

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.

Financial Statements

Years Ended June 30, 2024 and 2023

With

Independent Auditor's Report



JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.

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Independent Auditor's Report

Board of Directors
Junior Achievement of Oklahoma, Inc.
Tulsa, Oklahoma

Opinion

We have audited the accompanying financial statements of Junior Achievement of Oklahoma, Inc., which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, cash flows, and functional expenses 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 Oklahoma, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement of Oklahoma, 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 opinions.

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 the 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 Oklahoma, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 Oklahoma, 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 Oklahoma, 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.

Effect of Adopting New Accounting Standards

As discussed in Note 1, Junior Achievement of Oklahoma, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Junior Achievement of Oklahoma, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-02 Leases (Topic 842) for the year ended June 30, 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 1, Junior Achievement of Oklahoma, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update ("ASU") 2016-13 Financial Instruments – Credit Losses (Topic 326) justified for the year ended June 30, 2024. Our opinion is not modified with respect to this matter.

MORSE & CO., PLLC

Tulsa, Oklahoma
November 22, 2024

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024 AND 2023

ASSETS		
Assets	2024	2023
Cash and cash equivalents	\$ 211,920	\$ 1,086,136
Cash and cash equivalents - restricted	44,821	655,622
Accounts receivable	8,163	6,165
Pledges receivable, net	210,651	97,595
Donated rent receivable	399,689	-
Prepaid expenses	83,947	40,853
Investments	645,301	827,728
Pledges receivable, net - restricted	315,323	570,891
Endowment funds - restricted	474,502	467,165
Property and equipment, net	5,374,685	1,980,429
Right-of-use asset - operating lease	432,598	-
Total assets	<u>\$ 8,201,600</u>	<u>\$ 5,732,584</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 32,806	\$ 7,789
Accrued liabilities	76,297	88,743
Lease liability - operating lease	432,598	-
Note payable	-	12,500
Total liabilities	<u>541,701</u>	<u>109,032</u>
Net assets		
Without donor restrictions	6,825,253	3,929,874
With donor restrictions	834,646	1,693,678
Total net assets	<u>7,659,899</u>	<u>5,623,552</u>
Total liabilities and net assets	<u>\$ 8,201,600</u>	<u>\$ 5,732,584</u>

See independent auditor's report and accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions and grants	\$ 1,203,906	\$ 1,801,315	\$ 3,005,221
Program income	600,870	-	600,870
Fundraising income	259,334	-	259,334
In-kind contributions	176,077	-	176,077
Insurance proceeds	134,243	-	134,243
Unrealized gain (loss) on investments, net	132,561	(16,170)	116,391
Interest income	91,094	-	91,094
Miscellaneous income	878	-	878
Realized loss on investments, net	(9,383)	-	(9,383)
Net assets released from restrictions	2,644,177	(2,644,177)	-
Total public support and revenue	<u>5,233,757</u>	<u>(859,032)</u>	<u>4,374,725</u>
Expenses			
Program services	1,972,101	-	1,972,101
Management and general	227,130	-	227,130
Fundraising	139,147	-	139,147
Total expenses	<u>2,338,378</u>	<u>-</u>	<u>2,338,378</u>
Change in net assets	2,895,379	(859,032)	2,036,347
Net assets, beginning of year	<u>3,929,874</u>	<u>1,693,678</u>	<u>5,623,552</u>
Net assets, end of year	<u>\$ 6,825,253</u>	<u>\$ 834,646</u>	<u>\$ 7,659,899</u>

