

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

JUNE 30, 2018 AND 2017

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statement of Activities, Year Ended June 30, 2018	4
Statement of Activities, Year Ended June 30, 2017	5
Statements of Cash Flows	6
Notes to the Financial Statements	7 - 18
SUPPLEMENTAL SCHEDULES	
Supplemental Schedule of Support	19 - 26
Schedule of Revenue and Support by Department, Year Ended June 30, 2018	27
Schedule of Expenses by Department, Year Ended June 30, 2018	28



Independent Auditor's Report

To the Board of Directors
Distributive Education Clubs of America, Inc.
Reston, VA

We have audited the accompanying financial statements of Distributive Education Clubs of America, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities 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.

Auditor's 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 auditor's 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 Distributive Education Clubs of America, Inc. 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 19-28 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Jane Warner & McQuade PA

October 26, 2018
Washington, DC

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,308,669	\$ 3,979,672
Accounts receivable, net	744,160	1,748,639
Prepaid expenses	110,936	55,651
Inventory	373,791	387,002
Total Current Assets	6,537,556	6,170,964
NON-CURRENT ASSETS		
Property and equipment, net	383,352	451,665
Investments	3,815,454	3,561,644
Total Non-Current Assets	4,198,806	4,013,309
TOTAL ASSETS	\$ 10,736,362	\$ 10,184,273
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,177,254	\$ 384,022
Accrued expenses	341,275	444,994
Deferred revenue	26,950	68,849
Due to Northern and Southern Regions	26,585	26,585
Total Liabilities	1,572,064	924,450
NET ASSETS		
Unrestricted		
Undesignated	8,060,773	8,528,040
Board designated	739,028	173,250
Total Unrestricted	8,799,801	8,701,290
Temporarily restricted	364,497	558,533
Total Net Assets	9,164,298	9,259,823
TOTAL LIABILITIES AND NET ASSETS	\$ 10,736,362	\$ 10,184,273

The accompanying notes are an integral part of these financial statements.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018

	Unrestricted			Temporarily Restricted	Total
	Undesignated	Board Designated	Total Unrestricted		
REVENUE AND SUPPORT					
Educational services	\$ 7,859,977	\$ 10,000	\$ 7,869,977	\$ -	\$ 7,869,977
Membership	1,818,516	-	1,818,516	-	1,818,516
Project and other income	268,662	-	268,662	-	268,662
Business partnerships	632,241	-	632,241	-	632,241
Scholarship contributions	-	8,000	8,000	122,700	130,700
Net investment income	262,817	-	262,817	-	262,817
Net assets released from restrictions/designations	322,236	(5,500)	316,736	(316,736)	-
Total Revenue and Support	<u>11,164,449</u>	<u>12,500</u>	<u>11,176,949</u>	<u>(194,036)</u>	<u>10,982,913</u>
EXPENSES					
Program Services:					
Educational services	7,827,592	184,093	8,011,685	-	8,011,685
Scholarships	284,548	-	284,548	-	284,548
Professional and alumni services	342,705	-	342,705	-	342,705
Advisory board and other programs	868,775	-	868,775	-	868,775
Total Program Expenses	<u>9,323,620</u>	<u>184,093</u>	<u>9,507,713</u>	<u>-</u>	<u>9,507,713</u>
Supporting Services:					
Administration	1,320,388	-	1,320,388	-	1,320,388
Fundraising	250,337	-	250,337	-	250,337
Total Supporting Services	<u>1,570,725</u>	<u>-</u>	<u>1,570,725</u>	<u>-</u>	<u>1,570,725</u>
Total Expenses	<u>10,894,345</u>	<u>184,093</u>	<u>11,078,438</u>	<u>-</u>	<u>11,078,438</u>
CHANGE IN NET ASSETS	270,104	(171,593)	98,511	(194,036)	(95,525)
NET ASSETS, beginning of year	8,528,040	173,250	8,701,290	558,533	9,259,823
TRANSFERS	(737,371)	737,371	-	-	-
NET ASSETS, end of year	<u>\$ 8,060,773</u>	<u>\$ 739,028</u>	<u>\$ 8,799,801</u>	<u>\$ 364,497</u>	<u>\$ 9,164,298</u>

The accompanying notes are an integral part of these financial statements.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017

