

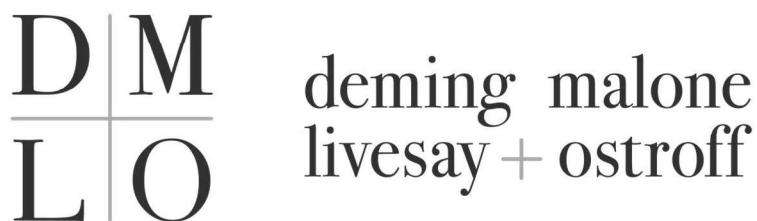
**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2025 and 2024**

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## **Independent Auditors' Report**

To the Board of Directors  
Junior Achievement of Kentuckiana, Inc.  
Louisville, Kentucky

### **Opinion**

We have audited the accompanying financial statements of Junior Achievement of Kentuckiana, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Kentuckiana, Inc. as of June 30, 2025 and 2024, 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.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Kentuckiana, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Kentuckiana, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Junior Achievement of Kentuckiana, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Kentuckiana, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*Deming, Malone, Linsay & Ostroff*

Louisville, Kentucky  
October 13, 2025

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2025 and 2024

<b>Assets</b>	<u>2025</u>	<u>2024</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 297,450	\$ 584,216
Certificates of deposit	457,577	
Investments	3,840,128	3,289,120
Investments - 3DE		419,501
Pledges receivable - net	86,655	192,258
Prepaid and other assets	<u>30,460</u>	<u>34,223</u>
<b>Total current assets</b>	<u>4,712,270</u>	<u>4,519,318</u>
<b>Long-Term Assets</b>		
Beneficial interest in assets held by others	291,343	282,688
Operating lease right-of-use assets	5,187	7,461
Fixed assets - net	<u>1,268,169</u>	<u>1,429,385</u>
<b>Total long-term assets</b>	<u>1,564,699</u>	<u>1,719,534</u>
<b>Total assets</b>	<u>\$ 6,276,969</u>	<u>\$ 6,238,852</u>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of operating leases	\$ 2,349	\$ 2,273
Accounts payable	10,479	32,116
Accrued expenses	105,416	108,427
Payable - 3DE	<u></u>	<u>110,000</u>
<b>Total current liabilities</b>	<u>118,244</u>	<u>252,816</u>
<b>Long-Term Liabilities</b>		
Operating lease liabilities, less current maturities	<u>2,838</u>	<u>5,188</u>
<b>Total long-term liabilities</b>	<u>2,838</u>	<u>5,188</u>
<b>Total liabilities</b>	<u>121,082</u>	<u>258,004</u>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	1,917,907	2,047,023
Board designated	<u>4,105,671</u>	<u>3,546,008</u>
	6,023,578	5,593,031
With donor restrictions	<u>132,309</u>	<u>387,817</u>
<b>Total net assets</b>	<u>6,155,887</u>	<u>5,980,848</u>
<b>Total liabilities and net assets</b>	<u>\$ 6,276,969</u>	<u>\$ 6,238,852</u>

See Notes to Financial Statements.

