

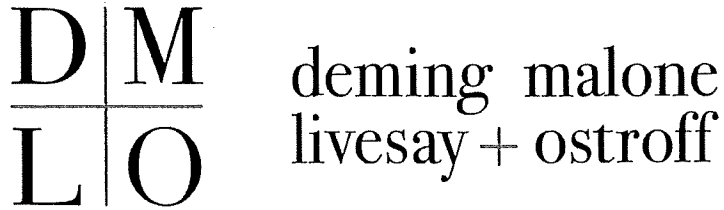
**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**FINANCIAL STATEMENTS**

**Years Ended June 30, 2024 and 2023**

## Table of Contents

	Page
<b>Independent Auditors' Report</b>	1 and 2
<b>Financial Statements</b>	
Statements of financial position	3
Statements of activities	4
Statements of functional expenses	5
Statements of cash flows	6
Notes to financial statements	7 - 20



### 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 nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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, 2024 and 2023, 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, Lussey & Petroff*

Louisville, Kentucky  
October 14, 2024

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF FINANCIAL POSITION**

June 30, 2024 and 2023

Assets	2024	2023
<b>Current Assets</b>		
Cash and cash equivalents	\$ 584,216	\$ 611,542
Investments	3,289,120	2,854,557
Investments - 3DE	419,501	610,396
Pledges receivable - net	192,258	70,998
Prepaid and other assets	34,223	26,267
<b>Total current assets</b>	<b>4,519,318</b>	<b>4,173,760</b>
<b>Long-Term Assets</b>		
Beneficial interest in assets held by others	282,688	253,543
Operating lease right-of-use assets	7,461	9,661
Fixed assets - net	1,429,385	1,563,910
<b>Total long-term assets</b>	<b>1,719,534</b>	<b>1,827,114</b>
<b>Total assets</b>	<b>\$ 6,238,852</b>	<b>\$ 6,000,874</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Current maturities of operating leases	\$ 2,273	\$ 2,200
Accounts payable	32,116	8,898
Accrued expenses	108,427	78,584
Payable - 3DE	110,000	51,875
<b>Total current liabilities</b>	<b>252,816</b>	<b>141,557</b>
<b>Long-Term Liabilities</b>		
Operating lease liabilities, less current maturities	5,188	7,461
Payable - 3DE		110,000
<b>Total long-term liabilities</b>	<b>5,188</b>	<b>117,461</b>
<b>Total liabilities</b>	<b>258,004</b>	<b>259,018</b>
<b>Net Assets</b>		
Without donor restrictions:		
Undesignated	2,047,023	2,059,140
Board designated	3,546,008	3,082,300
	<b>5,593,031</b>	<b>5,141,440</b>
With donor restrictions	387,817	600,416
<b>Total net assets</b>	<b>5,980,848</b>	<b>5,741,856</b>
<b>Total liabilities and net assets</b>	<b>\$ 6,238,852</b>	<b>\$ 6,000,874</b>

See Notes to Financial Statements.