	Unrestricted				Temporarily Restricted	Total
	Undesignated	Board		Unrestricted		
		Designated	Total			
REVENUE AND SUPPORT						
Educational services	\$ 9,565,935	\$ 12,500		\$ 9,578,435	\$ -	\$ 9,578,435
Membership	1,831,390	-		1,831,390	-	1,831,390
Project and other income	259,778	-		259,778	-	259,778
Business partnerships	535,689	-		535,689	-	535,689
Scholarship contributions	-	-		-	164,925	164,925
Net investment income	515,672	-		515,672	-	515,672
Net assets released from restrictions/designations	298,238	(19,500)		278,738	(278,738)	-
Total Revenue and Support	<u>13,006,702</u>	<u>(7,000)</u>		<u>12,999,702</u>	<u>(113,813)</u>	<u>12,885,889</u>
EXPENSES						
Program Services:						
Educational services	9,768,795	102,808		9,871,603	-	9,871,603
Scholarships	227,370	-		227,370	-	227,370
Professional and alumni services	287,628	-		287,628	-	287,628
Advisory board and other programs	678,187	-		678,187	-	678,187
Total Program Services	<u>10,961,980</u>	<u>102,808</u>		<u>11,064,788</u>	<u>-</u>	<u>11,064,788</u>
Supporting Services:						
Administration	501,142	-		501,142	-	501,142
Fundraising	243,641	-		243,641	-	243,641
Total Supporting Services	<u>744,783</u>	<u>-</u>		<u>744,783</u>	<u>-</u>	<u>744,783</u>
Total Expenses	<u>11,706,763</u>	<u>102,808</u>		<u>11,809,571</u>	<u>-</u>	<u>11,809,571</u>
CHANGE IN NET ASSETS	1,299,939	(109,808)		1,190,131	(113,813)	1,076,318
NET ASSETS, beginning of year	7,295,473	215,686		7,511,159	672,346	8,183,505
TRANSFERS	<u>(67,372)</u>	<u>67,372</u>		<u>-</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>\$ 8,528,040</u>	<u>\$ 173,250</u>		<u>\$ 8,701,290</u>	<u>\$ 558,533</u>	<u>\$ 9,259,823</u>

The accompanying notes are an integral part of these financial statements.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (95,525)	\$ 1,076,318
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities:		
Depreciation	78,851	81,392
Net (appreciation) depreciation in fair value of investments	(226,568)	(470,054)
Decrease (increase) in:		
Accounts receivable, net	1,004,479	(1,371,193)
Prepaid expenses	(55,285)	46,434
Inventory	13,211	17,093
Increase (decrease) in:		
Accounts payable	793,232	28,645
Accrued expenses	(103,719)	(29,472)
Deferred revenue	(41,899)	24,982
Due to Northern and Southern Regions	-	5,625
Net Cash Provided By (Used for) Operating Activities	1,366,777	(590,230)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	53,835	(14,263)
Purchases of investments	(2,092,777)	(1,292,536)
Proceeds from the sale of investments	2,001,162	1,250,629
Net Cash Used for Investing Activities	(37,780)	(56,170)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,328,997	(646,400)
CASH AND CASH EQUIVALENTS, beginning of year	3,979,672	4,626,072
CASH AND CASH EQUIVALENTS, end of year	\$ 5,308,669	\$ 3,979,672

The accompanying notes are an integral part of these financial statements.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Distributive Education Clubs of America, Inc. (“DECA”) is a not-for-profit student organization incorporated in the Commonwealth of Virginia. DECA prepares emerging leaders and entrepreneurs currently in high school and college for future careers in marketing, finance, hospitality, and management.

DECA offers the following programs:

Educational Services and Scholarships – DECA provides educational programs to high school and college students around the globe through its various conferences, competitive events, publications, and resource materials. DECA is organized into two unique student divisions, the High School Division and Collegiate DECA, each with programs designed to address the learning styles, interests, and focus of its members. DECA’s student members leverage their DECA experience to become academically prepared, community oriented, professionally responsible, and experienced leaders.

DECA enhances the preparation for college and careers by providing co-curricular educational programs that integrate into classroom instruction, applying learning in the context of business, connecting to businesses and the community, and promoting competition. DECA sponsors conferences and competitive events each year to bring the high school and Collegiate DECA members into the larger DECA community while providing unique opportunities to extend classroom learning. DECA also awards scholarships to students in various fields.

Professionals and Alumni – DECA advisors have unparalleled access to resources to enhance the classroom experience, bring learning to life and motivate students. Performance improvement tools and resources for chapter advisors ensure effective use of DECA’s comprehensive learning program designed to enhance student achievement. DECA’s professional network also allows DECA advisors to share resources and ideas among colleagues and enhance their skills through advisor professional development.

Advisory Board and Other Projects – DECA’s business partners provide strategic advice on organizational policy, professional insight on content, and crucial financial support for programming. Some of DECA’s business partners participate on its National Advisory Board. These partners enhance the classroom experience by providing “real world” applications to learning.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented using the accrual basis of accounting. Therefore, revenue and related assets are recognized when earned and expenses and related liabilities are recorded as the obligations are incurred.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) topic of Not-for-Profits Entities. In accordance with the topic, net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of DECA and changes therein, are classified and reported as follows:

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by either actions of DECA and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by DECA. DECA had no permanently restricted net assets as of June 30, 2018 and 2017.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents include cash held in overnight investment accounts and money market accounts. Funds that are held in the professionally managed accounts are reported with investments.

