	9,233	13,601
Professional fees	4,819	3,034	1,071	8,924	8,759
Postage	726	457	161	1,344	1,281
Rent	7,048	4,438	1,566	13,052	28,290
Office supplies	3,498	2,203	777	6,478	9,245
Insurance	1,991	1,254	442	3,687	3,446
Miscellaneous	2,579	1,624	574	4,777	2,232
Bank charges	309	195	69	573	387
Scholarships	2,500			2,500	2,500
Scholarship luncheon	38			38	354
Volunteer recognition	355			355	1,324
Volunteer training	878			878	2,597
Public relations	952			952	1,382
Participation payments	21,208			21,208	26,381
Program materials	43,211			43,211	50,621
Total Expenses Before Depreciation	202,630	84,050	29,664	316,344	362,153
Depreciation	99	60	22	181	-0-
Total Expenses	\$ 202,729	\$ 84,110	\$ 29,686	\$ 316,525	\$ 362,153

(See accompanying notes and accountant's report.)

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
Statements of Cash Flows
For the Years Ended June 30

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities:		
Changes in Net Assets	\$ (76,369)	\$ 6,843
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	181	-0-
Loss on disposal of assets	20	-0-
Change in Operating Assets and Liabilities:		
Receivables	(9,223)	(2,000)
Deposits	(600)	-0-
Accounts payable and accruals	20,717	(563)
Payroll taxes payable	29	35
Pension payable	(100)	100
Net Cash (Used in) Provided by Operating Activities	(65,345)	4,415
Cash Flows From Investing Activities:		
Capital expenditures	(1,205)	-0-
Investments in certificates of deposit	(584)	(457)
Net Cash Used in Investing Activities	(1,789)	(457)
Net (Decrease) Increase in Cash and Cash Equivalents	(67,134)	3,958
Cash and Cash Equivalents at Beginning of Year	175,436	171,478
Cash and Cash Equivalents at End of Year	\$ 108,302	\$ 175,436

(See accompanying notes and accountant's report.)

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 – Summary of Significant Accounting Policies:

Basis of Presentation

The Junior Achievement of East Texas, Inc. (“Junior Achievement” or “we”) is a nonprofit, tax-exempt corporation organized as an affiliate of the JA Worldwide organization providing economic and business skills programs to young people in the east Texas area. Junior Achievement’s mission is to educate and inspire young people to value free enterprise, business, and economics to improve the quality of their lives.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

The financial statements of Junior Achievement have been prepared on the accrual basis.

Financial Statement Presentation

Junior Achievement follows the guidance of FASC Topic 958, “Not-for-Profit Entities.” Under FASC Topic 958, the organization is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted net assets represent revenues and expenses no longer restricted by the donor in which the Board of Directors have discretionary control to carry out operations of the organization in accordance with its by-laws.

Temporarily restricted net assets represent resources currently available for use or receivable from the donor, but expendable only for those operating purposes specified by the donor.

Restricted net assets represent resources currently available for use or receivable from the donor, but expendable only for those operating purposes specified by the donor that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization.

Contributions

Junior Achievement follows the guidelines in FASC Topic 958, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions and contributions made are recorded as liabilities and expenses in the year the contribution is approved.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 – Summary of Significant Accounting Policies: (continued)

Donated Services

Junior Achievement receives various types of donated services from a variety of unpaid volunteers assisting in fundraising and carrying out Junior Achievement's purpose. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under FASC Topic 958.

In accordance with FASC Topic 958, Junior Achievement has recorded an estimate of the value of services donated by an accounting firm and landlord. The accounting firm compiles monthly financial statements and provides payroll tax processing. The value of this donated service for 2010 and 2009 was estimated at \$4,200 and \$4,800, respectively. The value of rent donated for 2010 and 2009 was estimated at \$9,705 and \$24,990, respectively. Both have been included as support revenue and expense in the accompanying financial statements.

