JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023 WITH COMPARATIVE
TOTALS FOR THE YEAR ENDED JUNE 30, 2022
AND
INDEPENDENT AUDITORS' REPORT

JUNIOR ACHIEVEMENT OF
CENTRAL UPSTATE NEW YORK, INC.

June 30, 2023 with Comparative
Totals for the Year Ended June 30, 2022

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DAVIE KAPLAN
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Junior Achievement of Central Upstate New York, Inc.

Opinion

We have audited the financial statements of Junior Achievement of Central Upstate New York, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Junior Achievement of Central Upstate New York, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Central Upstate New York, Inc. 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 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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Central Upstate New York, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Junior Achievement of Central Upstate New York, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Junior Achievement of Central Upstate New York, Inc.'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 of Central Upstate New York, Inc.'s June 30, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 30, 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 financial statements from which it has been derived.

Davie Kaplan, CPA, P.C.

Rochester, NY

October 30, 2023

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JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Financial Position as of June 30, 2023
with Comparative Totals for the Year Ended June 30, 2022

ASSETS

	2023	2022
Current assets		
Cash	$ 883,939	$ 1,115,278
Pledges receivable	781,846	30,027
Investments	400,641	476,054
Prepaid expenses	18,322	1,177
	2,084,748	1,622,536
Property and equipment		
Furniture and equipment	48,165	48,165
Leasehold improvements	1,117,687	-
	1,165,852	48,165
Less: Accumulated depreciation	48,165	48,165
	1,117,687	-
Other asset		
Long-term pledges receivable	299,968	40,750
Operating lease right-of-use asset	1,867,285	-
	2,167,253	40,750
	$ 5,369,688	$ 1,663,286

The accompanying notes to Financial Statements
are an integral part of these statements.

LIABILITIES AND NET ASSETS

	2023	2022
Current liabilities		
Accounts payable	$ 172,152	$ 5,440
Accrued expenses and other liabilities	825	996
Current portion of operating lease liability	74,352	-
Deferred revenue	274,250	36,660
	521,579	43,096
Long-term liabilities		
Operating lease liability, net of current portion	1,895,487	-
Net assets		
Net assets without donor restrictions		
Board designated	400,641	476,054
Undesignated	1,048,304	188,684
	1,448,945	664,738
Net assets with donor restrictions	1,503,677	955,452
	2,952,622	1,620,190
	$ 5,369,688	$ 1,663,286

The accompanying notes to Financial Statements
are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Activities and Changes in Net Assets for the Year Ended June 30, 2023
with Comparative Totals for the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenue, gains, and other support				
Contributions				
Corporate	$ 167,460	$ 364,726	$ 532,186	$ 252,623
Foundations	62,976	300,000	362,976	272,129
Individual	53,887	301,875	355,762	137,975
Total contributions	284,323	966,601	1,250,924	662,727
Employee retention credits	48,979	-	48,979	112,094
Governmental	15,150	562,340	577,490	22,910
In-kind revenue	123,250	-	123,250	34,576
Interest	592	-	592	1,847
Investment income realized	12,648	-	12,648	12,186
Other	13,938	-	13,938	18,112
Paycheck protection program	-	-	-	177,790
Special events (net of related expenses, 2023 - $78,835, 2022 - $64,264)	205,749	-	205,749	209,576
Net assets released from restriction	958,216	(958,216)	-	-
Unrealized gain (loss) on investments	11,939	-	11,939	(65,666)
	1,674,784	570,725	2,245,509	1,186,152
Expenses				
Program	688,752	22,500	711,252	505,496
Fund raising	175,960	-	175,960	104,025
Management and general	25,865	-	25,865	24,346
	890,577	22,500	913,077	633,867
Total change in net assets	784,207	548,225	1,332,432	552,285
Net assets, beginning of year	664,738	955,452	1,620,190	1,067,905
Net assets, end of year	$ 1,448,945	$ 1,503,677	$ 2,952,622	$ 1,620,190

The accompanying notes to Financial Statements
are an integral part of these statements.