Accounts Receivable

Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer’s financial condition, credit history, and current economic conditions. Accounts are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

Inventory

Inventory, which consists of educational and promotional materials, is stated at the lower-of-cost or market using the first-in, first-out (“FIFO”) method. Management establishes a reserve for any inventory deemed to be not saleable by identifying nonmarketable items and by using historical experience applied to recent sales. Items are written off when deemed unmarketable. There was no allowance for obsolescence based on management’s evaluation of the salability of inventory as of June 30, 2018 and 2017.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method calculated to depreciate the cost of the applicable assets over their estimated useful lives. All assets with a useful life of greater than one year and greater than \$1,000 are capitalized while repairs and maintenance are generally expensed.

The following is the estimated useful lives of property and equipment:

Building and improvements	10 - 50 years
Furniture and equipment	6 - 10 years
Computer equipment	3 - 5 years

Valuation of Long-Lived Assets

DECA reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Investments

DECA records its investments at fair value. The adjustment to reflect changes in the fair value of investments is included in the statements of activities as a component of net investment income or loss. Interest is recorded when earned. Dividends are recorded at the ex-dividend date. Net appreciation or depreciation in fair value of investments includes gains and losses on investments bought and sold, as well as held during the year.

Support and Revenue

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets occur when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed and are reported as reclassifications between the applicable classes of net assets.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Unconditional contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions.

Educational services revenue is received from conference registrations, training registrations and educational publications. The revenue from conference and training registrations is recognized when the conference or the training occurs, and the revenue from educational publications is recognized when the publications are distributed.

Membership dues and subscription revenue are recognized ratable over the applicable dues or subscription period. Revenue received for dues and subscriptions which relate to subsequent years has been reflected as deferred revenue.

Business partnership revenue represents unrestricted contributions received from DECA's various business partners, net of revenue restricted by the partner for other purposes.

Convention and conference fees are recognized at the time of the conference or seminar. Amounts received in advance are recorded as deferred revenue.

Sales of inventory are recognized upon delivery of the material.

Board Designated Net Assets

The Board of Directors has designated a portion of unrestricted net assets to be set aside for contingencies and to establish financial reserves. Board designated net assets also include scholarship matches by the board and special projects the board decides to pursue, including administration development projects. These funds may not be expended for general operations without the specific authorization of the Board of Directors.

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. DECA is also required to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 3 – INCOME TAXES

DECA is recognized as exempt from federal income tax, except on unrelated business activities, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

DECA 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 or that would have an effect on its tax-exempt status. There are no unrecognized tax benefits or liabilities that need to be recorded.

DECA's information tax returns are subject to examination by the Internal Revenue Service for a period of three years from the date they were filed, except under certain circumstances. DECA's Form 990 returns for the years 2014 through 2016 are open for examination by the Internal Revenue Service, although no request has been made as of the date of these financial statements.

NOTE 4 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2018 and 2017 consist of the following:

	2018	2017
Accounts receivable	\$ 763,985	\$ 1,768,464
Less allowance for doubtful accounts	(19,825)	(19,825)
Accounts Receivable, Net	\$ 744,160	\$ 1,748,639

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following as of June 30:

	2018	2017
Land	\$ 56,532	\$ 56,532
Building and improvements	1,305,589	1,305,589
Furniture and equipment	383,533	383,533
Computer equipment	251,494	305,329
	1,997,148	2,050,983
Less accumulated depreciation	(1,613,796)	(1,599,318)
Total	\$ 383,352	\$ 451,665

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 5 – PROPERTY AND EQUIPMENT - continued

On February 27, 2018, DECA entered into an agreement for the sale of its building in Reston, VA, from which it currently operates, for \$5,018,491. There are several terms and conditions for this sale. The most critical one is that the purchaser will be conducting a feasibility study during which the sale agreement can be terminated if either parties gives sufficient notice. As of June 30, 2018, the feasibility study period had not expired.

Depreciation expense for the years ended June 30, 2018 and 2017, totaled \$78,851 and \$81,392, respectively.

