JUNIOR ACHIEVEMENT OF ARIZONA, INC.
AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Junior Achievement of Arizona, Inc. and Affiliate
Phoenix, Arizona

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Junior Achievement of Arizona, Inc. and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Junior Achievement of Arizona, Inc. and Affiliate as of June 30, 2023 and 2022, and the changes in their net assets and their 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 audit 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 Junior Achievement of Arizona, Inc. and Affiliate and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 Arizona, Inc. and Affiliate's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 Arizona, Inc. and Affiliate'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Arizona, Inc. and Affiliate'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Phoenix, Arizona
October 25, 2023

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 939,458	$ 2,046,027
Investments	5,126,311	2,991,582
Pledges Receivable, Net	2,241,729	1,718,521
Other Receivables	18,133	8,877
Prepaid Assets	95,216	94,107
In-Kind Inventories	6,850	3,000
Total Current Assets	8,427,697	6,862,114
OTHER ASSETS		
Investments in Endowments	493,421	476,343
Pledges Receivable, Net of Current Portion	615,661	403,425
Other Long-Term Assets	36,942	35,554
Fixed Assets, Net	2,284,207	2,218,156
Total Other Assets	3,430,231	3,133,478
Total Assets	$ 11,857,928	$ 9,995,592
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 77,302	$ 70,369
Accrued Liabilities	351,368	385,825
Obligations Under Capital Leases, Current Portion	-	19,745
Lease Liability - Financing, Current Portion	4,734	-
Loans Payable, Current Portion	7,500	10,000
Total Current Liabilities	440,904	485,939
NONCURRENT LIABILITIES		
Lease Liability - Financing, Net of Current Portion	41,245	-
Loans Payable, Net of Current Portion	-	7,500
Total Noncurrent Liabilities	41,245	7,500
Total Liabilities	482,149	493,439
NET ASSETS		
Without Donor Restrictions	8,987,496	7,227,407
With Donor Restrictions	2,388,283	2,274,746
Total Net Assets	11,375,779	9,502,153
Total Liabilities and Net Assets	$ 11,857,928	$ 9,995,592

See accompanying Notes to Consolidated Financial Statements.

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT			
Contributions:			
Corporate	$ 1,404,085	1,137,110	$ 2,541,195
Individual	458,998	165,167	624,165
Foundations	127,887	5,000	132,887
Total Contributions	1,990,970	1,307,277	3,298,247
Special Events	985,527	90,889	1,076,416
Less Direct Costs of Benefit Donors	(144,405)	-	(144,405)
Special Events, Net	841,122	90,889	932,011
Gains, Losses, and Other Support:			
Donated Items, Goods, and Services	217,017	-	217,017
Public Sector Funding	2,388,413	-	2,388,413
Other Income	243,199	13,222	256,421
Realized Gain (Loss) on Investments	16,896	(33,478)	(16,582)
Unrealized Gain on Investments	144,658	61,719	206,377
Net Assets Released from Restrictions	1,326,092	(1,326,092)	-
Total Gains, Losses and Other Support	4,336,275	(1,284,629)	3,051,646
Total Revenues, Gains, Losses and Other Support	7,168,367	113,537	7,281,904
EXPENSES			
Program Services	3,568,834	-	3,568,834
Fundraising:			
Cost of Soliciting Volunteers	7,354	-	7,354
Cost of Soliciting Contributions	1,315,907	-	1,315,907
Total Fundraising	1,323,261	-	1,323,261
Management and General	516,183	-	516,183
Total Expenses	5,408,278	-	5,408,278
CHANGE IN NET ASSETS	1,760,089	113,537	1,873,626
Net Assets - Beginning of Year	7,227,407	2,274,746	9,502,153
NET ASSETS - END OF YEAR	$ 8,987,496	$ 2,388,283	$ 11,375,779

See accompanying Notes to Consolidated Financial Statements.

