FINANCIAL STATEMENTS

FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023

WORLD AFFAIRS COUNCILS OF AMERICA

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
World Affairs Councils of America
Washington, D.C.

Opinion

We have audited the accompanying financial statements of the World Affairs Councils of America (WACA), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of WACA as of June 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of WACA 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 WACA'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 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 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, including omissions, 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 WACA'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 WACA'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.

December 5, 2024

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash and cash equivalents	$ 41,952	$ 30,023
Investments	12,463,274	11,333,607
Contributions and grants receivable	1,699	-
Prepaid expenses	3,659	8,467
Total current assets	12,510,584	11,372,097
FIXED ASSETS		
Furniture and equipment	-	3,275
Website	7,809	7,809
	7,809	11,084
Less: Accumulated depreciation and amortization	(7,809)	(9,112)
Net fixed assets	-	1,972
NONCURRENT ASSETS		
Investments, net of current portion	645,150	645,150
Security deposits	5,746	9,068
Right-of-use asset, net	157,509	-
Total noncurrent assets	808,405	654,218
TOTAL ASSETS	**$ 13,318,989**	**$ 12,028,287**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 14,415	$ 46,394
Deferred revenue	90,108	96,442
Accrued salaries and related benefits	19,557	12,427
Operating lease liability	64,663	-
Total current liabilities	188,743	155,263
NONCURRENT LIABILITIES		
Operating lease liability, net	96,053	-
Total liabilities	284,796	155,263
NET ASSETS		
Without donor restrictions:		
Board designated	12,153,861	11,097,705
Undesignated (deficit)	(170,057)	(171,156)
Total net assets without donor restrictions	11,983,804	10,926,549
With donor restrictions	1,050,389	946,475
Total net assets	13,034,193	11,873,024
TOTAL LIABILITIES AND NET ASSETS	**$ 13,318,989**	**$ 12,028,287**

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	$ 191,292	$ -	$ 191,292
Conferences and events	172,139	-	172,139
Membership	137,958	-	137,958
Investment return	1,521,156	138,914	1,660,070
Other revenue	98,136	-	98,136
Net assets released from donor restrictions	35,000	(35,000)	-
Total support and revenue	2,155,681	103,914	2,259,595
EXPENSES			
Program Services	871,152	-	871,152
Supporting Services:			
Management and General	209,968	-	209,968
Fundraising	17,306	-	17,306
Total supporting services	227,274	-	227,274
Total expenses	1,098,426	-	1,098,426
Changes in net assets	1,057,255	103,914	1,161,169
Net assets at beginning of year (as restated)	10,926,549	946,475	11,873,024
NET ASSETS AT END OF YEAR	**$ 11,983,804**	**$ 1,050,389**	**$ 13,034,193**

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions and grants	$ 213,978	$ -	$ 213,978
Conferences and events	203,410	-	203,410
Membership	106,300	-	106,300
Investment return	928,469	97,199	1,025,668
Other revenue	21,822	-	21,822
Total support and revenue	1,473,979	97,199	1,571,178
EXPENSES			
Program Services	194,838	-	194,838
Supporting Services:			
Management and General	685,681	-	685,681
Fundraising	36,730	-	36,730
Total supporting services	722,411	-	722,411
Total expenses	917,249	-	917,249
Changes in net assets	556,730	97,199	653,929
Net assets at beginning of year (as restated)	10,369,819	849,276	11,219,095
NET ASSETS AT END OF YEAR (AS RESTATED)	**$ 10,926,549**	**$ 946,475**	**$ 11,873,024**

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Supporting Services	Total Expenses
Personnel costs	$ 366,379	$ 58,733	$ 14,762	$ 73,495	$ 439,874
Grant expenses	51,617	5,000	-	5,000	56,617
Professional fees	1,963	105,597	-	105,597	107,560
Supplies	2,011	1,009	56	1,065	3,076
Telephone and telecommunication	11,843	13,889	352	14,241	26,084
Postage and shipping	263	30	6	36	299
Equipment rental and maintenance	1,425	1,716	27	1,743	3,168
Insurance	3,616	433	100	533	4,149
Depreciation and amortization	-	1,972	-	1,972	1,972
Occupancy	72,939	6,776	1,957	8,733	81,672
Meetings, conferences and travel	355,808	6,483	-	6,483	362,291
Dues and subscriptions	1,659	-	46	46	1,705
Interest	-	83	-	83	83
Other expenses	1,629	8,247	-	8,247	9,876
TOTAL	**$ 871,152**	**$ 209,968**	**$ 17,306**	**$ 227,274**	**$ 1,098,426**

