



Report of Independent Auditors
and Consolidated Financial Statements
with Supplementary Information

**Junior Achievement –
Rocky Mountain, Inc. and Subsidiary**

June 30, 2023 and 2022

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Report of Independent Auditors

The Board of Directors
Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Junior Achievement – Rocky Mountain, Inc. and Subsidiary, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional and natural expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Junior Achievement – Rocky Mountain, Inc. and Subsidiary as of June 30, 2023, and the results of their operations 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Junior Achievement – Rocky Mountain, Inc. and Subsidiary 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement – Rocky Mountain, Inc. and Subsidiary's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement – Rocky Mountain, Inc. and Subsidiary'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 – Rocky Mountain, Inc. and Subsidiary'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 Summarized Comparative Information

We have previously audited Junior Achievement – Rocky Mountain, Inc. and Subsidiary's June 30, 2022, consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 19, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



Denver, Colorado
November 13, 2023

Consolidated Financial Statements

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,456,905	\$ 3,937,233
Restricted cash and cash equivalents	-	3,855,590
Pledges receivable, net, current	146,801	548,463
Accounts receivable	407,816	87,257
Prepaid expense and other assets	120,377	79,960
Total current assets	3,131,899	8,508,503
LONG-TERM ASSETS		
Pledges receivable, net, long-term	993,420	1,786,528
Investment in Kinslow Memorial Fund	38,468	38,464
Net assets of Junior Achievement - Rocky Mountain, Inc.		
Endowment Fund	1,112,367	1,107,635
Property and equipment, net	17,965,180	7,029,958
Total long-term assets	20,109,435	9,962,585
TOTAL ASSETS	\$ 23,241,334	\$ 18,471,088

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Financial Position
June 30, 2023 and 2022

LIABILITIES AND NET ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 1,645,430	\$ 817,262
Deferred revenue, current	257,420	233,734
Notes Payable	<u>1,295,652</u>	<u>-</u>
Total current liabilities	<u>3,198,502</u>	<u>1,050,996</u>
COMMITMENTS AND CONTINGENCIES (NOTE 7)		
NET ASSETS		
Net assets without donor restrictions	18,533,214	13,246,998
Net assets with donor restrictions	<u>1,509,618</u>	<u>4,173,094</u>
Total net assets	<u>20,042,832</u>	<u>17,420,092</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 23,241,334</u></u>	<u><u>\$ 18,471,088</u></u>

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Activities
Years Ended June 30, 2023 and 2022

	2023		2022	
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
REVENUE, GAINS, AND OTHER SUPPORT				
Contributions and program				
Corporate	\$ 1,819,086	\$ 431,106	\$ 2,250,192	\$ 4,276,506
Individual	551,970	1,099,934	1,651,904	3,305,547
Foundations	756,304	1,182,250	1,938,554	1,498,679
Total contributions and program	<u>3,127,360</u>	<u>2,713,290</u>	<u>5,840,650</u>	<u>9,080,732</u>
Special events gross	721,477	-	721,477	663,781
In-kind special events gross	88,193	-	88,193	47,942
Less special event expenses	<u>(687,265)</u>	<u>-</u>	<u>(687,265)</u>	<u>(575,766)</u>
Special events, net	122,405	-	122,405	135,957
Investment income, net	37,314	-	37,314	487
In-kind contributions	11,875	-	11,875	9,800
Gain from forgiveness of PPP loan	-	-	-	443,742
ERC Grant Revenue	222,730	-	222,730	163,363
Gain on sale of property and equipment	-	-	-	4,280,968
Other income	9,191	-	9,191	36,853
Net assets released				
Purpose restrictions	5,175,206	(5,175,206)	-	-
Time restrictions	<u>206,292</u>	<u>(206,292)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>8,912,373</u>	<u>(2,668,208)</u>	<u>6,244,165</u>	<u>14,151,902</u>
EXPENSES				
Program expenses	2,725,234	-	2,725,234	2,608,597
Fundraising expenses	559,529	-	559,529	561,995
Management, general, and building expense	<u>408,221</u>	<u>-</u>	<u>408,221</u>	<u>319,722</u>
Total expenses	<u>3,692,984</u>	<u>-</u>	<u>3,692,984</u>	<u>3,490,314</u>
ENDOWMENT FUND				
Net assets released from restrictions	66,827	(66,827)	-	-
Increase (decrease) in net assets from endowment fund	<u>-</u>	<u>71,559</u>	<u>71,559</u>	<u>(188,049)</u>
Total change in endowment fund	<u>66,827</u>	<u>4,732</u>	<u>71,559</u>	<u>(188,049)</u>
CHANGES IN NET ASSETS	5,286,216	(2,663,476)	2,622,740	10,473,539
NET ASSETS, beginning of year	<u>13,246,998</u>	<u>4,173,094</u>	<u>17,420,092</u>	<u>6,946,553</u>
NET ASSETS, end of year	<u>\$ 18,533,214</u>	<u>\$ 1,509,618</u>	<u>\$ 20,042,832</u>	<u>\$ 17,420,092</u>