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2025 and 2024

2025					2024				
Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
Undesignated	Board Designated	Total			Undesignated	Board Designated	Total		
\$ 782,748		\$ 782,748	\$ 32,000	\$ 814,748	\$ 849,313		\$ 849,313	\$ 92,306	\$ 941,619
490,144		490,144		490,144	157,656		157,656		157,656
<u>140,262</u>		<u>140,262</u>	<u>132,500</u>	<u>272,762</u>	<u>260,979</u>		<u>260,979</u>	<u>38,630</u>	<u>299,609</u>
1,413,154		1,413,154	164,500	1,577,654	1,267,948		1,267,948	130,936	1,398,884
369,366		369,366		369,366	377,983		377,983		377,983
50,000		50,000		50,000	73,000		73,000		73,000
41,336	\$ 83,452	124,788		124,788	20,270	\$ 60,501	80,771		80,771
(327)	233,045	232,718		232,718	35,307	288,481	323,788		323,788
6,304	23,419	29,723		29,723	(32,043)	44,768	12,725		12,725
252,107		252,107		252,107	312,670		312,670		312,670
					23		23		23
	8,655	8,655		8,655		29,145	29,145		29,145
157,110	211,092	368,202	(368,202)		273,472	40,813	314,285	(314,285)	
<u>51,806</u>		<u>51,806</u>	<u>(51,806)</u>		<u>29,250</u>		<u>29,250</u>	<u>(29,250)</u>	
<u>2,340,856</u>	<u>559,663</u>	<u>2,900,519</u>	<u>(255,508)</u>	<u>2,645,011</u>	<u>2,357,880</u>	<u>463,708</u>	<u>2,821,588</u>	<u>(212,599)</u>	<u>2,608,989</u>
1,889,584		1,889,584		1,889,584	1,674,825		1,674,825		1,674,825
218,676		218,676		218,676	233,804		233,804		233,804
358,876		358,876		358,876	446,831		446,831		446,831
<u>2,836</u>		<u>2,836</u>		<u>2,836</u>	<u>14,537</u>		<u>14,537</u>		<u>14,537</u>
<u>2,469,972</u>		<u>2,469,972</u>		<u>2,469,972</u>	<u>2,369,997</u>		<u>2,369,997</u>		<u>2,369,997</u>
(129,116)	559,663	430,547	(255,508)	175,039	(12,117)	463,708	451,591	(212,599)	238,992
<u>2,047,023</u>	<u>3,546,008</u>	<u>5,593,031</u>	<u>387,817</u>	<u>5,980,848</u>	<u>2,059,140</u>	<u>3,082,300</u>	<u>5,141,440</u>	<u>600,416</u>	<u>5,741,856</u>
<u>\$ 1,917,907</u>	<u>\$ 4,105,671</u>	<u>\$ 6,023,578</u>	<u>\$ 132,309</u>	<u>\$ 6,155,887</u>	<u>\$ 2,047,023</u>	<u>\$ 3,546,008</u>	<u>\$ 5,593,031</u>	<u>\$ 387,817</u>	<u>\$ 5,980,848</u>

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2025 and 2024

	2025				
	Program	Management and General	Fundraising		Total
			General Fundraising	Special Events	
Personnel	\$ 927,549	\$ 151,452	\$ 204,029		\$ 1,283,030
Staff training and travel	36,834	2,453	2,453		41,740
Program materials and fees	343,389				343,389
Facility	253,997	10,595	10,595		275,187
Office	88,980	40,606	11,876		141,462
Subscriptions and dues	3,830	957			4,787
General insurance	22,990	959	959		24,908
Public relations	10,479				10,479
Depreciation	201,536	8,406	8,406		218,348
Direct event costs				\$ 112,594	112,594
Miscellaneous		3,248	7,964		11,212
<b>Total</b>	<b>\$ 1,889,584</b>	<b>\$ 218,676</b>	<b>\$ 246,282</b>	<b>\$ 112,594</b>	<b>\$ 2,467,136</b>

	2024				
	Program	Management and General	Fundraising		Total
			General Fundraising	Special Events	
Personnel	\$ 794,901	\$ 171,210	\$ 256,814		\$ 1,222,925
Staff training and travel	24,688	1,895	1,895		28,478
Program materials and fees	290,290				290,290
Facility	254,084	10,598	10,598		275,280
Office	68,468	35,407	9,260		113,135
Subscriptions and dues	3,317	829			4,146
General insurance	22,153	924	924		24,001
Public relations	19,687				19,687
Depreciation	197,237	8,227	8,227		213,691
Direct event costs				\$ 149,948	149,948
Miscellaneous		4,714	9,165		13,879
<b>Total</b>	<b>\$ 1,674,825</b>	<b>\$ 233,804</b>	<b>\$ 296,883</b>	<b>\$ 149,948</b>	<b>\$ 2,355,460</b>

See Notes to Financial Statements.