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Total Supporting Services	Total Expenses
Personnel costs	$ 92,121	$ 222,345	$ 33,465	$ 255,810	$ 347,931
Grant expenses	47,630	39,000	-	39,000	86,630
Professional fees	2,530	166,148	-	166,148	168,678
Supplies	633	950	75	1,025	1,658
Telephone and telecommunication	2,998	6,167	481	6,648	9,646
Postage and shipping	184	341	23	364	548
Equipment rental and maintenance	186	208	-	208	394
Insurance	1,495	2,556	254	2,810	4,305
Depreciation and amortization	-	3,870	-	3,870	3,870
Occupancy	12,283	26,525	2,231	28,756	41,039
Meetings, conferences and travel	33,172	188,823	-	188,823	221,995
Dues and subscriptions	1,172	2,490	201	2,691	3,863
Interest	42	1,885	-	1,885	1,927
Other expenses	392	24,373	-	24,373	24,765
TOTAL	**$ 194,838**	**$ 685,681**	**$ 36,730**	**$ 722,411**	**$ 917,249**

See accompanying notes to financial statements.

WORLD AFFAIRS COUNCILS OF AMERICA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	$ 1,161,169	$ 653,929
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	1,972	3,870
Realized and unrealized gain on investments	(1,350,127)	(733,451)
Amortization of right-of-use asset	64,404	-
(Increase) decrease in:		
Contributions and grants receivable	(1,699)	46,703
Prepaid expenses	4,808	(6,095)
Security deposits	3,322	(5,745)
(Decrease) increase in:		
Accounts payable and accrued liabilities	(31,979)	7,823
Deferred revenue	(6,334)	25,259
Accrued salaries and related benefits	7,130	(24,736)
Deferred rent	-	(21,652)
Operating lease liability	(61,197)	-
Net cash used by operating activities	(208,531)	(54,095)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net proceeds from sales of investments	220,460	12,237
Net cash provided by investing activities	220,460	12,237
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	-	(5,328)
Net cash used by financing activities	-	(5,328)
Net increase (decrease) in cash and cash equivalents	11,929	(47,186)
Cash and cash equivalents at beginning of year	30,023	77,209
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 41,952**	**$ 30,023**
SUPPLEMENTAL INFORMATION:		
Interest Paid	**$ 83**	**$ 1,927**
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use Asset	**$ 221,913**	**$ -**
Operating Lease Liability for Right-of-Use Asset	**$ 221,913**	**$ -**

See accompanying notes to financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The World Affairs Councils of America (WACA) is a non-profit organization, incorporated and located in the District of Columbia. WACA was established to improve the quantity and quality of American education in world affairs by (1) increasing the competence of officers and staff of its member organizations through the exchange of ideas and practices, the organization of cooperative workshops and study tours, and such other missions as appropriate, and (2) encouraging cooperative programs and other activities by member organizations.

The World Affairs Councils of America National Conference inspires diverse Councils from 90 communities to sustain the conversation on critical global issues and contribute to a stronger network and informed American public.

Academic WorldQuest (AWQ) inspires high school students and teachers across the United States to embrace a culture of global engagement. Nationwide, World Affairs Councils host community Academic WorldQuest competitions throughout the year, engaging over 3,000 students in schools across diverse geographic and economic lines.

Through Engage America, the WACA National Office partners with think tanks, foundations, NGOs, corporations, and occasionally government entities to arrange timely “national conversations” at several World Affairs Councils across the country on critical international topics.