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Functional and Natural Expenses
Years Ended June 30, 2023 and 2022

	2023			2022	
	Program Services	Fund- Raising	Management and General	Total	Total
Payroll and related expenses	\$ 1,276,644	\$ 458,839	\$ 334,569	\$ 2,070,052	\$ 1,893,080
Professional services	98,751	7,396	3,944	110,091	54,576
Occupancy	163,437	30,068	38,243	231,748	402,085
Other expenses	24,564	6,281	3,839	34,684	73,553
Supplies	786	240	-	1,026	94,230
In-kind expenses	11,875	-	-	11,875	9,800
Travel and meals	29,673	5,581	2,429	37,683	28,272
Insurance	36,451	1,253	766	38,470	42,031
Advertising and marketing	108,784	20,113	6,388	135,285	45,897
Information technology	44,251	13,024	7,867	65,142	54,863
Bank charges	19,650	6,205	3,792	29,647	23,590
Other program related	574,645	-	-	574,645	445,799
Printing	16,770	5,296	3,236	25,302	33,719
Dues and subscriptions	316,020	4,595	2,808	323,423	283,589
Professional development	2,933	638	340	3,911	5,230
	<u>\$ 2,725,234</u>	<u>\$ 559,529</u>	<u>\$ 408,221</u>	<u>\$ 3,692,984</u>	<u>\$ 3,490,314</u>
Total expenses					

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Functional and Natural Expenses
Year Ended June 30, 2022

	2022			
	Program Services	Fund- Raising	Management and General	Total
Payroll and related expenses	\$ 1,207,017	\$ 453,141	\$ 232,922	\$ 1,893,080
Professional services	51,144	2,238	1,194	54,576
Occupancy	299,707	45,712	56,666	402,085
Other expenses	44,290	24,702	4,561	73,553
Supplies	91,602	1,631	997	94,230
In-kind expenses	4,800	-	5,000	9,800
Travel and meals	23,149	3,698	1,425	28,272
Insurance	38,222	2,364	1,445	42,031
Advertising and marketing	43,042	2,855	-	45,897
Information technology	36,363	11,483	7,017	54,863
Bank charges	15,635	4,938	3,017	23,590
Other program related	445,637	162	-	445,799
Printing	22,349	7,057	4,313	33,719
Dues and subscriptions	281,718	1,161	710	283,589
Professional development	3,922	853	455	5,230
	<u>\$ 2,608,597</u>	<u>\$ 561,995</u>	<u>\$ 319,722</u>	<u>\$ 3,490,314</u>
Total expenses				

