



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024 AND 2023

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

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INDEPENDENT AUDITOR’S REPORT

Board of Directors
Junior Achievement of Delaware, Inc.
Wilmington, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Junior Achievement of Delaware, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Junior Achievement of Delaware, 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 (GAAS). 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 Delaware, 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.

Emphasis of Matter – Change in Accounting Principles

As discussed in Note B to the financial statements, effective July 1, 2023, the entity adopted new accounting guidance, Accounting Standards Update (ASU 2016-13) – *Financial Instruments – Credit Losses* (Topic 326), *Measurement of Credit Losses on Financial Instruments*.

As discussed in Note M to the financial statements, effective July 1, 2023, the entity adopted Accounting Standards Update (ASU 2016-02) *Leases* (Topic 842).

Our opinion is not modified with respect to these matters.

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 Delaware, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Delaware, 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 Delaware, Inc.'s ability to continue as a going concern for a reasonable period of time.

Board of Directors
Junior Achievement of Delaware, Inc.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Whisman Giordano & Associates, LLC

Newark, Delaware
December 3, 2024

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	ASSETS	
	2024	2023*
CURRENT ASSETS		
Cash and cash equivalents	\$ 365,628	\$ 272,045
Accounts receivable	46,440	12,493
Prepaid expenses	8,704	7,500
Total current assets	420,772	292,038
NONCURRENT ASSETS		
Endowment	21,687	33,837
Beneficial Ownership in Endowment	123,132	111,432
Property and equipment	1,497,527	1,366,332
Right of use asset	24,361	-
Hall of Fame display	65,845	65,845
Timeshare asset	12,000	12,000
Total noncurrent assets	1,744,552	1,589,446
TOTAL ASSETS	\$ 2,165,324	\$ 1,881,484
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 22,857	\$ 5,596
Accrued vacation	7,569	5,150
Current portion of lease liabilities	5,801	-
Deferred revenue	84,000	-
Total current liabilities	120,227	10,746
NONCURRENT LIABILITIES		
Long-term portion of lease liabilities	19,113	-
Total noncurrent liabilities	19,113	-
TOTAL LIABILITIES	139,340	10,746
NET ASSETS		
Without donor restriction	1,418,291	1,144,231
With donor restriction	607,693	726,507
Total net assets	2,025,984	1,870,738
TOTAL LIABILITIES AND NET ASSETS	\$ 2,165,324	\$ 1,881,484

See accompanying notes to financial statements.

