

Junior Achievement of Dallas, Inc.

**Financial Statements with Supplementary Information
June 30, 2024 and 2023**



Junior Achievement of Dallas, Inc.

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Independent Auditors' Report

To the Board of Directors of
Junior Achievement of Dallas, Inc.

Opinion

We have audited the accompanying financial statements of Junior Achievement of Dallas, Inc. (a nonprofit organization) (Organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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 (GAAP).

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 GAAP 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement 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 the Organization'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 the Organization'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying aggregating statements of financial position and activities of Junior Achievement of Dallas, Inc. as of and for the years ended June 30, 2024 and 2023 on pages 26 through 29, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Sutton Frost Cary

A Limited Liability Partnership

Arlington, Texas
November 18, 2024

Junior Achievement of Dallas, Inc.
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets:		
Cash	\$ 743,128	\$ 1,928,514
Investments	2,297,991	1,572,695
Pledges receivable, net	883,942	954,274
Public sector grant receivables	63,885	256,768
Prepaid expenses	600	20,896
Total current assets	3,989,546	4,733,147
Noncurrent assets:		
Restricted endowment investments	347,522	292,903
Long-term pledges receivable, net	330,280	525,407
Right-of-use assets - operating leases, net	60,690	93,105
Property and equipment, net	812,106	761,899
Total noncurrent assets	1,550,598	1,673,314
Total assets	\$ 5,540,144	\$ 6,406,461
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 21,736	\$ 84,932
Accrued expenses	127,519	125,242
Right-of-use liabilities - operating leases, current portion	32,136	32,136
Note payable	-	25,000
Total current liabilities	181,391	267,310
Right-of-use liabilities - operating leases, net	29,110	61,247
Total liabilities	210,501	328,557
Net assets:		
Net assets without donor restrictions	3,749,315	4,443,700
Net assets with donor restrictions	1,580,328	1,634,204
Total net assets	5,329,643	6,077,904
Total liabilities and net assets	\$ 5,540,144	\$ 6,406,461

See notes to financial statements.

Junior Achievement of Dallas, Inc.
Statement of Activities
Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Corporate contributions	\$ 653,916	\$ 120,000	\$ 773,916
Individual contributions	236,738	-	236,738
Foundation contributions	238,420	60,000	298,420
Contributions of nonfinancial assets	86,067	220,000	306,067
Public sector funding	15,639	-	15,639
Program fees	60,280	-	60,280
Investment income, net	1,566	7,870	9,436
Unrealized gains on investments	136,850	73,417	210,267
Realized losses on investments	(14,885)	(26,668)	(41,553)
Special events:			
Special events income	1,090,161	-	1,090,161
Special events expenses	(324,320)	-	(324,320)
Special events income, net	765,841	-	765,841
Net assets released from restrictions:			
Purpose restrictions	215,495	(215,495)	-
Time restrictions	293,000	(293,000)	-
Net assets released from restrictions, net	508,495	(508,495)	-
Total revenue and support	2,688,927	(53,876)	2,635,051
Expenses:			
Program services	2,657,799	-	2,657,799
Management and general	278,812	-	278,812
Fundraising	446,701	-	446,701
Total expenses	3,383,312	-	3,383,312
Change in net assets	(694,385)	(53,876)	(748,261)
Net assets at beginning of year	4,443,700	1,634,204	6,077,904
Net assets at end of year	\$ 3,749,315	\$ 1,580,328	\$ 5,329,643

See notes to financial statements.

Junior Achievement of Dallas, Inc.
Statement of Activities
Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Corporate contributions	\$ 2,068,930	\$ 325,000	\$ 2,393,930
Individual contributions	263,205	-	263,205
Foundation contributions	379,029	673,901	1,052,930
Contributions of nonfinancial assets	215,320	120,000	335,320
Public sector funding	256,768	-	256,768
Program fees	72,503	-	72,503
Other income	17,398	-	17,398
Investment income, net	502	36,863	37,365
Unrealized gains on investments	120,810	-	120,810
Realized losses on investments	(29,100)	-	(29,100)
Special events:			
Special events income	1,279,857	-	1,279,857
Special events expenses	(427,563)	-	(427,563)
Special events income, net	852,294	-	852,294
Gain on acquisition	130,526	46,343	176,869
Net assets released from restrictions:			
Purpose restrictions	366,983	(366,983)	-
Time restrictions	28,000	(28,000)	-
Net assets released from restrictions, net	394,983	(394,983)	-
Total revenue and support	4,743,168	807,124	5,550,292
Expenses:			
Program services	2,412,854	-	2,412,854
Management and general	259,728	-	259,728
Fundraising	427,077	-	427,077
Total expenses	3,099,659	-	3,099,659
Change in net assets	1,643,509	807,124	2,450,633
Net assets at beginning of year	2,800,191	827,080	3,627,271
Net assets at end of year	\$ 4,443,700	\$ 1,634,204	\$ 6,077,904

See notes to financial statements.