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Consolidated Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,622,740	\$ 10,473,539
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	133,461	65,124
Gain on disposal of property plant and equipment	-	(4,280,968)
(Increase) decrease in net assets of endowment funds	(71,563)	188,049
Forgiveness of PPP loan	-	(443,742)
Change in operating assets and liabilities		
Pledges receivable	1,194,770	(1,550,597)
Accounts receivable	(320,559)	31,701
Prepaid expenses and other assets	(40,417)	1,786
Accounts payable and accrued expenses	(493,783)	526,735
Deferred revenue	23,686	36,380
	3,048,335	5,048,007
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(9,746,732)	(4,419,661)
Proceeds from sale of property plant and equipment	-	5,015,591
Proceeds from distribution of endowment	66,827	58,309
	(9,679,905)	654,239
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	4,130,200	-
Payments on notes payable	(2,834,548)	-
	1,295,652	-
(DECREASE) INCREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(5,335,918)	5,702,246
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, beginning of year	7,792,823	2,090,577
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, end of year	\$ 2,456,905	\$ 7,792,823
SUPPLEMENTAL CASH FLOW DISCLOSURE		
Cash and cash equivalents	\$ 2,456,905	\$ 3,937,233
Restricted cash and cash equivalents	-	3,855,590
TOTAL CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	\$ 2,456,905	\$ 7,792,823
NON-CASH FINANCING ACTIVITIES		
Property additions financed through accounts payable	\$ 1,321,951	\$ -

See accompanying notes to these consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 1 – Summary of Accounting Policies

Nature of organization – Junior Achievement – Rocky Mountain, Inc. (Junior Achievement or the Organization) was founded in 1950 as a nonprofit corporation chartered by Junior Achievement USA (National), also a nonprofit corporation. In partnership with the business community, educators, and volunteers, Junior Achievement prepares young people to thrive in the 21st century workplace and global economy by inspiring a passion in free enterprise and entrepreneurship and instilling an understanding of personal financial literacy. JA Free Enterprise, LLC, a wholly owned subsidiary of Junior Achievement-Rocky Mountain, Inc., was formed to hold the assets for the Free Enterprise Center (FEC).

Basis of presentation – The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report the Organization's financial condition, results of operations, and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification™, sometimes referred to as the Codification of ASC.

The consolidated financial statements are presented on the basis of net assets without donor restrictions and with donor restrictions.

- *Net assets without donor restrictions* – Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains, and losses that are not restricted by donors are included in this classification. All expenditures are reported in the without donor restrictions class of net assets, including expenditures funded by restricted contributions. Expenditures funded by restricted contributions are reported in the without donor restrictions net asset class because the use of restricted contributions in accordance with donors' stipulations results in the release of such restrictions.
- *Net assets with donor restrictions* – Net assets with donor restrictions are limited as to use by donor-imposed stipulations that may expire with the passage of time or that may be satisfied by action of the Organization. Net assets with donor restrictions are designated by donors for specific purposes. Some net assets with donor restrictions are required by donors to be held in perpetuity.

Expiration of donor-imposed restrictions – Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purposes or by occurrence of events specified by the donors, including the passage of time. Donor restriction on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service or expenditures exceed the amount of the gift.

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted principles. Accordingly, such information should be read in conjunction with the Organization's audited consolidated financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Principles of consolidation – The consolidated financial statements and accompanying notes include the accounts of Junior Achievement – Rocky Mountain, Inc. and its wholly owned subsidiary, JA Free Enterprise Center, LLC. Accordingly, all significant inter-company transactions and balances have been eliminated in consolidation.

Junior Achievement – Rocky Mountain Inc. Endowment Fund – In 2004, the Organization signed an endowment fund agreement (the endowment) with Colorado Gives Foundation (the Foundation), an unrelated community foundation. The purpose of the endowment is to implement the Organization's programs in Colorado. The Organization does not determine the investment objectives or direction of the endowment fund (the Fund); that is at the discretion of the Foundation.

The Fund is held and managed by the Foundation, and the Organization may take distributions from the endowment to carry out the Organization's programs. Distributions are currently limited to 5% of the fair market value of the endowment on an annual basis. The Organization requested and received a 5% distribution of \$66,827 and \$58,309 during the years ended June 30, 2023 and 2022, respectively. In addition, the Organization may receive loans from the endowment in the case of financial hardship.

The primary investment objectives of the Fund are to preserve capital; enhance the real, inflation-adjusted purchasing power of these funds; and to provide a predictable, steady, and increasing stream of funding for the Organization's operations. The goal of the Fund is to attain an average annual real total return in excess of the policy index consisting of an asset allocation of approximately 65% equities and 35% fixed income and cash and cash equivalents. The Fund utilizes both passive investment strategies (e.g., index funds and exchange-traded funds) and active management strategies (e.g., actively managed mutual funds, etc.) as appropriate to provide exposure to certain asset classes and potential returns above those which may be achieved through passive investments. Decisions as to individual security selection, security size and quality, number of industries and holdings, current income levels, turnover, and the other tools employed by active managers are left to broad manager discretion, subject to usual standards of fiduciary prudence.