**Restated for comparative purposes to conform with current year presentation.*

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants			
Corporate	\$ 396,293	\$ 51,895	\$ 448,188
Individual	102,336	-	102,336
Foundation	-	245,238	245,238
Contributions of nonfinancial assets	112,396	-	112,396
	<hr/>	<hr/>	<hr/>
Total contributions and grants	611,025	297,133	908,158
Special events, net of expenses of \$8,789	41,303	-	41,303
Governmental income	328,959	45,581	374,540
Endowment fund unrealized gains	-	13,620	13,620
Interest income	3,952	-	3,952
Other income	21,369	-	21,369
	<hr/>	<hr/>	<hr/>
	395,583	59,201	454,784
Net assets released from restriction	475,148	(475,148)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,481,756	(118,814)	1,362,942
EXPENSES			
Program	914,180	-	914,180
General and administrative	202,643	-	202,643
Fundraising	90,873	-	90,873
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	1,207,696	-	1,207,696
CHANGE IN NET ASSETS	274,060	(118,814)	155,246
NET ASSETS - BEGINNING OF YEAR	1,144,231	726,507	1,870,738
	<hr/>	<hr/>	<hr/>
NET ASSETS - END OF YEAR	\$ 1,418,291	\$ 607,693	\$ 2,025,984
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants			
Corporate	\$ 277,060	\$ -	\$ 277,060
Individual	64,012	-	64,012
Foundation	29,290	195,000	224,290
Contributions of nonfinancial assets	-	-	-
	<hr/>	<hr/>	<hr/>
Total contributions and grants	370,362	195,000	565,362
Special events, net of expenses of \$12,019	49,194	-	49,194
Governmental income	358,468	128,226	486,694
Endowment fund unrealized (losses)	-	9,231	9,231
Interest income	1,264	3,196	4,460
Other income	2,298	-	2,298
	<hr/>	<hr/>	<hr/>
	411,224	140,653	551,877
Net assets released from restriction	237,654	(237,654)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	1,019,240	97,999	1,117,239
EXPENSES			
Program	663,164	-	663,164
General and administrative	194,751	-	194,751
Fundraising	89,274	-	89,274
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	947,189	-	947,189
CHANGE IN NET ASSETS	72,051	97,999	170,050
NET ASSETS - BEGINNING OF YEAR	1,072,180	628,508	1,700,688
	<hr/>	<hr/>	<hr/>
NET ASSETS - END OF YEAR	<u>\$ 1,144,231</u>	<u>\$ 726,507</u>	<u>\$ 1,870,738</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	Program	General & Administrative	Fund Raising	Total
Bad Debts	\$ -	\$ 300	\$ -	\$ 300
Condo fees	10,234	3,411	-	13,645
Depreciation	88,264	29,421	-	117,685
Donated services	81,297	27,099	-	108,396
Employee benefits	74,920	15,474	7,541	97,935
Insurance	5,904	1,968	-	7,872
Interest expense	-	1,302	-	1,302
Occupancy	3,323	1,108	-	4,431
Local travel	3,623	-	-	3,623
Maintenance/janitorial	20,913	6,971	-	27,884
Office expense	19,105	12,019	970	32,094
Payroll	340,476	76,204	71,808	488,488
Payroll taxes	24,708	5,294	5,294	35,296
Professional fees	27,574	14,905	2,819	45,298
Program expense	180,115	-	-	180,115
Public relations	11,158	620	620	12,398
Staff training	255	85	65	405
Telephone	8,194	1,756	1,756	11,706
Utilities	14,117	4,706	-	18,823
	<u>\$ 914,180</u>	<u>\$ 202,643</u>	<u>\$ 90,873</u>	<u>\$ 1,207,696</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program	General & Administrative	Fund Raising	Total
Bad Debts	\$ -	\$ -	\$ -	\$ -
Condo fees	10,234	3,411	-	13,645
Depreciation	79,067	26,355	-	105,422
Employee benefits	49,347	5,468	6,352	61,167
Insurance	6,185	2,062	-	8,247
Interest expense	2,513	2,512	-	5,025
Occupancy	5,771	1,924	-	7,695
Local travel	5,441	-	-	5,441
Maintenance/janitorial	21,219	7,073	-	28,292
Office expense	16,178	11,465	1,058	28,701
Payroll	290,631	96,877	73,811	461,319
Payroll taxes	20,963	6,988	5,324	33,275
Professional fees	22,265	23,782	476	46,523
Program expense	104,592	-	-	104,592
Public relations	6,074	337	338	6,749
Telephone	8,936	1,915	1,915	12,766
Utilities	13,748	4,582	-	18,330
	<u>\$ 663,164</u>	<u>\$ 194,751</u>	<u>\$ 89,274</u>	<u>\$ 947,189</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, foundations, and corporations	\$ 874,211	\$ 606,534
Cash received from governmental sources	374,540	486,694
Cash received from programming sources	-	-
Cash received from other operating sources	62,672	51,492
Cash paid to employees, suppliers and vendors	(972,163)	(887,180)
Cash received from interest and dividends	3,952	4,460
Cash paid for interest	(1,302)	(5,025)
	341,910	256,975
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(248,880)	(283,598)
	(248,880)	(283,598)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit (payments) draws	-	(100,000)
Payments of finance lease obligations (net)	553	-
	553	(100,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	93,583	(126,623)
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	272,045	398,668
CASH AND CASH EQUIVALENTS		
END OF YEAR	\$ 365,628	\$ 272,045
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 1,302	\$ 5,025
NONCASH INVESTING AND FINANCING ACTIVITIES		
Donated services	\$ 112,396	\$ -

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Purpose of Junior Achievement

The mission of Junior Achievement of Delaware, Inc. is to inspire and prepare young people to succeed in both the local and global economy through work readiness, entrepreneurship and financial literacy.