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, LOSSES, AND OTHER SUPPORT			
Contributions:			
Corporate	$ 1,308,881	$ 764,000	$ 2,072,881
Individual	539,441	11,155	550,596
Foundations	486,900	861,345	1,348,245
Government	-	1,500	1,500
Total Contributions	2,335,222	1,638,000	3,973,222
Special Events	894,794	45,402	940,196
Less Direct Costs of Benefit Donors	(73,787)	-	(73,787)
Special Events, Net	821,007	45,402	866,409
Gains, Losses, and Other Support:			
Forgiveness of Paycheck Protection Program Loan	405,029	-	405,029
Donated Items, Goods, and Services	83,342	-	83,342
Public Sector Funding	1,850,834	-	1,850,834
Other Income	238,041	16,168	254,209
Realized Gain (Loss) on Investments	31,305	20,012	51,317
Unrealized Gain on Investments	(570,960)	(126,928)	(697,888)
Net Assets Released from Restrictions	604,913	(604,913)	-
Total Gains, Losses and Other Support	2,642,504	(695,661)	1,946,843
Total Revenues, Gains, Losses and Other Support	5,798,733	987,741	6,786,474
EXPENSES			
Program Services	2,722,962	-	2,722,962
Fundraising:			
Cost of Soliciting Volunteers	10,751	-	10,751
Cost of Soliciting Contributions	1,177,016	-	1,177,016
Total Fundraising	1,187,767	-	1,187,767
Management and General	429,737	-	429,737
Total Expenses	4,340,466	-	4,340,466
CHANGE IN NET ASSETS	1,458,267	987,741	2,446,008
Net Assets - Beginning of Year	5,769,140	1,287,005	7,056,145
NET ASSETS - END OF YEAR	$ 7,227,407	$ 2,274,746	$ 9,502,153

See accompanying Notes to Consolidated Financial Statements.

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Benefits	$ 2,188,991	$ 344,648	$ 849,115	$ 1,193,763	$ 3,382,754
Office and Occupancy	305,843	116,177	88,384	204,561	510,404
Travel, Meetings, and Conferences	55,824	8,280	31,030	39,310	95,134
Program Delivery and Development	481,653	41	1,923	1,964	483,617
Outside Services	235,368	33,274	106,900	140,174	375,542
Depreciation	147,105	12,417	8,090	20,507	167,612
Donated Goods and Services	154,050	1,346	57,771	59,117	213,167
Fundraising Events	-	-	180,048	180,048	180,048
Direct Costs of Donor Benefits	-	-	144,405	144,405	144,405
Total	3,568,834	516,183	1,467,666	1,983,849	5,552,683
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities:					
Direct Costs of Benefit Donors	-	-	(144,405)	(144,405)	(144,405)
Total Expenses by Function	$ 3,568,834	$ 516,183	$ 1,323,261	$ 1,839,444	$ 5,408,278

See accompanying Notes to Consolidated Financial Statements.

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

		Support Services			
	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries and Benefits	$ 1,543,966	$ 310,014	$ 759,161	$ 1,069,175	$ 2,613,141
Office and Occupancy	295,769	76,054	78,598	154,652	450,421
Travel, Meetings, and Conferences	16,544	5,683	7,680	13,363	29,907
Program Delivery and Development	530,346	-	-	-	530,346
Outside Services	143,592	22,522	136,184	158,706	302,298
Depreciation	144,659	14,221	10,555	24,776	169,435
Donated Goods and Services	48,086	1,243	50,398	51,641	99,727
Fundraising Events	-	-	145,191	145,191	145,191
Direct Costs of Donor Benefits	-	-	73,787	73,787	73,787
Total	2,722,962	429,737	1,261,554	1,691,291	4,414,253
Less: Expenses Netted Against Revenues on the Consolidated Statement of Activities: Direct Costs of Benefit Donors	-	-	(73,787)	(73,787)	(73,787)
Total Expenses by Function	$ 2,722,962	$ 429,737	$ 1,187,767	$ 1,617,504	$ 4,340,466

See accompanying Notes to Consolidated Financial Statements.

