



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023 AND 2022

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	4
STATEMENTS OF ACTIVITIES	5 - 6
STATEMENTS OF FUNCTIONAL EXPENSES	7 - 8
STATEMENTS OF CASH FLOWS	9
NOTES TO FINANCIAL STATEMENTS	10 - 28



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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

Responsibilities of Management for the Financial Statements (continued)

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
November 28, 2023

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	ASSETS	
	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 272,045	\$ 398,668
Accounts receivable	12,493	53,665
Prepaid expenses	7,500	-
Total current assets	292,038	452,333
NONCURRENT ASSETS		
Endowment	145,269	156,406
Property and equipment	1,366,332	1,188,156
Hall of Fame display	65,845	65,845
Timeshare asset	12,000	12,000
Total noncurrent assets	1,589,446	1,422,407
TOTAL ASSETS	\$ 1,881,484	\$ 1,874,740
LIABILITIES AND NET ASSETS		
LIABILITIES		
Line of credit	\$ -	\$ 100,000
Accounts payable and accrued expenses	5,596	32,029
Accrued vacation	5,150	13,940
Deferred revenue	-	28,083
Total liabilities (current)	10,746	174,052
NET ASSETS		
Without donor restriction	1,144,231	1,072,180
With donor restriction	726,507	628,508
Total net assets	1,870,738	1,700,688
TOTAL LIABILITIES AND NET ASSETS	\$ 1,881,484	\$ 1,874,740

See accompanying notes to financial statements.

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
	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 gains	-	9,231	9,231
Interest income	1,264	3,196	4,460
Other income	2,298	-	2,298
	411,224	140,653	551,877
Net assets released from restriction	237,654	(237,654)	-
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
	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
NET ASSETS - END OF YEAR	\$ 1,144,231	\$ 726,507	\$ 1,870,738

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Contributions and grants			
Corporate	\$ 374,275	\$ 115,000	\$ 489,275
Individual	34,663	-	34,663
Foundation	18,350	-	18,350
	<hr/>	<hr/>	<hr/>
Total contributions and grants	427,288	115,000	542,288
Special events, net of expenses of \$20,561	24,769	-	24,769
Governmental income	238,339	150,000	388,339
Endowment fund unrealized (losses)	-	(24,901)	(24,901)
Interest income	1,011	3,176	4,187
	<hr/>	<hr/>	<hr/>
	264,119	128,275	392,394
Net assets released from restriction	99,127	(99,127)	-
	<hr/>	<hr/>	<hr/>
TOTAL REVENUES, GAINS AND OTHER SUPPORT	790,534	144,148	934,682
EXPENSES			
Program	659,659	-	659,659
General and administrative	164,224	-	164,224
Fundraising	83,025	-	83,025
	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	906,908	-	906,908
CHANGE IN NET ASSETS	(116,374)	144,148	27,774
NET ASSETS - BEGINNING OF YEAR	1,188,554	484,360	1,672,914
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NET ASSETS - END OF YEAR	\$ 1,072,180	\$ 628,508	\$ 1,700,688
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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
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.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program	General & Administrative	Fund Raising	Total
Condo fees	\$ 10,234	\$ 3,411	\$ -	\$ 13,645
Depreciation	79,421	26,474	-	105,895
Employee benefits	46,391	5,437	5,949	57,777
Insurance	5,317	1,772	-	7,089
Interest expense	1,453	1,452	-	2,905
Occupancy	6,115	2,039	-	8,154
Local travel	2,736	-	-	2,736
Maintenance/janitorial	15,596	5,199	-	20,795
Office expense	14,210	4,249	445	18,904
Payroll	276,273	92,090	70,165	438,528
Payroll taxes	19,286	6,428	4,898	30,612
Professional fees	15,222	10,371	338	25,931
Program expense	147,358	-	-	147,358
Public relations	3,780	446	210	4,436
Telephone	4,763	1,021	1,020	6,804
Utilities	11,504	3,835	-	15,339
	<u>\$ 659,659</u>	<u>\$ 164,224</u>	<u>\$ 83,025</u>	<u>\$ 906,908</u>