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF ACTIVITIES**  
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions		With Donor Restrictions	Without Donor Restrictions		With Donor Restrictions
	Undesignated	Board Designated		Undesignated	Board Designated	
<b>Public Support and Revenues</b>						
Contributions:						
Corporate	\$ 849,313	\$ 92,306	\$ 941,619	\$ 732,725	\$ 129,250	\$ 861,975
Individual	157,656	157,656	157,656	204,416	1,000	205,416
Foundations	260,979	260,979	299,609	235,661	873,100	1,108,761
<b>Total contributions</b>	<u>1,267,948</u>	<u>130,936</u>	<u>1,398,884</u>	<u>1,172,802</u>	<u>1,003,350</u>	<u>2,176,152</u>
Special events - net of cost of direct benefit to donors of \$77,259 in 2024 and \$59,975 in 2023	377,983	377,983	377,983	344,266	344,266	344,266
Public sector funding	73,000	73,000	73,000	143,800	143,800	143,800
Net investment return:						
Investment income, net	20,270	\$ 60,501	80,771	\$ 31,230	\$ 53,596	84,826
Unrealized gain on investments	35,307	288,481	323,788	19,220	271,105	290,325
Realized gain (loss) on investments	(32,043)	44,768	12,725	(34,909)	(98,641)	(133,550)
In-kind contributions	312,670	312,670	312,670	342,451	342,451	342,451
Other income	23	23	23	751	751	751
Change in value of beneficial interest in assets held by others	29,145	29,145	29,145	10,853	10,853	10,853
Net assets released from restriction:						
Purpose restrictions	273,472	314,285	314,285	434,984	(434,984)	(434,984)
Time restrictions	29,250	29,250	29,250	13,500	(13,500)	(13,500)
<b>Total public support and revenues</b>	<u>2,357,880</u>	<u>2,821,588</u>	<u>2,608,989</u>	<u>2,468,095</u>	<u>2,705,008</u>	<u>3,259,874</u>
<b>Expenses</b>						
Program expense	1,674,825	1,674,825	1,674,825	1,538,459	1,538,459	1,538,459
Management and general expense	233,804	233,804	233,804	228,003	228,003	228,003
Fundraising and special events expense	446,831	446,831	446,831	416,650	416,650	416,650
Loss on disposal of fixed assets	14,537	14,537	14,537	2,097	2,097	2,097
<b>Total expenses</b>	<u>2,369,997</u>	<u>2,369,997</u>	<u>2,369,997</u>	<u>2,185,209</u>	<u>2,185,209</u>	<u>2,185,209</u>
<b>Change in net assets</b>	(12,117)	463,708	238,992	282,886	236,913	519,799
Net assets, beginning of year	2,059,140	5,141,440	5,741,856	1,776,254	2,845,387	4,621,641
Net assets, end of year	<u>\$ 2,047,023</u>	<u>\$ 3,546,008</u>	<u>\$ 5,980,848</u>	<u>\$ 2,059,140</u>	<u>\$ 3,082,300</u>	<u>\$ 5,141,440</u>
			<u>\$ 5,980,848</u>		<u>\$ 600,416</u>	<u>\$ 5,741,856</u>

See Notes to Financial Statements.

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2024 and 2023

	2024				Total
	Program	Management and General	Fundraising		
			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>

	2023				Total
	Program	Management and General	Fundraising		
			General Fundraising	Special Events	
Personnel	\$ 671,802	\$ 162,532	\$ 249,217		\$ 1,083,551
Staff training and travel	22,262	1,607	1,607		25,476
Program materials and fees	280,364				280,364
Facility	236,162	9,851	9,851		255,864
Office	94,719	36,177	8,801		139,697
Subscriptions and dues	2,705	676			3,381
General insurance	16,159	674	674		17,507
Public relations	58,367				58,367
Depreciation	155,919	6,504	6,504		168,927
Bad debt expense		5,912			5,912
Direct event costs				\$ 134,568	134,568
Miscellaneous		4,070	5,428		9,498
<b>Total</b>	<b>\$ 1,538,459</b>	<b>\$ 228,003</b>	<b>\$ 282,082</b>	<b>\$ 134,568</b>	<b>\$ 2,183,112</b>

See Notes to Financial Statements.

**JUNIOR ACHIEVEMENT OF KENTUCKIANA, INC.**

**STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
<b>Cash Flows from Operating Activities</b>		
Contributions and other income received	\$ 1,297,647	\$ 1,394,834
Cash received from special events	455,242	404,241
Net investment income received	1,741	11,950
Cash paid for 3DE	(51,875)	(220,625)
Cash paid to suppliers and employees	<u>(1,880,242)</u>	<u>(1,734,562)</u>
<b>Net cash used in operating activities</b>	<u>(177,487)</u>	<u>(144,162)</u>
<b>Cash Flows from Investing Activities</b>		
Purchases of fixed assets	(74,714)	(185,597)
Purchases of investments	(1,902,835)	(657,147)
Proceeds from sale of investments	<u>2,074,710</u>	<u>876,772</u>
<b>Net cash provided by investing activities</b>	<u>97,161</u>	<u>34,028</u>
<b>Cash Flows from Financing Activities</b>		
Contributions received for long-term purposes	<u>53,000</u>	<u>399,000</u>
<b>Net cash provided by financing activities</b>	<u>53,000</u>	<u>399,000</u>
<b>Net change in cash and cash equivalents</b>	(27,326)	288,866
Cash and cash equivalents, beginning of year	<u>611,542</u>	<u>322,676</u>
Cash and cash equivalents, end of year	<u>\$ 584,216</u>	<u>\$ 611,542</u>

See Notes to Financial Statements.