This is accomplished through a diverse portfolio of robust, volunteer-led programs spanning kindergarten through twelfth grade. These include JA Biztown, and JA Finance Park, which comprise Junior Achievement of Delaware, Inc.'s one-of-a-kind 13,000 square foot experiential learning center, JA Campus.

At the JA Campus, students become “adults for a day”, are making critical financial, educational and career decisions in an environment where the consequences are real enough to make an indelible educational impact.

Financial Reporting Framework

The financial position and results of activities of Junior Achievement of Delaware, Inc. (or the entity) have been reported on an acceptable financial reporting framework. The financial reporting framework used by the entity is U.S. generally accepted accounting principles (GAAP). Under this financial reporting framework, revenues are recognized in the period when earned and expenses are recorded when a liability is incurred.

Basis of Financial Statement Presentation

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB). FASB codification pertaining to *Not-for-Profit Entities, ASU No. 2016-14*, requires the entity to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The net assets and revenues, expenses, gains and losses are classified based on the existence of, or the absence of, donor-imposed restrictions. Accordingly, net assets and changes therein are classified as described below.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Net Assets

Separate line items may be reported within net assets with donor restrictions or in notes to financial statements to distinguish between various types of donor-imposed restrictions, including the following:

- a) Assets donated with stipulations that they be invested to provide a permanent source of income. These result from gifts and bequests that create a donor-restricted endowment that is perpetual in nature,
- b) Support of a particular operating activity,
- c) Use in a specified future period.

Junior Achievement of Delaware, Inc., as previously disclosed, reports its net assets as either net asset without donor restrictions or net assets with donor restrictions. Separate line items are disclosed in Note G to distinguish the donor- imposed restrictions at June 30, 2024.

Reclassification of Financial Statements

The June 30, 2023 financial statements have been reclassified to conform to the current year presentation. These reclassifications did not have an effect on net assets, or the change in net assets for the year ended June 30, 2023.

Pervasiveness of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates and assumptions include but are not limited to accounts receivable and promises to give and the related allowance for uncollectible accounts, useful lives selected for depreciating property and equipment, the timing of the recognition of certain revenue, and reserves for contingencies of program or grant audits. Management bases its estimates and assumptions on historical experience and on various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities.

Management does not believe that any of its estimates involve assumptions that are highly uncertain or that different, reasonable estimates, or changes in accounting estimates that are reasonably likely to occur, would have a material impact on the financial statements. To the extent there are material differences between management's estimates and actual results, future results of operations will not be affected.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include all highly liquid debt instruments with remaining maturities of three months or less.

Promises to Give

The entity recognizes pledges as support in the period in which the unconditional promise to give is received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows, when material.

The entity adheres to accounting guidance required by generally accepted accounting principles issued in ASU 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. The key provisions in this guidance include clarification of accounting for grants and contracts as exchange transactions or contributions and improve guidance to distinguish between conditional and unconditional contributions. The entity has updated these statements accordingly.

Property and Equipment

Property and equipment are stated at cost, if purchased. Donated assets are capitalized at their fair value at the date of the gift. The entity follows the practice of capitalizing all expenditures for property and equipment in excess of \$1,000. Expenses for maintenance and repairs are charged to expense as incurred; costs of renewals and betterments are capitalized.

When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in the statement of activities.

Depreciation is computed using the straight-line method over the estimated useful life of the underlying asset.

