

Junior Achievement of Southeast Texas, Inc.

Financial Statements
and Independent Auditors' Report
for the years ended June 30, 2025 and 2024

Junior Achievement of Southeast Texas, Inc.

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Independent Auditors' Report

To the Board of Directors of
Junior Achievement of Southeast Texas, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Junior Achievement of Southeast Texas, Inc. (Junior Achievement), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Junior Achievement as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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'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'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.

Blazek & Vetterling

November 6, 2025

Junior Achievement of Southeast Texas, Inc.

Statements of Financial Position as of June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Current assets:		
Cash	\$ 398,808	\$ 1,707,405
Contributions receivable (Note 3)	358,259	301,416
Special event receivables	208,992	135,493
Prepaid expenses and other assets	115,733	228,564
Investments (Note 4)	<u>2,720,527</u>	<u>1,755,688</u>
Total current assets	<u>3,802,319</u>	<u>4,128,566</u>
Investments (Note 4):		
Restricted for acquisition of property and equipment	4,655,432	8,677,838
Restricted for capital maintenance fund	500,000	
Board-designated	5,818,661	5,819,786
Contributions receivable restricted for long-term assets (Note 3)	3,630,021	6,718,554
Land and building held for sale	2,232,568	965,629
Property and equipment, net (Note 5)	<u>10,407,203</u>	<u>683,883</u>
TOTAL ASSETS	<u>\$ 31,046,204</u>	<u>\$ 26,994,256</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 324,626	\$ 240,000
Accrued salaries and related benefits	117,360	113,193
Construction payable	1,241,930	
Scholarships payable	129,000	117,000
Refundable advances – special events	<u>159,769</u>	<u>154,391</u>
Total current liabilities	<u>1,972,685</u>	<u>624,584</u>
Commitments (Note 5)		
Net assets:		
Without donor restrictions:		
Undesignated	4,823,116	3,986,714
Board-designated	<u>5,818,661</u>	<u>5,819,786</u>
Total net assets without donor restrictions	10,641,777	9,806,500
With donor restrictions (Note 6)	<u>18,431,742</u>	<u>16,563,172</u>
Total net assets	<u>29,073,519</u>	<u>26,369,672</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 31,046,204</u>	<u>\$ 26,994,256</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statement of Activities for the year ended June 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions, grants, and class sponsorships:			
Corporate	\$ 1,550,701	\$ 530,555	\$ 2,081,256
Foundations	438,648	1,763,152	2,201,800
Individual	<u>24,000</u>	<u>276,412</u>	<u>300,412</u>
Total contributions, grants, and class sponsorships	<u>2,013,349</u>	2,570,119	<u>4,583,468</u>
Special event revenue	1,922,482		1,922,482
Direct donor benefit costs	<u>(278,907)</u>		<u>(278,907)</u>
Special event revenue, net	<u>1,643,575</u>		<u>1,643,575</u>
Public sector funding:			
3DE program fees	450,000		450,000
Class fees	<u>170,480</u>		<u>170,480</u>
Total public sector funding	<u>620,480</u>		<u>620,480</u>
Net investment return <i>(Note 4)</i>	1,151,943		1,151,943
Contributed nonfinancial assets <i>(Note 7)</i>	<u>290,780</u>		<u>290,780</u>
Total revenue	5,720,127	2,570,119	8,290,246
Net assets released from restrictions:			
Time restriction expired	74,500	(74,500)	
Donor purpose restriction accomplished	<u>627,049</u>	<u>(627,049)</u>	
Total	<u>6,421,676</u>	<u>1,868,570</u>	<u>8,290,246</u>
EXPENSES:			
Education programs	4,183,843		4,183,843
Management and general	540,321		540,321
Fundraising	<u>862,235</u>		<u>862,235</u>
Total expenses	<u>5,586,399</u>		<u>5,586,399</u>
CHANGES IN NET ASSETS	835,277	1,868,570	2,703,847
Net assets, beginning of year	<u>9,806,500</u>	<u>16,563,172</u>	<u>26,369,672</u>
Net assets, end of year	<u>\$ 10,641,777</u>	<u>\$ 18,431,742</u>	<u>\$ 29,073,519</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statement of Activities for the year ended June 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Contributions, grants, and class sponsorships:			
Corporate	\$ 1,555,449	\$ 537,005	\$ 2,092,454
Foundations	141,068	140,555	281,623
Individual	<u>360,803</u>	<u>52,574</u>	<u>413,377</u>
Total contributions, grants, and class sponsorships	<u>2,057,320</u>	730,134	<u>2,787,454</u>
Special event revenue	1,849,854		1,849,854
Direct donor benefit costs	<u>(287,660)</u>		<u>(287,660)</u>
Special event revenue, net	<u>1,562,194</u>		<u>1,562,194</u>
Public sector funding:			
3DE program fees	550,000		550,000
Class fees	<u>200,300</u>		<u>200,300</u>
Total public sector funding	<u>750,300</u>		<u>750,300</u>
Net investment return <i>(Note 4)</i>	1,241,728		1,241,728
Contributed nonfinancial assets <i>(Note 7)</i>	425,575		425,575
Gain on sale of land and building held for sale	<u>1,382,997</u>		<u>1,382,997</u>
Total revenue	7,420,114	730,134	8,150,248
Net assets released from restrictions:			
Time restriction expired	53,667	(53,667)	
Donor purpose restriction accomplished	<u>507,853</u>	<u>(507,853)</u>	
Total	<u>7,981,634</u>	<u>168,614</u>	<u>8,150,248</u>
EXPENSES:			
Education programs	4,834,522		4,834,522
Management and general	551,710		551,710
Fundraising	<u>813,168</u>		<u>813,168</u>
Total expenses	<u>6,199,400</u>		<u>6,199,400</u>
CHANGES IN NET ASSETS	1,782,234	168,614	1,950,848
Net assets, beginning of year	<u>8,024,266</u>	<u>16,394,558</u>	<u>24,418,824</u>
Net assets, end of year	<u>\$ 9,806,500</u>	<u>\$ 16,563,172</u>	<u>\$ 26,369,672</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statements of Functional Expenses for the years ended June 30, 2025 and 2024