Junior Achievement of Dallas, Inc.
Statement of Functional Expenses
Year Ended June 30, 2024

	Program Services	Supporting Services		Total
	Business Awareness	Management and General	Fundraising	
Salaries	\$ 1,217,777	\$ 166,978	\$ 308,533	\$ 1,693,288
Payroll taxes	87,401	12,486	24,972	124,859
Total personnel expense	1,305,178	179,464	333,505	1,818,147
License fees	274,091	22,603	13,196	309,890
Employee insurance	132,692	19,103	39,236	191,031
Pension and annuity	34,768	5,055	10,727	50,550
General insurance	6,891	296	222	7,409
Outside services	271,067	6,981	20,461	298,509
Occupancy	244,594	27,734	12,083	284,411
Leased equipment	3,649	451	406	4,506
Stationery and office supplies	10,096	682	656	11,434
Subscriptions and dues	45,650	1,442	961	48,053
Postage and delivery	11,845	1,058	970	13,873
Location and hosting	-	-	286,215	286,215
Awards and gifts	-	-	20,627	20,627
Promotion	-	-	17,478	17,478
Telephone	13,363	1,169	1,384	15,916
Staff training	14,124	883	1,610	16,617
Travel	27,469	1,945	3,788	33,202
Volunteers	12,167	185	278	12,630
Public relations	41,981	3,239	1,388	46,608
Program materials	94,585	-	-	94,585
Scholarships	5,000	-	-	5,000
Recruiting and relocation	15,721	1,849	925	18,495
Board of directors	3,729	1,243	1,243	6,215
Miscellaneous	453	37	608	1,098
Total expenses before depreciation	2,569,113	275,419	767,967	3,612,499
Depreciation	88,686	3,393	3,054	95,133
Total expenses	2,657,799	278,812	771,021	3,707,632
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(324,320)	(324,320)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,657,799</u>	<u>\$ 278,812</u>	<u>\$ 446,701</u>	<u>\$ 3,383,312</u>

See notes to financial statements.

Junior Achievement of Dallas, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023

	Program Services	Supporting Services		Total
	Business Awareness	Management and General	Fundraising	
Salaries	\$ 1,136,354	\$ 155,959	\$ 290,623	\$ 1,582,936
Payroll taxes	82,715	11,816	23,633	118,164
Total personnel expense	1,219,069	167,775	314,256	1,701,100
License fees	213,927	19,028	11,452	244,407
Employee insurance	127,341	18,302	37,380	183,023
Pension and annuity	31,031	4,538	9,807	45,376
General insurance	18,582	799	599	19,980
Outside services	199,970	8,580	25,153	233,703
Occupancy	205,239	23,126	10,285	238,650
Interest	82	41	41	164
Leased equipment	2,490	277	-	2,767
Stationery and office supplies	12,233	1,183	1,105	14,521
Subscriptions and dues	35,811	1,131	754	37,696
Postage and delivery	4,687	415	377	5,479
Location and hosting	-	-	400,787	400,787
Awards and gifts	-	-	4,888	4,888
Promotion	-	-	21,888	21,888
Telephone	15,903	1,440	1,804	19,147
Staff training	24,168	1,401	2,429	27,998
Travel	31,113	2,065	4,807	37,985
Volunteer recognition	35,819	618	927	37,364
Public relations	52,893	4,114	1,763	58,770
Program materials	108,986	-	-	108,986
Scholarships	5,000	-	-	5,000
Recruiting and relocation	1,379	162	81	1,622
Board of directors	4,060	1,353	1,353	6,766
Miscellaneous	10,058	1,815	1,295	13,168
Total expenses before depreciation	2,359,841	258,163	853,231	3,471,235
Depreciation	53,013	1,565	1,409	55,987
Total expenses	2,412,854	259,728	854,640	3,527,222
Less expenses included with revenues on the statement of activities				
Direct costs of special events	-	-	(427,563)	(427,563)
Total expenses included in the expense section on the statement of activities	<u>\$ 2,412,854</u>	<u>\$ 259,728</u>	<u>\$ 427,077</u>	<u>\$ 3,099,659</u>

See notes to financial statements.