The WACA Student Scholars Program empowers 25 undergraduate students to join the WACA National Conference each year, catalyzing interest in global issues by exposing scholars to diverse viewpoints. Through thoughtful conversations, exciting experiences, and interactive activities, the program extends education beyond conventional classrooms, honing critical thinking and nurturing proactive engagement with real-world global challenges.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

- **Net Assets with Donor Restrictions -** Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by WACA that are subject to the guidance in FASB ASC 326 are receivables related to conferences and events, and membership. WACA implemented the ASU on July 1, 2023, using a modified retrospective approach. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures only.

Cash and cash equivalents -

WACA considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled $1,288,923 as of June 30, 2023. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. At times during the year, the WACA maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment return in the accompanying Statements of Activities and Changes in Net Assets.

Contributions and grants receivable -

Contributions and grants receivable include unconditional promises to give that are expected to be collected in future years. Contributions and grants receivable are recorded at their fair value, which is measured as the present value of the future cash flows. Management considers all amounts to be fully collectable within one year. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of $2,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years.

The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense during the years ended June 30, 2024 and 2023 totaled $1,972 and $3,870, respectively.

Income taxes -

WACA is exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as an organization described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements. WACA is not a private foundation.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue from contracts with customers -

WACA's conferences and events and membership revenues are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. WACA has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. WACA's contracts with customers generally have initial terms of one year or less.

Conferences and events are recognized as revenue during the period of time when the related events are held.

Membership dues includes general member benefits that are a series of distinct obligations. Membership dues revenue is recognized ratably over the membership period. There are several benefits received that are individual distinct obligations. However, these benefits are immaterial in comparison to the membership benefits provided and, as a result, they are included with the general member benefits.

Support from contributions and grants -

Contribution and grants are recognized in the appropriate category of net assets in the period received. WACA performs an analysis of the individual contribution or grant agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction, depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

Support from contributions and grants is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor imposed restrictions and satisfaction of time restrictions. Contributions and grants with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying financial statements.

Conditional contributions contain a right of return and a measurable barrier. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, WACA had no refundable advances as of June 30, 2024 and 2023.

In addition, WACA may obtain funding source agreements related to conditional contributions, which will be received in future years. However, WACA had no conditional contributions to be received in future years as of June 30, 2024 and 2023.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses -

The costs of providing WACA's programs and supporting services have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area are reported as direct expenses within that functional area and expenses that benefited more than one functional area, such as personnel costs, were allocated based on estimated time and effort.

Investment risks and uncertainties -

WACA invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks.

Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, WACA has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market WACA has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended June 30, 2024 and 2023. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by WACA are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by WACA are deemed to be actively traded.

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2024.

	Level 1	Level 2	Level 3	Total
Investments:				
Mutual Funds	**$ 13,108,424**	**$ -**	**$ -**	**$ 13,108,424**

The table below summarizes investments, which are measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2023:

	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Funds	$ 1,288,923	$ -	$ -	$ 1,288,923
Mutual Funds	10,689,834	-	-	10,689,834
TOTAL INVESTMENTS	**$ 11,978,757**	**$ -**	**$ -**	**$ 11,978,757**

Investment return consisted of the following for the years ended June 30, 2024 and 2023:

	2024	2023
Interest and dividends	$ 309,943	$ 292,217
Realized and unrealized gains on investments	1,350,127	733,451
TOTAL INVESTMENT RETURN	**$ 1,595,666**	**$ 1,025,668**

3. CONTRACT LIABILITIES

Contract liabilities consisted of the following revenue streams as of:

	June 30, 2024	June 30, 2023	July 1, 2022
Conferences and events	$ 6,341	$ 9,500	$ 2,475
Membership	83,767	86,942	68,708
TOTAL CONTRACT LIABILITIES	**$ 90,108**	**$ 96,442**	**$ 71,183**

4. CAPITAL LEASE OBLIGATION

During the year ended June 30, 2018, WACA entered into a capital lease for a new copier. As of June 30, 2023, the cost and related accumulated amortization of the leased asset totaled $17,964 and $17,964, respectively. Amortization of assets held under capital leases is included with depreciation and amortization expense. The term of the capital lease expired during the year ended June 30, 2024 and there was no obligation remaining as of June 30, 2024.