Compensated Absences

In accordance with ASC 710-10-25 – *Compensated Absences*, the entity has recorded a vacation accrual in the financial statements as of June 30, 2024 and 2023 amounting to \$7,569 and \$5,150, respectively.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

License Fees

Junior Achievement of Delaware, Inc. is required to pay a license fee according to a scale established by its national affiliate. For the year ended June 30, 2024 and years succeeding 2020, JA Worldwide, Inc. requested that the local affiliates classify franchise fees as program service expense. As such, Junior Achievement of Delaware has not reported franchise fees for the years ended June 30, 2024 and 2023.

Revenue Recognition

The entity adopted ASU 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 applies to substantially all entities including non-profit entities. The fundamental principle of this new accounting guidance is that non-profit entities should recognize revenue in a manner that reflects the timing of the transfer of goods and services to customers in an amount that reflects the consideration that the entity expects to receive from such transfers.

ASU 2014-09 establishes a five-step approach for the recognition of revenue. The entity adopted this guidance using the modified retrospective approach which applies to any entity that had remaining obligations as of July 1, 2019, and any new contracts entered into subsequent thereto. Under the modified approach, non-profit entities are not required to restate comparative periods in the financial statements.

The entity adheres to ASC 958-605, *Not for Profit Entities Revenue Recognition*, in recording contributions received. Contributions received are recorded as with or without donor restricted support, depending on the existence and, if applicable, the nature of donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses by Nature and Function

The cost of providing various program and supporting activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Activities that represent direct conduct on supervision of program or other supporting activities are allocated to such programs and generally from management and general expense. Additionally, certain cost benefit more than one function, and therefore allocated accordingly. Overhead is allocated based on payroll cost, square footage or programming.

Income Taxes

Junior Achievement of Delaware, Inc. is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the financial statements. In addition, the entity has been classified as one that is not a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

Although the entity is not subject to federal and state income taxes, the entity is required to adhere to ASC 740 “*Accounting for Income Taxes*”, which applies to all entities including those that are tax exempt under 501(c)(3). ASC 740 clarifies the accounting and reporting for income taxes where interpretation of the tax law may be uncertain. ASC 740 prescribes a comprehensive model for the financial statement’s recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns.

Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if the respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the June 30, 2021, 2022 and 2023 tax years are open and subject to examination by the Internal Revenue Service; however, the entity is not currently under audit nor has the entity been contacted by this jurisdiction. Any interest and penalties related to income taxes would be recorded as income tax expense. There are no interest and penalties as of June 30, 2024 and 2023.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – ADOPTION OF ASC 326 – FINANCIAL STATEMENTS – CREDIT LOSSES

The entity has adopted Accounting Standards Update (ASU 2016-13) – *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, effective July 1, 2023. Topic 326 introduces a new model for estimating credit losses on financial instruments, including trade receivables.

Under ASC 326, the entity utilizes a forward-looking expected credit loss model to estimate credit losses on its financial instruments. This involves assessing the probability of default, the severity of loss given default, and considering reasonable and supportable forecasts over the contractual term of the financial statements.

The adoption of ASC 326 did not have a material impact on the financial statements of the entity. The entity has assessed the historical credit loss experience, current economic conditions, subsequent collections, and reasonable and supportable forecasts to determine the appropriate level of allowance for credit losses on its financial instruments.

Management continues to monitor and assess the credit risk associated with its financial instruments, incorporating relevant economic factors and industry trends into its ongoing evaluation of expected credit losses. The entity believes that the adoption of ASC 326 enhances the transparency and accuracy of its financial reporting related to credit losses on financial instruments.

Accounts receivable and allowance for credit losses were \$46,440 and \$0 at June 30, 2024 and \$12,493 and \$0 at June 30, 2023, respectively.