	<u>2024</u>	<u>2023</u>
<b>Reconciliation of Change in Net Assets to Net Cash Used in Operating Activities</b>		
<b>Change in net assets</b>	<b>\$ 238,992</b>	<b>\$ 1,074,665</b>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	213,691	168,927
Net investment income reinvested	(79,030)	(72,876)
Unrealized gain on investments	(323,788)	(290,325)
Realized (gain) loss on investments	(12,725)	133,550
Loss on disposal of fixed assets	14,537	2,097
Contributions received for long-term purposes	(53,000)	(399,000)
Change in value of beneficial interest in assets held by others	(29,145)	(10,853)
Changes in assets and liabilities:		
(Increase) decrease in:		
Pledges receivable	(121,260)	(34,403)
Other receivables - 3DE		3,684
Prepaid and other assets	(7,956)	(19,715)
Increase (decrease) in:		
Accounts payable	4,229	(5,588)
Accrued expenses	29,843	22,450
Payable - 3DE	(51,875)	(716,775)
Total adjustments	<u>(416,479)</u>	<u>(1,218,827)</u>
<b>Net cash used in operating activities</b>	<b>\$ (177,487)</b>	<b>\$ (144,162)</b>

**Supplemental Disclosure of Cash Flow Information**

Purchases of property and equipment in accounts payable	<u>\$ 18,989</u>
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**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 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 each of the years ended June 30, 2024 and 2023, approximately 6% and 5%, 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, 2024 and 2023. The following table disaggregates these contract revenues based on the timing of satisfaction of performance obligations for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</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, 2024 and 2023 was \$213,691 and \$168,927, respectively.

### In-kind contributions:

The Organization received the following in-kind contributions for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Rent	\$189,800	\$183,820
Media	95,668	128,018
Other items	<u>27,202</u>	<u>30,613</u>
	<u>\$312,670</u>	<u>\$342,451</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, 2024 and 2023. In-kind contributions were used to support general programming and special events during the years ended June 30, 2024 and 2023. There were no donor restrictions on in-kind contributions for the years ended June 30, 2024 and 2023.

## 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.

### 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, 2024 and 2023, 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, 2024 and 2023 was \$19,687 and \$58,367, respectively, inclusive of in-kind contributions of \$17,550 and \$54,450, for the years ended June 30, 2024 and 2023, respectively.

### 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, 2024 and 2023 present the natural classification of detail of expenses by function.

## NOTES TO FINANCIAL STATEMENTS

### Subsequent events:

Subsequent events have been evaluated through October 14, 2024, 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, 2024 and 2023 statements of financial position date, comprise the following:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 584,216	\$611,542
Investments – 3DE	419,501	610,396
Pledges receivable	192,258	70,998
Estimated endowment distributions	120,000	120,000
Less funds with donor restrictions	<u>(310,211)</u>	<u>(545,366)</u>
	<u>\$1,005,764</u>	<u>\$867,570</u>

The Organization's endowment consists of funds designated by the Board of Directors to function as endowments. Board designated endowment funds of \$3,143,320, 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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Pledges receivable	\$196,753	\$76,498
Less allowance for uncollectible pledges	<u>(4,495)</u>	<u>(5,500)</u>
Pledges receivable - net	<u>\$192,258</u>	<u>\$70,998</u>
Amounts due in:		
Less than one year	\$164,753	\$76,498
One to five years	<u>32,000</u>	<u>          </u>
Total	<u>\$196,753</u>	<u>\$76,498</u>

Five donors account for approximately 61% of total gross pledges of \$196,753 as of June 30, 2024. Three donors account for approximately 63% of the total gross pledges receivable of \$76,498 as of June 30, 2023.

## NOTES TO FINANCIAL STATEMENTS

### Note 4. Investments

Cost and fair value of investments consist of the following as of June 30, 2024 and 2023:

	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>
	2023		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash equivalents	\$ 285,444	\$ 285,444	
Common stocks	730,738	1,168,699	\$437,961
Mutual funds	1,810,329	1,740,073	(70,256)
Government bonds and securities	172,336	171,914	(422)
Corporate bonds	<u>100,118</u>	<u>98,823</u>	<u>(1,295)</u>
	<u>\$3,098,965</u>	<u>\$3,464,953</u>	<u>\$365,988</u>

Investment income reported in the accompanying statements of activities is net of investment fees. Such investment expenses totaled \$21,503 and \$23,063 for the years ended June 30, 2024 and 2023, 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, 2024 and 2023 is summarized as follows:

	<u>2024</u>	<u>2023</u>
Beneficial interest in assets held by the Community Foundation of Louisville, Inc.	\$ 35,014	\$ 32,613
Beneficial interest in assets held by the Harrison County Community Foundation, Inc.	240,497	214,063
Beneficial interest in assets held by the Community Foundation of Southern Indiana, Inc.	<u>7,177</u>	<u>6,867</u>
	<u>\$282,688</u>	<u>\$253,543</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, 2024 and 2023.