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Cash Flows from Operating Activities</b>		
Contributions and other income received	\$ 1,733,257	\$ 1,297,647
Cash received from special events	426,429	455,242
Net investment income received	29,935	1,741
Cash paid for 3DE	(110,000)	(51,875)
Cash paid to suppliers and employees	<u>(2,094,629)</u>	<u>(1,880,242)</u>
<b>Net cash used in operating activities</b>	<u>(15,008)</u>	<u>(177,487)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(39,968)	(74,714)
Purchases of certificates of deposit	(457,577)	
Purchases of investments	(1,084,543)	(1,902,835)
Proceeds from sale of investments	<u>1,310,330</u>	<u>2,074,710</u>
<b>Net cash (used in) provided by investing activities</b>	<u>(271,758)</u>	<u>97,161</u>
<b>Cash Flows from Financing Activities</b>		
Contributions received for long-term purposes	<u></u>	<u>53,000</u>
<b>Net cash provided by financing activities</b>	<u></u>	<u>53,000</u>
<b>Net change in cash and cash equivalents</b>	(286,766)	(27,326)
Cash and cash equivalents, beginning of year	<u>584,216</u>	<u>611,542</u>
Cash and cash equivalents, end of year	<u>\$ 297,450</u>	<u>\$ 584,216</u>

See Notes to Financial Statements.



**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
<b>Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities</b>		
<b>Change in net assets</b>	<u>\$ 175,039</u>	<u>\$ 238,992</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	218,348	213,691
Net investment income reinvested	(94,853)	(79,030)
Unrealized gain on investments	(232,718)	(323,788)
Realized gain on investments	(29,723)	(12,725)
Loss on disposal of fixed assets	2,836	14,537
In-kind donation of fixed assets	(20,000)	
Contributions received for long-term purposes		(53,000)
Change in value of beneficial interest in assets held by others	(8,655)	(29,145)
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	105,603	(121,260)
Prepaid and other assets	3,763	(7,956)
Increase (decrease) in:		
Accounts payable	(21,637)	4,229
Accrued expenses	(3,011)	29,843
Payable - 3DE	<u>(110,000)</u>	<u>(51,875)</u>
Total adjustments	<u>(190,047)</u>	<u>(416,479)</u>
<b>Net cash used in operating activities</b>	<u><u>\$ (15,008)</u></u>	<u><u>\$ (177,487)</u></u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Purchases of property and equipment in accounts payable	<u><u>\$</u></u>	<u><u>\$ 18,989</u></u>

See Notes to Financial Statements.

## **JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Note 1. Description of Organization and Summary of Significant Accounting Policies**

##### **Description of Organization:**

Junior Achievement of Kentuckiana, Inc. (Organization) is a not-for-profit organization formed for the purpose of educating elementary, middle and high school students and young adults in the areas of free enterprise, business economics and workplace preparation. The Organization serves the Greater Louisville area, including Jefferson, Hardin, Bullitt, Shelby and other surrounding counties in Kentucky and Southern Indiana. The Organization is supported primarily through donor contributions.

##### **Summary of significant accounting policies:**

This summary of significant accounting policies of Junior Achievement of Kentuckiana, Inc. is presented to assist in understanding the Organization's financial statements. The financial statements and notes are the representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

##### **Net assets:**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor restrictions. Net assets without donor restrictions include assets designated by the board for particular purposes.

**Net assets with donor restrictions:** Net assets subject to donor-imposed restrictions. 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.

##### **Revenue recognition - contributions:**

Contributions other than cash are recorded at their fair value as of the date of donation. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and donations of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the contributed or acquired long-live assets are placed in service.

## NOTES TO FINANCIAL STATEMENTS

Donated services that create or enhance non-financial assets or that require specific expertise and would normally have been purchased are recorded at fair value in the period received.

Special events revenue is presented net of the costs of direct benefit to donors on the statements of activities. The exchange portion of special events revenue is one performance obligation and is recognized at a point in time when direct benefits are provided to the donor.

The Organization treats donor restricted contributions whose restrictions are met in the same reporting period as support without donor restriction.

### **Revenue recognition – FASB ASC 606:**

Contract revenue, as defined under ASC 606, is derived primarily from student participation and summer camp fees. Revenue is recognized at a point in time or over time as the performance obligations are satisfied.

Revenue from student participation fees are recognized at a point in time when the student visits the facility or participates in the program. Student participation fees are based on set rates per visit or program attendance and are billed monthly. Revenue from summer camps is recognized over time as services are rendered using the input method as time has lapsed. Summer camps have set rates with payments generally being made in advance of the camp.