	2025			
	<u>EDUCATION PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 2,349,104	\$ 254,564	\$ 570,029	\$ 3,173,697
Program materials and supplies	715,861			715,861
Facilities	333,899	41,841	90,126	465,866
Consulting fees – 3DE	433,841			433,841
Professional services	45,884	144,654		190,538
Special event supplies			144,776	144,776
Technology and communication	81,961	10,270	22,122	114,353
Scholarships and awards	75,589			75,589
Insurance	54,095	6,778	14,601	75,474
National participation fee	48,285	6,050	13,033	67,368
Bank and credit card fees		65,447		65,447
Office supplies	16,365	1,958	4,217	22,540
Depreciation	12,341	1,546	3,331	17,218
Travel	13,501	1,350		14,851
Training, recruiting and other	3,117	5,863		8,980
Total expenses	<u>\$ 4,183,843</u>	<u>\$ 540,321</u>	<u>\$ 862,235</u>	5,586,399
Direct donor benefit costs				<u>278,907</u>
Total				<u>\$ 5,865,306</u>

	2024			
	<u>EDUCATION PROGRAMS</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Salaries and related expenses	\$ 2,649,701	\$ 301,353	\$ 558,794	\$ 3,509,848
Program materials and supplies	702,685			702,685
Facilities	132,118	6,265	36,002	174,385
Consulting fees – 3DE	856,785			856,785
Professional services	49,200	126,418		175,618
Special event supplies			144,080	144,080
Technology and communication	124,193	3,926	25,174	153,293
Scholarships and awards	69,460			69,460
Insurance	64,485	1,155	6,795	72,435
National participation fee	47,126	2,249	13,236	62,611
Bank and credit card fees		48,113		48,113
Office supplies	11,634	5,396	3,565	20,595
Depreciation	66,810	3,228	19,869	89,907
Travel	18,462	5,094	5,653	29,209
Training, recruiting and other	41,863	48,513		90,376
Total expenses	<u>\$ 4,834,522</u>	<u>\$ 551,710</u>	<u>\$ 813,168</u>	6,199,400
Direct donor benefit costs				<u>287,660</u>
Total				<u>\$ 6,487,060</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Statements of Cash Flows for the years ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 2,703,847	\$ 1,950,848
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized gain on investments	(642,336)	(735,549)
Gain on sale of land and building held for sale		(1,382,997)
Contributions restricted for long-term assets	(1,591,119)	(251,621)
Depreciation	17,218	89,907
Changes in operating assets and liabilities:		
Contributions receivable	(56,843)	267,901
Special event receivables	(73,499)	31,242
Prepaid expenses and other assets	112,831	(161,255)
Accounts payable	84,626	116,003
Accrued salaries and related benefits	4,167	(10,569)
Scholarships payable	12,000	(17,000)
Refundable advances – special events	<u>5,378</u>	<u>5,395</u>
Net cash provided (used) by operating activities	<u>576,270</u>	<u>(97,695)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(2,193,835)	(1,170,243)
Proceeds from sales of investments	1,995,713	2,311,163
Net change in cash and money market mutual funds	3,399,150	(5,257,735)
Proceeds from sale of land and building		1,956,854
Purchases of property and equipment	<u>(9,765,547)</u>	<u>(634,280)</u>
Net cash used by investing activities	<u>(6,564,519)</u>	<u>(2,794,241)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from contributions restricted for long-term assets	<u>4,679,652</u>	<u>4,189,886</u>
NET CHANGE IN CASH	(1,308,597)	1,297,950
Cash, beginning of year	<u>1,707,405</u>	<u>409,455</u>
Cash, end of year	<u>\$ 398,808</u>	<u>\$ 1,707,405</u>