See independent auditor's report and accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Public support and revenue			
Contributions and grants	\$ 1,748,369	\$ 1,235,059	\$ 2,983,428
Program income	591,846	-	591,846
Fundraising income	287,034	-	287,034
In-kind contributions	200,287	-	200,287
Unrealized gain (loss) on investments, net	115,410	(15,067)	100,343
Interest income	70,585	-	70,585
Miscellaneous income	18,430	-	18,430
Realized loss on investments, net	(28,815)	-	(28,815)
Net assets released from restrictions	110,764	(110,764)	-
Total public support and revenue	<u>3,113,910</u>	<u>1,109,228</u>	<u>4,223,138</u>
Expenses			
Program services	1,762,989	-	1,762,989
Fundraising	245,271	-	245,271
Management and general	224,694	-	224,694
Total expenses	<u>2,232,954</u>	<u>-</u>	<u>2,232,954</u>
Change in net assets	880,956	1,109,228	1,990,184
Net assets, beginning of year	<u>3,048,918</u>	<u>584,450</u>	<u>3,633,368</u>
Net assets, end of year	<u>\$ 3,929,874</u>	<u>\$ 1,693,678</u>	<u>\$ 5,623,552</u>

See independent auditor's report and accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 2,036,347	\$ 1,990,184
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	162,451	104,725
Unrealized (gain) loss on investments	(156,622)	(100,343)
Realized (gain) loss on investments	18,997	1,820
Changes in assets and liabilities:		
Accounts receivable	(1,998)	(5,790)
Pledges receivable	224,767	(558,540)
Donated rent receivable	(481,944)	-
Prepaid expenses	(43,094)	5,102
Accounts payable	25,017	8,661
Accrued liabilities	<u>(12,446)</u>	<u>6,804</u>
Net cash provided by operating activities	<u>1,771,475</u>	<u>1,452,623</u>
Cash flows from investing activities		
Purchase of investments	-	(39,635)
Proceeds from sale of investments	374,037	39,635
Purchase of property and equipment	<u>(3,556,707)</u>	<u>(174,903)</u>
Net cash used for investing activities	<u>(3,182,670)</u>	<u>(174,903)</u>
Cash flows from financing activities		
Payments on notes payable	<u>(12,500)</u>	<u>(16,666)</u>
Net cash used for financing activities	<u>(12,500)</u>	<u>(16,666)</u>
Change in cash and cash equivalents	(1,423,695)	1,261,054
Cash and cash equivalents, beginning of year	<u>1,680,436</u>	<u>419,382</u>
Cash and cash equivalents, end of year	<u>\$ 256,741</u>	<u>\$ 1,680,436</u>

See independent auditor's report and accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2024

	Program Services	Management and General	Fundraising	Total
Compensation	\$ 975,166	\$ 122,353	\$ 94,152	\$ 1,191,671
General operations	502,714	82,225	29,797	614,736
Programs	267,983	2,653	1,788	272,424
Program and support fees	172,538	15,176	10,227	197,941
Development	53,700	4,723	3,183	61,606
Total functional expenses	<u>\$ 1,972,101</u>	<u>\$ 227,130</u>	<u>\$ 139,147</u>	<u>\$ 2,338,378</u>

See independent auditor's report and accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Compensation	\$ 1,029,056	\$ 127,818	\$ 124,551	\$ 1,281,425
General operations	354,057	79,995	38,365	472,417
Programs	241,737	-	-	241,737
Program and support fees	124,090	16,136	13,446	153,672
Development	14,049	745	68,909	83,703
Total functional expenses	<u>\$ 1,762,989</u>	<u>\$ 224,694</u>	<u>\$ 245,271</u>	<u>\$ 2,232,954</u>

See independent auditor's report and accompanying notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

Junior Achievement of Oklahoma, Inc. (Junior Achievement or JA) has fostered strong partnerships throughout Oklahoma since 1966. Businesses, foundations and school districts alike stand behind Junior Achievement's time tested program because of the direct impact on individual students and the communities throughout our state. Strong future leaders with financial literacy skills, who are ready for their place in the workforce, will contribute to building and sustaining a thriving economy. Junior Achievement is preventative in nature giving preference in service to schools with high poverty rates and matching volunteers who serve as role models showing students the wide range of career opportunities available to them.

