Junior Achievement of North Florida, Inc.

FINANCIAL STATEMENTS

June 30, 2019 and 2018



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Junior Achievement of North Florida, Inc.

We have audited the accompanying financial statements of Junior Achievement of North Florida, Inc., (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of North Florida, Inc. as of June 30, 2019 and 2018, 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.

Emphasis of Matter - Adoption of New Accounting Pronouncement

As described in Note 2 to the financial statements, Junior Achievement of North Florida, Inc. adopted Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) — Presentation of Financial Statements of Not-for-Profit Entities. As a result of the adoption of this ASU, there was no restatement of the net asset balances. Our opinion is not modified with respect to this matter.

Caux Rigge & Ingram, L.L.C.

Jacksonville, Florida November 19, 2019

Junior Achievement of North Florida, Inc. Statements of Financial Position

June 30,	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 103,809	\$ 250,740
Accounts receivable	53,939	5,000
Prepaid expenses	2,099	1,248
Total current assets	159,847	256,988
Property and equipment, net		
of accumulated depreciation (Note 4)	6,223	4,579
TOTAL ASSETS	\$ 166,070	\$ 261,567
TOTAL ASSETS	 	
LIABILITIES AND NET ASSETS		
Current liabilities:		
Line of credit (Note 5)	\$ 50,000	\$ 99,273
Accounts payable and accrued expenses	56,997	110,585
Total current liabilities	106,997	209,858
Not accets (Note 5):		
Net assets (Note 6): Without donor restrictions	49,927	(17,291)
	9,146	69,000
With donor restrictions	59,073	51,709
Total net assets	 35,073	 31,709
TOTAL LIABILITIES AND NET ASSETS	\$ 166,070	\$ 261,567

Junior Achievement of North Florida, Inc. Statements of Activities

Year Ended June 30,	2019		2018
Change in net assets without donor restrictions:			
Support and revenues			
Contributions and grants:			
Corporate	\$ 127,251	\$	174,444
Individuals	44,328		50,464
Foundations	346,854		228,646
Governmental	241,142		75,467
Contributions - in-kind	35,325		40,425
Special events (\$7,606 and \$4,500 in-kind for the			
years ended June 30, 2019 and 2018, respectively)	526,135		581,689
Special events - cost of direct benefit to donors	(119,305)		(112,268)
Board dues	7,252		4,000
Interest	127		147
Net assets released from restrictions:			
Satisfaction of purpose restrictions	149,854		69,000
Total support and revenues	1,358,963		1,112,014
Expenses			
Program services	958,637		810,687
Supporting services:			
Management and general	199,067		259,892
Fundraising	134,041		168,857
Total expenses	1,291,745		1,239,436
Increase (decrease) in net assets without donor restrictions	67,218		(127,422)
Change in net assets with donor restrictions:			
Contributions	90,000		69,000
Net assets released from restrictions:			
Satisfaction of purpose restrictions	(149,854)		(69,000)
Decrease in net assets with donor restrictions	(59,854)		
			(407 400)
Increase (decrease) in net assets	7,364		(127,422)
	E4 700		170 121
Net assets, beginning of year	 51,709		179,131
Net assets, end of year	\$ 59,073	\$	51,709
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Junior Achievement of North Florida, Inc. Statement of Functional Expenses

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Year Ended June 30, 2019	Program Services	ram ices	Man and	Management and General	Fun	Fundraising	F. F. Exp	Total Functional Expenses	Costs or Ber to D	Costs of Direct Benefits to Donors	, Ā	Total Expenses
Salaries and payroll taxes	\$ 45	459,406	ς,	119,326	ς,	17,899	\$	596,631	❖	¥	\$	596,631
Employee benefits	_	75,584		20,039		2,812		98,435		ä		98,435
Franchise fees	7	29,995		7,920		2,597		40,512		Æ		40,512
Program materials	15	198,291		ä		•		198,291		Ŧ		198,291
Fundraising events - indirect		10				103,463		103,463		9		103,463
Fundraising events - special events		ĸ		ě		X		£		119,305		119,305
Interest	П	10,078		2,672		375		13,125		31		13,125
Insurance		13,915		3,689		517		18,121		81		18,121
Professional fees	7	44,684		11,846		1,663		58,193		100		58,193
Office expense		13,004		3,448		484		16,936		а		16,936
Postage and delivery		572		151		21		744		8(10)		744
Public relations and advertising		21,036		5,577		782		27,395		×		27,395
Staff training		3,961		1,050		147		5,158		4		5,158
Telephone		4,265		1,131		158		5,554		6		5,554
Travel		12,713		3,370		474		16,557		×		16,557
Occupancy	9	63,840		16,925		2,375		83,140		:0		83,140
Licenses and permits		5,162		1,369		192		6,723		•)		6,723
Miscellaneous		9		16		2		78		×		78
Depreciation		2,071		538		80		2,689		00		2,689
Total expenses including costs of direct benefits												
to donors	36	958,637		199,067		134,041	1,	1,291,745		119,305	1	1,411,050
Less cost of direct benefits to donors netted against									`	. ((
special events revenues on the statement of activities		100		C		Pi		ı.		(119,305)		(119,305)
Total expenses	\$	958,637	\$	199,067	\$	134,041	\$ 1,	\$ 1,291,745	φ.	a	\$ 1	1,291,745