JUNIOR ACHIEVEMENT OF ARIZONA, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 1,873,626	$ 2,446,008
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	167,612	169,435
Forgiveness of Paycheck Protection Program Loan	-	(405,029)
Contributions Restricted for Long-Term Investment	(167)	-
Net Realized and Unrealized (Gains) Losses on Investments	(189,795)	646,571
Provision for Uncollectible Pledges Receivable	59,950	1,000
Amortization of Discount on Pledges Receivable	70,064	612
(Increase) Decrease in Assets:		
Pledges Receivable	(865,458)	(1,415,918)
Other Receivables	(9,256)	409,203
Prepaid Assets	(1,109)	3,454
In-Kind Inventory	(3,850)	-
Other Long-Term Assets	(1,388)	(1,382)
Increase (Decrease) in Liabilities:		
Accounts Payable	6,933	39,994
Accrued Liabilities	(34,457)	171,159
Net Cash Provided by Operating Activities	1,072,705	2,065,107
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(186,323)	(20,373)
Purchases of Investments	(5,419,949)	(3,364,445)
Sales of Investments	3,457,937	2,329,638
Net Cash Used by Investing Activities	(2,148,335)	(1,055,180)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash Received for Long-Term Investment	167	-
Payments on Loans Payable	(10,000)	(160,000)
Repayments of Obligations Under Capital Leases	(19,745)	(26,297)
Repayments of Obligations Under Financing Leases	(1,361)	-
Net Cash Used by Financing Activities	(30,939)	(186,297)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,106,569)	823,630
Cash and Cash Equivalents - Beginning of Year	2,046,027	1,222,397
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 939,458	$ 2,046,027
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid for Interest	$ 12,466	$ -
Acquistion of Fixed Assets through Financing Lease	$ 47,340	$ -

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

These consolidated financial statements include the accounts of Junior Achievement of Arizona, Inc. (Junior Achievement), and the Foundation for Junior Achievement of Arizona, Inc. (the Foundation). These entities (collectively, the Organization) are under common management and control. All material inter-affiliate accounts and transactions have been eliminated in these consolidated financial statements.

These consolidated financial statements do not include the Junior Achievement Endowment Fund, which is an endowment set up for the benefit of Junior Achievement at the Arizona Community Foundation. Although, as beneficiary, Junior Achievement is entitled to receive the income from the endowment and the income is to be used solely for the Organization's programs, the trustees of the endowment, Arizona Community Foundation, have variance power in determining the beneficiary. Because of that power, the endowment does not meet the requirements for recording in the Organization's consolidated financial statements under Financial Accounting Standards Board Codification (FASC) 958-20, *Not-for-Profit, and Financially Interrelated Entities*.

Junior Achievement of Arizona has been educating K-12 students about entrepreneurship, work readiness, and financial literacy since 1957, and has offices in Tempe and Tucson.

Basis of Consolidated Financial Statements

The Organization's consolidated financial statements are prepared using the accrual basis of accounting. Accordingly, all revenues are recognized when earned, and all expenses are recognized when incurred.

Management Estimates

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenues and expenses. Management is of the opinion that the estimates used in these consolidated financial statements are materially correct, however, actual results may differ.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value of Financial Instruments

The Organization uses fair value measurements to record certain assets and liabilities included in these consolidated financial statements. Accounting principles generally accepted in the United States of America establish a hierarchy that prioritizes inputs used in measuring fair value. The three levels of inputs are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Organization's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The fair value of financial instruments classified as current assets or liabilities, including cash and cash equivalents, pledges receivable, other receivables, accounts payable, and accrued liabilities approximate their carrying value, principally because of the short maturity of those instruments.

The Organization carries all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (Level 1 measurements) in the consolidated statements of financial position. Unrealized gains and losses are included in the accompanying consolidated statements of activities and changes in net assets.

The same valuation techniques were used during the years ended June 30, 2023 and 2022.

Cash and Cash Equivalents

The Organization maintains substantially all of its available cash at a national financial institution and its affiliated brokerage firm. The Organization's funds maintained at the financial institution are insured by the Federal Deposit Insurance Corporation up to a maximum of $250,000. Funds maintained at the brokerage firm are insured by the Securities Investment Protection Corporation up to a maximum amount of $500,000, including a maximum of $250,000 for cash balances. The Organization, at times, may maintain balances in excess of these insured limits.

For purposes of the consolidated statements of cash flows, the Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pledges Receivable

Pledges receivable consists primarily of amounts pledged as support in connection with the Organization's annual fund-raising campaigns and certain special events. These pledges are reported as an increase in net assets in the year in which the pledge is made by the donor.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Amortization of the related discounts is included in contribution revenue over the life of the promise.

The Organization uses the allowance method to determine potentially uncollectible pledges receivable. This allowance is based on historical collection experience and management's analysis of specific pledges.