NOTE C - ENDOWMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT

Junior Achievement of Delaware, Inc.'s endowment fund contains two memorial sub-funds for the purpose of providing scholarships. (These sub-funds were segregated by JA of Delaware in memory of the individuals for which the funds are named. There is no documentation that requires JA of DE to use these funds for scholarships.) As required by GAAP, 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. There are no perpetual endowments.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C- ENDOWMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT
(CONTINUED)

Junior Achievement is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions until the Board of Directors appropriates such amounts for expenditure and any other purpose restrictions have been met. The Board of Directors of Junior Achievement USA has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original amount contributed to an endowment fund unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Junior Achievement considers a fund to be underwater when the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Junior Achievement has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, Junior Achievement considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the entity 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 the appreciation of investments
- (6) Other resources of the entity
- (7) The investment policies of Junior Achievement

Endowments

Endowments consisted of the following at June 30, 2024 and 2023:

	2024		2023	
	Cost	Fair Value	Cost	Fair Value
Beverley Jones Scholarship Fund	\$ 19,421	\$ 21,687	\$ 36,351	\$ 33,837

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - ENDOWMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT
(CONTINUED)

Endowments (continued)

Return objectives and risk parameters have been established by the entity, as there is a formal investment and spending policy.

Endowment funds net asset composition by type of fund as of June 30, 2024 is as follows

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beverley Jones Scholarship funds	\$ -	\$ 21,687	\$ 21,687
Total funds	<u>\$ -</u>	<u>\$ 21,687</u>	<u>\$ 21,687</u>

Changes in endowment funds net assets as of June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment funds net assets, Beginning of year	\$ -	\$ 33,837	\$ 33,837
Contributions	-	-	-
Distributions	-	(15,165)	(15,165)
Realized and unrealized (loss)	-	2,407	2,407
Interest income	-	1,002	1,002
Investment fees	-	(394)	(394)
Endowment funds net assets, end of year	<u>\$ -</u>	<u>\$ 21,687</u>	<u>\$ 21,687</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - ENDOWMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT
(CONTINUED)

Endowments (continued)

Changes in endowment funds net assets as of June 30, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Endowment Assets</u>
Endowment funds net assets, Beginning of year	\$ -	\$ 32,667	\$ 32,667
Contributions	-	-	-
Distributions	-	-	-
Realized and unrealized (loss)	-	231	231
Interest income	-	1,006	1,006
Investment fees	-	(67)	(67)
Endowment funds net assets, end of year	<u>\$ -</u>	<u>\$ 33,837</u>	<u>\$ 33,837</u>

Beneficial Ownership in Endowments

Beneficial Ownership in Endowments consisted of the following at June 30, 2024 and 2023:

	<u>2024</u>		<u>2023</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Endowment	*	\$101,616	*	\$ 91,202
McIntosh Scholarship	*	5,047	*	4,757
Montebell Scholarship	*	16,469	*	15,473
Total held at Delaware Community Foundation	<u>\$ 44,836</u>	<u>\$123,132</u>	<u>\$ 44,791</u>	<u>\$111,432</u>

**Original cost basis is only known at the net amount.*

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - ENDOWMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT (CONTINUED)

Beneficial Ownership in Endowments (continued)

Return objectives and risk parameters have been established by the entity, as there is a formal investment and spending policy.

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beneficial Ownership in Endowment funds	\$ -	\$ 123,132	\$ 123,132
Total funds	<u>\$ -</u>	<u>\$ 123,132</u>	<u>\$ 123,132</u>

Changes in beneficial ownership in endowment net assets as of June 30, 2024 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Beneficial Ownership in Endowment net assets, Beginning of year	\$ -	\$ 111,432	\$ 111,432
Contributions	-	-	-
Distributions	-	(1,000)	(1,000)
Realized and unrealized (loss)	-	11,666	11,666
Interest income	-	2,707	2,707
Investment fees	-	(1,673)	(1,673)
Beneficial Ownership in Endowment net assets	<u>\$ -</u>	<u>\$ 123,132</u>	<u>\$ 123,132</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS AND BENEFICIAL OWNERSHIP IN ENDOWMENT
(CONTINUED)

Beneficial Ownership in Endowments (continued)