Junior Achievement of Dallas, Inc.
Statements of Cash Flows
Years Ended June 30, 2024 and 2023

	2024	2023
Cash flows from operating activities:		
Change in net assets	\$ (748,261)	\$ 2,450,633
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gains on investments	(168,714)	(91,710)
Change in discount on pledges receivable	(52,281)	74,713
Donation of property and equipment	-	(107,583)
Non-cash pledge for donated facilities	(220,000)	(120,000)
Donated use of pledged facilities	175,759	125,590
Gain on acquisition	-	(176,869)
Amortization of right-of-use assets - operating leases	32,415	29,630
Depreciation	95,133	55,987
Changes in assets and liabilities:		
Pledges receivable	361,981	(815,291)
Public sector grant receivables	192,883	(256,768)
Prepaid expenses	20,296	(13,871)
Accounts payable	(63,196)	20,300
Accrued expenses	2,277	18,442
Other liabilities	-	(9,655)
Right-of-use liabilities - operating leases	(32,137)	(29,352)
Net cash provided (used) by operating activities	(403,845)	1,154,196
Cash flows from investing activities:		
Investments received on acquisition	-	51,030
Purchases of securities	(913,611)	(140,775)
Proceeds from sales of securities	302,410	181,064
Purchases of property and equipment	(145,340)	(444,237)
Net cash used by investing activities	(756,541)	(352,918)
Cash flows from financing activities:		
Payments on notes payable	(25,000)	(33,333)
Change in cash	(1,185,386)	767,945
Cash at beginning of year	1,928,514	1,160,569
Cash at end of year	\$ 743,128	\$ 1,928,514
Supplemental disclosure of cash flow information:		
Interest paid during the year	\$ -	\$ 164
Right-of-use assets obtained in exchange for right-of-use liabilities	\$ -	\$ 122,735
Noncash investing and financing activities:		
Donation of property and equipment	\$ -	\$ 107,583

See notes to financial statements.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

1. Nature of Operations

Junior Achievement of Dallas, Inc. (JA) is a nonprofit organization incorporated under the laws of the State of Texas to promote and administer the programs of Junior Achievement USA, Inc. (JA USA) within the geographic territory assigned to it of Northeast Texas. JA provides programs to promote interest in the free enterprise system among elementary school, middle school and high school students of Northeast Texas area schools. JA's programs help to make students aware of the business world and compete in a global economy by organizing a series of classes that are taught by volunteers from local businesses. JA BizTown and JA Finance Park are financial and economic educational programs that combine the rigor of a 20 lesson in-classroom curriculum taught by teachers, with a day-long culminating visit to the fully interactive experience at the JA BizTown location and the JA Finance Park pop-up locations. JA BizTown, built within the Garland ISD Gilbreath-Reed Career and Technical Center in partnership with Garland ISD, opened in August 2017. JA invested in the JA Finance Park Pop Up to provide the interactive program at sites convenient for schools. JA derives its support and revenue primarily from contributions by local businesses, foundations and individuals and from fundraising event sponsorships.

On July 1, 2022, Junior Achievement of East Texas, Inc. was acquired by JA. In conjunction with the acquisition, the Organization assumed assets and liabilities resulting in a net gain on acquisition of \$176,869. JA maintains offices in Dallas, Tyler, Longview and Lufkin, Texas.

2. Summary of Significant Accounting Policies

Basis of Accounting

JA prepares the financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Statement Presentation

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

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor-imposed (or certain grantor-imposed) restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed or certain grantor-imposed restrictions.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Financial Instruments and Concentrations of Risk

Financial instruments which are potentially subject to concentrations of credit and market risk consist principally of cash, investments, and pledges receivable. JA maintains bank accounts at various creditworthy financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2024, JA's uninsured balances totaled \$171,802.

JA's investments are subject to various risks, such as interest rate, credit and overall market volatility risks. Further, because of the significance of the investments to JA's financial position and the level of risk inherent in most investments, it is reasonably possible that changes in the values of the investments could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Management is of the opinion that the diversification of its invested assets among the various asset classes should mitigate the impact of changes.

Pledges receivable are unsecured and are due from various donors. JA continually evaluates the collectability of pledges receivable and maintains allowances, as considered necessary. At June 30, 2024 and 2023, the allowance for doubtful accounts totaled \$7,037.

Investments

JA's investments in marketable securities are reported at fair value in the accompanying statements of financial position. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis, and dividends are recorded on the ex-dividend date. Interest and dividend income is shown net of direct investment expense on the statements of activities. Realized and unrealized gains and losses are included in the statements of activities.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

Property and Equipment

Fixed assets purchased by JA are recorded at cost or if acquired by gift, fair value at the date of the gift. JA capitalizes fixed assets with a cost over \$1,000 and a useful life of more than one year; the fair value of donated fixed assets is similarly capitalized.

Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets as follows:

Furniture, fixtures and equipment	3-5 years
Leasehold improvements	15 years

Revenue Recognition

JA recognizes contributions when cash, securities or other assets or an unconditional promise to give (pledge) is received. Pledges receivable that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

Conditional promises to give are recognized when the conditions to which they are subject are met. If funds are received related to the conditional promise, the amounts received are accounted for as a refundable advance.

Program fees are recognized as revenue when the program service is provided. Special event revenue is recognized when the event occurs.