Fixed Assets

Fixed assets are stated at historical cost, or if donated, at the fair market value at the date of the gift. Depreciation of fixed assets is computed using the straight-line method over the estimated useful lives of the assets, which range from one to thirty-nine years. It is the Organization's policy to capitalize fixed assets with a cost in excess of $2,500.

Maintenance and repairs are charged to expense and renewals and improvements are capitalized. When fixed assets are retired or disposed of, the related costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in the consolidated statements of activities and changes in net assets.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") assets – operating and lease liability – operating, and finance leases are included in fixed assets and lease liability – financing in the consolidated statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease terms. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statements of financial position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restriction when the assets are placed in service. Donor-imposed 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.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in the net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as Net Assets Released from Restrictions.

Unconditional contribution pledges are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional contributions are recognized when the conditions on which they depend are substantially met.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain Organization grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, outstanding conditional contributions approximating $964,000 and $3,063,000 at June 30, 2023 and 2022, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

Donated Services

The Organization recognizes contribution revenue when certain specialized services are received if the services (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. These revenues are recorded at the estimated fair market value of the services. Many individuals volunteer their time and perform a variety of tasks that assist the Organization in carrying out its programs and services. The fair market value of these services has not been reflected in these consolidated financial statements.

Functional Expenses

Costs are allocated among program and supporting services based on the relative benefit to each. Costs unrelated to program services are allocated between fundraising and management and general expenses. Expenses that benefit more than one function of the Organization are allocation among the functions based generally on the amount of time spent by employees on each function.

Income Taxes

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 43-1201(4) of the Arizona Revised Statutes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

The Organization utilizes the provisions of FASC 740-10, which prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

Based on the Organization’s evaluation of the June 30, 2020 through 2022 income tax returns and positions expected to be taken in the June 30, 2023 income tax returns, the Organization did not engage in activities or take uncertain tax positions that would jeopardize its tax-exempt status, or generate unrelated business income, which would be subject to taxation. In the event the Organization is assessed interest or penalties by major tax jurisdictions, it will be included in the provision for income taxes in the consolidated financial statements.

Advertising Costs

The Organization uses third-party advertising and its own website to promote its programs among the public it serves. All advertising costs are expensed as incurred. The Organization did not incur any advertising costs during the years ended June 30, 2023 or 2022.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Revenues

The majority of the Organization's revenues arises from contributions and support from businesses, foundations, and individuals, most of whom are located or reside in the Phoenix and Tucson, Arizona metropolitan areas.

Adoption of Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases (Topic 842).* This new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirement of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption. There was no impact on the Organization's financial position and change in net assets as a result of the adoption of this accounting standard.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

NOTE 2 LIQUIDITY

The Organization strives to maintain liquid financial assets sufficient to cover three to six months of general expenditures. At June 30, 2023, the Organization had liquid financial assets on hand to cover 13.82 months of general expenditures.

The following table reflects the Organization's financial assets, available for general expenditures within one year of the consolidated statement of financial position date:

	2023	2022
Total Financial Assets	$ 9,434,713	$ 7,644,775
Donor Imposed Restrictions:		
Restricted Funds	(1,894,862)	(1,798,403)
Endowments	(493,421)	(476,343)
Net Financial Assets Available to Meet Cash Needs after Donor-Imposed Restrictions	$ 7,046,430	$ 5,370,029

NOTE 2 LIQUIDITY (CONTINUED)

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

NOTE 3 INVESTMENTS

Investments consist of the following as of June 30:

	2023				
	Carrying Amount	Not Held at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity Funds	$ 1,289,777	$ -	$ 1,289,777	$ -	$ -
Mutual Funds	1,493,206	-	1,493,206	-	-
Fixed Income	2,706,134	-	2,706,134	-	-
Cash Held for Endowments	130,615	130,615	-	-	-
Total Investments	$ 5,619,732	$ 130,615	$ 5,489,117	$ -	$ -

	2022				
	Carrying Amount	Not Held at Fair Value	Level 1	Level 2	Level 3
Investments:					
Equity Funds	$ 1,500,927	$ -	$ 1,500,927	$ -	$ -
Mutual Funds	1,607,304	-	1,607,304	-	-
Fixed Income	325,521	-	325,521	-	-
Cash Held for Endowments	34,173	34,173	-	-	-
Total Investments	$ 3,467,925	$ 34,173	$ 3,433,752	$ -	$ -

See Note 10 for a discussion of certain endowments included in the above balances.