Changes in beneficial ownership in endowment net assets as of June 30, 2023 are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	Total <u>Endowment Assets</u>
Endowment net assets,			
Beginning of year	\$ -	\$ 123,739	\$ 123,739
Contributions	-	1,120	1,120
Distributions	-	(23,732)	(23,732)
Realized and unrealized loss	-	9,000	9,000
Interest income	-	3,100	3,100
Investment fees	-	(1,795)	(1,795)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 111,432</u>	<u>\$ 111,432</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE D - FAIR VALUE MEASUREMENTS

The entity adheres to ASC 820, "Fair Value Measurements and Disclosures". ASC 820 defines fair value, establishes a framework for measuring fair value under generally accepted accounting principles and enhances disclosures about fair value measurements. Fair value is defined under ASC 820 as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

As a basis for considering assumptions, ASC 820 establishes a hierarchical framework for measuring fair value (the fair value hierarchy) as follows:

Level 1 - Quoted prices in active markets for identical assets or liabilities. Level 1 assets include money market funds, debt and equity securities that are traded in active exchange markets, as well as certain U.S. Treasury and other U.S. Governments and agencies that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

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

Mutual Funds: Valued at the quoted net asset value.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

The tables below present the financial instruments carried at fair value as of June 30, 2024 and 2023 by ASC 820 valuation hierarchy defined above.

<i>June 30, 2024</i>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	\$ 21,687	\$ 21,687	\$ -	\$ -
Endowment	101,616	-	101,616	-
McIntosh Scholarship	5,047	-	5,047	-
Montebell Scholarship	16,469	-	16,469	-
	<u>\$ 144,819</u>	<u>\$ 21,687</u>	<u>\$ 123,132</u>	<u>\$ -</u>

<i>June 30, 2023</i>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	\$ 33,837	\$ 33,837	\$ -	\$ -
Endowment	91,202	-	91,202	-
McIntosh Scholarship	4,757	-	4,757	-
Montebell Scholarship	15,473	-	15,473	-
	<u>\$ 145,269</u>	<u>\$ 33,837</u>	<u>\$ 111,432</u>	<u>\$ -</u>

NOTE E - PROPERTY AND EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2024</u>	<u>2023</u>
Building	\$ 437,710	\$ 421,843
Building additions	2,107,110	1,895,423
Equipment	574,885	568,585
Furniture and fixtures	72,450	59,583
Information technology	627,484	564,491
Construction in Progress	138,377	205,300
	<u>3,958,016</u>	<u>3,715,225</u>
Less: accumulated depreciation	<u>(2,460,489)</u>	<u>(2,348,893)</u>
	<u>\$ 1,497,527</u>	<u>\$ 1,366,332</u>

Depreciation expense for the years ended June 30, 2024 and 2023 amounted to \$117,685 and \$105,422, respectively.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE F - LINE OF CREDIT

Junior Achievement of Delaware, Inc. has available a revolving line of credit from its principal bank in the amount of \$150,000. Borrowings against the line are due on demand, require interest at a variable threshold based on the lowest prime rate published in the Wall Street Journal “Money Rates” table (8.5% as of June 30, 2024) and are collateralized by inventory and equipment.

There are no borrowings outstanding against the line at of June 30, 2024 and 2023.

NOTE G - RESTRICTED NET ASSETS

Restricted net assets are available for the following purposes as of June 30, 2024 and 2023

	2024	2023
Capability campaign	\$ 333,423	\$ 420,096
Endowment fund	101,616	110,763
Scholarship funds	43,203	65,648
Financial literacy fund	129,451	130,000
	<u>\$ 607,693</u>	<u>\$ 726,507</u>

NOTE H - SPECIAL EVENTS

	2024		
	Revenue	Expenses	Net Proceeds
Delaware Business Leaders			
Hall of Fame	\$ 38,292	\$ (8,789)	\$ 29,503
Other Events	11,800	-	11,800
	<u>\$ 50,092</u>	<u>\$ (8,789)</u>	<u>\$ 41,303</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE H - SPECIAL EVENTS (CONTINUED)