Junior Achievement is more committed than ever to changing the trajectory of Oklahoma students thereby strengthening our businesses with quality employees and bolstering our state. Junior Achievement has a portfolio of 21 curriculum offerings, most of which are taught by volunteers at school sites. However, onsite capstone programs such as JA BizTown, JA Inspire, and JA Finance Park, are increasing JA's impact providing a more robust experience for students. These capstone programs are the greatest focus for growth for Junior Achievement and come during a time when school budgets are tight, and JA can serve as a solution provider for educational mandates passed down from the Oklahoma legislature. While there are many organizations focused on the needs of today, JA is focused on the demands of tomorrow.

Junior Achievement served 59,367 students in fiscal year 2024 and 50,874 in 2023. One measure of program impact to these students is through contact hours. In 2024, contact hours were 860,391 compared to 862,297 contact hours in 2023. The contact hour impact was achieved by 4,038 business and community volunteers in 2024 and 3,627 volunteers in 2023. The value of these volunteers is significant to Junior Achievement, with an estimated value of \$1,352,326 in 2024 and \$1,153,386 in 2023 based on an estimated 40,380 volunteer hours in 2024 and 36,270 hours in 2023. This value is determined by applying the National volunteer wage rate of \$33.49 per hour for 2024 and \$31.80 per hour for 2023 (a rate established by Independent Sector, a leadership network for nonprofit organizations).

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Junior Achievement and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting (Continued)

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions which can be fulfilled, either by actions of Junior Achievement and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions in the period such restrictions are satisfied and reported in the statement of activities as net assets released from restrictions. Payments that are received in advance for future program services are not recognized as net assets with donor restrictions due to their deferred nature. The recognition of revenue will occur simultaneously with the release of the restricted purpose and is disclosed separately in Note 6.

Fair Value Measurements

Junior Achievement records certain financial assets and liabilities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Inputs into valuation techniques are categorized into three levels, with the highest priority given to Level 1 and the lowest priority given to Level 3, as described below.

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 - Quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 - Generally unobservable inputs, which are developed based on the best information available and may include Junior Achievement's own internal data.

Cash and Cash Equivalents

Junior Achievement defines cash and cash equivalents to be all cash on hand and cash in bank accounts with original maturities of three months or less. Cash and cash equivalents include donor restricted deposits that are readily available and will be consumed during the next operating cycle.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents consist of cash and liquid financial instruments, such as money market funds and any other funds restricted by donors for specified purposes.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Junior Achievement considers the sale of curriculum to be a contract with a customer. Revenue is generated from the sale of curriculum to customers. Such revenues are recorded when due from customers and are recognized as earned.

Junior Achievement recognizes revenue upon the transfer of promised benefit to its customers in an amount that reflects the consideration to which Junior Achievement expects to be entitled by applying the following five-step process:

- 1) Identify the contract(s) with a customer
- 2) Identify the performance obligations
- 3) Determine the transaction price
- 4) Allocate the transaction price
- 5) Recognize revenue when the performance obligations are met

Junior Achievement evaluates the collectability of amounts due from customers and maintains a write-off account for estimated losses resulting from the inability of customers to make required payments due. The balance of amounts due from customers are generally deemed uncollectible thirty days beyond the date.

Factors that could impact the nature, amount, timing, and uncertainty of revenue and cash flows are as follows: (1) overall economic conditions; (2) demand for Junior Achievement's services; (3) the timing of program revenue is outside of Junior Achievement's control.

Contributions are recorded when the donor makes a promise to give to Junior Achievement that is, in substance, unconditional. Donor-restricted contributions are reported as increases in net assets with donor restrictions. All contributions are considered available for immediate use unless specifically restricted by the donor or subject to other legal restrictions.