See accompanying notes to financial statements.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions, foundations, and corporations	\$ 606,534	\$ 503,336
Cash received from governmental sources	486,694	388,339
Cash received from programming sources	-	-
Cash received from other operating sources	51,492	24,769
Cash paid to employees, suppliers and vendors	(887,180)	(766,290)
Cash received from interest and dividends	4,460	4,187
Cash paid for interest	<u>(5,025)</u>	<u>(2,905)</u>
Net cash provided by operating activities	256,975	151,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(283,598)</u>	<u>(19,597)</u>
Net cash (used for) investing activities	(283,598)	(19,597)
CASH FLOWS FROM FINANCING ACTIVITIES		
Line of credit (payments) draws	<u>(100,000)</u>	38,000
Net cash provided by financing activities	<u>(100,000)</u>	38,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(126,623)	169,839
CASH AND CASH EQUIVALENTS		
BEGINNING OF YEAR	<u>398,668</u>	<u>228,829</u>
CASH AND CASH EQUIVALENTS		
END OF YEAR	<u>\$ 272,045</u>	<u>\$ 398,668</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	<u>\$ 5,025</u>	<u>\$ 2,905</u>

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, JA Finance Park and the JA Innovation Hub, 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 H to distinguish the donor-imposed restrictions at 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 adopted 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.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

In accordance with ASC 710-10-25, the entity has recorded a vacation accrual in the financial statements as of June 30, 2023 and 2022 amounting to \$5,150 and \$13,940, respectively.

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, 2022 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, 2023 and 2022.

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.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

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.

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.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Currently, the June 30, 2020, 2021 and 2022 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, 2023 and 2022.

NOTE B - ACCOUNTS RECEIVABLE

Accounts receivable are reported at an amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect be reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for accounts receivable. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to a valuation allowance and a credit to accounts receivable.

The following is a summary of accounts receivable at June 30, 2023 and 2022:

	2023	2022
Accounts receivable	\$ 12,493	\$ 53,665
Less: allowance for uncollectible accounts	-	-
	\$ 12,493	\$ 53,665

NOTE C - INVESTMENTS AND ENDOWMENT

Junior Achievement'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 us to use these funds for scholarships. Technically they are only restricted as the endowment fund is restricted.) As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS AND 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 Trustees appropriates such amounts for expenditure and any other purpose restrictions have been met. The Board of Trustees of Junior Achievement 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

Investments consisted of the following at June 30, 2023 and 2022:

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Beverly Jones Scholarship Fund	\$ 36,351	\$ 33,837	\$ 35,506	\$ 32,667
Delaware Community Foundation	44,791	111,432	66,002	123,739
	<u>\$ 81,142</u>	<u>\$ 145,269</u>	<u>\$ 101,508</u>	<u>\$ 156,406</u>

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

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS AND ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of June 30, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment and scholarship funds	\$ -	\$ 145,269	\$ 145,269
Total funds	<u>\$ -</u>	<u>\$ 145,269</u>	<u>\$ 145,269</u>

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, Beginning of year	\$ -	\$ 156,406	\$ 156,406
Contributions	-	1,120	1,120
Distributions	-	(23,732)	(23,732)
Realized and unrealized (loss)	-	9,231	9,231
Interest income	-	4,106	4,106
Investment fees	-	(1,862)	(1,862)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 145,269</u>	<u>\$ 145,269</u>

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets, Beginning of year	\$ -	\$ 181,716	\$ 181,716
Contributions	-	-	-
Realized and unrealized loss	-	(24,901)	(24,901)
Interest income	-	1,485	1,485
Investment fees	-	(1,894)	(1,894)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 156,406</u>	<u>\$ 156,406</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of SPMIFA requires Junior Achievement to retain as a fund or perpetual duration. No deficiencies of this nature exist as of June 30, 2023 and 2022.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE C - INVESTMENTS AND ENDOWMENT (CONTINUED)

Junior Achievement has the ability to take annual distributions from its endowment at an amount mutually agreed upon with Delaware Community Foundation. Junior Achievement has received \$53,704 distributions from Beverley Jones Scholarship funds in the year ended June 30, 2023. While Junior Achievement does not have a written policy on expected endowment growth, management, along with the board monitor the endowment performance, and communicate with appropriate personnel at DCF to make informed decisions. Because Junior Achievement has not drawn on the endowment, management and board do not believe a spending policy is necessary, at the current time.

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.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE D - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

The tables below present the financial instruments carried at fair value as of June 30, 2023 and 2022 by ASC 820 valuation hierarchy defined above.