NOTE 6 - AGENCY TRANSACTIONS

DECA has received funds from the Northern Atlantic and Southern regions to be distributed by DECA at the direction of the regions. The receipt and subsequent distribution of these funds are accounted for as pass-through transactions, and thus are not reflected in the accompanying statements of activities. The amounts held as of June 30, 2018 and 2017 are reported as a liability in the statements of financial position, and consist of the following:

	<u>2018</u>	<u>2017</u>
Southern Region	\$ 11,767	\$ 11,767
Northern Region	14,818	14,818
Total	<u>\$ 26,585</u>	<u>\$ 26,585</u>

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 7 - INVESTMENTS

Investments consist or the following as of June 30:

	2018	2017
Money market funds	\$ 106,920	\$ 108,839
Common stock	708,257	555,266
Corporate bonds	111,320	96,116
Mutual Funds:		
Foreign large blend	230,876	300,406
Intermediate-term bond	81,250	-
Large cap	73,011	124,434
Large cap-blend	582,472	369,449
Large cap-growth	383,240	344,137
Large cap-value	194,843	201,357
Mid cap-blend	68,667	-
Low yield-mid term	124,723	123,433
Small cap-growth	69,606	67,766
Small cap-value	-	61,567
Real estate	-	29,826
Diversified emerging markets	-	79,386
Other	1,014,244	1,033,711
Other - non-traded REIT	66,025	65,951
Total	<u>\$ 3,815,454</u>	<u>\$ 3,561,644</u>

Net investment income consists of the following for the years ended June 30:

	2018	2017
Net appreciation in fair value	\$ 82,147	\$ 470,054
Interest on money market accounts	9,006	3,692
Dividends and interest	213,831	81,568
Investment fees and expenses	(42,167)	(39,642)
Net investment income	<u>\$ 262,817</u>	<u>\$ 515,672</u>

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 8 – FAIR VALUE MEASUREMENTS

Current accounting standards establish a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels, which is determined by the lowest level input that is significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are described as follows:

- Level 1* Inputs are based on unadjusted quoted prices for identical assets traded in active markets that DECA has the ability to access.

- Level 2* Inputs are based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or model based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data.

- Level 3* Inputs are unobservable and significant to the fair value measurement.

Mutual funds and common stocks are valued at the closing price reported in the active market in which the individual securities are traded. DECA invests in one HealthCare trust that is a non-traded REIT and is not listed on a national exchange. The fair values of corporate bonds and the REIT have been provided by DECA’s investments managers and custodian banks and use a variety of pricing sources to determine market valuations, including indexes for each sector of the market. The fair value of money market funds are valued by carrying amount, which approximates fair value.

The following table presents DECA’s fair value hierarchy for investments measured at fair value on a recurring basis as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 106,920	\$ -	\$ -	\$ 106,920
Common stock	708,257	-	-	708,257
Corporate bonds	111,320	-	-	111,320
Mutual funds	2,822,932	-	-	2,822,932
REIT	-	66,025	-	66,025
Total	<u>\$ 3,749,429</u>	<u>\$ 66,025</u>	<u>\$ -</u>	<u>\$ 3,815,454</u>

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 8 – FAIR VALUE MEASUREMENTS (continued)

The following table presents DECA’s fair value hierarchy for investments measured at fair value on a recurring basis as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 108,839	\$ -	\$ -	\$ 108,839
Common stock	555,266	-	-	555,266
Corporate bonds	85,683	10,433	-	96,116
Mutual funds	2,735,472	-	-	2,735,472
REIT	-	65,951	-	65,951
Total	<u>\$ 3,485,260</u>	<u>\$ 76,384</u>	<u>\$ -</u>	<u>\$ 3,561,644</u>

NOTE 9 – RETIREMENT PLAN

DECA has adopted a discretionary defined contribution retirement plan (the “Plan”). The Plan covers all employees who have worked at least 1,000 hours, are 21 years of age, and have completed one year of service. Employees will be 25% vested after two years of service, with additional vesting of 25% each year thereafter (fully vested after five years of service). For the years ended June 30, 2018 and 2017, DECA contributed 6% of the gross salary to the Plan for all eligible employees, which totaled \$59,612 and \$106,184, respectively.

NOTE 10 – FINANCIAL AND CREDIT RISK

DECA maintains its cash in bank deposit accounts and money market accounts, which at times, may exceed federally insured limits. DECA monitors the balances to minimize any risk and has not experienced any losses in such accounts. DECA does not believe it is exposed to any significant financial risk on cash in bank deposit accounts.

DECA invests in a professionally managed portfolio that contains funds, which are comprised of mutual funds, common stock, cash equivalents, corporate bonds and other investments. Such investments are exposed to various risks, such as market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the value of securities could occur in the near term and that such changes could affect the amount reported in the statement of financial position.

DECA is also subject to credit risk on its accounts receivable, which are mainly due from members and local chapters.