Accounting Standards Codification

On July 1, 2009, the Financial Accounting Standards Board (FASB) launched the FASB Accounting Standards Codification (FASC). The FASC becomes the single source of authoritative GAAP for nongovernmental entities. Rules and interpretive releases of the SEC are also sources of authoritative GAAP for public entities. The FASC is not intended to change GAAP but incorporates existing standards into a single codified source. The FASC narrows the GAAP hierarchy to two levels: authoritative and nonauthoritative. The FASC is organized by topic, subtopic, section, and paragraph and references to GAAP in our footnotes are to the applicable FASC topic. The FASC is effective for financial statements issued for interim and annual periods ending after September 15, 2009.

Fair Value Measurements

In accordance with FASC Topic 820 – Fair Value Measurements and Disclosures, we measure fair value at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. We apply a hierarchy that prioritizes the information used to develop assumptions used in determining fair value. The hierarchy contains three levels of inputs: Level 1 – quoted prices in active markets for identical assets or liabilities; Level 2 – observable inputs, such as, quoted market prices of similar assets or liabilities in active markets or for identical assets or liabilities in markets that are not active; and Level 3 – unobservable inputs obtained from our own data. FASC Topic 820 applies whenever other standards require or permit assets or liabilities to be measured at fair value; however, it does not expand the use of fair value in any new circumstances. FASC Topic 820 does not apply to lower of cost or market determinations for inventory and does not eliminate the practicability exceptions to fair value measurements. We have not chosen to use fair value measurements unless required to do so by applicable accounting standards.

Endowments

FASB Staff Position (FSP) FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, provides guidance on classifying the net asset associated with donor-restricted endowment funds held by organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. This FSP also requires additional disclosures about endowments (both donor-restricted funds and board-designated funds) for all organizations, including those that are not subject to an enacted version of UPMIFA.

At June 30, 2010 and 2009, we have one donor-restricted endowment in the amount of \$14,000, which is invested in a certificate of deposit, the interest of which can be used for scholarships. See Notes 3 and 4. We have no board designated endowments at June 30, 2010 or 2009.

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 – Summary of Significant Accounting Policies: (continued)

Property and Equipment

Acquisitions of property and equipment are recorded at cost. Expenditures for betterments are capitalized and expenditures for maintenance and repairs are charged to expense as incurred. The fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over a period of estimated useful lives.

Depreciation expense for the year ended June 30, 2010 and 2009 was \$181 and \$-0-, respectively.

Federal Income Taxes

We are a not-for-profit organization that is exempt from federal income tax under Internal Revenue Code Section 501(c)(3). As a tax exempt entity, Junior Achievement is required to file Forms 990 and 990-T and pay federal income tax only on unrelated business income. We qualify for the charitable contribution deduction and have been classified as an organization that is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. We are also exempt from state income taxes.

Effective January 1, 2009, we adopted the accounting standard providing guidance on “Accounting for Uncertainty in Income Taxes” contained in FASC Topic 740 – Income Taxes, which requires the use of a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return and disclosures regarding uncertainties in income tax positions. The first step is recognition: we determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement: a tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability. There were no adjustments required to our financial statements as a result of implementing this standard.

We have not identified any uncertain tax positions requiring recognition in our financial statements and we believe that the positions taken would not require settlement at an amount less than full recognition. We file an information tax return in the U.S. federal jurisdiction. We generally are no longer subject to U.S. federal income tax examinations by tax authorities for years before 2006.

Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, Junior Achievement considers all demand deposits, money market funds, and other temporary investments with original maturities of three months or less to be cash equivalents.

Functional Allocation of Expenses

Junior Achievement allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on estimates by staff.

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 1 – Summary of Significant Accounting Policies: (continued)

Reclassifications of Prior Year's Data

Certain reclassifications of prior year's data have been made to conform to the current year's classification.

Note 2 – Certificates of Deposit:

Junior Achievement held \$67,218 and \$66,634 at June 30, 2010 and 2009, respectively, in certificates of deposit. These certificates of deposit are stated at cost which approximates fair market value. \$14,000 of certificates of deposit are permanently restricted at June 30, 2010 and 2009. Temporarily restricted amounts held in certificates of deposit were \$7,171 and \$6,930 at June 30, 2010 and 2009, respectively.