NOTE 4 PLEDGES RECEIVABLE

Pledges receivable consist of the following as of June 30:

	2023	2022
Corporate Campaigns	$ 1,142,100	$ 913,187
Special Events Campaigns	63,380	47,500
All Other Campaigns	1,786,649	1,207,234
Total	2,992,129	2,167,921
Less: Allowance for Uncollectible Pledges	(30,700)	(12,000)
Less: Unamortized Discount	(104,039)	(33,975)
Pledges Receivable, Net	$ 2,857,390	$ 2,121,946
Amounts Due in:		
Less than One Year	$ 2,272,429	$ 1,730,521
One to Five Years	719,700	437,400
Total	$ 2,992,129	$ 2,167,921

NOTE 4 PLEDGES RECEIVABLE (CONTINUED)

Pledges receivable with due dates extending beyond one year were discounted using rates effective on the date of the pledge, which approximated 7.9% and 4.1% as of June 30, 2023 and 2022, respectively.

NOTE 5 FIXED ASSETS

Fixed assets consist of the following as of June 30:

	2023	2022
Building	$ 3,334,590	$ 3,345,348
Equipment	264,075	297,086
Land Improvements - Parking Lot	351,340	351,340
Furniture	166,258	167,733
Sponsor Improvements	57,142	80,110
Construction in Progress	24,615	-
Total	4,198,020	4,241,617
Less: Accumulated Depreciation	2,371,513	2,481,161
Total	1,826,507	1,760,456
Land	457,700	457,700
Fixed Assets, Net	$ 2,284,207	$ 2,218,156

Depreciation expense was $167,612 and $169,435 for the years ended June 30, 2023 and 2022, respectively, and is allocated to program services, fundraising, and management and general expense in the consolidated statements of activities.

NOTE 6 LIFE INSURANCE POLICIES

The Organization owns and is the beneficiary of life insurance policies on three individuals. These policies have a consolidated face value of $48,000, and have estimated death values of $70,997 and $70,046 as of June 30, 2023 and 2022, respectively. The individuals on two of the policies provide the Organization with the funds to make the related premium payments. Upon the death of the insured, the Organization will receive all benefits payable and, if the policy is terminated prior to the death of the insured, the Organization will receive the policy cash surrender value. As of June 30, 2023 and 2022, respectively, the estimated net cash value of the policies was $31,834 and $30,446, which is included in long-term assets in the consolidated statements of financial position.

NOTE 7 LEASES

Lease Agreements - ASC 842

The Organization leases equipment under a long-term, non-cancelable lease agreement. The lease expires in January 2027.

The following tables provides quantitative information concerning the Organization's leases.

		2023
Lease Cost:		
Finance Lease Cost:		
Amortization of Right-of-Use Assets (included in Depreciation)	$	5,918
Interest on Lease Liabilities		12,466
Short-Term Lease Cost		19,392
Total Lease Cost	$	37,776
Other Information:		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities		
Operating Cash Flows from Financing Leases	$	12,466
Financing Cash Flows from Financing Leases	$	1,361
Fixed Assets Obtained in Exchange for New Financing Lease Liabilities	$	47,340
Weighted Average Reamining Leases Term - Financing Leases		3.6 Years
Weighted Average Discount Rate - Financing Leases		64.40%

A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

Year Ending June 30,		Finance Lease
2024	$	33,187
2025		33,187
2026		33,187
2027		19,359
Total Lease Payments		118,920
Less: Imputed Interest		(72,941)
Present Value of Lease Liabilities	$	45,979

Subsequent to year-end, the Organization entered into an agreement to extend their short-term parking lot lease through May 2024 for $1,700 per month.

NOTE 7 LEASES (CONTINUED)

Lease Agreements - ASC 840

As of June 30, 2022, the Organization leased certain fixed assets under agreements that had been classified as capital leases. The related assets are included in fixed assets at a cost of $83,237 at June 30, 2022 with accumulated depreciation of $82,544. The leases expired during the year ended June 30, 2023 and was replaced with a new financing lease.