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 11 – BOARD DESIGNATED NET ASSETS

Board designated net assets consist of the following as of June 30:

	2018	2017
Building Sale	\$ 13,893	\$ -
CAM Travel	8,300	8,300
CE Task Force	2,625	10,000
Communication Strategy	12,121	12,357
Curriculum for Member Development	8,644	8,644
Disaster Fund	6,000	-
Executive Director Travel	2,688	3,122
Human Mgmt. Capitol Fund	208,158	8,869
Learn Management Systems	2,376	27,876
Legal Fund	225,000	-
Membership System 2017	-	8,500
Professional Development Advisory Board	6,631	6,631
Professional Learning Series	3,750	3,750
Search Committee 2018	150,000	-
Secondary Council	12,760	-
State DECA Best Practices - 2010	-	697
Strategic Plan Committee	12,203	-
Visioning Panel - Niche Markets	15,350	15,350
Vision 2022 Strategic Plan	-	5,125
Bob Foehlinger Scholarship	8,000	9,000
Central Region Scholarship 1	10,000	1,000
Central Region Scholarship 2	-	2,000
Ed Fleming Scholarship	3,500	4,500
Larry Lorenzi Scholarship	2,604	3,604
Leonard Pokladnik Scholarship	3,000	4,000
Pat Di Placido Scholarship	2,000	3,000
Sonja Dismuke Scholarship	3,425	4,425
Southern Region Scholarship	4,000	5,000
Western Region Scholarship	6,000	10,000
Western Region VP Scholarship	6,000	7,500
	\$ 739,028	\$ 173,250

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 12 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2018, are as follows:

	June 30, 2017	Additions	Assets Released	June 30, 2018
Scholarship reserves	\$ 326,775	\$ 122,700	\$ (258,048)	\$ 191,427
Bob Foehlinger Scholarship	2,000	-	-	2,000
Central Region Scholarships VP	6,000	-	(1,000)	5,000
Ed Davis Scholarships	34,791	-	(10,000)	24,791
Former National Officer	6,237	-	(2,000)	4,237
Southern Region Scholarships	2,692	-	-	2,692
Western Region Scholarships	3,000	-	-	3,000
Western Region VP Scholarships	4,500	-	-	4,500
Total Scholarships	<u>385,995</u>	<u>122,700</u>	<u>(271,048)</u>	<u>237,647</u>
Business partner accounts	<u>172,538</u>	<u>-</u>	<u>(45,688)</u>	<u>126,850</u>
	<u>\$ 558,533</u>	<u>\$ 122,700</u>	<u>\$ (316,736)</u>	<u>\$ 364,497</u>

Temporarily restricted net assets as of June 30, 2017, are as follows:

	June 30, 2016	Additions	Assets Released	June 30, 2017
Scholarship reserves	\$ 366,291	\$ 161,354	\$ (200,870)	\$ 326,775
Bob Foehlinger Scholarship	2,000	-	-	2,000
Central Region Scholarships VP	7,000	-	(1,000)	6,000
Ed Davis Scholarships	44,102	689	(10,000)	34,791
Former National Officer	5,355	2,882	(2,000)	6,237
Southern Region Scholarships	3,692	-	(1,000)	2,692
Western Region Scholarships	7,000	-	(4,000)	3,000
Western Region VP Scholarships	6,000	-	(1,500)	4,500
Total Scholarships	<u>441,440</u>	<u>164,925</u>	<u>(220,370)</u>	<u>385,995</u>
Business partner accounts	<u>230,906</u>	<u>-</u>	<u>(58,368)</u>	<u>172,538</u>
	<u>\$ 672,346</u>	<u>\$ 164,925</u>	<u>\$ (278,738)</u>	<u>\$ 558,533</u>

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017
(continued)

NOTE 13 - SUBSEQUENT EVENTS

In preparing these financial statements, DECA has evaluated events and transactions for potential recognition or disclosure through October 26, 2018, the date the financial statements were available to be issued. There were no additional events or transactions, that were discovered during the evaluation that required further recognition or disclosure.

SUPPLEMENTAL INFORMATION

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Adelphia University	\$ 600	\$ -
AMCM	-	2,000
American Hotel & Lodging Ed Institute	-	5,000
American Institute of CPAs	13,000	14,000
Applied Academic Labs	3,000	-
Arcadia University	1,200	-
Art Institute	8,500	9,300
ASAE Career HQ	-	2,000
Aspire Beverages	-	9,000
AT&T	667,448	568,738
Awards Unlimited	1,000	1,000
Babson College	12,725	14,025
Ball State University	7,000	3,025
Belmont University	5,000	3,000
Berkeley College	21,325	28,325
Berry College	-	750
Bob Foehlinger Memorial	1,000	1,000
Boston-Hospitality	6,000	4,625
Bowling Green State Univ.	1,975	6,000
CA Hotel - Hilton	-	180
CA Hotels - Res inn, Portofina, Springhill	-	1,000
Campbell University	-	3,500
CareerSafe	5,000	-
Catholic University of America	-	1,200
Center for Civil and Human Rights	1,200	-
Central Region	4,000	4,000
Charles Koch	-	1,600
Chipotle	-	22,700
CI Sport	-	1,500
Clemson University	1,200	-
Costco Wholesale	5,000	-
Classic Cookie	-	750