Junior Achievement recognizes contributions after analyzing each agreement and performing the following procedures:

- 1) Determine whether the transaction is an exchange or contribution
- 2) Identify any donor-imposed conditions or restrictions regarding its use
- 3) Distinguish between barriers and donor-imposed restrictions
- 4) Conclude that all conditions are resolved prior to recognizing the contribution as revenue

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are short-term, noninterest bearing, and uncollateralized; and are reflected in the statement of financial position net of the allowance for doubtful accounts. Management's assessment of the allowance for doubtful accounts is based on the overall creditworthiness of the individual accounts, existing economic conditions, and the amount and age of past due accounts. Past due accounts are generally written off against the allowance for doubtful accounts only after all collection attempts have been exhausted. No allowance for doubtful accounts for accounts receivable is considered necessary at June 30, 2024 and 2023.

Pledges Receivable

Contributions are recognized when the donor makes a promise to give to Junior Achievement that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in donor restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Pledges receivable are reported at net realizable value measured using present value techniques and historical discount rates, if at the time the promise is made, payment is expected to be received in one year or more. Multi-year pledges are revalued annually. Pledges receivable that are expected to be collected within one year are reported at fair value in accordance with authoritative guidance. Management believes that the use of fair value reduces the cost of measuring pledges receivable in periods subsequent to their receipt and provides equal or better information to users of its financial statements.

When estimating the fair value of pledges receivable, management considers the historical trends of collection, the type of donor (individual or corporation/foundation), general economic conditions in the geographic area in which the majority of the Junior Achievement's donors live, and market interest rate assumptions for individuals and corporations/foundations. The discount rate utilized by management is equivalent to the U.S. Treasury Yield rate. The interest resulting from amortization of the discount for the time value of money, computed using the effective interest rate method, is reported as contribution revenue over the term of the pledge. Management has determined that an allowance of \$12,128 and \$7,708 was necessary as of June 30, 2024 and 2023, respectively.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value and depreciated over the estimated useful lives using the straight-line method. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Junior Achievement reports expirations of donor restrictions when the donated or acquired assets are placed in service, as instructed by the donor. Junior Achievement reclassifies such net assets with donor restrictions to net assets without donor restrictions at that time.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Property and equipment purchased by Junior Achievement is recorded at cost and depreciated over estimated useful lives ranging from 3 to 40 years using the straight-line method. Junior Achievement follows the practice of capitalizing expenditures in excess of \$1,000. When considering a group of assets that is large enough to significantly impact the financial statements, Junior Achievement has adopted the practice of capitalizing grouped assets. Grouped assets will be depreciated over an estimated useful life.

Junior Achievement records impairment to property and equipment when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated lives. Impairments are recorded to reduce the carrying value of the assets to their estimated fair values determined by Junior Achievement, based on facts and circumstances in existence at the time of the determination, estimates of probable future economic conditions, and other information. No impairments were recorded during the years ended June 30, 2024 and 2023.

Contributed Services

During the years ended June 30, 2024 and 2023, Junior Achievement received services contributed by volunteers. A significant amount of those donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer efforts. Additionally, the value of contributed services which did meet the requirements for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include compensation, general operations, and other expenses which are allocated on the basis of estimates of time and effort. The percentage allocation is based on interviews with administrative personnel regarding time spent on various functions on certain test dates and is reviewed annually by management.

Income Taxes

Junior Achievement is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code and comparable state law, and contributions to it are tax deductible within limitations prescribed by the Code. Junior Achievement has been classified as a publicly-supported organization, which is not a private foundation under Section 509(a) of the code.

Junior Achievement has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10-25, Accounting for Uncertainty in Income Taxes. Junior Achievement will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Junior Achievement's evaluation as of June 30, 2024 and 2023 revealed no uncertain tax positions that would have a material impact on the financial statements. Junior Achievement will recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense, if incurred. Generally, Junior Achievement's tax information filings remain open for three years for examination by tax authorities.

Advertising Costs

Junior Achievement expenses advertising costs as incurred. Advertising expense for the years ended June 30, 2024 and 2023, was \$3,835 and \$10,072, respectively. Advertising expenses include in-kind donations.

Accounting 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 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. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the allowance for doubtful accounts, depreciation, investment valuation and accrued expenses. Revisions in net assets are made in the year in which circumstances requiring the revision become known.