Cash equivalents, common stocks, mutual funds and corporate bonds – 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, 2024 and 2023:

	June 30, 2024			
	Level 1	Level 2	Level 3	Total
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	3,552,416	\$156,205		156,205
		156,205		3,708,621
Beneficial interest in assets held by others			\$282,688	282,688
	\$3,552,416	\$156,205	\$282,688	\$3,991,309
	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Investments:				
Cash equivalents	\$ 285,444			\$ 285,444
Common stocks	1,168,699			1,168,699
Mutual funds	1,740,073			1,740,073
Corporate bonds	98,823			98,823
Government bonds and securities	3,293,039	\$171,914		171,914
		171,914		3,464,953
Beneficial interest in assets held by others			\$253,543	253,543
	\$3,293,039	\$171,914	\$253,543	\$3,718,496

### 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, 2024 and 2023 were as follows:

	2024		Total
	Without Donor Restrictions (Board Designated)	With Donor Restrictions	
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>29,145</u>
Endowment net assets, end of year	<u>\$3,546,008</u>	<u>\$25,800</u>	<u>\$3,571,808</u>
	2023		
	Without Donor Restrictions (Board Designated)	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$2,845,387	\$24,800	\$2,870,187
Contributions		1,000	1,000
Net investment return:			
Investment income, net	53,596		53,596
Realized loss	(98,641)		(98,641)
Unrealized gain	271,105		271,105
Change in beneficial interests	<u>10,853</u>		<u>10,853</u>
Endowment net assets, end of year	<u>\$3,082,300</u>	<u>\$25,800</u>	<u>\$3,108,100</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. Distributions were \$120,000 for the year ended June 30, 2024. There were no distributions for the year ended June 30, 2023.

**NOTES TO FINANCIAL STATEMENTS**

**Note 8. Fixed Assets**

Fixed assets consist of the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 685,220	\$ 655,356
Leasehold improvements and fixtures	<u>2,590,414</u>	<u>2,757,093</u>
	3,275,634	3,412,449
Less accumulated depreciation	<u>(1,846,249)</u>	<u>(1,848,539)</u>
	<u>\$1,429,385</u>	<u>\$1,563,910</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. During the year ended June 30, 2023, \$496,150 of the liability was recorded as contributions on the statements of activities. The remaining amount of funds owed to 3DE as of June 30, 2024 and 2023 was \$110,000 and \$161,875, respectively. The Organization made payments to 3DE of \$51,875 and \$220,625, for the years ended June 30, 2024 and 2023, respectively.

The Organization has invested certain funds raised into a separate investment account to be held for future payments owed to 3DE and program expenses incurred by the Organization. These funds are included in investments – 3DE on the statements of financial position.

## NOTES TO FINANCIAL STATEMENTS

### Note 10. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for a specified purpose:		
Capital items	\$ 65,000	\$150,279
3DE	218,699	334,487
Transportation	382	3,174
Emerging Leaders		57,426
Digital Citizenship	26,130	
Subject to passage of time:		
Contributions for next fiscal year	51,806	29,250
Held in perpetuity:		
Legacy fund	<u>25,800</u>	<u>25,800</u>
	<u>\$387,817</u>	<u>\$600,416</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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Lease expense:		
Operating lease expense	\$2,478	\$2,065
Cash paid for amounts included in measuring lease liabilities:		
Operating cash flows from operating leases	\$2,478	\$1,859
ROU assets obtained in exchange for new operating lease liabilities		\$11,239
Weighted-average remaining lease term (years)	3.17	4.17
Weighted-average discount rate	3.30%	3.29%

## NOTES TO FINANCIAL STATEMENTS

The maturities of operating lease liabilities as of June 30, 2024, were as follows:

2025	\$2,478
2026	2,478
2027	2,478
2028	<u>413</u>
	7,847
Less present value discount	<u>(386)</u>
	<u>\$7,461</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, 2024 and 2023 was approximately \$95,600 and \$85,800, 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 \$15,763 and \$19,948 to the 401(k) plan for the years ended June 30, 2024 and 2023, 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>2024</u>	<u>2023</u>
License fee	\$146,113	\$131,407
Classroom materials and insurance purchased	12,969	35,432

### 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, 2024, the Organization's uninsured cash balances totaled approximately \$319,000.