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	<u>2018</u>	<u>2017</u>
Coker College	\$ 2,700	\$ -
College Football	1,025	-
College Works	5,000	5,000
Collegiate DECA	100	100
Colorado State University	1,500	1,500
Coper Tire	1,500	
Cornell University	8,250	3,025
Country Meats	3,025	5,400
Custom Resources, LLC	3,550	3,525
DECA Friends and Alumni	200	200
DECA, Inc.	11,000	17,000
DECA Legacy - HBO	2,000	2,000
DECA Socia Media	-	100
DLG Enterprises	1,000	1,000
DormCo	2,100	3,100
Ecole Hoteliere de Lausanne	4,700	3,500
eCommerce Kids Inc.	-	900
Ed Davis Scholarship	10,000	10,000
Ed Fleming Memorial	1,000	1,000
Edge Productions	3,000	-
Embry Riddle University	2,500	-
ESCP Europe	3,759	1,500
Fasion Institute of Technology	5,700	1,200
FIDM	23,175	33,050
FIU	2,000	6,000
Foundation for Teaching Economics	-	750
Four Diamonds	1,925	-
Frosty Fruit	1,200	-
GearForSports	2,500	2,500
George Mason	5,500	4,700
Georgian Court	5,000	5,000

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	2018	2017
Go4thegoal	\$ 600	\$ 600
Goodheart-Willcox Publisher	8,000	5,000
Gordmans	-	5,000
Gradstar	-	750
H&R Block	12,000	12,000
Herff-Jones	10,000	14,925
Hilton Hotels	33,000	33,000
High Point University	750	-
Hofstra University Minds on Markets	-	5,000
Harrisburg University	-	1,200
Hult International Business School	15,300	31,500
IE University	6,750	-
iFlipd	-	4,000
Illinois Institute	-	2,100
Internal Service Learning	-	1,200
International Franchise Association	18,417	17,917
International Trademark Association	2,700	2,700
Intuit	4,300	5,000
Isenberg School of Management	5,000	5,000
It's a Hoot!	1,500	-
Ivey Business School (Western University)	-	750
Johnson & Wales University	27,900	37,261
Jostens	2,000	2,000
Journeys	9,500	13,075
Junior Tours	4,000	3,000
Keiser University	3,500	2,025
Knowledge Matters	10,500	10,500
Kansas State University	-	1,200
Larry Lorenzi Memorial	1,000	1,000
Lawrence Technological University	7,000	4,000
Lead2Feed	20,950	16,950

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	<u>2018</u>	<u>2017</u>
Legacy Ventures Hotels	500	-
Leonard Pokladnik Memorial	1,000	1,000
Liberty University	1,950	3,550
Life University	5,000	10,000
LIM College	-	1,200
Long Island University	5,475	5,000
M&M Productions	5,000	5,000
Marriott	34,950	36,325
Marriott Foundation	101,450	101,450
Maurices	3,000	2,000
MBA Research	2,700	2,700
ME/DE Supply	-	1,500
MEI International Academy	1,200	-
Men's Wearhouse	24,950	28,025
Mercy College School of Business	-	750
Muscular Dystrophy Association	6,020	2,400
NAAEI	16,950	17,950
NAPA	30,450	29,450
National Organization for Youth Safety	-	1,500
National Retail Federation	2,000	2,000
National Society of High School	1,500	-
National Student Leadership Conference	2,000	6,000
Naveen Jindal School - University of Texas at Dallas	7,000	-
NC State College of Textiles	4,500	-
NC State University - Poole College	2,025	2,025
NFIB	2,000	8,000
Niagara University	-	1,200
Nepris	-	900
North Atlantic	1,000	1,000
Northwood University	14,850	25,275

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	2018	2017
Not a Problem	\$ 1,400	\$ -
Office Candidate Campaign Booths	1,900	2,300
Office Depot	3,000	-
Ohio University	1,200	-
Otis Spunkmeyer	23,850	24,850
Ozark Delight Candy	1,500	2,175
Pat DiPlacido Memorial	1,000	1,000
PDC Multimedia	2,500	2,700
Paul Smith's College	2,250	1,200
Penn State	750	-
Pennsylvania College of Technology	1,000	-
PepsiCo Chilled DSD	20,075	19,525
Pincentives	2,500	2,200
Piper Jaffray	24,650	24,412
Play Scaventure.net	-	1,500
Precision Exams	1,500	1,500
Print Fundraising	3,000	1,975
Publix Super Markets	23,500	23,500
Queens University Brock School of Business	5,000	-
Radford University	-	1,200
Relativity School	1,200	2,700
Responsibility Foundation	5,000	1,025
Rochester Institute of Technology	6,500	8,350
Ruboyianes	1,000	1,000
Rutgers Scools of Business at Camden	1,200	-
Saint Gobian Performance	-	1,200
Samford University Brock School of Business	3,500	-
Savannah College of Art and Design	1,500	-
Scentco	1,000	6,925
School Store POS	1,200	1,400
Seedstages	-	1,975