	2023		
	Revenue	Expenses	Net Proceeds
Delaware Business Leaders			
Hall of Fame	\$ 54,371	\$ (12,019)	\$ 42,352
Other Events	6,842	-	6,842
	<u>\$ 61,213</u>	<u>\$ (12,019)</u>	<u>\$ 49,194</u>

NOTE I - 401(k) PROFIT-SHARING PLAN

Starting on July 1, 2021, the entity implemented a 401(k) multiple employer profit-sharing plan covering substantially all employees. The entity's contributions to the plan are determined annually by the Junior Achievement USA Board of Directors. Contributions to the plan were \$ 4,866 and \$4,943 for the years ended June 30, 2024 and 2023, respectively.

NOTE J - HEALTH AND WELFARE BENEFITS TRUST

Health and Welfare Benefits Trust

The entity has a self-funded medical, dental and other benefits plan covering full-time employees of the entity and their beneficiaries and covered dependents. The plan is accounted for in a manner similar to a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of the entity, 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 entity.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE J - HEALTH AND WELFARE BENEFITS TRUST (CONTINUED)

Health and Welfare Benefits Trust (continued)

The following represents summarized financial information pertaining to the Benefits Trust as of and for the year ended June 30, 2024 and 2023:

	2024	2023
Assets	\$ 7,907,107	\$ 5,860,340
Liabilities	251,295	263,371
Net assets	<u>\$ 7,655,812</u>	<u>\$ 5,596,969</u>
Additions to net assets	\$ 11,743,948	\$ 9,329,807
Deductions from net assets	9,685,105	9,749,748
Change in net assets	2,058,843	(419,941)
Net assets, beginning of year	<u>5,596,969</u>	<u>6,016,910</u>
Net assets, end of year	<u>\$ 7,655,812</u>	<u>\$ 5,596,969</u>

In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the April 30, 2024 and 2023 audited financial statements, claims payable of \$242,639 and \$251,585, respectively, and claims incurred but not reported of \$389,738 and \$838,249, respectively. The obligation for claims incurred but not reported is not recorded in the Benefits Trust's statements of net assets available for benefits.

Postretirement Benefits Plan

The Health and Welfare Plan also offers health care benefits to retired personnel of the participating employees. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of the entity does not believe the implicit rate subsidy amount to be material to the entity, 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 entity.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE J - HEALTH AND WELFARE BENEFITS TRUST (CONTINUED)

Total Postretirement Plan Information

A June 30 measurement date is used for the Postretirement Plan. Significant balances, costs and assumptions are:

	<u>2024</u>	<u>2023</u>
Benefit obligation	\$ (3,947,154)	\$ (5,658,030)
Fair value of plan assets	<u>-</u>	<u>-</u>
Underfunded status	<u>\$ (3,947,154)</u>	<u>\$ (5,658,030)</u>
Accumulated benefit obligation	<u>\$ (3,947,154)</u>	<u>\$ (5,658,030)</u>

Weighted-average assumptions used to determine benefit obligations at June 30, 2024:

	<u>2024</u>	<u>2023</u>
Discount rate	5.50%	5.25%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2024:

	<u>2024</u>	<u>2023</u>
Discount rate	5.25%	4.75%
Rate of compensation increase	4.00%	4.00%

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE J - HEALTH AND WELFARE BENEFITS TRUST (CONTINUED)

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2024:

2025	\$	289,164
2026		304,656
2027		300,566
2028		299,049
2029		299,377
2030 to 2034		<u>1,741,340</u>
	\$	<u>3,234,152</u>

Junior Achievement of Delaware, Inc.'s premium expense for the Health and Welfare Plan for the years June 30, 2024 and 2023 amounted to \$93,069 and \$56,224, respectively.

NOTE K - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2024 and 2023, one member of the entity's board of directors was affiliated with a financial institution where the entity maintains deposit accounts. Also, a member of the entity's board of directors manages cash investments in mutual funds. Assurance Media has been contracted to install new AV equipment and badge access (a board director is their Director of Operations). The entity also contracted Erin Gerald Affiliates to develop an app (a board director is employed there).