<i>June 30, 2023</i>	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Mutual Funds	\$ 145,269	\$ 33,837	\$ 111,432	\$ -
	<u>\$ 145,269</u>	<u>\$ 33,837</u>	<u>\$ 111,432</u>	<u>\$ -</u>
 <i>June 30, 2022</i>	 <u>Fair Value</u>	 <u>(Level 1)</u>	 <u>(Level 2)</u>	 <u>(Level 3)</u>
Mutual Funds	\$ 156,406	\$ 32,667	\$ 123,739	\$ -
	<u>\$ 156,406</u>	<u>\$ 32,667</u>	<u>\$ 123,739</u>	<u>\$ -</u>

NOTE E - PROPERTY AND EQUIPMENT AND DEPRECIATION

A summary of property and equipment is as follows:

	<u>2023</u>	<u>2022</u>
Building	\$ 421,843	\$ 421,843
Building additions	1,895,423	1,895,423
Equipment	568,585	510,960
Furniture and fixtures	59,583	59,583
Information technology	564,491	539,816
Work in Progress	205,300	4,000
	<u>3,715,225</u>	<u>3,431,625</u>
Less: accumulated depreciation	<u>(2,348,893)</u>	<u>(2,243,469)</u>
	<u>\$ 1,366,332</u>	<u>\$ 1,188,156</u>

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$105,422 and \$105,895, respectively.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE F - LINE OF CREDIT

The entity has a \$150,000 line of credit facility with WSFS Bank. The line of credit bears variable interest based on the lowest Prime Rate as published in the Wall Street Journal “Money Rates” table which is 3.25% as of June 30, 2023.

The line of credit is collateralized by all inventory and equipment of the entity. As of June 30, 2023 and 2022, the outstanding balance of the line of credit is \$- and \$100,000, respectively.

NOTE G - RESTRICTED NET ASSETS

Restricted net assets are available for the following purposes as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Capability campaign	\$ 420,096	\$ 317,446
Endowment fund	110,763	110,763
Scholarship fund	65,648	60,299
Financial literacy fund	<u>130,000</u>	<u>140,000</u>
	<u>\$ 726,507</u>	<u>\$ 628,508</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE H - SPECIAL EVENTS

	2023		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Proceeds</u>
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>
	2022		
	<u>Revenue</u>	<u>Expenses</u>	<u>Net Proceeds</u>
Delaware Business Leaders			
Hall of Fame	\$ 45,330	\$ (20,561)	\$ 24,769
	<u>\$ 45,330</u>	<u>\$ (20,561)</u>	<u>\$ 24,769</u>

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I - PENSION AND POST-RETIREMENT PLAN

Prior to June 30, 2019, the Entity offered a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan was administered by the Entity and covered all fulltime employees of the Entity, JA Worldwide, Inc. and participating Junior Achievement Areas in the United States. Benefits were determined based on years of service and salary history. Plan's assets were invested in a variety of investment funds until 2019, when a substantial portion of the portfolio was placed into fixed income mutual funds, and 2020, when Plan assets were converted to cash and cash equivalents. Prior to June 30, 2019, in accordance with the plan documents, the Entity, JA Worldwide, Inc. and participating Junior Achievement Areas made contributions to the plan equal to 16.75% of participants' eligible compensation. The Entity recognized, as net pension cost, the required contribution for the period and recognized, as a liability, any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Entity.

During 2019, the Board of Directors of the Entity approved the termination of the pension plan, at which time all participants who were active in the plan became fully vested for their respective accrued benefits. The Plan required that participating employers (including the Entity) remain liable for any funding obligations under the Plan, until all liabilities and obligations of the Plan have been satisfied. As a result, during 2020, in accordance with the plan documents, the Entity, JA Worldwide, Inc. and participating Junior Achievement Areas continued to make contributions equal to 13.25% of participants' eligible compensation.

During 2020, Plan participants elected the mode of their distribution (whether lump-sum or annuity) and the Plan liquidated and distributed benefit payments accordingly. The Plan engaged an insurance company to assume the annuity portfolio, and as of June 30, 2020, substantially all benefit obligations of the Plan had either been paid (lump-sum elections) or transferred (annuity elections). The remaining assets in the Plan of approximately \$5.5 million at June 30, 2022 and 2021, are restricted for additional benefit payments, if any, plus future termination and other required administrative expenses. Approximately \$4 million of the plan's assets are expected to be returned to JA USA to repay the funds JA USA had advanced to the Plan to help ensure it was fully funded.