For the years ended June 30, 2025 and 2024, approximately 5% and 6%, respectively, of the Organization's revenues are derived from student participation fees and are included in contributions on the statements of activities. There were no summer camp fees for the years ended June 30, 2025 and 2024. The following table disaggregates these contract revenues based on the timing of satisfaction of performance obligations for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Performance obligations satisfied at a point in time	100%	100%

The Organization has determined that the nature, amount, timing and uncertainty of contract revenues and cash flows are affected by the economy, and general public support.

### **Estimates:**

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

## NOTES TO FINANCIAL STATEMENTS

### Cash and cash equivalents:

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, excluding those amounts held as part of an investment fund, to be cash equivalents.

### Investments:

Investments are recorded at fair value. Donated investments are recorded at their fair value as of the date received. See Note 6 for discussion of fair value measurements.

### Pledges receivable:

The valuation of pledges receivable is based on a detailed analysis of past due pledges and the history of uncollectible pledges. The Organization periodically reviews doubtful pledges receivable to determine if write-offs are necessary.

### Fixed assets:

Fixed assets are recorded at cost, if purchased, or at fair value as of the date of donation, if donated. The Organization's policy is to capitalize group asset purchases exceeding \$1,000 with a useful life greater than one year. Depreciation is computed on the straight-line method over the estimated useful lives of the assets ranging from three to forty years. Depreciation expense for the years ended June 30, 2025 and 2024 was \$218,348 and \$213,691, respectively.

### In-kind contributions:

The Organization received the following in-kind contributions for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Rent	\$188,500	\$189,800
Media	4,500	95,668
Furniture	20,000	
Other items	<u>39,107</u>	<u>27,202</u>
	<u>\$252,107</u>	<u>\$312,670</u>

In-kind contributions are reported as contributions at their estimated fair value on the date of receipt and reported as expenses when utilized. Estimated fair value is determined based on information provided by the donor regarding the value of goods and services received. The Organization did not monetize any in-kind contributions for the years ended June 30, 2025 and 2024. In-kind contributions were used to support general programming and special events during the years ended June 30, 2025 and 2024. There were no donor restrictions on in-kind contributions for the years ended June 30, 2025 and 2024.

## **NOTES TO FINANCIAL STATEMENTS**

### **Leases:**

The Organization evaluates its contracts at inception to determine if an arrangement is or contains a lease. Operating leases with a duration longer than 12 months and finance leases are recorded as lease right-of-use (ROU) assets and lease liabilities on the statements of financial position. Short-term leases (i.e. leases with an initial term of 12 months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the statements of financial position. The Organization has no finance leases.

Lease ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at commencement date based on the present value of the future lease payments over the lease term. The Organization uses the risk free rate based on information available at commencement date in determining the present value of lease payments. The risk free rate is reevaluated upon lease modification. Lease ROU assets also include initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised. Lease and non-lease components are treated as a single lease component.

### **Income taxes:**

The Organization is exempt from federal, state, and local income taxes as a not-for-profit organization described under Internal Revenue Code Section 501(c)(3). The Organization files an informational tax return in the U.S. federal jurisdiction and with the Kentucky Office of Attorney General.

As of June 30, 2025 and 2024, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

### **Advertising:**

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2025 and 2024 was \$10,479 and \$19,687, respectively, inclusive of in-kind contributions of \$17,550, for the year ended June 30, 2024.

### **Functional allocation of expenses:**

The statements of activities report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied, including on the basis of estimates of time and effort. The statements of functional expenses for the years ended June 30, 2025 and 2024 present the natural classification of detail of expenses by function.

## NOTES TO FINANCIAL STATEMENTS

### Subsequent events:

Subsequent events have been evaluated through October 13, 2025, which is the date the financial statements were available to be issued.

### Note 2. Liquidity and Availability

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the June 30, 2025 and 2024 statements of financial position date, comprise the following:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$297,450	\$ 584,216
Certificates of deposit	457,577	
Investments – 3DE		419,501
Pledges receivable	86,655	192,258
Estimated endowment distributions	120,000	120,000
Less funds with donor restrictions	<u>(19,509)</u>	<u>(310,211)</u>
	<u>\$942,173</u>	<u>\$1,005,764</u>

The Organization's endowment consists of funds designated by the Board of Directors to function as endowments. Board designated endowment funds of \$3,694,328, in excess of the estimated endowment distributions, could be made available for general expenditure if necessary.