JA recognizes donated services meeting certain requirements (as defined by GAAP) as contributions at the time the service is performed at the estimated fair value of such service. Donated goods are reported as contributions at their estimated fair value at the time of receipt. Contributions of nonfinancial assets are described in Note 11.

Allocation of Functional Expenses

Directly identifiable expenses are charged to program services, management and general, and fundraising as incurred. Salaries, payroll taxes and benefits are charged to the different functions based on the employees' actual functions performed. All other expenses related to more than one function are allocated among the functions benefited based on usage or time and effort as estimated by management.

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

Estimates and Assumptions

The preparation of financial statements in conformity with GAAP 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 estimated. Significant estimates include the fair value of investments.

Income Taxes

JA is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, JA has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the IRC. Income generated from activities unrelated to JA's exempt purposes is subject to tax under IRC Section 511. JA did not have any unrelated business income for the years ended June 30, 2024 or 2023. Therefore, no tax provision or liability has been reported in the accompanying financial statements.

GAAP requires the evaluation of tax positions taken in the course of preparing JA's tax returns and recognition of a tax liability (or asset) if JA has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by JA, and has concluded that as of June 30, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

3. Pledges Receivable

Pledges receivable consist of the following at June 30:

	2024	2023
Pledges from corporations	\$ 479,855	\$ 830,435
Pledges from individuals	77,935	85,095
Pledges from foundations	685,901	645,901
Less allowance for doubtful accounts	(7,037)	(7,037)
Less discount on pledges	(22,432)	(74,713)
	\$ 1,214,222	\$ 1,479,681

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

	2024	2023
Pledges due in one year or less	\$ 890,979	\$ 961,311
Receivable between one to five years	352,712	600,120
Less allowance for doubtful accounts	(7,037)	(7,037)
Less discount on pledges	(22,432)	(74,713)
	\$ 1,214,222	\$ 1,479,681

Pledges receivable due in more than one year are reflected at the present value of future cash flows using a discount rate between 4.71% and 5.09% as of June 30, 2024. Long-term pledges at June 30, 2023 were discounted at the present value of future cash flows using a discount rate between 4.13% and 4.66%.

4. Property and Equipment

Property and equipment consist of the following at June 30:

	2024	2023
Leasehold improvements	\$ 603,273	\$ 801,406
Furniture, fixtures and equipment	521,102	177,629
	1,124,375	979,035
Less accumulated depreciation	(312,269)	(217,136)
	\$ 812,106	\$ 761,899

5. Investments

JA records financial instruments at estimated fair value. Fair value accounting defines fair value as 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. The fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Inputs to the valuation methodology are quoted prices in active markets for identical investments as of the reporting date;

- Level 2 Inputs to the valuation methodology are other quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies;

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

Level 3 Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates or assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following is a description of the valuation methodologies used for instruments measured at fair value, including the general classification of such instruments pursuant to the valuation hierarchy.

Money Market Funds

These investments are valued using \$1 for the net asset value.

Certificates of Deposit

Certificates of deposit are reported at cost which approximates estimated fair value.

Bonds

Bonds are valued based on quoted prices for identical or similar instruments on markets that are not active.

Equities, Exchange-Traded Funds, Real Estate Investment Trust and Mutual Funds

These investments are valued at the closing price reported on the active markets in which the individual securities are traded.

The following tables set forth JA’s investments at estimated fair value at June 30:

	2024			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 6,233	\$ -	\$ -	\$ 6,233
Certificates of deposit	-	777,953	-	777,953
Bonds	-	768,202	-	768,202
Equities	355,036	-	-	355,036
Exchange-traded funds	65,663	-	-	65,663
Real estate investment trust	28,870	-	-	28,870
Mutual funds	643,556	-	-	643,556
	\$ 1,099,358	\$ 1,546,155	\$ -	\$ 2,645,513

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

	2023			
	Level 1	Level 2	Level 3	Total
Money market funds	\$ 132,949	\$ -	\$ -	\$ 132,949
Certificates of deposit	-	61,567	-	61,567
Bonds	-	633,370	-	633,370
Equities	369,940	-	-	369,940
Exchange-traded funds	61,843	-	-	61,843
Real estate investment trust	14,296	-	-	14,296
Mutual funds	591,633	-	-	591,633
	\$ 1,170,661	\$ 694,937	\$ -	\$ 1,865,598

Approximately 32% and 16% of JA's investment portfolio as of June 30, 2024 and 2023, respectively, is concentrated in the Vanguard 500 Index Fund.

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

	2024	2023
Interest and dividends	\$ 21,618	\$ 48,927
Realized gains (losses)	(41,553)	(29,100)
Unrealized gains (losses)	210,267	120,810
Less fees	(12,182)	(11,562)
	\$ 178,150	\$ 129,075

6. Notes Payable

JA held an interest-free note payable from a foundation with a principal amount of \$100,000. The note payable was to be repaid in quarterly installments of \$8,333 beginning June 2021. The note had a balance of \$25,000 at June 30, 2023 and was paid in full as of June 30, 2024.