Change in Accounting Principles

The Financial Accounting Standards Board (FASB) issued Accounting Standards Update ("ASU") 2020-07, Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which improves accounting principles generally accepted in the United States of America by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancement to presentation and disclosure. Junior Achievement adopted ASU 2020-07 as of July 1, 2022 under the retrospective approach. Junior Achievement recognized nonfinancial contributed assets as in-kind contributions in the statement of activities for the years ended June 30, 2024 and 2023.

The FASB issued ASU 2016-02 Leases (Topic 842). Topic 842 increases the transparency and comparability in financial reporting by requiring balance sheet recognition of leases exceeding 12 months and note disclosures of certain information about lease arrangements. As most of the leases do not provide an implicit rate, Junior Achievement uses its incremental borrowing rate (historical prime rate, 8.25% at June 30, 2024) based on the information available at the commencement date in determining the present value of lease payments. Junior Achievement adopted 2016-02 as of July 1, 2022 under the modified retrospective approach.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

FASB issued ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). The current methodology requires a delay in recognizing credit losses until it is probable a loss has been incurred. Both entities that extend credit and users of their financial statements, expressed concern that current GAAP restricted the ability to record credit losses that are expected, but do not yet meet the “probable” threshold. The main objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this ASU replace the incurred loss impairment methodology in current GAAP with a methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Junior Achievement adopted ASU 2016-13 as of July 1, 2023, under the modified retrospective approach. The adoption of the standard had no material impact on the financial statements.

Subsequent Events

Junior Achievement has evaluated subsequent events through November 22, 2024, the date the financial statements were available to be issued.

NOTE 2 - ENDOWMENT INVESTMENTS

Interpretation of Relevant Law

The Board of Directors of Junior Achievement has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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, Junior Achievement classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Junior Achievement in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Junior Achievement considers the following factors in making a determination to appropriate or accumulate net assets with donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of Junior Achievement and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and appreciation of investments
6. Other resources of Junior Achievement
7. The investment policies of Junior Achievement

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)

Junior Achievement's endowment consists of four individual funds established for operations in Tulsa, Bartlesville and Oklahoma City, as well as maintenance of the physical assets in Tulsa. Junior Achievement transferred an initial contribution of trust investments to the Tulsa Community Foundation, Bartlesville Community Foundation and Oklahoma City Community Foundation (Collectively referred to as the "Foundations") and named itself the beneficiary. Junior Achievement executed an "Agency Fund Agreement" with the Foundations, creating an agency fund. The Board of Trustees of the Foundations shall have the power to modify any restriction or condition on distributions from the fund for any specific charitable purposes or to specific organizations, if in the sole judgment of the Board of Trustees, the restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundations. All contributions to this fund are irrevocable once accepted by the Foundations. Funds held by the Foundations have been recorded as an asset at fair market value.

The funds held by the Foundations represent Junior Achievement's only endowments, which includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, 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 restriction.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)

The composition of beneficial interest in assets held by the Foundations by fund type at June 30, was as follows:

<u>2024</u>	<u>Unrestricted</u>	<u>Board Restricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 474,502	\$ 474,502
<u>2023</u>	<u>Unrestricted</u>			<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$ 467,165	\$ 467,165

Endowment assets earnings are designated for the operations of JA BizTown and general operations in Oklahoma City and Bartlesville.