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	<u>2018</u>	<u>2017</u>
Selective Services	\$ 1,500	\$ 1,200
SMEI	-	1,300
SnapRaise	750	-
Social Assurity	-	5,000
Sonja Dismuke Memorial	1,000	1,000
Southern Region	1,000	1,000
Sparkling ICE	6,950	6,050
Spears School of Business	-	1,200
Spirit Factor/Spirit Box	3,000	3,000
Stein-Mart	-	4,525
Stevens Institute of Technology	1,200	-
Stukent Inc.	22,800	2,400
Suffolk University	2,500	2,200
Summer Discovery	750	750
Syracuse University	-	1,950
Teen Industries	750	-
Temple University - School of Tourism	6,000	13,000
TOMS Campus Programs	-	1,000
UNCG - Bryan School of Business and Economics	-	10,000
Universal Studios	5,000	5,000
University College Dublin	750	-
University of Arizona	1,950	1,950
University of Buffalo	750	-
University of Delaware	7,000	-
University of IL - Chicago	750	3,500
University of Michigan	10,250	4,250
University of Mississippi	1,200	-
University of MO - Trulaske College	1,500	2,100
University of North Carolina Chapel Hill	-	750

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017

(continued)

	<u>2018</u>	<u>2017</u>
University of Oregan	\$ -	\$ 3,500
University of Pittsburgh	1,200	-
University of Rochester	-	750
University of S Carolina	1,200	1,200
University of S Florida	-	1,200
University of Texas - Arlington	-	750
University of TN - Knoxville	-	750
University of TX - Austin	1,500	1,500
University of Waterloo	-	1,025
University of WY	11,625	3,500
US Army	38,000	42,000
US Navy Recruiting	2,700	3,000
USASBE	100	100
Vanguard	9,000	-
Vector Marketing	20,300	20,325
Virginia Tech University	2,250	1,500
Virtual Jobshadow.com	-	1,500
W.P. Carey School of Business - ASU	9,500	5,250
Walgreens	11,750	21,775
Washington State University	-	1,200
Wear-a-Knit	4,125	4,125
Weber State University	3,500	1,800
Wegmans	2,000	-
Wentworth Institute of Technology	2,000	-
Wesleyan College	-	5,000
West Virginia University	6,500	2,500
Western Kentucky University	-	1,200
Western Michigan University	1,500	-
Western Region	5,500	5,500
Wharton School - University of PA	1,200	-
Whistle Drop	-	1,500

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SUPPLEMENTAL SCHEDULE OF SUPPORT
YEARS ENDED JUNE 30, 2018 AND 2017
(continued)

	2018	2017
Yanfeng	\$ 3,500	\$ -
Yuda Bands	-	1,200
Zinch	-	1,000
	\$ 1,722,194	\$ 1,697,508
Total		

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SCHEDULE OF REVENUE AND SUPPORT BY DEPARTMENT
YEAR ENDED JUNE 30, 2018

	Unrestricted		Unrestricted Total	Temporarily Restricted	Total
	Undesignated	Board Designated			
REVENUE AND SUPPORT					
Educational Services:					
Advisor/Leadership Packet Pub	\$ 26,000	\$ -	\$ 26,000	\$ -	\$ 26,000
Advisors Training	107,928	-	107,928	-	107,928
Competitive Events	199,545	10,000	209,545	-	209,545
Collegiate DECA ICDC Conference	259,409	-	259,409	-	259,409
Collegiate DECA Leadership Conf.	153,679	-	153,679	-	153,679
DECA Images	1,581,959	-	1,581,959	-	1,581,959
High School ICDC Conference	3,905,119	-	3,905,119	-	3,905,119
New York Experience Conference	802,914	-	802,914	-	802,914
North Atlantic Region Conference	219,245	-	219,245	-	219,245
North Atlantic Region Council	2,280	-	2,280	-	2,280
Other Publications	138,225	-	138,225	-	138,225
Southern Region Council	5,100	-	5,100	-	5,100
Sports & Entertainment Mktg Conf.	390,655	-	390,655	-	390,655
State Advisors Leadership Conf.	22,250	-	22,250	-	22,250
State Officer Leadership Conf.	45,669	-	45,669	-	45,669
Total Educational Services	<u>7,859,977</u>	<u>10,000</u>	<u>7,869,977</u>	<u>-</u>	<u>7,869,977</u>
Membership:					
Alumni	33,236	-	33,236	-	33,236
Collegiate DECA	77,310	-	77,310	-	77,310
High School	1,599,440	-	1,599,440	-	1,599,440
Professional	108,530	-	108,530	-	108,530
Total Membership	<u>1,818,516</u>	<u>-</u>	<u>1,818,516</u>	<u>-</u>	<u>1,818,516</u>
Project and Other Income:					
Other	32,907	-	32,907	-	32,907
National Advisory Board Mgmt Fee	235,755	-	235,755	-	235,755
Total Project and Other	<u>268,662</u>	<u>-</u>	<u>268,662</u>	<u>-</u>	<u>268,662</u>
Business Partnerships:					
National Advisory Board Dues and Contributions	631,467	-	631,467	-	631,467
Sales and Marketing	774	-	774	-	774
Total Business Partnerships Income	<u>632,241</u>	<u>-</u>	<u>632,241</u>	<u>-</u>	<u>632,241</u>
Scholarship Contributions	-	8,000	8,000	122,700	130,700
Net Investment Income	<u>262,817</u>	<u>-</u>	<u>262,817</u>	<u>-</u>	<u>262,817</u>
Net Assets Released From Restrictions	322,236	(5,500)	316,736	(316,736)	-
Total Revenue and Support	<u>\$ 11,164,449</u>	<u>\$ 12,500</u>	<u>\$ 11,176,949</u>	<u>\$ (194,036)</u>	<u>\$ 10,982,913</u>