7. Related Party Transactions

JA pays annual license fees to JA USA, an affiliated organization. Such fees totaled \$290,012 and \$244,407 for the years ended June 30, 2024 and 2023, respectively.

JA also purchases insurance and program materials from JA USA; total related expense for the years ended June 30, 2024 and 2023 was \$208,940 and \$217,254, respectively.

During the years ended June 30, 2024 and 2023, JA received contributions from members of its board of directors totaling \$383,326 and \$150,497, respectively.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

8. Employee Retention Credit

The Taxpayer Certainty and Disaster Tax Relief Act of 2020, enacted December 27, 2020, amended and extended the Employee Retention Credit (ERC) of the CARES Act. The ERC is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before June 30, 2021. Employers are eligible for the credit if they meet certain criteria that include either a full or partial suspension of operations during any calendar quarter of 2020 and the first and second quarters of 2021 due to the government orders or a significant decline on gross receipts. The Organization determined it was eligible for the ERC in the amount of \$272,407. During the year ended June 30, 2024, the Organization received ERC payments totaling \$208,522 and the remaining amount of \$63,885 is still shown in public sector grant receivables on the statements of financial position due to recent delays to ERC refunds. The Organization believes the full amount to be collectible as of June 30, 2024.

9. Net Assets

Net assets with donor restrictions consist of amounts restricted by donors for time or the following purposes at June 30:

	2024	2023
JA BizTown® leasehold improvements	\$ 121,211	\$ 142,604
JA BizTown® pledged use of space	170,000	120,000
Pledged use of office space	15,694	21,453
Program restrictions	645,901	664,244
Time restrictions	280,000	393,000
Endowment	347,522	292,903
	<u>\$ 1,580,328</u>	<u>\$ 1,634,204</u>

Net assets with donor restrictions were released from restrictions for time or the following purposes during the years ended June 30:

	2024	2023
Program restrictions	\$ 18,343	\$ 220,000
Use of office space	175,759	125,590
JA BizTown® leasehold improvements	21,393	21,393
Time restrictions	293,000	28,000
	<u>\$ 508,495</u>	<u>\$ 394,983</u>

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

10. Endowment Funds

JA's endowment consists of a donor-restricted fund established to support JA's mission. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. JA's endowment is held in perpetuity until disbursed in accordance with the endowment agreement.

Interpretation of Relevant Law

The board of directors (Board) has interpreted the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) 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, JA classifies as net assets with donor restrictions – held in perpetuity (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 earnings from the original gift and subsequent gifts are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by JA in a manner consistent with the standard of prudence prescribed by TUPMIFA.

In accordance with TUPMIFA, JA, in making a determination to appropriate or accumulate donor-restricted endowment funds acts in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and considers if relevant, the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of JA
- The investment policies of JA

Return Objectives and Risk Parameters

JA's Board has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to 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 JA must hold in perpetuity or for a donor-specified period(s). This implies growing the corpus in real terms while at the same time protecting the assets from serious volatility.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

Spending Policy

According to the donor’s endowment agreement, JA may distribute an annual amount for operations equal to 5% of the average net asset value of the endowment, averaged over the immediately preceding 3 years of each June 30th.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Board relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Board targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy.

A reconciliation of the endowment fund’s beginning and ending balances for the years ended June 30, 2024 and 2023 is as follows:

	2024	2023
Endowment net assets, beginning of year	\$ 292,903	\$ 256,040
Investment income, net	54,619	36,863
Endowment net assets, end of year	\$ 347,522	\$ 292,903

11. Contributed Nonfinancial Assets

JA received the following contributions of nonfinancial assets during the year ended June 30, 2024:

	Program Services	Management and General	Fundraising	Total
Media	\$ 31,298	\$ 2,434	\$ 1,043	34,775
Food	315	5	8	328
Occupancy	233,030	27,097	10,837	270,964
	\$ 264,643	\$ 29,536	\$ 11,888	\$ 306,067

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

JA received the following contributions of nonfinancial assets during the year ended June 30, 2023:

	Program Services	Management and General	Fundraising	Assets	Total
Services	\$ 2,547	\$ 207	\$ 784	\$ -	\$ 3,538
Media	45,842	3,565	1,528	-	50,935
Food	864	14	21	-	899
Occupancy	148,234	17,237	6,894	-	172,365
Property and equipment	-	-	-	107,583	107,583
	<u>\$ 197,487</u>	<u>\$ 21,023</u>	<u>\$ 9,227</u>	<u>\$ 107,583</u>	<u>\$ 335,320</u>

During the year ended June 30, 2024 and 2023, the Organization received \$220,000 and \$120,000 of contributed nonfinancial assets restricted for occupancy.