Investments at June 30, 2024, are summarized as follows:

	<u>Fair Value</u>	<u>Cost</u>
Tulsa Community Foundation	\$ 332,611	\$ 319,044
Bartlesville Community Foundation	124,705	114,668
Oklahoma City Community Foundation	17,186	15,174
Total	<u>\$ 474,502</u>	<u>\$ 448,886</u>

Investments at June 30, 2023, are summarized as follows:

	<u>Fair Value</u>	<u>Cost</u>
Tulsa Community Foundation	\$ 326,235	\$ 321,974
Bartlesville Community Foundation	125,102	121,745
Oklahoma City Community Foundation	15,828	15,174
Total	<u>\$ 467,165</u>	<u>\$ 458,893</u>

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)

Changes in the beneficial interest in assets held by the Foundation for the years ending June 30, 2024 and 2023 are as follows:

	<u>Unrestricted</u>	<u>Board Restricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, June 30, 2022	\$ -	\$ -	\$ 490,751	\$ 490,751
Investment return:				
Net realized and unrealized appreciation	-	-	27,770	27,770
Disbursements	-	-	(39,635)	(39,635)
Fees	-	-	(11,721)	(11,721)
Endowment net assets, June 30, 2023	<u>-</u>	<u>-</u>	<u>467,165</u>	<u>467,165</u>
Investment return:				
Net realized and unrealized appreciation	-	-	36,255	36,255
Disbursements	-	-	(17,346)	(17,346)
Fees	-	-	(11,572)	(11,572)
Endowment net assets, June 30, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 474,502</u>	<u>\$ 474,502</u>

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires Junior Achievement to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets without donor restrictions. There were no such deficiencies as of June 30, 2024 and 2023.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, Junior Achievement 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). Junior Achievement targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 2 - ENDOWMENT INVESTMENTS (CONTINUED)

Return Objectives and Risk Parameters

Junior Achievement has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Junior Achievement must hold in perpetuity or for a donor-specified period(s) as well as board- designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk.

Spending Policy and How the Investment Objectives Relate to Spending Policy

Junior Achievement has a policy of appropriating its endowment fund for distribution as needed. Distribution requires an affirmative majority vote of the Board of Directors. In establishing this policy, Junior Achievement considered the long-term expected return on its endowment. Accordingly, over the long term, Junior Achievement expects the current spending policy to allow its endowment to grow. This is consistent with Junior Achievement's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

NOTE 3 - FAIR VALUE OF ASSETS AND LIABILITIES

Financial assets and liabilities measured at fair value on a recurring basis consist of pledges receivable and beneficial interest in assets held by the Foundations. The following tables summarize the balances of Junior Achievement's assets at June 30:

	Fair Value Measurements Using		
	Quoted Prices in Active Markets For Identical Assets/Liabilities (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2024			
Beneficial interest in assets held by Foundations	\$ -	\$ 450,995	\$ 933,826
Investments	645,301	-	-
Total	\$ 645,301	\$ 450,995	\$ 933,826
June 30, 2023			
Beneficial interest in assets held by Foundations	\$ -	\$ 467,165	\$ 674,651
Investments	889,051	-	-
Total	\$ 889,051	\$ 467,165	\$ 674,651

The beneficial interest in assets held by the Foundations is valued using quoted market prices of the underlying securities that comprise the interest.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 4 – INVESTMENTS

Investments consist of general investments and endowment funds. Investments are presented in the financial statements at fair market value and are summarized as follows at June 30, 2024:

	<u>Market Value</u>	<u>Cost</u>
Equity funds	\$ 610,270	\$ 468,166
Fixed income funds	425,524	466,549
Alternative investments / short term investments	<u>60,502</u>	<u>54,033</u>
Total	<u>\$ 1,096,296</u>	<u>\$ 988,748</u>

Investments are summarized as follows at June 30, 2023:

	<u>Market Value</u>	<u>Cost</u>
Equity funds	\$ 713,434	\$ 671,295
Fixed income funds	475,268	531,488
Alternative investments / short term investments	<u>89,918</u>	<u>86,609</u>
Total	<u>\$ 1,278,620</u>	<u>\$ 1,289,392</u>

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

	<u>2024</u>	<u>2023</u>
Interest and dividend income	\$ 38,047	\$ 33,847
Realized investment gain (loss)	2,706	(17,939)
Unrealized investment gain (loss)	116,393	100,343
Fees	<u>(12,089)</u>	<u>(10,876)</u>
Total	<u>\$ 145,057</u>	<u>\$ 105,375</u>