Junior Achievement of North Florida, Inc. Statement of Functional Expenses

Supporting Services

Year Ended June 30, 2018	Program Services	Management and General	Fundraising	Total Functional Expenses	Costs of Direct Benefits to Donors	Total Expenses
Salaries and navroll taxes	395.513	\$ 125,238	\$ 65,755	\$ 586,506	\$	\$ 586,506
	64,264					116,090
Franchise fees	33,708	8,901	2,918	45,527	٠	45,527
Program materials	181,336	k	y .	181,336	<u>()</u>	181,336
Fundraising events - indirect	1	7.9	63,974	63,974	8	63,974
Fundraising events - special events	E	90	Ď	T.	112,268	112,268
Interest	9,221	5,770	1,666	16,657		16,657
Insurance	8,617	5,393	1,557	15,567		15,567
Professional fees	32,635	20,423	5,895	58,953	Ĭ)	58,953
Office expense	7,148	4,474	1,291	12,913	į	12,913
Postage and delivery	099	413	120	1,193		1,193
Public relations and advertising	9,624	6,023	1,739	17,386	*	17,386
Staff training	1,506	943	272	2,721		2,721
Telephone	2,804	1,755	207	2,066	3 00	2,066
Travel	8,822	5,521	1,593	15,936	3 1 323	15,936
Occupancy	48,211	30,680	8,765	87,656	ij.	82,656
Licenses and permits	3,149	1,970	269	5,688	į	5,688
Depreciation	3,469	2,171	627	6,267	9	6,267
Total expenses including costs of direct benefits	810,687	259,892	168,857	1,239,436	112,268	1,351,704
to donors						
Less cost of direct benefits to donors netted against					(412,000)	(447.260)
special events revenues on the statement of activities	•	ě		13	(112,200)	(117,200)
Total expenses	810,687	\$ 259,892	\$ 168,857	\$ 1,239,436	\$	\$ 1,239,436

Junior Achievement of North Florida, Inc. Statements of Cash Flows

Year Ended June 30,		2019		2018
Cash flows from operating activities:				
Increase (decrease) in net assets	\$	7,364	\$	(127,422)
Adjustments to reconcile increase (decrease) in net	7	7,504	Ψ	(127,122)
assets to net cash used in operating activities:				
• -		2,689		6,267
Depreciation		2,003		0,207
Changes in operating assets and liabilities:		(48,939)		86,586
Accounts receivable		(48,939)		(1,248)
Prepaid expenses		(53,588)		16,732
Accounts payable and accrued expenses		(33,300)		-
Deferred revenue		/02 22E\		(250)
Net cash used in operating activities		(93,325)		(19,335)
Cash flows from investing activities:				
Purchase of property and equipment		•		(2,449)
Net cash used in investing activities		*		(2,449)
Cash flows from financing activities:				
Net payments on line of credit		(53,606)		(687)
Net cash used in financing activities		(53,606)		(687)
Net decrease in cash and cash equivalents		(146,931)		(22,471)
Cash and cash equivalents:				
Beginning of year		250,740		273,211
End of year	\$	103,809	\$	250,740
Supplemental disclosure of cash flow information:				
Cash paid during the year for interest	\$	13,125	\$	16,657

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Junior Achievement of North Florida, Inc. (the "Organization") is a not-for-profit corporation which is affiliated with a national organization, JA USA, Inc. ("JA USA"). The Organization received its charter from JA USA in 1963 and was incorporated in the state of Florida in the same year. The purpose of the Organization is to educate and inspire young people to value free enterprise, business and economics to improve the quality of their lives.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Organization's financial statements presented herein have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles in the United States of America.