Services

Contributed services are valued and reported at the estimated fair value based on current rates for similar services.

Media

Contributed media is valued proportionally to the value of media exposure received as a result of the gift based on sales of similar media.

Food

Donated food is valued at the estimated fair market value of similar items.

Occupancy

The fair value of contributed rent is based on a recent comparable rental price in the same city's real estate market.

Property and Equipment

Contributed property and equipment is valued based on the fair market value of the asset contributed based on sales of similar items.

JA entered into a lease agreement for office space for which the rental payments stated in the agreement are less than the amount that would be charged for similar space that is rented under similar terms. In addition, JA has an agreement with a local school district for free use of space for

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

its JA BizTown® program. The amount of contributed rent over the remaining lease term is reported as a pledge receivable in the accompanying statements of financial position, and the related rent expense is recorded on a straight-line basis over the life of the lease in the accompanying statements of activities.

The outstanding pledges related to the donated space totaled \$135,694 and \$141,453 at June 30, 2024 and 2023, respectively.

12. Health and Welfare Benefits Trust and Postretirement Benefits Plan

Health and Welfare Benefits Trust

JA participates in the JA USA self-funded medical, dental and other benefits plan covering full-time employees of JA 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 JA, JA Worldwide, Inc. and employees of Junior Achievement Areas in the United States can participate in the Health and Welfare Plan. All the assets and liabilities of the health and welfare plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

JA's premium expense for the Health and Welfare Plan for the years ended June 30, 2024 and 2023 totaled \$191,031 and \$183,023, respectively.

Postretirement Benefits Plan

The health and welfare plan also offers health care benefits to retired personnel of the participating employers. This creates an implicit rate subsidy, which is considered to be a postretirement benefit. Management of JA does not believe the implicit rate subsidy amount to be material to JA, 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 JA.

13. Retirement Plan

JA has a defined-contribution plan where JA has the option to make a discretionary nonelective contribution based on the relationship of an employee's annual salary to the total compensation of all participants. There are no age or service requirements. All full-time employees and part-time employees with over 1,000 hours worked are eligible to make elective deferrals through payroll deductions up to the IRS limits. Participants are 100% vested in the defined contribution plan. Contributions to the plan totaled \$50,550 and \$45,376 for the years ended June 30, 2024 and 2023, respectively.

Junior Achievement of Dallas, Inc.

Notes to the Financial Statements

14. Lease Commitments

In evaluating its contracts, JA separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office spaces. JA has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities on the statement of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. JA determines lease classification as operating or finance at the lease commencement date.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. JA uses the implicit rate when readily determinable. As most of the leases do not provide an implicit rate, JA uses the risk free rate based on the information available at the commencement date to determine the present value of lease payments. Risk-free rates used to determine the present value of lease payments were derived by reference to the interest paid on short-term government debt.

The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. JA has elected not to record leases with an initial term of 12 months or less on the statement of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Nature of Leases

JA has entered into operating lease agreements to lease office spaces. The leases requires JA to pay all executory costs (property taxes, maintenance and insurance) and expire at various times through June 2026. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

Future minimum lease payments and reconciliation to statement of financial position as of June 30, 2024 are as follows for the years ended June 30:

2025	\$	32,136
2026		30,777
Total future undisclosed lease payments		62,913
Less present value discount		(1,667)
Right-of-use Lease Liability, net	\$	61,246

The following is the lease cost and other required information for the year ended June 30:

	2024	2023
Total lease cost	\$ 34,494	\$ 32,469
Other information:		
Cash paid for amounts included in the measurement of lease liabilities:		
Cash flows from operating leases	\$ (32,137)	\$ (29,353)
Right-of-use asset obtained in exchange for new lease liabilities	\$ -	\$ 122,735
Weighted-average remaining lease term	1.83 years	2.83 years
Weighted-average discount rate	3.12%	3.12%

15. Concentrations

As of June 30, 2024, approximately 62% of pledges receivable was due from two donors. At June 30, 2023, approximately 62% of pledges receivable was due from three donors.

During the year ended June 30, 2023, JA received a donation from one donor totaling approximately 24% of total financial contributions.

Junior Achievement of Dallas, Inc.
Notes to the Financial Statements

16. Liquidity and Availability of Resources

JA's financial assets available to meet cash needs for general expenditures within one year are as follows at June 30:

	2024	2023
Current financial assets:		
Cash	\$ 743,128	\$ 1,928,514
Investments	2,297,991	1,572,695
Pledges receivable, net - current portion	883,942	954,274
Public sector grant receivables	63,885	256,768
Total current financial assets	3,988,946	4,712,251
Less current financial assets not available for general expenditures:		
Net assets restricted for scholarships	-	(18,343)
Pledge receivable for use of office space	(15,694)	(21,453)
Pledge receivable with purpose restriction	(645,901)	(645,901)
Pledges receivable for use of JA BizTown® space	(170,000)	(120,000)
Total current financial assets available for general expenditures	\$ 3,157,351	\$ 3,906,554

As part of JA's liquidity management plan, JA structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, JA invests cash in excess of daily requirements in short-term liquid investments.