See accompanying notes to financial statements.

Junior Achievement of Southeast Texas, Inc.

Notes to Financial Statements for the years ended June 30, 2025 and 2024

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Junior Achievement of Southeast Texas, Inc. (JASET) is a non-profit organization operating under an agreement with Junior Achievement USA, Inc. (JAUSA). JASET is located in Houston, Texas with satellite offices in Austin, Beaumont, and Bryan-College Station, Texas and in Lake Charles, Louisiana.

Education programs – JASET shares and operates with JAUSA in the development, promotion, financing, supervision and administration of three education programs. These education programs provide youth with practical and realistic education and experience in the private enterprise economic system as follows:

- *High School* – High school programs offer students opportunities to learn about business, the global economy, saving and investing, careers, and interpersonal skills. Students have the chance to form and run their own company, work with various on-line computer simulations, and hear about the world from experienced positive adult role models. *3DE by Junior Achievement* (3DE) is an innovative instructional model that utilizes competency-based case methods to drive student engagement and academic performance to expand economic opportunity for all students.
- *Middle School* – Students in the middle schools receive lessons on the global marketplace, budgeting, choosing a career based on skills, and learning about economics through history. In addition, students are encouraged to continue their education past high school to be better prepared for the future. The JA Finance Park program develops students' personal money management skills, provides personal finance knowledge, and prepares them for the financial decisions and challenges of their adult lives.
- *Elementary School* – Elementary school programs focus on students' future roles as citizens, workers and consumers and emphasize the usefulness of school skills in everyday life, as well as the importance of staying in school. The Capstone program for elementary school, JA Biztown, prepares students to run their own city with lessons taught in the classroom followed by a 5-hour visit to the JA Biztown facility where students participate in an economic simulation of a city day.

Federal income tax status – JAUSA is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code (the Code) and is classified as a publicly supported organization, which is not a private foundation under §509(a)(1). JASET is under JAUSA's group exemption and is also exempt from federal income tax under §501(c)(3) of the Code.

Cash concentration – Bank balances exceed the federally insured limit per depositor per institution.

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Contributions receivable that are expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows using risk-free interest rates applicable to the years in which the promises are received.

Investments are reported at fair value. Non-negotiable certificates of deposit are reported at face value plus accrued interest. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Land and building held for sale includes assets not currently used for operations for which management has committed to a plan to sell and expects to sell within the next 12 months. Assets held for sale are recorded at their net book value at the date management committed to the plan to sell which is less than the estimated selling price less selling costs.

Property and equipment is reported at cost for purchased assets and at estimated fair value at the date the gift is donated. Depreciation is computed on a straight-line basis over estimated useful lives of 5 to 40 years. Items with an original cost of more than \$1,000 and a useful life more than one year are capitalized.

Net asset classification – Net assets, revenue, gains and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Contributions of long-lived assets and of assets restricted for acquisition of long-lived assets are released when those assets are placed in service.

Contributions, grants, and class sponsorships are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before JASET is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as advanced contributions. There were no conditional contributions at June 30, 2025.

Contributed nonfinancial assets – Donated materials and use of facilities are recognized as unrestricted contributions at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Special event revenue includes elements of both contributions and exchange transactions and is recognized when an event occurs. Direct donor benefit costs represent the costs of goods and services provided to event attendees. Amounts received in advance are reported as refundable advances.

3DE program fees are derived from providing support to the Houston Independent School District to implement the 3DE instructional model. All performance obligations related to 3DE program fees are satisfied within the academic year which is contained within the fiscal year. 3DE program fees are due when the goods and services are provided. There are no contract assets or liabilities resulting from program fees at June 30, 2025, 2024, or 2023.