NOTE L - LIQUIDITY

As a part of Junior Achievement of Delaware's liquidity management, investments of cash in excess of daily requirements are made in short-term investments. Management, along with the board, has set a goal to build cash reserves to meet or exceed 50% of the prior year's cash expenditures, one of the five metrics set by JA USA. To this end, a \$300,000 cash on hand fund has been endowed by a single donor. Though technically restricted, the donor will allow the Entity to access these funds to meet short-term cash flow needs. In the event of an unanticipated liquidity need, Junior Achievement of Delaware could also draw upon the line of credit, of which, there is \$150,000 available at year end.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE L – LIQUIDITY (CONTINUED)

Description	Amount
Cash and cash equivalents	\$ 365,628
Accounts receivable	46,440
	<hr/>
Total liquid assets available	412,068
Less: donor restricted assets, not including endowment and scholarship fund restricted assets	462,874
	<hr/>
Total financial assets available to management for general expenditures within one year	<u>\$ (50,806)</u>

NOTE M – LEASES

Effective July 1, 2023, the entity adopted Accounting Standards Update 2016-02 *Leases* (Topic 842) which requires leases with durations of twelve months to be recognized on the consolidated statement of financial position using a modified retrospective approach. Accordingly, the entity recognized a “Right of Use” asset and a “Lease Obligation” of \$30,452 for a copier lease in July, 2023. The entity used an incremental borrowing rate of 4.66%, which is the rate for the 20-year U.S. Treasury Bill spot-rate, to discount lease payments since the underlying lease did not provide a readily determinable implicit rate. In determining the discount rate, the entity adopted ASU 2021-09 *Leases* (Topic 842) *Discount Rate for Leases That are not Public Business Entities*. This accounting standards update permits non-public entities a practical expedient, that allows an accounting policy election, to use a risk-free rate as a discount rate for all leases. The election is made by class of underlying asset.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE M – LEASES (CONTINUED)

The components of lease expense for the year ended June 30, 2024 were as follows:

At June 30, 2024, the following were recorded on the statement of financial position:

Operating lease	
Right of use asset	\$ 24,361
Lease obligation - current	\$ 5,801
Lease obligation - long-term	19,113
	<u>\$ 24,914</u>

Weighted-average remaining lease term:

Finance leases 4 years

Weighted-average discount rate for finance leases

Finance leases 4.66%

The following table reconciles the undiscounted future minimum lease payments to the finance lease obligations recorded on the June 30, 2024 statement of financial position.

Year Ending June 30:	Amount
2025	\$ 6,839
2026	6,839
2027	6,839
2028	6,839
	<u>27,356</u>
Total lease payments	27,356
Less: Present value discount	<u>(2,442)</u>
	<u>\$ 24,914</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE N – DONATED SERVICES

Contributions of services are recognized only if the services received require specialized skills, are provided by those individuals possessing those skills, and would have to be purchased if they were not provided by donation.

Contributions reflected as in-kind revenue are as follows:

	<u>2024</u>	<u>2023</u>
Accounting services	\$ 4,000	\$ -
Consulting services	103,111	-
Printing services	<u>5,285</u>	<u>-</u>
	<u>\$ 112,396</u>	<u>\$ -</u>

No other amounts have been reflected in the statements for contributed services as no objective basis is available to measure the value of such services. However, a substantial number of volunteers donated significant amounts of their time to assist in the entity's program services.

NOTE O – CONCENTRATION – MAJOR SOURCE OF REVENUE

The entity received a significant amount of its support from various grants and contracts provided by the State of Delaware. A substantial decrease in funding may have a negative impact on the entity's ability to carry out its mission. In addition, the entity received two \$125,000 grants from one donor during the current year.

NOTE P - SUBSEQUENT EVENTS

Management has reviewed and evaluated all subsequent events through December 3, 2024, which is the date the financial statements were available to be issued and has determined that there were no other matters that require adjustment or disclosure in the June 30, 2024 financial statements.