NOTE 8 LONG-TERM DEBT

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

Description	2023	2022
Note payable to Achievement Foundation, Inc. (Related party - JA USA); payable in quarterly installments of $2,500 through March 2024. The loan is interest free.	$ 7,500	$ 17,500
Total Debt	7,500	17,500
Less: Current Maturities	7,500	10,000
Total Long-Term Debt, Net	$ -	$ 7,500

The scheduled maturities of long-term debt as of June 30, 2023, are as follows:

Year Ending June 30,	Amount
2024	$ 7,500
Total	$ 7,500

NOTE 9 NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods as of June 30, 2023 and 2022:

	2023	2022
Subject to Expenditure for Specified Purposes	$ 1,562,102	$ 826,828
Subject to Passage of Time:		
Promises to Give that are Not Restricted by Donors, but Which are Unavailable for Expenditure Until Due	332,760	971,575
Endowments:		
Subject to Endowment Spending Policy and Appropriation:		
Earnings on Endowment Funds	179,544	162,633
Original Donor-Restricted Gift Amount to be Maintained in Perpetuity:		
General Operations	148,700	148,700
Programs	95,167	95,000
Scholarships	70,010	70,010
Total Endowment Net Assets	493,421	476,343
Total Net Assets with Donor Restrictions	$ 2,388,283	$ 2,274,746

NOTE 10 ENDOWMENT ASSETS

The Organization’s endowments include five individual donor-restricted funds. Endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The majority of the endowment funds of the Organization are included in the Organization’s equity and mutual fund investments summarized in Note 3.

NOTE 10 ENDOWMENT ASSETS (CONTINUED)

Balances and changes in endowment assets as of and for the years ended June 30, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Assets - June 30, 2021	$ -	$ 581,358	$ 581,358
Investment Return:			
Investment Income	-	16,168	16,168
Net Appreciation (Realized/ Unrealized Losses)	-	(106,916)	(106,916)
Amounts Expended	-	(14,267)	(14,267)
Endowment Assets - June 30, 2022	-	476,343	476,343
Donor Contributions	-	167	167
Investment Return:			
Investment Income	-	13,222	13,222
Net Appreciation (Realized/ Unrealized Gains)	-	28,241	28,241
Amounts Expended	-	(24,552)	(24,552)
Endowment Assets - June 30, 2023	$ -	$ 493,421	$ 493,421

Interpretation of Relevant Law

The Foundations' trustees have interpreted the Arizona Management of Institutional Funds Act (the Act) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. As of June 30, 2023 and 2022, there were no such donor stipulations.

As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts donated to the endowment (including promises to give, net of discount and allowance for doubtful accounts) and (c) accumulation to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The accumulated earnings on the endowment funds remain treated as donor-restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

NOTE 10 ENDOWMENT ASSETS (CONTINUED)

Interpretation of Relevant Law (Continued)

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization follows investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under the investment policy as approved by the Foundations' trustees, the endowment assets are invested in a manner that is intended to produce results that over time exceed the total return of the various benchmark indices in the investment policy guidelines, while assuming an appropriate level of investment risk.

To address its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

The Organization's spending policy complies with the spending limitations in the donor gift instruments.

Fund Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the Act requires the Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature at June 30, 2023 or 2022.

NOTE 11 DONATED ITEMS, GOODS, AND SERVICES

Contributed goods and materials, fixed assets, and services are recorded in the accompanying consolidated financial statements at estimated fair market value on the date of receipt. Contributed items, goods, and services received by the Organization to be used as auction items or otherwise be provided to donors and participants in connection with special events are recorded at estimated fair market value as in-kind inventory and in-kind revenue. When the Organization utilizes the contributed items, goods and services at the special events, in-kind inventory, and in-kind revenue are reduced and the proceeds from the sale of the contributed items, goods, and services are recorded as special events revenue.

Total in-kind contributions included in revenues were as follows during the years ended June 30:

	2023	2022
Goods and Materials	$ 271,754	$ 98,647
Items, Goods, and Services Utilized at Special Events	(54,737)	(15,305)
Total Donated Items, Goods, and Services Revenue	$ 217,017	$ 83,342

The contributed goods, materials, and services listed above are recorded in the following functional expense categories during the years ended June 30:

	2023	2022
Donated Goods and Materials:		
Program Services	$ 57,771	$ 50,398
Management and General	1,346	1,243
Fundraising	154,050	48,086
Total Donated Goods and Materials	$ 213,167	$ 99,727

In-kind contributions consist of gift cards for the special events and the Towns and of donated material and construction labor. The Organization estimates the fair value of the in-kinds on the basis of estimates of the current market rates for similar gift cards, materials and labor.