DISTRIBUTIVE EDUCATION CLUBS OF AMERICA, INC.
SCHEDULE OF EXPENSES BY DEPARTMENT
YEAR ENDED JUNE 30, 2018

EXPENSES	<u>Undesignated</u>	<u>Board Designated</u>	<u>Total</u>
Educational Services:			
Collegiate DECA ICDC Conf.	\$ 126,968	\$ -	\$ 126,968
Collegiate DECA Leadership Conf.	142,442	-	142,442
Collegiate DECA Membership Svc.	13,450	-	13,450
Collegiate DECA Nat'l Officer Trg.	19,894	-	19,894
Competitive events	291,417	-	291,417
DECA Images	1,212,598	-	1,212,598
High School ICDC Conference	2,899,378	-	2,899,378
High School Nat'l Officer Trg.	21,795	-	21,795
High School Membership Svc.	147,380	-	147,380
New York Experience Conf.	720,069	-	720,069
North Atlantic Region Conf.	185,962	-	185,962
North Atlantic Region Council	1,121	-	1,121
Other publications	131,493	-	131,493
School based enterprises	5,745	-	5,745
Sports & Ent. Mkting. Conf.	357,476	-	357,476
State Officers Leadership Conf.	39,895	-	39,895
Allocated general & admin. exp.	<u>1,694,602</u>	<u>-</u>	<u>1,694,602</u>
Total Educational Svc Exp.	8,011,685	-	8,011,685
Scholarships	284,548	-	284,548
Professional and Alumni Services:			
Advisor/Leadership Packet Pub	43,909	-	43,909
Advisors Training	108,655	-	108,655
State Advisors Mgmt. Conf.	90,006	-	90,006
Allocated general & admin. exp.	<u>100,135</u>	<u>-</u>	<u>100,135</u>
Total Prof'l & Alum Svc. Exp.	342,705	-	342,705
Advisory Board & Other Programs			
National Advisory Board	47,787	-	47,787
Corporate programs	509,391	-	509,391
Board projects	-	167,232	167,232
Board and committee	119,331	-	119,331
Allocated general & admin. exp.	<u>25,034</u>	<u>-</u>	<u>25,034</u>
Total Advisory Board and Other Programs Expense:	701,543	167,232	868,775
Administration			
General and Administration			
Depreciation	78,851	-	78,851
Exec. contingency/developmt	54,995	-	54,995
Information technology	82,429	-	82,429
Insurance	36,934	-	36,934
Occupancy & maintenance	141,249	-	141,249
Office supplies	27,620	-	27,620
Personnel costs	2,184,388	-	2,184,388
Postage	29,789	-	29,789
Professional services	732,361	-	732,361
Telephone	17,598	-	17,598
Travel	45	-	45
Total General & Admin Exp.	<u>3,386,259</u>	<u>-</u>	<u>3,386,259</u>
Publications	<u>4,237</u>	<u>-</u>	<u>4,237</u>
Total Admin. Exp.	3,390,496	-	3,390,496
Less: Allocated Exp	<u>(2,070,108)</u>	<u>-</u>	<u>(2,070,108)</u>
Total Admin. Exp.	1,320,388	-	1,320,388
Fundraising	<u>250,337</u>	<u>-</u>	<u>250,337</u>
Total Expenses	<u>\$ 10,911,206</u>	<u>\$ 167,232</u>	<u>\$ 11,078,438</u>