4. CAPITAL LEASE OBLIGATION (Continued)

Interest expense on the lease for the years ended June 30, 2024 and 2023 totaled $83 and $229, respectively, and is included in interest in the accompanying Statements of Functional Expenses.

5. LEASE COMMITMENTS

WACA follows FASB ASC 842 for leases. WACA has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. WACA has also elected to use a risk-free rate as the lease discount rate for all leases as allowed under FASB ASC 842.

During August 2019, WACA entered into a lease for new office space in Washington, D.C. at an initial monthly rent of $3,323, increasing by 3.50% per year. The lease was terminated during the year ended June 30, 2023.

During the year ended June 30, 2023, WACA entered into a lease for new office space in Washington, D.C. The lease commenced on July 1, 2023 and will expire October 31, 2026. The initial base monthly rent is $5,745, increasing by 2.50% each year. Rent for March 2024 and March 2024 will be abated by 50%.

On July 1, 2023, WACA recorded a right-of-use asset in the amount of $221,913. WACA also recorded an operating lease liability in the amount of $221,913 by calculating the present value using the discount rate of 2.86%.

The following is a schedule of the future minimum lease payments due under the operating lease, net of imputed interest, as of June 30, 2024:

Year Ending June 30,	
2025	$ 68,241
2026	73,040
2027	24,749
	166,030
Less: Imputed interest	(5,314)
	160,716
Less: Current portion	(64,663)
LONG-TERM PORTION	**$ 96,053**

For the years ended June 30, 2024 and 2023, total lease cost was $69,782 and $41,786, respectively, and is included in occupancy expense in the accompanying Statements of Functional Expenses. For the years ended June 30, 2024 and 2023, total cash paid was $66,576 and $44,086, respectively.

6. RESTATEMENT OF PRIOR YEAR COMPARATIVE INFORMATION

During the year ended June 30, 2024, management determined that due to errors in tracking the appropriations related to the endowment and Board designated net assets, the previously issued financial statements had been misstated and net assets with and without donor restrictions, and Board designated and undesignated net assets were improperly stated as previously reported as of June 30, 2023.

6. RESTATEMENT OF PRIOR YEAR COMPARATIVE INFORMATION (Continued)

The following provides a reconciliation of amounts as previously reported to balances as restated at June 30, 2023.

	Restated at December 31, 2023	
	Balance, as Previously Stated	Balance, as Restated
Net assets without donor restrictions	$ 10,876,549	$ 10,926,549
Net assets with donor restrictions	996,475	946,475
TOTAL	**$ 11,873,024**	**$ 11,873,024**
Board designated net assets	$ 11,347,705	$ 11,097,705
Undesignated net assets	(471,156)	(171,156)
TOTAL	**$ 10,876,549**	**$ 10,926,549**

7. BOARD DESIGNATED NET ASSETS

As of June 30, 2024 and 2023, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	2024	2023
Future infrastructure and investment projects	$ 1,432,180	$ 1,097,711
Board designated endowment	10,721,681	9,999,994
TOTAL	**$ 12,153,861**	**$ 11,097,705**

During the year ended June 30, 2022, WACA received a $10,000,000 gift (without restrictions) from a donor which was designated by the Board of Directors (with donor approval) to be treated as a fund acting as an endowment. The gift was invested in mutual funds and money market funds in order to ensure prudent investment of the assets.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Subject to expenditure for specified purpose:		
Accumulated investment earnings on AWQ endowment assets	$ 405,239	$ 301,325
Endowment to be invested in perpetuity:		
Principal balance in AWQ endowment assets	645,150	645,150
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	**$ 1,050,389**	**$ 946,475**

8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the years ended June 30, 2024 and 2023, respectively:

	2024	2023
Purpose Restrictions Accomplished:		
Academic WorldQuest National Competition	**$ 35,000**	**$ -**

There were no net assets released from donor restrictions during the year ended June 30, 2023.