Upon the conclusion of any necessary administrative proceedings and the final review by the Pension Benefit Guarantee Corporation (PBGC), any remaining Plan assets will first be used to pay any final administrative costs, next will be used to repay advances from JA USA, described above, and lastly, will be distributed to participating employers on a pro-rata basis. The timing and results of these administrative proceedings and PBGC's final review are uncertain, and as a result, the Entity cannot reasonably estimate, and thus has not recorded, any pro-rata amounts receivable from the Plan at June 30, 2023.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I - PENSION AND POST-RETIREMENT PLAN (CONTINUED)

To coincide with the termination of the Plan, the Entity implemented a Defined Contribution 401(k) plan for eligible employees during 2019 (see Note K)

NOTE J - 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 Board of Directors. Contributions to the plan were \$ 4,943 and \$5,800 for the years ended June 30, 2023 and 2022, respectively.

NOTE K - 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 like 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 K - 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, 2023 and 2022:

	2023	2022
Assets	\$ 5,860,340	\$ 6,480,340
Liabilities	263,371	463,430
Net assets	<u>\$ 5,596,969</u>	<u>\$ 6,016,910</u>
Additions to net assets	\$ 9,329,807	\$ 8,016,789
Deductions from net assets	<u>9,749,748</u>	<u>10,301,051</u>
Change in net assets	(419,941)	(2,284,262)
Net assets, beginning of year	<u>6,016,910</u>	<u>8,301,172</u>
Net assets, end of year	<u>\$ 5,596,969</u>	<u>\$ 6,016,910</u>

In addition to the summarized financial information presented above, the Benefits Trust also reports in the notes to the April 30, 2023 and 2022 audited financial statements, claims payable of \$251,585 and \$250,046, respectively, and claims incurred but not reported of \$838,249 and \$697,356, 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 K - 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>2023</u>	<u>2022</u>
Benefit obligation	\$ (5,658,030)	\$ (6,115,101)
Fair value of plan assets	-	-
Underfunded status	<u>\$ (5,658,030)</u>	<u>\$ (6,115,101)</u>
Accumulated benefit obligation	<u>\$ (5,658,030)</u>	<u>\$ (6,115,101)</u>

Weighted-average assumptions used to determine benefit obligations at June 30, 2023:

	<u>2023</u>	<u>2022</u>
Discount rate	5.25%	4.75%
Rate of compensation increase	4.00%	4.00%

Weighted-average assumptions used to determine benefit costs at June 30, 2023:

	<u>2023</u>	<u>2022</u>
Discount rate	4.75%	3.00%
Rate of compensation increase	4.00%	3.00%

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of June 30, 2023:

2024	\$ 283,496
2025	293,416
2026	312,250
2027	300,488
2028	302,734
2029 to 2032	<u>1,732,869</u>
	<u>\$ 3,225,253</u>

Junior Achievement of Delaware, Inc.'s premium expense for the Health and Welfare Plan for the years June 30, 2023 and 2022 was \$56,224 and \$51,977, respectively.

JUNIOR ACHIEVEMENT OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE L - RELATED PARTY TRANSACTIONS

During the years ended June 30, 2023 and 2022, a member of the entity’s board of directors is affiliated with a financial institution where the entity maintains deposit accounts.

NOTE M - LIQUIDITY

As a part of Junior Achievement of Delaware’s liquidity management, it invests cash in excess of daily requirement 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 \$125,000 cash on hand fund has been endowed by a single donor. Though technically restricted, the donor will allow the organization to access these funds to meet short-term cash flow needs. In the event of an unanticipated liquidity need, Junior Achievement of Delaware also could also draw upon the \$150,000 line of credit, of which, there is \$150,000 available at year end. (As further discussed in Note F).

Description	Amount
Cash and cash equivalents	\$ 272,045
Accounts receivable	12,493
	<hr/>
Total liquid assets available	284,538
Less: donor restricted assets, not including endowment and scholarship fund restricted assets	550,096
	<hr/>
Total financial assets available to management for general expenditures within one year	\$ (265,558)
	<hr/> <hr/>

NOTE N - SUBSEQUENT EVENTS

Management has reviewed and evaluated all subsequent events through November 28, 2023, 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, 2023 financial statements.