Statement of Functional Expenses for the Year Ended June 30, 2023
with Comparative Totals for the Year Ended June 30, 2022

	Program	Fund Raising	Management and General
Salaries	$ 360,056	$ 71,231	$ 13,601
Rent and utilities	104,652	18,913	2,522
In-kind special events	58,025	65,081	144
Junior Achievement Worldwide fees	46,854	4,134	4,134
Employee benefits and payroll taxes	40,928	9,146	1,422
Miscellaneous	31,172	-	-
Supplies and materials	29,080	49	49
Outside services	14,120	2,849	2,908
Capstone	15,726	-	-
Recognition and public relations	-	3,177	-
Repairs and maintenance	1,426	714	714
Conferences	2,504	-	-
Relocation	1,942	288	168
401K expense	1,317	124	109
Telephone	1,345	90	60
Travel	1,050	-	-
Insurance	864	156	21
Postage and freight	191	8	13
Total expenses before depreciation	711,252	175,960	25,865
Depreciation	-	-	-
Total	$ 711,252	$ 175,960	$ 25,865

The accompanying notes to Financial Statements
are an integral part of these statements.

...............June 30...............	
Total 2023	Total 2022
$ 444,888	$ 363,679
126,087	27,529
123,250	34,576
55,122	92,888
51,496	45,694
31,172	7,914
29,178	23,137
19,877	21,332
15,726	8,512
3,177	400
2,854	2,911
2,504	720
2,398	-
1,550	-
1,495	2,580
1,050	1,020
1,041	451
212	524
913,077	633,867
-	-
$ 913,077	$ 633,867

The accompanying notes to Financial Statements
are an integral part of these statements.

JUNIOR ACHIEVEMENT OF CENTRAL UPSTATE NEW YORK, INC.

Statement of Cash Flows for the Year Ended June 30, 2023
with Comparative Totals for the Year Ended June 30, 2022

	2023	2022
Cash flows from operating activities		
Increase in net assets	$ 1,332,432	$ 552,285
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Paycheck protection program loans forgiveness	-	(177,790)
Lease expense	102,554	-
Unrealized (gain) loss on investments	(11,939)	65,666
	1,423,047	440,161
Increase (decrease) in cash due to changes in operating assets and liabilities		
Pledges receivable	(751,819)	(10,891)
Long-term pledges receivable	(259,218)	40,000
Prepaid expenses	(17,145)	(223)
Accounts payable	166,712	(6,727)
Accrued expenses and other liabilities	(171)	(13,401)
Deferred revenue	237,590	(3,590)
	798,996	445,329
Cash flows from investing activities		
Dividend reinvestment	(12,648)	-
Purchase of investments	100,000	(12,186)
Cash paid for purchase of property and equipment	(1,117,687)	-
	(1,030,335)	(12,186)
Net increase (decrease) in cash	(231,339)	433,143
Cash, beginning of year	1,115,278	682,135
Cash, end of year	$ 883,939	$ 1,115,278
Non-cash operating, investing and financing activities		
Operating lease right-of-use asset and liability established adopting ASU 2016-02 (see **Note 2**)	$ 1,915,975	$ -
Supplemental disclosure		
Rent paid	$ 23,533	$ 27,529

1. Description of Organization

Junior Achievement of Central Upstate New York, Inc. (the Organization) operates as a licensee of Junior Achievement USA. As a licensee, the Organization incurs license fees and program materials expense to Junior Achievement USA (JA USA) throughout the year. The Organization's purpose is to prepare and inspire youth to succeed in a global economy. The Organization's primary sources of support are derived from major businesses and schools in the Rochester, greater Syracuse, and Southern Tier areas of New York.

The Organization is actively raising funds in connection with the creation of the JA Discovery Center to house JA Finance Park and JA BizTown programs in Rochester, New York.

2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

New accounting pronouncement

In February, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). This ASU and subsequently issued amendments require a lessee to recognize a right-of-use asset and a lease liability on its statement of financial position for operating leases with durations greater than 12-months. The standard is effective for annual reporting periods beginning after December 15, 2021.

In July 2018, the FASB issued ASU No. 2018-11, "Targeted Improvements - Leases (Topic 842)." This update provides an optional transition method that allows entities to elect to apply the standard using the modified retrospective approach at its effective date, versus recasting the prior years presented. Under this method, an entity would recognize a cumulative-effect adjustment to the opening balance of net assets in the year of adoption. The Organization adopted the new standard as of July 1, 2022 using this transition method and determined the cumulative-effect adjustment to net assets was $-0- upon adoption. The financial statements for the fiscal year ended June 30, 2023 are presented under the new standard, while comparative years presented are not adjusted and continue to be reported in accordance with the Organization's historical accounting policy.