Kinslow Memorial Fund – The Kinslow Memorial Fund is an amount designated by the donor for future scholarships and is recorded as net assets with donor restriction until such grants are made. The investment is an interest-bearing bank account.

Volunteer recruitment – To achieve its program goals, the Organization utilizes volunteers to teach in the classroom. To fulfill its growing commitment, the Organization incurs time and expenses for recruitment of volunteers each year. The costs incurred for recruitment of classroom volunteers are included in program expenses. Costs associated with training and coordination of classroom volunteers are recorded with program expenses.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated between the program and supporting services benefited.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Use of estimates – The preparation of the Organization’s consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in these consolidated financial statements and accompanying notes. Actual results could differ from those estimates. The Organization’s significant estimates include value of in-kind goods and services and expense allocation.

Financial instruments and credit risk concentration – Financial instruments which potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable, and pledges receivable. The Organization places its cash in bank deposit accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

As of June 30, 2023 and 2022, 50% and 53% of the pledges receivable balance was from two donors. Junior Achievement continually monitors the collections of accounts receivable and pledges receivable and adjusts its allowances related to such receivables, when appropriate. In 2023, one contributor represented 17% of contributions and program revenue.

Revenue recognition – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Junior Achievement reports gifts of cash and other assets as net assets with donor restrictions support if they are received with donor stipulations that limit the use of the donated assets or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions support. When a donor 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 statements of activities as net assets released from restriction. The Organization reviews these promises for collectability, and, as of June 30, 2023 and 2022, all receivables and promises to give were determined to be collectible.

Amounts received as conditional promises to give are recorded as refundable receivables and are not recorded as an increase in net assets until such time that the conditions are substantially met. There were \$0 and \$162,500 of conditional promises to give for the years ended June 30, 2023 and 2022, respectively.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used.

The Organization recognizes income for special events and program revenue, which includes sponsorships, donations, tables, and other day of event benefits, on the day of the event or straight-line over time if a multiple day event or sponsorship. Any amount received prior to the date of the event or sponsorship is recorded as deferred revenue and then recognized as revenue when the performance obligation is satisfied.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Special events and contributions and program revenue include both revenue from contracts with customers, that fall under Accounting Standards Codification (ASC) 606 guidance and nonreciprocal transactions, that fall under ASC 958 guidance. Nonreciprocal transactions consist of contributions made to the Organization. The breakout for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
Revenue from contracts with customers	\$ 482,404	\$ 451,905
Nonreciprocal transactions	327,266	259,818
Special events gross revenue	\$ 809,670	\$ 711,723
Revenue from contracts with customers	\$ 464,122	\$ 147,868
Nonreciprocal transactions	5,376,528	8,932,864
Contributions and program revenue	\$ 5,840,650	\$ 9,080,732

For certain transactions, the Organization acts as an agent on behalf of other organizations. Revenue and expenses for the transactions are not recognized on the consolidated statements of activities.

The balance of accounts receivable as of July 1, 2021, was \$118,958.

Cash and cash equivalents – The Organization considers cash and all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash – Certain cash and cash equivalents was restricted to withdrawal or use under the terms of contractual agreements. The Organization’s restricted cash is classified as current on the balance sheet and is restricted for the use of FEC construction (see Note 8). Restricted cash consists of \$0 and \$3,855,590 as of June 30, 2023 and 2022, respectively.

Property, equipment, and depreciation – Property and equipment are stated at cost. Depreciation and amortization are computed over the estimated useful lives of the assets varying from 3 to 30 years using the straight-line method. Management capitalizes all physical assets with a cost greater than \$500 and a useful life in excess of one year. Amounts held in construction in progress are not depreciated.

Deferred revenue – Deferred revenue represents funds received prior to year-end that relate to exchange transactions, such as sponsorship of specific programs with naming opportunities, tables, and other day of event benefits, which will be recognized as revenue in the subsequent years when these services are rendered. See Note 4 for further discussion relating to deferred rental revenue as of June 30, 2023 and 2022.