16. Subsequent Events

In October 2024, JA was notified that the lease with JA BizTown Garland ISD will be terminated on June 30, 2025.

JA evaluated subsequent events after the statement of financial position date of June 30, 2024 through November 18, 2024, the date the financial statements were issued, and concluded that no additional disclosures are required.

Supplementary Information

Junior Achievement of Dallas, Inc.
Statement of Financial Position by Location
June 30, 2024

	Dallas	Tyler	East Texas	Eliminations	Combined
Assets					
Current assets:					
Cash	\$ 421,510	\$ 82,596	\$ 239,022	\$ -	\$ 743,128
Investments	2,054,984	191,695	51,312	-	2,297,991
Pledges receivable, net	869,142	-	14,800	-	883,942
Public sector grant receivables	63,885	-	-	-	63,885
Other receivables	27,833	-	-	(27,833)	-
Prepaid expenses	-	-	600	-	600
Total current assets	3,437,354	274,291	305,734	(27,833)	3,989,546
Noncurrent assets:					
Restricted endowment investments	347,522	-	-	-	347,522
Long-term pledges receivable, net	330,280	-	-	-	330,280
Right-of-use assets - operating leases, net	60,690	-	-	-	60,690
Property and equipment, net	812,106	-	-	-	812,106
Total noncurrent assets	1,550,598	-	-	-	1,550,598
Total assets	\$ 4,987,952	\$ 274,291	\$ 305,734	\$ (27,833)	\$ 5,540,144
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 17,583	\$ 3,814	\$ 339	\$ -	\$ 21,736
Accrued expenses	109,337	6,466	11,716	-	127,519
Right-of-use assets - liability operating leases, current portion	32,136	-	-	-	32,136
Other liabilities	-	12,148	15,685	(27,833)	-
Total current liabilities	159,056	22,428	27,740	(27,833)	181,391
Right-of-use liabilities - operating leases, net	29,110	-	-	-	29,110
Total liabilities	188,166	22,428	27,740	(27,833)	210,501
Net assets:					
Net assets without donor restrictions	3,239,458	251,863	257,994	-	3,749,315
Net assets with donor restrictions	1,560,328	-	20,000	-	1,580,328
Total net assets	4,799,786	251,863	277,994	-	5,329,643
Total liabilities and net assets	\$ 4,987,952	\$ 274,291	\$ 305,734	\$ (27,833)	\$ 5,540,144

Junior Achievement of Dallas, Inc.
Statement of Activities by Location
Year Ended June 30, 2024

	Without Donor Restrictions			With Donor Restrictions			Total
	Dallas	Tyler	East Texas	Dallas	Tyler	East Texas	
Revenue and support:							
Corporate contributions	\$ 596,586	\$ 2,500	\$ 54,830	\$ 100,000	\$ -	\$ 20,000	\$ 773,916
Individual contributions	148,661	48,301	39,776	-	-	-	236,738
Foundation contributions	120,341	47,079	71,000	60,000	-	-	298,420
Contributions of nonfinancial assets	85,739	-	328	220,000	-	-	306,067
Public sector funding	-	-	15,639	-	-	-	15,639
Program fees	48,880	-	11,400	-	-	-	60,280
Investment income (loss), net	(8,574)	6,655	3,485	7,870	-	-	9,436
Unrealized gains on investments	136,850	-	-	73,417	-	-	210,267
Realized losses on investments	(14,885)	-	-	(26,668)	-	-	(41,553)
Special events:							
Special events income	844,680	137,730	107,751	-	-	-	1,090,161
Special events expenses	(286,215)	(20,627)	(17,478)	-	-	-	(324,320)
Special events income, net	558,465	117,103	90,273	-	-	-	765,841
Net assets released from restrictions:							
Purpose restrictions	197,152	-	18,343	(197,152)	-	(18,343)	-
Time restrictions	265,000	-	28,000	(265,000)	-	(28,000)	-
Net assets released from restrictions, net	462,152	-	46,343	(462,152)	-	(46,343)	-
Total revenue and support	2,134,215	221,638	333,074	(27,533)	-	(26,343)	2,635,051
Expenses:							
Program services	2,357,901	127,157	172,741	-	-	-	2,657,799
Management and general	245,010	14,872	18,930	-	-	-	278,812
Fundraising	352,209	44,360	50,132	-	-	-	446,701
Total expenses	2,955,120	186,389	241,803	-	-	-	3,383,312
Change in net assets	(820,905)	35,249	91,271	(27,533)	-	(26,343)	(748,261)
Net assets at beginning of year	4,060,363	216,614	166,723	1,587,861	-	46,343	6,077,904
Net assets at end of year	\$ 3,239,458	\$ 251,863	\$ 257,994	\$ 1,560,328	\$ -	\$ 20,000	\$ 5,329,643