Note 3 – Permanently Restricted Net Assets:

Permanently restricted net assets consist solely of an endowment fund for scholarships. At June 30, 2010 and 2009, endowment principal was held for investment in a certificate of deposit. Income earned on the endowment may be used for scholarships. The restricted net asset balance at June 30, 2010 and 2009 was \$14,000.

Note 4 – Temporarily Restricted Net Assets:

Temporarily restricted net assets consist of income earned on an endowment fund for scholarships. The temporarily restricted net asset balance at June 30, 2010 and 2009 was \$7,171 and \$6,930, respectively.

Note 5 – Unrestricted Net Assets:

Unrestricted net assets represent the excess of contributions and other income received over expenses paid out for the general operations of the organization. At June 30, 2010 and 2009, Junior Achievement had unrestricted net assets of \$143,583 and \$220,193, respectively.

Note 6 – Employee Benefits:

Junior Achievement participates in a defined pension plan operated by JA Worldwide covering the full-time employees, under which a percentage of the eligible employees' salaries is contributed by Junior Achievement on the employees' behalf for the purchase of retirement annuities. During the year ended June 30, 2010 and 2009, Junior Achievement contributed \$9,198 and \$13,393, respectively (11.5 percent of employees' salaries) to the Plan.

JUNIOR ACHIEVEMENT OF EAST TEXAS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

Note 7 – Fixed Assets:

Cost and original estimated useful lives of fixed assets are as follows:

	<u>Useful Lives</u>	<u>2010</u>	<u>2009</u>
Office equipment	5.0 – 10.0	\$ -0-	\$ 25,831
Furniture and fixtures	5.0 – 10.0	<u>1,705</u>	<u>500</u>
		1,705	26,331
Less: Accumulated depreciation		<u>(681)</u>	<u>(26,311)</u>
Net Fixed Assets		<u>\$ 1,024</u>	<u>\$ 20</u>

Note 8 – Fundraising Revenues and Expenses:

The revenues and expenses associated with fundraising for Junior Achievement are as follows:

<u>Event</u>	<u>Revenues</u>		<u>Expenses</u>		<u>Excess Revenues Over Expenses</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Bowl-A-Thon	\$ 42,342	\$ 58,142	\$ 5,162	\$ 11,198	\$ 37,180	\$ 46,944
Golf Tournament	23,754	20,101	7,715	8,366	16,039	11,735
Denim and Diamonds	37,338	45,687	2,915	9,792	34,423	35,895
Various Outlying Entity Events	<u>41,785</u>	<u>75,380</u>	<u>13,884</u>	<u>12,860</u>	<u>27,901</u>	<u>62,520</u>
Total	<u>\$ 145,219</u>	<u>\$ 199,310</u>	<u>\$ 29,676</u>	<u>\$ 42,216</u>	<u>\$ 115,543</u>	<u>\$ 157,094</u>

Note 9 – Participation Payments:

Each franchised Junior Achievement area is required to pay franchise fees (participation payments) to the national organization, JA Worldwide, on all contributions, program contributions, special events income, and certain grant income raised in its territory in accordance with a scale established by the board of directors of JA Worldwide and ratified by the areas.

During 2010 and 2009, Junior Achievement incurred participation payments totaling \$21,208 and \$26,381, respectively.

Note 10 – Concentrations:

Net proceeds from two special events for the years ended June 30, 2010 and 2009 represented 30 percent and 22 percent of total support and revenue, respectively. No other sources of support and revenue exceeded 10 percent for either 2010 or 2009.

We purchased program materials exclusively from JA Worldwide totaling \$43,211 and \$50,621, in 2010 and 2009, respectively.

Note 11 – Subsequent Events:

We have evaluated subsequent events through December 9, 2010, the date which the financial statements were available to be issued.