Donated materials, equipment, and services – Contributed facilities, materials, and professional services are reflected at their estimated fair market value if an objective basis is available to determine such value.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Volunteers from the community donate a significant number of hours in assisting the Organization in achieving the goals of its various service programs. The value of this contributed time is not reflected in the accompanying consolidated financial statements as no objective basis is available to measure the value of such services.

Income taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, under National's exemption. Accordingly, no provision for income taxes is included in the accompanying consolidated financial statements.

The Organization has adopted ASC 740, *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in an enterprise's consolidated financial statements. ASC 740 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization does not have any position that would be considered an uncertain tax position. The Organization recognizes interest and penalties related to uncertain tax positions in income tax expense. No interest and penalties related to uncertain tax positions were accrued at June 30, 2023 and 2022.

Fair value of financial instruments – The Organization's financial instruments consist of cash and cash equivalents, pledge and accounts receivables, accounts payable, accrued liabilities, and the Endowment Fund. The carrying value of cash and cash equivalents, pledge and accounts receivables, accounts payable, and accrued liabilities are considered to be representative of their fair market value due to the short maturity of these instruments. The fair value of the Organization's Endowment Fund is discussed in Note 3.

Adoptions of recent accounting pronouncements – In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) 2016-02, *Leases* (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the consolidated statements of financial position. The Organization elected to adopt this ASU effective January 1, 2022, using the modified retrospective approach. The Organization elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed to the Organization to carry forward the historical lease classification. In addition, the Organization elected the practical expedient to use hindsight in determining the lease term for existing leases, which enabled management's lease evaluation to consider the likelihood of lease extension based on conditions that existed as of the adoption date. Given the nature of leasing arrangements, the adoption did not have a material impact on the consolidated financial statements.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2 – Pledges Receivable

As of June 30, 2023 and 2022, the Organization’s pledges receivable consist of the following:

	2023	2022
FEC pledges	\$ 1,348,783	\$ 2,375,918
Other pledges	275	326,640
Gross pledges receivable	1,349,058	2,702,558
Less present value discount	(208,837)	(367,567)
Net pledges receivable	1,140,221	2,334,991
Less current portion, net	(146,801)	(548,463)
Net pledges receivable, net, long-term	\$ 993,420	\$ 1,786,528

The Organization used a discount rate of 7% and 5% for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023 and 2022, the Organization had \$0 and \$162,500 in conditional promises to give, respectively, which are not recorded in the financial statements until the passage of time or the occurrence of a specific event. The purpose of the conditional pledges is related to the construction of the FEC.

Note 3 – Fair Value Measurements

The Organization has adopted the provisions of ASC 820, *Fair Value Measurements and Disclosures*, for all financial instruments. ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

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

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

A fair value asset or liability is categorized within the hierarchy based on the lowest level of input that is significant to the fair value measurement. As of June 30, 2023 and 2022, the Organization’s endowment valuation was based on an allocated benefit for funds that have been donated on the Organization’s behalf and matched according to the Organization’s agreement with the Foundation. The Foundation is invested in a variety of mutual funds and other equity investments. Although those investments might rise to a Level 1 or Level 2 classification on their own, the assets are owned by the Foundation, and Junior Achievement receives an allocated benefit. Therefore, the data sources utilized in these valuation models are considered Level 3 inputs in the fair value hierarchy.

Assets	Beginning Balance	Contributions/ (Distributions)	Increase/ (Decrease) in Net Assets of Endowment Fund	Ending Balance
Junior Achievement – Rocky Mountain, Inc. Endowment Fund (Note 1)				
Year ended June 30, 2023	\$ 1,107,635	\$ (66,827)	\$ 71,559	\$ 1,112,367
Year ended June 30, 2022	\$ 1,353,993	\$ (58,309)	\$ (188,049)	\$ 1,107,635

Note 4 – Property and Equipment

Property and equipment consisted of the following:

	June 30,		Estimated Useful Lives
	2023	2022	
Building	\$ 15,103,123	\$ -	30 years
Building improvements	11,005	11,005	15 years
Technology assets	130,573	305,766	3 to 5 years
Non-technology assets	987,346	948,807	3 to 7 years
Gross depreciable assets	16,232,047	1,265,578	
Less accumulated depreciation and amortization	(1,009,987)	(1,200,078)	
Net depreciable assets	15,222,060	65,500	
Land	1,460,858	1,460,858	
Construction in progress	1,282,262	5,503,600	
Total	\$ 17,965,180	\$ 7,029,958	

Depreciation expenses of \$133,461 and \$65,124 have been recorded for the years ended June 30, 2023 and 2022, respectively.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Land and building amounts are for the FEC, which was completed and placed in service during the year ended June 30, 2023. This location serves as the administrative offices of the Organization and provides an environment for middle and high school students to interact in simulations to discover career paths, set practical goals so they can gain the knowledge and skills to attain those careers, and understand how to manage their finances. The construction in progress on June 30, 2023, was related to a particular area in the building, which is not yet complete and functional.

As of July 1, 2021, the Organization owned the second floor of an office building which was acquired from a wholly owned subsidiary of the Denver Metro Chamber of Commerce (the Chamber), and it is where the Organization's administrative office and training facilities were located. The Organization sold its share of the building on August 13, 2021, and leased back a portion of the sold space for the period of September 2021 through August 2022 (see Note 8). As a result of the sale, the Organization recognized a gain on the sale of property and equipment of \$4,280,968 in the statement of activities for the year ended June 30, 2022.

In March 2015, the office building condominium association, of which the Organization's share was 21.6%, entered into a 30-year rooftop lease and assignment agreement with an unrelated lessee for an upfront lump sum. The Organization's net share of the proceeds was \$249,861 at the lease's inception and was recorded as deferred rental revenue with revenue recorded over 30 years. As the Organization sold its share of the building, the deferred revenue reported on the consolidated statements of financial position of \$200,508 was recognized at the time of the sale on August 13, 2021.

During the years ended June 30, 2023 and 2022, the Organization had rental and parking income of \$9,451 and \$27,310, respectively, which is included in other income, and allocable building operating expenses in 2023 and 2022 of \$0 and \$44,683, respectively. Building operating expense is included in general, administrative, and building expense.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 5 – In-Kind Contributions

During the years ended June 30, 2023 and 2022, the Organization received in-kind contributions with a market value of \$100,068 and \$57,742, respectively. The contributions included services to the Organization and donated supplies and materials. In-kind contributions consisted of the following:

	June 30,	
	2023	2022
Auction items	\$ 88,193	\$ 47,942
Program event space	6,875	4,800
Professional Services	5,000	5,000
Total	\$ 100,068	\$ 57,742
Included in special events gross revenue	\$ 88,193	\$ 47,942
Included in in-kind contribution revenue	11,875	9,800
Total	\$ 100,068	\$ 57,742

Auction items are valued at the replacement cost of the received goods for a price publicly available on a website or in a local store. Program event space is based on the stated rate of the location for similar events. Professional services and advertising are valued at the cost for receiving similar services or the hourly rate of the professional, usually provided by the service provider.

Note 6 – National Franchise Fees

As an affiliate of National, the Organization is generally obligated to pay fees to National based on the prior year's audited consolidated financial statements, as follows: a tiered fee of 11.5% of the first \$1,000,000 of contributions and grants received; 9.5% of revenue on the next \$1,000,000; and 7.5% of revenue on amounts above \$2,000,000; an ongoing technology fee of 5% on certain revenue items; and a program and support fee of 2.5% on certain revenue items. The Organization also purchases program materials from National. As a result of this agreement, for the years ended June 30, 2023 and 2022, total franchise fee expenses of \$301,469 and \$278,040 were paid to National, respectively, and are recognized in program expense in the accompanying consolidated statements of activities. The Organization anticipates paying franchise fees of \$242,521 and \$(287,608) for the years ended June 30, 2024 and 2025, respectively. During the year ended June 30, 2022, National reduced the total fees by a blanket 5% for those affiliates in good standing. The amounts disclosed in this footnote reflect this blanket reduction. As of the date of the issuance of the consolidated financial statements, the Organization is an affiliate in good standing with National.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 7 – Commitments and Contingencies

Employee benefit plan – The Organization has a defined contribution 403(b) plan (the Plan), whereby eligible employees may contribute a percentage or dollar amount of their compensation. The Plan provides for a matching contribution by the Organization up to 5% of the employee's wages if the employee's base contribution is at least 1% of their wages. The Organization's contributions are vested 25% per year beginning with the second year of service. For the years ended June 30, 2023 and 2022, contributions to the Plan by the Organization totaled \$77,262 and \$39,658, respectively.