The Organization manages its liquidity and reserves following two guiding principles: operating within a prudent range of financial soundness and stability and maintaining adequate liquid assets to fund near-term operating needs.

### Note 3. Pledges Receivable

Total pledges receivable as of June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Pledges receivable	\$91,125	\$196,753
Less allowance for uncollectible pledges	<u>(4,470)</u>	<u>(4,495)</u>
Pledges receivable - net	<u>\$86,655</u>	<u>\$192,258</u>
Amounts due in:		
Less than one year	\$91,125	\$164,753
One to five years	<u>          </u>	<u>32,000</u>
Total	<u>\$91,125</u>	<u>\$196,753</u>

Five donors account for approximately 61% of the total gross pledges receivable of \$196,753 as of June 30, 2024.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Investments

Cost and fair value of investments consist of the following as of June 30, 2025 and 2024:

	2025		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 333,710	\$ 333,710	
Common stocks	1,057,421	1,820,975	\$763,554
Mutual funds	1,476,503	1,633,877	157,374
Government bonds and securities	<u>50,000</u>	<u>51,566</u>	<u>1,566</u>
	<u>\$2,917,634</u>	<u>\$3,840,128</u>	<u>\$922,494</u>
	2024		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation</u>
Cash equivalents	\$ 164,828	\$ 164,828	
Common stocks	914,876	1,578,186	\$663,310
Mutual funds	1,785,758	1,809,402	23,644
Government bonds and securities	<u>153,383</u>	<u>156,205</u>	<u>2,822</u>
	<u>\$3,018,845</u>	<u>\$3,708,621</u>	<u>\$689,776</u>

Investment income reported in the accompanying statements of activities is net of investment fees. Such investment expenses totaled \$24,953 and \$21,503 for the years ended June 30, 2025 and 2024, respectively.

### Note 5. Beneficial Interest in Assets Held by Others

The Organization is an income beneficiary of certain funds held at various community foundations. These accounts were created by an irrevocable transfer of funds from the Organization to the community foundations to establish other means for donors to make contributions to support the Organization. The agreements with the community foundations call for annual distributions to the Organization in accordance with the foundations' distribution policies.

## NOTES TO FINANCIAL STATEMENTS

Beneficial interest in assets held by others at June 30, 2025 and 2024 is summarized as follows:

	<u>2025</u>	<u>2024</u>
Beneficial interest in assets held by the Community Foundation of Louisville, Inc.	\$ 37,505	\$ 35,014
Beneficial interest in assets held by the Harrison County Community Foundation, Inc.	246,380	240,497
Beneficial interest in assets held by the Community Foundation of Southern Indiana, Inc.	<u>7,458</u>	<u>7,177</u>
	<u>\$291,343</u>	<u>\$282,688</u>

### Note 6. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of the fair value hierarchy are described as follows:

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active or inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Organization's Level 1 and Level 2 assets have been valued using a market approach. Level 3 assets have been valued using the income approach. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2025 and 2024.

Cash equivalents, common stocks and mutual funds – valued at the closing price reported in the active market in which the security is traded.

Government bonds and securities – valued based on quoted prices for similar assets from observable pricing sources.

Beneficial interest – valued at the discounted cash flow of future income based on quoted market prices or value as determined by the fund manager of the underlying assets held by the community foundations.