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following:

	2024	2023
Cash and cash equivalents	$ 41,952	$ 30,023
Investments	12,463,274	11,333,607
Contributions and grants receivable	1,699	-
Subtotal financial assets available within one year	12,506,925	11,363,630
Less: Donor restricted funds (current portion)	(405,239)	(301,325)
Less: Board designated funds	(12,153,861)	(11,097,705)
FINANCIAL (DEFICIT) ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	**$ (52,175)**	**$ (35,400)**

WACA has a policy to structure its financial assets to be available and liquid as its obligations become due. WACA had Board designated reserves of $12,153,861 and $11,097,705 as of June 30, 2024 and 2023, respectively, which can be used upon approval of the Board of Directors.

10. RETIREMENT PLAN

WACA administers a 403(b) tax-deferred annuity plan on behalf of its employees. The Plan covers all full-time employees. WACA may elect to match employee contributions up to 5% of employee compensation. Contributions to the Plan totaled $6,177 during the year ended June 30, 2023. The 403(b) plan was closed as of June 30, 2023.

WACA is working with a financial advisor to open a 401(k) plan during the year ending June 30, 2025.

11. COMMITMENTS

WACA is committed under agreements for conference space through the fiscal year 2026. The total commitments under the agreements are not determinable as it depends upon attendance and other unknown factors. There are cancellation penalties that would be due if the agreements were cancelled prior to the event date. The amount of the cancellation penalties increases through the date of the event.

12. ENDOWMENT FUNDS

WACA's endowment funds consist of both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowments). As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law -

WACA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) enacted by the District of Columbia as requiring the preservation of the fair value of the original gift made to the donor-restricted endowment funds, absent explicit donor stipulations to the contrary.

As a result, of this interpretation, WACA classifies as net assets with donor restrictions: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Additionally, in accordance with UPMIFA, WACA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Return Objectives and Risk Parameters -

WACA has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that WACA must hold in perpetuity or for a donor specified period(s) as well as Board designated funds. The endowment assets are invested in a conservative manner that is intended to achieve real growth over time through capital appreciation and earnings with a moderate amount of risk to provide funds to sustain and enhance the mission; to manage and mitigate risk and volatility through diversification of assets; and to focus on capital appreciation and total return, with a long-term time horizon (greater than ten years). Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives -

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

12. ENDOWMENT FUNDS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The spending policy permits spending on the Board Designated portion of the fund. In determining earnings available for spending, the prior three year end market values (which includes the original corpus, any realized and unrealized gains and losses, interest and dividends, less related expenses, and prior year distributions) will be averaged and 5% of this average balance will be available for distribution. To the extent that earnings available for spending for any year are not spent during that year they are to be added to the corpus; not carried over for spending in a subsequent year and in no case will a distribution be made if the year-end value of the fund is less than the original value.

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires WACA to maintain as a fund of perpetual duration. However, there were no donor-restricted endowment funds with deficiencies as of December 31, 2024 or 2023.

Endowment funds consisted of the following as of June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Funds	$ 10,721,681	$ -	$ 10,721,681
Donor-Restricted Funds	-	1,050,389	1,050,389
TOTAL ENDOWMENT FUNDS	**$ 10,721,681**	**$ 1,050,389**	**$ 11,772,070**

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 9,999,994	$ 946,475	$ 10,946,469
Net investment return	1,186,687	138,914	1,325,601
Appropriations	(465,000)	(35,000)	(500,000)
ENDOWMENT NET ASSETS, END OF YEAR	**$ 10,721,681**	**$ 1,050,389**	**$ 11,772,070**

Endowment funds consisted of the following as of June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Board Designated Funds	$ 9,999,994	$ -	$ 9,999,994
Donor Restricted Funds:	-	946,475	946,475
TOTAL ENDOWMENT FUNDS	**$ 9,999,994**	**$ 946,475**	**$ 10,946,469**

12. ENDOWMENT FUNDS (Continued)

Changes in endowment funds consisted of the following as of and for the year ended June 30, 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year (as restated)	$ 9,865,013	$ 849,276	$ 10,714,289
Net investment return	134,981	97,199	232,180
ENDOWMENT NET ASSETS, END OF YEAR (AS RESTATED)	**$ 9,999,994**	**$ 946,475**	**$ 10,946,469**

13. SUBSEQUENT EVENTS

In preparing these financial statements, WACA has evaluated events and transactions for potential recognition or disclosure through December 5, 2024, the date the financial statements were issued.