Financial statement presentation

The financial statements are presented in accordance with FASB Accounting Standards Codification (ASC) Topic 958, *Financial Statements of Not-for-Profit Organizations.* Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

2. Summary of Significant Accounting Policies (Continued)

Financial statement presentation (Continued)

Net assets and changes therein are classified and reported as follows:

> Without donor restrictions - Net assets that are not subject to donor-imposed stipulations.
>
> With donor restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions and/or the passage of time or net assets subject to donor-imposed stipulations that will be maintained permanently.

Pledges

Contributions are recognized when the donor makes a pledge to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization considers pledges receivable to be fully collectible; accordingly, no allowance for doubtful pledges is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributed materials and services

Contributed materials and services are reflected in the financial statements at the estimated fair value of the materials and services received. The contributions of services are recognized if the services received (a) create or enhance non-financial 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.

Use of estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash

The Organization maintains cash at financial institutions which may exceed federally insured amounts at times.

2. Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met, either by passage of time or by use, in the reporting period in which the income and gains are recognized.

The Organization accounts for investments in accordance with FASB ASC Topic 820, *Fair Value Measurements and Disclosures*. FASB ASC Topic 820 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources, while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions.

The fair value hierarchy consists of the following three levels:

Level 1: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are quoted prices for similar assets in markets that are not active, inputs other than quoted prices that are observable and market corroborated inputs which are derived principally from or corroborated by observable market data.

Level 3: Inputs are derived from valuation techniques in which one or more significant inputs or value drivers are unobservable.

2. Summary of Significant Accounting Policies (Continued)

Property and equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method or declining balance methods over the estimated useful lives of the related assets which range from five to seven years. Leasehold improvements are capitalized when incurred and depreciated when placed into service. Maintenance and repairs are charged to operations as incurred. Significant improvements or renewals are capitalized. The Organization capitalizes property and equipment purchases greater than $1,000.

Leases

Beginning July 1, 2022, the Organization recognizes leases under ASC Topic 842, Leases. When an arrangement or obligation is initially established, the Organization determines if this arrangement or obligation is a lease.

Operating leases with durations of greater than 12 months are included as an operating lease right-of-use (ROU) asset, with a related current and long-term liability in the accompanying statement of financial position. ROU assets represent the right to use an underlying asset under the agreed upon terms of an operating lease, with the related liabilities representing the Organization’s obligation for lease payments under these same terms. Operating lease ROU assets and liabilities are recognized at the commencement date of the operating lease based on the present value of its payment obligations under the agreed upon terms. If the Organization’s lease agreement does not provide an implicit rate, the Organization will make a determination to use either the incremental borrowing rate or the risk free rate based on the information available at the commencement date of the operating lease in determining the present value of its payment obligations.

The Organization’s accounting policy for operating leases with a lease term of 12 months or less are not included in the accompanying statement of financial position with expenses being recognized as incurred.

Lease expense is recognized on a straight-line basis based on the cumulative operating lease payments over the agreed upon term. Variable lease payments are expensed in the period incurred.

2. Summary of Significant Accounting Policies (Continued)

Contributions

All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Donor restricted contributions are reported as increases in net assets with donor restrictions. Contributions which have restrictions satisfied in the same period they are received are recorded as increases in net assets without donor restrictions. The Organization records special events revenue equal to the cost of direct benefits to donors and contribution revenue for the difference.

Deferred revenue

The Organization receives sponsorships in advance from donors for future fundraising events that provide a reciprocal transfer to the donor. These sponsorships are recorded as a liability until the special event has been completed.

Functional allocation of expenses

The costs of providing program services, fund raising and management and general functions have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated based upon management estimates. Certain expenses have been allocated solely to program or fund raising based on the type of expense. Other expenses are charged to program and fund raising based on a ratio which is based on the number of staff as well as an estimate of time and effort in each department.

Income taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application of state law.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal years 2023 and 2022.

The Organization files its Form 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of New York. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before June 30, 2020.

2. Summary of Significant Accounting Policies (Continued)

Retirement plan

Starting on September 1, 2022 the Organization implemented a 401(k) multiple employer retirement plan covering substantially all employees. The Organization has the option to make discretionary matching contributions to their employees.