Class fees are derived from providing simulated learning programs aimed at improving the financial literacy of middle and high school students and are recognized at a point in time when the goods or services are provided. All performance obligations related to class fees are satisfied within the academic year which is contained within the fiscal year. Class fees are due when the goods and services are provided. There are no contract assets or liabilities resulting from class fees at June 30, 2025, 2024, or 2023.

Scholarships are recognized as expense when an unconditional commitment is made to the scholarship recipient. Conditional commitments are recognized in the same manner when the conditions are met. Scholarships payable are expected to be paid within one year.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted on the basis of estimated employee time and effort expended on each activity.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts reported as revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of June 30 comprise the following:

	<u>2025</u>	<u>2024</u>
Total financial assets	\$ 18,290,700	\$ 25,116,180
Less financial assets not available for general expenditure:		
Investments restricted for acquisition of property and equipment	(4,655,432)	(8,677,838)
Contributions receivable restricted for acquisition of property and equipment	(3,630,021)	(6,718,554)
Investments restricted for capital maintenance fund	(500,000)	
Other donor-restricted assets not expected to be satisfied within the coming year	(115,000)	(105,000)
Board-designated reserve funds	<u>(5,818,661)</u>	<u>(5,819,786)</u>
Total financial assets available for general expenditure	<u>\$ 3,571,586</u>	<u>\$ 3,795,002</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, JASET considers all expenditures related to its ongoing activities of inspiring and preparing young people to succeed in a global economy, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Board of Directors of JASET has established a policy to maintain reserve funds equal to six months of annual operating costs, and additional amounts for facilities, scholarships and program innovation, which achieves operational standards established by JAUSA. While the Board of Directors does not intend to utilize these funds for general expenditures, they remain available to be spent at the Board of Directors' discretion.

During fiscal year 2022, JASET began a \$23.7 million *Building Tomorrows* capital campaign to purchase land and fund construction of a new building to house the corporate office, JA Finance Park and JA Biztown. The campaign also aims to establish a Title I scholarship fund and address related technology needs.

During November 2024, JASET entered into an agreement with a bank for a \$9,000,000 line of credit. The line of credit has a 36-month term and bears interest at 79% of 1-Month Term Secured Overnight Financing Rate plus 1.14%. There were no draws on this line of credit during the year ended June 30, 2025, and no outstanding balance at June 30, 2025.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable consist of the following:

	<u>2025</u>	<u>2024</u>
Contributions receivable	\$ 4,061,096	\$ 7,186,905
Discount to net present value at 2.99% to 4.49%	<u>(72,816)</u>	<u>(166,935)</u>
Total	3,988,280	7,019,970
Less: Contributions receivable restricted for acquisition of property and equipment	<u>(3,630,021)</u>	<u>(6,718,554)</u>
Contributions receivable for operations, net	<u>\$ 358,259</u>	<u>\$ 301,416</u>

At June 30, 2025, approximately \$2.5 million or 57% of contributions receivable are due from two donors.

Contributions receivable at June 30, 2025 are expected to be collected as follows:

Receivable in one year	\$ 2,138,456
Receivable in one to five years	<u>1,922,640</u>
Total contributions receivable	<u>\$ 4,061,096</u>

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All of JASET's investments are measured at fair value using Level 1 inputs, which are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.

Assets measured at fair value using Level 1 inputs at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Mutual funds:		
Money market	\$ 3,887,144	\$ 4,482,432
Large-cap domestic equity	3,883,306	3,045,206
International fixed-income	1,773,964	1,833,544
Domestic fixed-income	1,183,795	996,803
International equity	726,615	1,376,066
Exchange-traded funds:		
Fixed-income	982,873	572,359
Equity	<u>522,611</u>	<u>408,728</u>
Total investments measured at fair value	12,960,308	12,715,138
Cash	729,871	3,533,733
Non-negotiable certificates of deposit	<u>4,441</u>	<u>4,441</u>
Total investments	<u>\$ 13,694,620</u>	<u>\$ 16,253,312</u>

Valuation methods used for assets measured at fair value are as follows:

- *Mutual funds* are valued at the reported net asset value.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while JASET believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market, and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

Investment return includes earnings on investments and interest-bearing cash and consists of the following:

	<u>2025</u>	<u>2024</u>
Interest and dividends	\$ 565,057	\$ 566,849
Net realized gain (loss) on investments	136,138	(58,237)
Net unrealized gain on investments	506,198	793,786
Custodial and investment management fees	<u>(55,450)</u>	<u>(60,670)</u>
Net investment return	<u>\$ 1,151,943</u>	<u>\$ 1,241,728</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2025</u>	<u>2024</u>
Furniture, fixtures and equipment	\$ 611,498	\$ 609,899
Construction in progress	<u>10,373,219</u>	<u>634,280</u>
Total property and equipment, at cost	10,984,717	1,244,179
Accumulated depreciation	<u>(577,514)</u>	<u>(560,296)</u>
Property and equipment, net	<u>\$ 10,407,203</u>	<u>\$ 683,883</u>

Construction commitments – JASET has entered into a construction agreement for approximately \$9.4 million as part of its new building construction project. At June 30, 2025, outstanding commitments under this agreement were approximately \$4.8 million.

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2025</u>	<u>2024</u>
Capital campaign and other capital projects	\$ 17,416,742	\$ 16,030,672
Capital maintenance fund	500,000	
3DE instructional model	215,000	275,000
Time-restricted for future periods	185,000	152,500
Scholarships	<u>115,000</u>	<u>105,000</u>
Total net assets with donor restrictions	<u>\$ 18,431,742</u>	<u>\$ 16,563,172</u>

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets were recognized as follows:

CONTRIBUTED NONFINANCIAL ASSETS	UTILIZED IN PROGRAMS/ ACTIVITIES	DONOR RESTRICTIONS	VALUATION TECHNIQUES AND INPUTS	2025 REVENUE RECOGNIZED	2024 REVENUE RECOGNIZED
Professional services	Administrative	None	Fair value estimated on basis of current rates for similar services.	\$157,000	\$261,498
Auction items	Fundraising	None	Fair value estimated based on proceeds from auction.	\$118,206	\$161,717
Materials and supplies	Program	None	Fair value estimated on basis of retail price for similar items.	\$15,574	
Computer equipment	Administrative	None	Fair value estimated on basis of retail price for similar items.		\$2,360
Total contributed nonfinancial assets				<u>\$290,780</u>	<u>\$425,575</u>

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles. During the year ended June 30, 2025, volunteers instructed 3,923 classes, delivering 1,183,837 instructional hours and learning experiences to 101,000 students. During the year ended June 30, 2024, volunteers instructed 4,506 classes, delivering 1,266,027 instructional hours and learning experiences to 102,273 students.

NOTE 8 – TRANSACTIONS WITH JAUSA AND AFFILIATES

Operating Agreement

Under the terms of an operating agreement with JAUSA, JASET is required to pay a license fee equal to a percentage of contributions. JASET receives services from JAUSA, including providing program and materials development, sponsorship, and management of benefit programs and technology systems to support development and human resources management. Under the terms of this agreement, JASET recognized national participation fee expense of approximately \$68,000 and \$63,000 for the years ended June 30, 2025 and 2024, respectively.

JASET reimburses JAUSA for certain costs such as student liability insurance, program materials, and other miscellaneous items. Reimbursement to JAUSA for these items was approximately \$938,000 and \$960,000 during 2025 and 2024, respectively.

JASET participates in a self-funded medical, dental and other benefits plan covering full-time employees of JASET and their beneficiaries and covered dependents. The plan is accounted for like a multi-employer plan. Premiums are paid into the Health and Welfare Plan for each participant by the participating employers. Employees of JASET, JA Worldwide, Inc., and employees of Junior Achievement Areas in the United States can participate in the Health and Welfare Plan. All the assets and liabilities of the Health and Welfare Plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of JASET. JASET's premium expense for the Health and Welfare Plan for the years ended June 30, 2025 and 2024 was approximately \$382,000 and \$396,000, respectively.

3DE National, LLC (3DE LLC) is a subsidiary of JAUSA that operates an enrichment program that reengineers high school education to be more relevant, experiential, and authentically-connected to the complexities of the real world in order to more fully prepare today's students for the demands of tomorrow's economy. JASET recognized 3DE LLC consultant fee expenses during the years ended June 30, 2025 and 2024 of approximately \$434,000 and \$857,000, respectively.

NOTE 9 – EMPLOYEE BENEFIT PLAN

JASET has a defined contribution 401(k) plan for the benefit of all employees. JASET matches employee contributions up to 3.5% of compensation. Employer matching contributions were \$69,000 in 2025 and \$70,000 in 2024.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 6, 2025, which is the date that the financial statements were available for issuance. As a result of this evaluation, no events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.