## NOTES TO FINANCIAL STATEMENTS

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets measured at fair value as of June 30, 2025 and 2024:

June 30, 2025				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 333,710			\$ 333,710
Common stocks	1,820,975			1,820,975
Mutual funds	1,633,877			1,633,877
Government bonds and securities		<u>\$51,566</u>		<u>51,566</u>
	<u>3,788,562</u>	<u>51,566</u>		<u>3,840,128</u>
Beneficial interest in assets held by others			<u>\$291,343</u>	<u>291,343</u>
	<u>\$3,788,562</u>	<u>\$51,566</u>	<u>\$291,343</u>	<u>\$4,131,471</u>
June 30, 2024				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash equivalents	\$ 164,828			\$ 164,828
Common stocks	1,578,186			1,578,186
Mutual funds	1,809,402			1,809,402
Government bonds and securities		<u>\$156,205</u>		<u>156,205</u>
	<u>3,552,416</u>	<u>156,205</u>		<u>3,708,621</u>
Beneficial interest in assets held by others			<u>\$282,688</u>	<u>282,688</u>
	<u>\$3,552,416</u>	<u>\$156,205</u>	<u>\$282,688</u>	<u>\$3,991,309</u>

### Note 7. Endowment

The Organization's endowment funds consist of investments held at Stock Yards Bank (SYB) and beneficial interest in assets held at various community foundations. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## NOTES TO FINANCIAL STATEMENTS

Changes in endowment net assets for the years ended June 30, 2025 and 2024 were as follows:

	2025		
	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$3,546,008	\$25,800	\$3,571,808
Reclassifications	211,092		211,092
Net investment return:			
Investment income, net	83,452		83,452
Realized gain	23,419		23,419
Unrealized gain	233,045		233,045
Change in beneficial interests	<u>8,655</u>	<u></u>	<u>8,655</u>
Endowment net assets, end of year	<u>\$4,105,671</u>	<u>\$25,800</u>	<u>\$4,131,471</u>
	2024		
	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$3,082,300	\$25,800	\$3,108,100
Reclassifications	160,813		160,813
Transfers - operations	(120,000)		(120,000)
Net investment return:			
Investment income, net	60,501		60,501
Realized gain	44,768		44,768
Unrealized gain	288,481		288,481
Change in beneficial interests	<u>29,145</u>	<u></u>	<u>29,145</u>
Endowment net assets, end of year	<u>\$3,546,008</u>	<u>\$25,800</u>	<u>\$3,571,808</u>

### Interpretation of relevant law:

The Organization has interpreted the Kentucky Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

## NOTES TO FINANCIAL STATEMENTS

### **Investment policy:**

The Organization's Board of Directors does not have input or authority over the nature and type of investments held by others at various community foundations. The fund managers of these funds have sole discretion over the investment allocation. The Organization has adopted an investment policy for its endowment assets that is intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Except for the Organization's beneficial interest in assets held by others, the Finance and Audit Committee of the Board of Directors has the responsibility for development of the investment objectives and guidelines, the selection of the investment managers (Managers), and the regular monitoring of the Managers' performance to help assure the effectiveness of the objectives and to initiate modification of changes, as needed.

Under this policy, as approved by the Board of Directors, the endowment assets are managed by investment managers selected by the Board of Directors and are invested in equity and fixed income securities that are intended to provide a balance that will enhance a total return while avoiding undue risk from concentration in any single asset class or investment style. The Organization expects its endowment funds, over time, to provide total return, net of fees, to meet or exceed 5% inflation.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization has established and monitors a diversified asset allocation, including a target equity position, fixed income position, and cash equivalents exposure.

### **Spending policy:**

Distributions from the beneficial interest in assets held by the community foundation are subject to the distribution policy of the respective community foundation. These distributions are utilized to fund the Organization's programs.

Upon the recommendation of the Finance and Audit Committee, the Board of Directors may at its sole discretion utilize cash distributions from the SYB endowment fund for programs, projects or for short-term cash flow purposes. There was no distribution for the year ended June 30, 2025. Distributions were \$120,000 for the year ended June 30, 2024.

## NOTES TO FINANCIAL STATEMENTS

### Note 8. Fixed Assets

Fixed assets consist of the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Furniture and equipment	\$ 691,401	\$ 685,220
Leasehold improvements and fixtures	<u>2,577,425</u>	<u>2,590,414</u>
	3,268,826	3,275,634
Less accumulated depreciation	<u>(2,000,657)</u>	<u>(1,846,249)</u>
	<u>\$1,268,169</u>	<u>\$1,429,385</u>