Junior Achievement of Dallas, Inc.
Statement of Financial Position by Location
June 30, 2023

	Dallas	Tyler	East Texas	Eliminations	Combined
Assets					
Current assets:					
Cash	\$ 1,464,130	\$ 174,616	\$ 289,768	\$ -	\$ 1,928,514
Investments	1,441,594	79,993	51,108	-	1,572,695
Pledges receivable, net	952,274	-	2,000	-	954,274
Public sector grant receivables	256,768	-	-	-	256,768
Other receivables	145,510	-	-	(145,510)	-
Prepaid expenses	20,296	-	600	-	20,896
Total current assets	4,280,572	254,609	343,476	(145,510)	4,733,147
Noncurrent assets:					
Restricted endowment investments	292,903	-	-	-	292,903
Long-term pledges receivable, net	525,407	-	-	-	525,407
Right-of-use assets - operating leases, net	93,105	-	-	-	93,105
Property and equipment, net	761,899	-	-	-	761,899
Total noncurrent assets	1,673,314	-	-	-	1,673,314
Total assets	\$ 5,953,886	\$ 254,609	\$ 343,476	\$ (145,510)	\$ 6,406,461
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 79,192	\$ 2,162	\$ 3,578	\$ -	\$ 84,932
Accrued expenses	108,087	5,950	11,205	-	125,242
Right-of-use assets - liability operating leases, current portion	32,136	-	-	-	32,136
Note payable	25,000	-	-	-	25,000
Other liabilities	-	29,883	115,627	(145,510)	-
Total current liabilities	244,415	37,995	130,410	(145,510)	267,310
Right-of-use liabilities - operating leases, net	61,247	-	-	-	61,247
Total liabilities	305,662	37,995	130,410	(145,510)	328,557
Net assets:					
Net assets without donor restrictions	4,060,363	216,614	166,723	-	4,443,700
Net assets with donor restrictions	1,587,861	-	46,343	-	1,634,204
Total net assets	5,648,224	216,614	213,066	-	6,077,904
Total liabilities and net assets	\$ 5,953,886	\$ 254,609	\$ 343,476	\$ (145,510)	\$ 6,406,461

Junior Achievement of Dallas, Inc.
Statement of Activities by Location
Year Ended June 30, 2023

	Without Donor Restrictions			With Donor Restrictions			Total
	Dallas	Tyler	East Texas	Dallas	Tyler	East Texas	
Revenue and support:							
Corporate contributions	\$ 1,905,530	\$ 36,150	\$ 127,250	\$ 325,000	\$ -	\$ -	\$ 2,393,930
Individual contributions	202,763	50,109	10,333	-	-	-	263,205
Foundation contributions	364,929	14,100	-	645,901	-	28,000	1,052,930
Contributions of nonfinancial assets	211,570	-	3,750	120,000	-	-	335,320
Public sector funding	256,768	-	-	-	-	-	256,768
Program fees	63,700	-	8,803	-	-	-	72,503
Other income	13,347	-	4,051	-	-	-	17,398
Investment income (loss), net	(2,765)	1,995	1,272	36,863	-	-	37,365
Unrealized gains on investments	120,810	-	-	-	-	-	120,810
Realized losses on investments	(29,100)	-	-	-	-	-	(29,100)
Special events:							
Special events income	987,133	176,072	116,652	-	-	-	1,279,857
Special events expenses	(354,306)	(51,401)	(21,856)	-	-	-	(427,563)
Special events income, net	632,827	124,671	94,796	-	-	-	852,294
Gain on acquisition	-	-	130,526	-	-	46,343	176,869
Net assets released from restrictions:							
Purpose restrictions	366,983	-	-	(366,983)	-	-	-
Time restrictions	-	-	28,000	-	-	(28,000)	-
Net assets released from restrictions, net	366,983	-	28,000	(366,983)	-	(28,000)	-
Total revenue and support	4,107,362	227,025	408,781	760,781	-	46,343	5,550,292
Expenses:							
Program services	2,122,174	121,408	169,272	-	-	-	2,412,854
Management and general	226,959	13,412	19,357	-	-	-	259,728
Fundraising	334,418	39,230	53,429	-	-	-	427,077
Total expenses	2,683,551	174,050	242,058	-	-	-	3,099,659
Change in net assets	1,423,811	52,975	166,723	760,781	-	46,343	2,450,633
Net assets at beginning of year	2,636,552	163,639	-	827,080	-	-	3,627,271
Net assets at end of year	\$ 4,060,363	\$ 216,614	\$ 166,723	\$ 1,587,861	\$ -	\$ 46,343	\$ 6,077,904