Basis of Presentation

In accordance with the *Not-for-Profit Entities* Topic 958 of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") the Organization is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

- Without donor restrictions represent funds available for grants and expenses which are not otherwise limited by donor restrictions.
- With donor restrictions consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. When a restriction expires (that is, when a stipulated time-restriction has elapsed or a purpose-restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Ordinary repairs and maintenance are charged to expense when incurred. Donated property and equipment are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions at that time.

The Organization evaluates the carrying value of its long-lived assets for impairment. Recoverability is measured by the expected undiscounted future cash flows of the assets compared to their net book value. If the expected undiscounted future cash flows are less than the net book value of the assets, the excess of the net book value over the estimated fair value is charged to current earnings. Fair value is based on discounted cash flows of the assets at a rate determined to be reasonable for the type of asset and prevailing market conditions, appraisals, and, if appropriate, current estimated net sales proceeds from pending offers. The Organization evaluates the carrying value based on its present plans for the long-lived assets. There were no triggering events that would impair the carrying value of long-lived assets identified during the years ended June 30, 2019 and 2018.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and is not a private foundation. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for fiscal years ending on or after June 30, 2016 remains subject to examination by federal taxing authorities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The statement of functional expenses report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Expenses not charged to a specific program or supporting function require allocation on a reasonable basis that is consistently applied as follows: depreciation, insurance, utilities, telephone, office equipment expense, including interest on equipment leases, certain office supplies, general postage and printing, certain professional fees, and information technology are allocated based on full-time equivalents or estimated program and support functions benefiting from the expenditures. Salaries and wages, payroll taxes and employee benefits are allocated on the basis of estimates of time and effort.

Donated Materials, Services and Facilities

No amounts have been reflected in the financial statements for donated services since no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services and in its fund-raising campaigns.

Donated materials and office space are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. The Organization received \$42,931 and \$44,925 in donated materials and office space for the years ended June 30, 2019 and 2018, respectively.

Advertising and Marketing

The Organization expenses advertising and marketing costs as incurred. Advertising and marketing costs totaled \$27,395 and \$17,386 for the years ended June 30, 2019 and 2018, respectively.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees may accrue paid time off based upon their length of service, subject to certain limitations. Paid time off is recorded as an expense and liability at the time the accrued compensation is earned by the employee. Generally, accrued paid time off must be taken during the fiscal year earned; however, up to 80 hours may be carried forward per fiscal year. Accrued compensated absences totaled \$13,998 and \$15,839 for the years ended June 30, 2019 and 2018, respectively, which is included in accounts payable and accrued expenses.

New Accounting Pronouncement

Effective January 1, 2018, the Organization adopted FASB's Accounting Standards Update ("ASU") 2016-14, Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. There was no impact to net asset balances.

NOTE 3 - LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization receives contributions restricted by donors, and considers contributions restricted for programs, which are ongoing, major, and central to its annual operations, to be available to meet cash needs for general expenditures. The Organization maintains financial assets, consisting of cash on hand and receivables, to meet its normal operating expenses based on its annual budget. Operating expenses are compared to budgeted expenses on a monthly basis and financial assets on hand are reallocated, if necessary.

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

June 30,	2019	2018
Cash and cash equivalents	\$ 103,809	\$ 250,740
Accounts receivable	53,939	5,000
Financial assets available to meet cash needs for general		
expenditures within one year	\$ 157,748	\$ 255,740

As more fully described in Note 5, the Organization has a committed line of credit in the amount of \$100,000, which can be drawn upon. At June 30, 2019 and 2018, the Organization had \$50,000 and \$727, respectively, of unused credit available for expenditure.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment are summarized as follows:

June 30,		2019	2018
Furniture and equipment	<u>Use Life</u> 1 - 10 years	\$ 66,436	\$ 79,390
Less accumulated depreciation		(60,213)	(74,811)
Total property and equipment		\$ 6,223	\$ 4,579

Depreciation expense totaled \$2,689 and 6,267 for the years ended June 30, 2019 and 2018, respectively.

NOTE 5 - LINE OF CREDIT

The Organization has a line of credit agreement with CenterState Bank in the amount of \$100,000. Payments of interest only are due monthly at an interest rate of prime plus 1% (6.5% at June 30, 2019). The loan is secured by all tangible property of the Organization and is due on demand. The agreement contains certain financial covenants, as defined by the bank. At June 30, 2019 and 2018, the Organization was in compliance with the required covenants.