### Note 9. Payable - 3DE

During the year ended June 30, 2021, the Organization entered into a Memorandum of Agreement (MOA) with Jefferson County Public Schools (JCPS) and 3DE Kentucky, LLC (3DE) to implement the 3DE Model at selected JCPS high schools. The 3DE Model is an educational model that is relevant, experiential and authentically connected to real-world complexities, including a turnkey framework of education programs that bring real-world connectivity across core academic subjects using case methodology and linking standards-based and project-based education. As part of the MOA, the Organization agreed to raise local matching funds to the national philanthropic pool of funds raised by 3DE. The funds were to be paid to 3DE over a 4 year period and go towards funding the implementation of the 3DE Model at selected JCPS high schools. The Organization was acting as an agent raising funds on behalf of the beneficiaries, 3DE and JCPS. As such, the funds raised were shown as a liability on the statements of financial position and were not considered contributions on the statements of activities. During the year ended June 30, 2023, the Organization took a more active role in the 3DE programming. Also, the number of JCPS schools expected to host the 3DE program in the future had decreased. As such, the future obligation to 3DE had decreased and certain funds raised were retained by the Organization and will be used to cover 3DE expenses incurred by the Organization. The remaining amount of funds owed to 3DE as of June 30, 2024 was \$110,000. The 3DE programming concluded during the year ended June 30, 2025 and as of June 30, 2025 there were no remaining funds owed to 3DE.

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specified purpose:		
Capital items		\$ 28,000
3DE		218,699
Transportation	\$ 509	382
Afterschool and young adult programs	3,000	
Virtual reality	16,000	37,000
Digital Citizenship		26,130
Subject to passage of time:		
Contributions for next fiscal year	87,000	51,806
Held in perpetuity:		
Legacy fund	<u>25,800</u>	<u>25,800</u>
	<u>\$132,309</u>	<u>\$387,817</u>

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors.

### Note 11. Lease Commitments

The Organization leases office equipment under operating leases expiring through September 2027. The exercise of any renewal options is at the sole discretion of the Organization, and only lease options that the Organization believes are reasonably certain to be exercised are included in the measurement of the lease assets and liabilities. The lease agreements do not include any material residual value guarantees or restrictive covenants.

The following summarizes lease costs for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease expense:		
Operating lease expense	\$2,478	\$2,478
Cash paid for amounts included in measuring lease liabilities:		
Operating cash flows from operating leases	\$2,478	\$2,478
Weighted-average remaining lease term (years)	2.17	3.17
Weighted-average discount rate	3.30%	3.30%

## NOTES TO FINANCIAL STATEMENTS

The maturities of operating lease liabilities as of June 30, 2025, were as follows:

2026	\$2,478
2027	2,478
2028	<u>413</u>
	5,369
Less present value discount	<u>(182)</u>
	<u>\$5,187</u>

### **Note 12. Health and Welfare Benefits Trust and Postretirement Benefits Plan**

The Organization participates in 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 Areas in the United States 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.

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.

The Organization's premium expense for the Health and Welfare Plan for the years ended June 30, 2025 and 2024 was approximately \$98,300 and \$95,600, respectively.

### **Note 13. Retirement Plan**

The Organization participates in a defined contribution 401(k) plan implemented by Junior Achievement USA. The plan covers all employees of the Organization that have met the eligibility requirements. The Organization will contribute 3% of compensation for all eligible employees. The Organization contributed \$26,511 and \$15,763 to the 401(k) plan for the years ended June 30, 2025 and 2024, respectively.

## NOTES TO FINANCIAL STATEMENTS

### **Note 14. Transactions with the National Office of Junior Achievement**

A license fee is paid to the National Office of Junior Achievement at various rates ranging from 2.5% to 11.5% based on type and amount of revenues earned. In addition, the Organization also purchases program materials from the National Office.

The following is a summary of the transactions with the National Office of Junior Achievement:

	<u>2025</u>	<u>2024</u>
License fee	\$209,996	\$146,113
Insurance	17,625	12,969

### **Note 15. Concentration of Credit Risk**

The Organization has significant investments in common stocks, mutual funds and bonds held by an investment manager and is, therefore, subject to concentrations of credit risk. Investments are made by the investment managers and the investments are monitored by the Board of Directors. Though the fair value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2025, the Organization's uninsured cash balances totaled approximately \$29,000.