In-kind contributions related to the programs are restricted to be used for students during their visit of the Towns. In-kind contributions related to the special events are restricted for use at those events. In-kind contributions related to the BizTown lobby improvements are restricted to be used the improvement construction. No other in-kind contributions were received with donor restrictions. In-kind contributions received with donor restrictions which are utilized in the same year are treated as without donor restrictions on the statements of activities. During the years ended June 30, 2023 and 2022, the Organization received and used within the same fiscal year $58,587 and $74,317, respectively, of in-kind contributions with donor restrictions.

NOTE 12 RETIREMENT PLANS

The Organization has a defined contribution retirement plan which covers all employees who have met certain age and length of service requirements, as defined in the plan document.

The Organization makes contributions of 6.3% of eligible annual compensation to the plan. Contributions to the plan were $130,553 and $90,432 during the years ended June 30, 2023 and 2022, respectively.

The Organization has a 403(b) retirement plan. This plan allows employees to defer compensation on a pre-tax basis. The Organization does not contribute to this plan.

The Organization also has a 457(b) retirement plan. This plan allows highly compensated employees to defer additional compensation on a pre-tax basis. The Organization's president is the only employee eligible for this plan. The Organization does not contribute to this plan.

NOTE 13 RELATED PARTY TRANSACTIONS

The Organization incurred national program and support fees totaling $213,546 and $337,794 to Junior Achievement, Inc. (JA USA) during the years ended June 30, 2023 and 2022, respectively. The fee for the year ended June 30, 2023 was based upon actual revenue reported to JA USA during the period from July 1, 2021 through June 30, 2022, less any allowed waivers. The fee for the year ended June 30, 2022 was based upon actual revenue reported to JA USA during the period from July 1, 2020 through June 30, 2021, less any allowed waivers.

The Organization incurred liability insurance premiums totaling $36,518 and $25,856 to JA USA during the years ended June 30, 2023 and June 30, 2022, respectively. The premium for the year ended June 30, 2023 was based upon actual student numbers reported to JA USA during the period from June 30, 2020 through June 30, 2021. The premium for the year ended June 30, 2022 was based upon actual student numbers reported to JA USA during the period from June 30, 2018 through June 30, 2020.

The Organization purchased and utilized certain educational materials from JA USA in the amounts of $158,093 and $55,787 during the years ended June 30, 2023 and 2022, respectively.

The Organization purchased software from JA USA in the amounts of $1,679 and $1,680 during the years ended June 30, 2023 and 2022, respectively.

The Organization owed JA USA $3,366 and $35,458 at June 30, 2023 and 2022, respectively.

NOTE 13 RELATED PARTY TRANSACTIONS (CONTINUED)

The Organization receives contributions, goods, and services from various members of the Organization's boards of directors and from their companies and employers, some at reduced rates and some at no cost to the Organization. Such goods and services include telephone service, legal services, advertising, moving services, rent and donated fixed assets. Management does not consider any of these transactions to be material to the consolidated financial statements. The amounts received from board members totaled $113,135 and $291,647 during the years ended June 30, 2023 and 2022, respectively. The Organization also maintains substantially all of its available funds with companies whose employees serve on its boards of directors.

The amount due from the board members as of both June 30, 2023 and 2022 was $500.

The Organization is paying for marketing services through a board member owned company. A total of $104,658 and $74,449 was paid and expensed for marketing services during the years ended June 30, 2023 and 2022, respectively. The amount due as of June 30, 2023 and 2022 to this company was $8,888 and $-0-, respectively.

NOTE 14 RISKS AND UNCERTAINTIES

The Organization invests in various investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near-term and could materially affect the amounts reported in the consolidated statements of financial position.

NOTE 15 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 25, 2023, the date that these consolidated financial statements were available to be issued. There were no subsequent events that require adjustment to, or disclosure in the consolidated financial statements.