NOTE 5 - NOTES PAYABLE

On May 20, 2020, Junior Achievement accepted terms of a loan from the Achievement Foundation in the amount of \$50,000. The purpose was to assist Junior Achievement areas that are in financial need by providing interest free loans. The loan was payable in twelve equal installments of \$4,167 payable quarterly beginning June 30, 2021. The balance was \$12,500 as of June 30, 2023 and was fully paid off as of June 30, 2024.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 6 – PROPERTY AND EQUIPMENT

At June 30, property and equipment were as follows:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 2,791,602	\$ -
Building	2,752,986	2,500,296
Equipment	640,835	638,808
Land	650,235	462,304
Furnitures and fixtures	302,350	121,198
Construction in progress	205,134	136,177
Building improvements	70,207	-
	<u>7,413,349</u>	<u>3,858,783</u>
Less accumulated depreciation	<u>(2,038,664)</u>	<u>(1,878,354)</u>
Property and equipment, net	<u>\$ 5,374,685</u>	<u>\$ 1,980,429</u>

Depreciation in the amount of \$162,451 and \$104,725 for the years ended June 30, 2024 and 2023, respectively, has been allocated to program and supporting activities in the statement of activities.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of events specified by the donors for the years ended June 30:

Purpose and time restrictions:

	<u>2024</u>	<u>2023</u>
Capital campaign	\$ 2,532,849	\$ -
JA BizTown shop sponsor	56,333	11,667
Golf	34,000	30,750
JA Finance Park	10,000	10,000
Annual partnership	7,500	25,753
Individual	1,495	1,387
JA Inspire	1,000	-
Bowling	1,000	4,000
Computers	-	20,000
Student fees	-	5,332
Curriculum fee	-	1,875
Total	<u>\$ 2,644,177</u>	<u>\$ 110,764</u>

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets with donor restrictions, including cash and pledges receivable balances, were available for the following purposes or restricted for time at June 30:

	<u>2024</u>	<u>2023</u>
Perpetual endowment	\$ 450,995	\$ 467,165
Capital campaign	273,670	1,113,489
Golf	63,250	34,000
JA BizTown shop sponsor	41,666	57,999
Individual	5,065	1,525
JA Finance Park	-	10,000
Annual partnership	-	7,500
Bowling	-	1,000
JA Inspire	-	1,000
	<u> </u>	<u> </u>
Total	<u>\$ 834,646</u>	<u>\$ 1,693,678</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 211,920
Accounts receivable	<u>8,163</u>
	<u>\$ 220,083</u>

Junior Achievement regularly monitors liquidity required to meet its operating needs and other contractual commitments. Junior Achievement depends on donations from corporations, foundations, individuals, as well as grants, to fund its normal day-to-day operations. Donation levels vary in response to fundraising campaigns throughout the year. Junior Achievement also maintains an investment account which is primarily intended to fund long-term obligations.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, Junior Achievement considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities, to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, Junior Achievement operates within a balanced budget and anticipates collecting sufficient revenues and grants to cover general expenditures.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 9 - RELATED PARTY TRANSACTIONS

Program and support fees are calculated based on JA Area revenue reported in the audited financial statements (subject to exclusions and phase-in adjustments as may be approved by JA USA) using the Revenue 3 Tier Model fee schedule as follows: 11.5% of gross revenues up to \$1 million, 9.5% of gross revenues above \$1 million and up to \$2 million and 7.5% of gross revenues above \$2 million. Fees paid to JA USA were \$197,940 and \$153,672 for the years ended June 30, 2024 and 2023, respectively.

Junior Achievement expended \$48,364 during the year ended June 30, 2023 to JA USA, for the purchase of various classroom program supplies and materials, JA Finance Park materials, and JA BizTown program fees and materials. As of the year ended June 30, 2024, Junior Achievement makes payments directly to the vendors.