At June 30, 2019 and 2018, the balances outstanding under the line of credit totaled \$50,000 and \$99,273, respectively. Interest expense on the line of credit totaled \$1,855 and \$5,086 for the years ended June 30, 2019 and 2018, respectively.

NOTE 6 - NET ASSETS

Net Assets Without Donor Restrictions

Net assets without donor restrictions consist of contributions received from members and others and are recorded as revenue without donor restrictions. These net assets are used to satisfy the mission of the Organization. Net assets without donor restrictions totaled \$49,927 and (\$17,291) at June 30, 2019 and 2018, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions consist of contributions received from members or others subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There were no net assets with donor imposed restrictions required to be maintained in perpetuity at June 30, 2019 and 2018.

NOTE 6 - NET ASSETS (CONTINUED)

Net assets with purpose restrictions consist of contributions received for the purpose of certain programs and related program materials. A schedule of the purpose restricted net assets is summarized as follows:

June 30,	2019	2018
Jim Moran Foundation - economics of healthy eating program	\$ -	\$ 69,000
Weaver Foundation - hiring of a program manager and materials	9,146	372
Total net assets with purpose restrictions	\$ 9,146	\$ 69,000

NOTE 7 - EMPLOYEE RETIREMENT PLAN

Prior to June 30, 2019, the JA Worldwide, Inc. offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by JA Worldwide, Inc. and covered all full-time employees of JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. The Plan is accounted for like a multi-employer plan. Benefits were determined based on years of service and salary history. The Plan's assets are invested in various investment funds. Prior to June 30, 2019, the respective participants' employers were required to fund the Plan, as determined by JA Worldwide, Inc.'s Board of Directors, based on an annual actuarial valuation. Prior to June 30, 2019, the Organization made contributions equal to 16.75% of plan participants' eligible compensation. JA Worldwide, Inc. 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 financial statements of the Organization.

Effective June 30, 2019, the Board of Directors of JA Worldwide, Inc. approved the termination of the Plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan shall liquidate and distribute each participant's accrued benefits as soon as administratively practicable. The Plan requires that participating employers (including the Organization) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied, and are thereby required to make contributions equal to 13.25% of participants' eligible compensation.

The contribution for the plan years ended June 30, 2019 and 2018, were \$61,286 and \$77,569, respectively.

NOTE 8 - 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 plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the Organization, JA Worldwide, Inc. and employees of Junior Achievement USA chapters can participate in the Health and Welfare Plan. 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 financial statements of the Organization.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. 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 multi-employer plan. Accordingly, no balances or transactions of the Postretirement Benefits Plan are recorded in the financial statements of the Organization.

NOTE 9 - TRANSACTIONS WITH THE NATIONAL ORGANIZATION

The Organization is required to pay JA USA a percentage of contributions and net income from special events for national franchise fees. Amounts paid in franchise fees were \$40,512 and \$45,527 for the years ended June 30, 2019 and 2018, respectively. The Organization also purchases certain supplies and program materials from JA USA. Purchases totaled \$110,510 and \$107,815 for the years ended June 30, 2019 and 2018, respectively.

NOTE 10 - LEASE COMMITMENTS

The Organization leases its office space and various office equipment under operating leases. Minimum operating lease commitments for the years succeeding June 30, 2019, are as follows:

Year Ending June 30,	
2020	\$ 46,284
2021	43,337
2022	28,602
2023	630
Minimum lease commitments	\$ 118,853

Rental expense was \$47,508 and \$46,533 for the years ended June 30, 2019 and 2018, respectively.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and cash equivalents and accounts receivable. The Organization maintains its cash in bank deposits and money market accounts. At times, cash balances may be in excess of Federal Deposit Insurance Corporation (FDIC) insured limits which provides for full deposit coverage for noninterest-bearing accounts and insures up to \$250,000 for each interest-bearing deposit account. At June 30, 2019 and 2018, the Organization had no uninsured cash balances.

At June 30, 2019, two receivables accounted for approximately 67% of total receivables. There were no significant concentrations at June 30, 2018.

NOTE 12 - SUBSEQUENT EVENTS

In accordance with FASB ASC 855, *Subsequent Events*, management has evaluated subsequent events through November 19, 2019, the date which the financial statements were available to be issued.