Debt – The Organization has a \$275,000 line of credit available through December 1, 2023, with interest at the Wall Street Prime Rate (8.25% at June 30, 2023). The Organization did not draw on this line during the fiscal years ended June 30, 2023 and 2022. The Organization intends to extend the availability of this credit line for another year.

The Organization entered into a construction financing loan with a lender on January 10, 2022, for the construction of the Free Enterprise Center. Upon loan closing, the Organization provided a deposit to the bank, which was being held and used against the construction project in full, which was reported as restricted cash to be used for the Free Enterprise Center construction in the amount of \$3,855,590 as of June 30, 2022 and has now been utilized leaving a \$0 balance in restricted cash as of June 30, 2023. Once the funds were used in total, the Organization was given access to a \$6,000,000 line of credit from the financing arrangement, the balance of which was \$1,295,652 on June 30, 2023. Interest accrues on the debt at the Wall Street Prime Rate + 0.25% (8.5% on June 30, 2023). Interest-only payments are due monthly, with the full outstanding principal amount due by March 1, 2024 with two 12 month extension options available. The outstanding debt is secured by a deed of trust on the underlying property.

Operating lease – The Organization leased office space from the Chamber under a short-term operating lease agreement for \$70,198 and \$350,992 for the years ending June 30, 2023 and 2022, respectively. The Organization had minimum lease payments of \$70,198 for the year ended June 30, 2023. The lease ended in August 2022 and the Organization moved to new offices.

The Organization leases office space for its Northern Chapter under an operating lease agreement for \$24,576 and \$23,362 for the years ending June 30, 2023 and 2022, respectively. The Organization had future minimum remaining lease payments of \$20,356 as of June 30, 2023, and no significant commitments thereafter.

The Organization leases office equipment for both its Denver and Northern Colorado locations under operating lease agreements for \$34,818 and \$39,208 for the years ending June 30, 2023 and 2022, respectively. The Organization does not have significant minimum lease commitments related to these leases.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 8 – Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following balances:

	June 30,	
	2023	2022
Purpose restricted		
Business Week	\$ -	\$ 54,696
Free Enterprise Center	-	2,451,731
Stock Market Challenge	330,012	289,452
Summer Program	45,342	41,391
Scholarships	21,621	21,621
Total purpose restricted	396,975	2,858,891
Time restricted	275	206,567
Amounts required to be retained in perpetuity	1,112,368	1,107,636
Total net assets with donor restrictions	\$ 1,509,618	\$ 4,173,094

The Organization revised the classification of beginning net assets in order to correct the amount previously reported as Net Assets with Donor Restrictions and Net Assets Without Donor Restrictions. The correction was due to an error in the classification of certain net assets. There was no effect on the 2022 change in net assets or total net assets as of June 30, 2022. The following table summarizes the correction:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Net assets at beginning of year as originally reported	\$ 12,562,611	\$ 4,857,481	\$ 17,420,092
Adjustments	684,387	(684,387)	-
Net assets at beginning of year as revised	\$ 13,246,998	\$ 4,173,094	\$ 17,420,092

Note 9 – Liquidity and Availability of Financial Assets

The Organization receives substantially all of its operating revenue from donors. The timing and amount of revenue received are often controlled by the donor. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent, approved budget; maintaining adequate liquid assets to fund near-term operating needs; maintaining sufficient liquidity to meet expected and unexpected revenue and expense fluctuations. The Organization strives to maintain current financial assets, less current liabilities at a minimum of 90 days of operating expenses. The Organization targets maintaining a minimum amount of cash on hand equal to at least three months of average cash expenditures and maintains a line of credit to ensure it can maintain operations without disruption.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