NOTE 10 - EMPLOYEE BENEFITS

JA USA has a self-funded medical, dental and other benefits plan covering full-time employees of Junior Achievement 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 Junior Achievement 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 Junior Achievement.

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 Junior Achievement does not believe the implicit rate subsidy amount to be material to Junior Achievement, 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 Junior Achievement.

Junior Achievement of Oklahoma has a 401K Plan which covers all employees that exceed 1,000 hours per year, regardless of age. Junior Achievement made matching contributions of \$36,037 and \$39,167 during the years ended June 30, 2024 and 2023, respectively. Catchup contributions were made for those employees who have a combined years of service and age of 70 and employed by Junior Achievement for 10 years.

NOTE 11 - CONCENTRATIONS OF CREDIT RISK

Junior Achievement's financial instruments exposed to concentrations of credit risk consist primarily of cash and cash equivalents. Junior Achievement maintains its cash balances at local banks. At June 30, 2024 and 2023, the balances were insured by the Federal Deposit Insurance Corporation. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the risk related to these deposits are minimal.

Junior Achievement maintains investment accounts with various Foundations. The balances are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 coverage for cash and securities held by a firm that is forced into bankruptcy. Cash coverage is limited at \$250,000. At times, Junior Achievement's deposits may exceed insured amounts. Management believes the funds are not exposed to any significant risks due to the diversity of high-grade financial instruments held by the fund and management's routine assessment of the portfolio. During the year ended June 30, 2024, Junior Achievement had 3 donors that accounted for approximately 35% of contributions.

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 12 – CAPITAL CAMPAIGN

Junior Achievement began a capital campaign during fiscal year 2023 to build two state-of-the-art experiential labs, which will double the capacity to serve students in both JA BizTown and JA Finance Park programs. The goal of the campaign is to raise approximately \$6.5 million to renovate a building in Oklahoma City and add an addition to the existing Junior Achievement facility in Tulsa. As of June 30, 2024, the Oklahoma City facility has been completed and a total of \$5.6 million has been raised through November 22, 2024. Donations from the capital campaign are being used for capital and infrastructure costs which will also contribute toward program expansion and sustainability.

NOTE 13 – SUPPLEMENTAL CASH FLOW INFORMATION

The following table provides a reconciliation on cash, cash equivalents, and restricted cash reported in the balance sheet that equal the total of the same such amounts shown in the statement of cash flows.

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 211,920	\$ 1,024,813
Cash and cash equivalents - restricted	<u>68,328</u>	<u>655,622</u>
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	<u>\$ 280,248</u>	<u>\$ 1,680,435</u>

NOTE 14 – DONATED RENT RECEIVABLE

During the year ended June 30, 2024, Junior Achievement entered into a 10-year lease agreement with Chesapeake Land Development Company, L.L.C. Per the agreement, the first five years of the lease will be donated by Chesapeake Land Development Company, L.L.C. This donation was recognized as in-kind contributions in the fiscal year 2024 Statement of Activities in the year it was received.

The composition of donated rent receivable are as follows at June 30:

Amounts due in:	<u>2024</u>	<u>2023</u>
Less than one year	\$ 69,149	\$ -
One to five years	<u>330,540</u>	<u>-</u>
Total	<u>\$ 399,689</u>	<u>\$ -</u>

(Continued)

JUNIOR ACHIEVEMENT OF OKLAHOMA, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2024 AND 2023

NOTE 15 – FUTURE LEASE OBLIGATIONS

The Company leases its office facilities and certain office equipment under a noncancelable operating lease. Junior Achievement will be liable for the second five years of the lease. See schedule below for liability.

<u>Years ending June 30,</u>	<u>Amount</u>
2029	\$ 24,928
2030	99,712
2031	99,712
2032	99,712
2033	99,712
Thereafter	<u>108,024</u>
Total	531,800
Less interest	<u>(99,202)</u>
Present value of finance lease obligations	432,598
Less current portion	<u>-</u>
Long-term finance lease obligation	<u><u>\$ 432,598</u></u>