The maximum contribution an employee may make each year is subject to statutory limits.

Recognition and public relation costs

Recognition and public relation costs are expensed as incurred.

Management's review of subsequent events

The Organization evaluated events occurring between the end of the most recent fiscal year and October 30, 2023, the date the financial statements were available to be issued.

3. Comparative Totals for the Year Ended June 30, 2022

The totals presented for the year ended June 30, 2022 are for comparative purposes only and are not intended to be a full and complete disclosure.

4. Investments

The Organization's investment strategy is to create two funds: a long-term board designated fund (the Board Designated Fund), and a short-term fund used for operations (the Operating Fund), collectively referred to as the Funds.

The Board Designated Fund is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a modest annual distribution to provide perpetual financial support to the Organization. The Operating Fund is to be invested with the objective of remaining relatively liquid, preserving principal and providing working capital for the Organization.

As of June 30, 2023, the Operating Fund has not been funded. Investments are recorded at fair value based on quoted prices in active markets and consist of the following as of June 30:

	2023	2022
Investments:		
Mutual funds	$ 400,641	$ 476,054

4. Investments (Continued)

All of the Organization's investments are measured using Level 1 inputs (Note 2). There were no transfers between categories and no changes in valuation methods during the years ended June 30, 2023 and 2022.

Investment income (loss) consists of the following:

	2023	2022
Dividends	$ 12,648	$ 11,691
Capital gain distributions	-	495
Total	12,648	12,186
Unrealized gain (loss) on investments	11,939	(65,666)
	$ 24,587	$ (53,480)

5. Property and Equipment

Property and equipment consists of the following:

	2023	2022
Office equipment	$ 27,095	$ 27,095
Furniture and fixtures	21,070	21,070
Furniture and equipment	48,165	48,165
Leasehold improvements	1,117,687	-
	1,165,852	48,165
Less: Accumulated depreciation	48,165	48,165
	$ 1,117,687	$ -

6. Lines of Credit

The Organization had a $50,000 working capital line of credit available, which was closed in May, 2023. In March, 2023, the Organization opened a new working capital line of credit with Five Star Bank in the amount of $50,000. The line of credit accrues interest at the prime rate of interest plus 0.25% per annum. The line of credit is secured by substantially all of the assets of the Organization. The outstanding balance on the line is $-0- at June 30, 2023 and 2022.

In March, 2023, the Organization opened a new committed revolving line of credit with Five Star Bank in the amount of $1,400,000, expiring March 31, 2026. The line of credit accrues interest at 7.88% per annum. The line of credit is secured by substantially all of the assets of the Organization. The outstanding balance on the line is $-0- at June 30, 2023 and 2022.

The prime rate as of June 30, 2023 is 8.25%.

7. Employee Retention Credit

On March 27, 2020, the President signed the CARES Act bill into law, included in the CARES act was the Employee Retention Credit (ERC), which was available to employers who experienced revenue decline during certain time periods or were impacted by government shutdown orders. The ERC provided eligible employers a refundable credit against the employer portion of payroll taxes. The credit is based on the first $10,000 of eligible wages per employee during the calendar year 2020, resulting in a maximum credit of $5,000 per employee for the calendar year 2020.

In December, 2020, the President signed the Consolidated Appropriations Act and in March, 2021, the President signed the American Rescue Plan Act. Included in these acts were extended and modified terms for the ERC. The acts extended the period for eligible wages qualifying for ERC through December 31, 2021. The President signed the Infrastructure Investment and Jobs Act in November, 2021, which eliminated ERC for the fourth quarter for most employers. During this extended period, the credit is based off the first $10,000 of eligible wages per employee per qualifying quarter, resulting in a maximum credit of $7,000 per employee per qualifying quarter during 2021.

For the years ended June 30, 2023 and 2022 the Organization was eligible for, and received, ERC amounting to $48,979 and $112,094, respectively. The amount is recognized as a component of revenue, gains, and other support in the accompanying statement of activities and changes in net assets for the years ended June 30, 2023 and 2022, respectively.

8. Board Designated Net Assets

Board designated net assets consists of the following:

	2023	2022
Board designated fund balance	$ 400,641	$ 476,054

The purpose of the designation is to ensure the stability of the mission, programs and ongoing operations of the Organization. The funds are to be used only with the direction and approval of the Board of Directors.

9. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purpose:

	2023	2022
Contributions designated for the JA Discovery Center	$ 1,503,677	$ 955,452

During both the years ended June 30, 2023 and 2022, contributions with donor restrictions were not released from restriction by the Board.

10. Contributed Materials, Services, and Property

The Organization records various types of in-kind contributions, including contributed tangible assets and services. The contributions of tangible assets are recognized at the date of the contribution and are recorded at fair market value. Contributed services are recognized if the services received either create or enhance long-lived assets, or require specialized skills that are provided by individuals possessing those skills that typically would need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are recorded by the gross method, with offsetting amounts included in expenses.

Contributed services and materials consists of the following:

	2023	2022
Gift cards	$ 7,200	$ 6,376
Facility rental	-	3,200
Advertisements	31,050	25,000
Audio and visual services	85,000	-
	$ 123,250	$ 34,576

During both the years ended June 30, 2023 and 2022, contributed services and materials were received and utilized.

11. Commitments

Junior Achievement USA franchise fees

The Organization is required to pay franchise fees under a program applying the applicable rates to the prior fiscal year qualifying contributions.

The franchise fee expense incurred to Junior Achievement USA was $55,122 and $92,888 for the years ended June 30, 2023 and 2022, respectively.

Lease Commitments

The Organization had a lease agreement that began on January 1, 2016. Rental payments were $2,251 per month until January 1, 2021, when the payment increased to $2,275 per month. On January 1, 2022, this payment increased to $2,300. This lease agreement expired on July 29, 2022. The Organization entered into a new lease agreement that began on July 25, 2022, with rental payments of $2,284 per month, these payments increase throughout the life of the lease. The lease is set to expire on March 1, 2043.

11. Commitments (Continued)

Lease Commitments (Continued)

The following is a schedule of future minimum lease payments under operating leases together with the present value of the net minimum lease payments as of June 30, 2023:

Year	Amount
2024	$ 174,972
2025	114,910
2026	120,257
2027	149,910
2028	151,145
Thereafter	2,375,713
Total minimum lease payments	3,086,907
Less: Present value discount (4.75%)	1,117,068
Present value of minimum lease payments	1,969,839
Less: Current portion of operating lease liability	(74,352)
Operating lease liability, net of current portion	$ 1,895,487

Total rent expense amounted to $126,087 and $27,529 for the years ended June 30, 2023 and 2022, respectively.

12. Related Parties

As of June 30, 2023 and 2022, the Organization had receivables from members of its Board of $53,840 and $8,500, respectively. The Organization recognized contributions revenue of $92,023 and $53,148 for the years ended June 30, 2023 and 2022, respectively, from its Board.

For franchise fees paid to Junior Achievement USA, refer to **Commitments**.

13. Liquidity

As of June 30, 2023, the Organization had $857,443 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $443,145, pledges receivable of $13,657 and without donor-restricted investments of $400,641. As of June 30, 2022, the Organization had $706,657 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of $203,826, pledges receivable of $26,777 and without donor-restricted investments of $476,054. None of the financial assets were subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

13. Liquidity (Continued)

The Organization has a goal to maintain financial assets, which consist of cash and receivables, on hand to meet six months of normal operating expenses, which are approximately $495,000. Normal operating expenses include certain fundraising and development efforts for the JA Discovery Center. Capital expenditures related to any potential future construction of the JA Discovery Center site are expected to be funded primarily from donor restricted contributions, and are excluded from normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization also has lines of credit, which it could draw upon in the event of an unanticipated liquidity need (see **Lines of Credit**).

The following reflects the Organization's financial assets (total assets, less nonfinancial assets such as prepaid expenses and property and equipment as of June 30, 2023 and 2022, reduced by amounts not for general use because of contractual or restrictions within one year of this date):

	2023	2022
Total assets	$5,369,688	$1,663,286
Less: Non-financial assets:		
Net property and equipment	(1,117,687)	-
Operating lease right-of-use asset	(1,867,285)	-
Prepaid expenses	(18,322)	(1,177)
Financial assets at year-end	2,366,394	1,662,109
Less: Financial assets unavailable for general expenditures within one year due to:		
Satisfaction of donor restrictions	(1,508,951)	(955,452)
Financial assets available to meet cash needs for general expenditures within one year	$ 857,443	$ 706,657