The following table reflects the Organization’s financial resources as of June 30, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	June 30,	
	2023	2022
Financial assets		
Cash and cash equivalents and restricted cash	\$ 2,456,905	\$ 7,792,823
Accounts receivable	407,816	87,257
Pledges receivable	1,140,221	2,334,991
Investment in Kinslow Memorial Fund	38,468	38,464
Net assets of Junior Achievement – Rocky Mountain, Inc.		
Endowment Fund	1,112,367	1,107,635
Total financial assets	5,155,777	11,361,170
Less assets unavailable for general expenditures within one year due to		
Receivables scheduled to be collected in more than one year	(993,420)	(1,786,528)
Assets restricted by donor with time or purpose restrictions	(1,509,618)	(4,173,094)
Restricted cash to be used for free enterprise center construction	-	(3,855,590)
Notes payable due within one year	(1,295,652)	-
Unused line of credit balance	275,000	275,000
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,632,087	\$ 1,820,958

Note 10 – Related Party Transactions

As of June 30, 2023 and 2022, \$94,959 and \$159,738, respectively, of the pledge receivables balance was from various board members.

Note 11 – Paycheck Protection Program Loan

In April 2020, the Organization was granted a loan from a financial institution in the amount of \$443,700, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The loan was forgiven in its entirety on January 12, 2021, and was recorded a gain from forgiveness of PPP loan under unrestricted net assets in the consolidated statements of activities for the year ended June 30, 2022.

Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Notes to Consolidated Financial Statements

In February 2021, the Organization was granted a loan from a financial institution in the amount of \$443,742, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020. The loan was forgiven in its entirety on August 27, 2021, and is recorded as a gain from forgiveness of PPP loan under unrestricted net assets in the consolidated statements of activities for the year ended June 30, 2022.

Note 12 – Subsequent Events

The Organization has evaluated subsequent events through November 13, 2023, the date on which the consolidated financial statements were available for issuance. Other than discussed below, no items were identified that require disclosure in the consolidated financial statements.

Supplementary Information

Report of Independent Auditors on the Supplementary Information

The Board of Directors
Junior Achievement – Rocky Mountain, Inc. and Subsidiary

Report on the Financial Statements

We have audited the consolidated financial statements of Junior Achievement – Rocky Mountain, Inc. and Subsidiary as of and for the year ended June 30, 2023, and have issued our report thereon, dated November 13 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Denver, Colorado
November 13, 2023

Junior Achievement – Rocky Mountain, Inc. and Subsidiary
Revenue Subject to License Fee
Year Ended June 30, 2023

REVENUE PER FINANCIAL STATEMENTS	
Total unrestricted revenue	\$ 8,912,373
Total permanently restricted revenue	71,559
Add in prior-year accounts receivable – gross	635,720
Subtract current-year accounts receivable – gross	(554,617)
Add special event expenses	<u>687,265</u>
 Adjusted total revenue	 <u>9,752,300</u>
 SUBTRACT	
In-kind	(11,875)
In-kind special event (if included in special event revenue)	(88,193)
Realized gains/losses	-
Interest	(37,313)
Rental income	(9,451)
Gain on sale of property and equipment	-
Actual pledges write-offs	(24,115)
ERC Grant Revenue	(222,730)
Other income – reimbursed income	(260)
Pass-through from Junior Achievement USA (license exempt only)	(96,177)
Capital campaign for construction	<u>(10,704,213)</u>
 TOTAL SUBJECT TO PROGRAM AND SUPPORT FEE	 <u>\$ (1,442,026)</u>
 Furniture and Fixtures relating to Capital Campaign	 \$ 795,415
Technology hardware relating to Capital Campaign	<u>557,637</u>
 TOTAL 2.5% REVENUE	 <u>\$ 1,353,052</u>
 Ongoing technology hardware for student use	 <u>\$ -</u>
 TOTAL 2.5% REVENUE	 <u>\$ -</u>
 REMAINING REVENUE SUBJECT TO 3-TIER PROGRAM AND SUPPORT FEE	 <u>\$ (2,795,078)</u>
(11.5% of first \$1,000,000, 9.5% next \$1,000,000, 7.5% above \$2,000,000)	
 LICENSE FEE CALCULATED	 <u>\$ (287,608)</u>