
**OPTIMIST INTERNATIONAL
FOUNDATION**
*FINANCIAL STATEMENTS
SEPTEMBER 30, 2024*



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Directors
Optimist International Foundation
St. Louis, Missouri

Opinion

We have audited the accompanying financial statements of Optimist International Foundation (a not-for-profit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, 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 Optimist International Foundation as of September 30, 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Optimist International Foundation 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.

Report On Summarized Comparative Information

We have previously audited Optimist International Foundation's 2023 financial statements, and our report dated February 6, 2024, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 Optimist International Foundation'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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Optimist International Foundation's internal control. Accordingly, no such opinion is expressed.

Board of Directors
Optimist International Foundation

- 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 Optimist International Foundation'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.

RubinBrown LLP

February 11, 2025

OPTIMIST INTERNATIONAL FOUNDATION

STATEMENT OF FINANCIAL POSITION

September 30, 2024

(With Summarized Financial Information As Of September 30, 2023)

Assets		
	2024	2023
Current Assets		
Cash	\$ 376,763	\$ 602,332
Promises to give - short term (Note 3)	119,280	49,674
Promissory note receivable - short term (Note 6)	46,566	44,299
Prepaid expenses and other assets	37,519	37,537
Investments (Notes 4 and 10)	10,806,830	8,331,682
Cash surrender value of life insurance policies	60,389	62,236
Total Current Assets	11,447,347	9,127,760
Property And Equipment (Note 5)	30,415	29,537
Promissory Note Receivable (Note 6)	182,558	229,125
Beneficial Interest In Perpetual Trust (Note 7)	246,283	199,494
Assets Restricted For Permanent Investment (Note 4)	2,427,681	2,396,489
Total Assets	\$ 14,334,284	\$ 11,982,405

Liabilities And Net Assets		
Liabilities		
Current portion of long-term EIDL payable (Note 11)	\$ 3,592	\$ 3,494
Accounts payable and accrued expenses (Note 9)	1,069,290	934,285
Contests and scholarships payable:		
Oratorical contest	839,102	863,352
CCDHH contest	171,500	183,256
Essay contest	248,500	216,000
Due to Optimist International (Note 9)	206,666	193,633
Due to Member Clubs (Note 9)	2,473,877	2,522,642
Grants payable	97,606	111,433
Gift annuities payable (Note 10)	135,921	143,930
Total Current Liabilities	5,246,054	5,172,025
Long-Term EIDL Payable, Net (Note 11)	140,055	144,288
Total Liabilities	5,386,109	5,316,313
Net Assets		
Without donor restrictions (Note 8)	2,698,665	1,552,849
With donor restrictions (Note 8)	6,249,510	5,113,243
Total Net Assets	8,948,175	6,666,092
Total Liabilities And Net Assets	\$ 14,334,284	\$ 11,982,405

OPTIMIST INTERNATIONAL FOUNDATION

STATEMENT OF ACTIVITIES For The Year Ended September 30, 2024 (With Summarized Financial Information For The Year Ended September 30, 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support, Revenues And Gains (Losses)				
Public Support:				
Contributions (Note 2)	\$ 692,880	\$ 45,549	\$ 738,429	\$ 987,062
Endowments	—	31,192	31,192	36,694
Club grant program (Note 9)	—	355,757	355,757	282,421
Contributions restricted for scholarships	—	28,974	28,974	23,400
Other, including expired scholarships (Note 2)	53,337	20,104	73,441	46,336
Total Public Support	746,217	481,576	1,227,793	1,375,913
Revenues And Gains (Losses):				
Interest and dividends (Note 6)	166,570	114,749	281,319	239,532
Unrealized and realized gains on investments, net	1,551,320	1,068,700	2,620,020	1,353,413
Change in value of charitable gift annuities and beneficial interest in perpetual trust (Notes 7 and 10)	(7,691)	46,789	39,098	(3,135)
Other losses	(1,847)	—	(1,847)	(2,664)
Total Revenues And Gains (Losses)	1,708,352	1,230,238	2,938,590	1,587,146
Net assets released from restrictions (Note 8)	575,547	(575,547)	—	—
Total Support, Revenues And Gains (Losses)	3,030,116	1,136,267	4,166,383	2,963,059
Expenses				
Program Services (Note 9)	1,539,665	—	1,539,665	1,341,592
Supporting Activities:				
Management and general	239,204	—	239,204	223,892
Fundraising	105,431	—	105,431	78,931
Total Supporting Activities	344,635	—	344,635	302,823
Total Expenses	1,884,300	—	1,884,300	1,644,415
Increase In Net Assets	1,145,816	1,136,267	2,282,083	1,318,644
Net Assets - Beginning Of Year	1,552,849	5,113,243	6,666,092	5,347,448
Net Assets - End Of Year	\$ 2,698,665	\$ 6,249,510	\$ 8,948,175	\$ 6,666,092

OPTIMIST INTERNATIONAL FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended September 30, 2024

(With Summarized Financial Information

For The Year Ended September 30, 2023)

	2024				2023
	Program Services	Management And General	Fundraising	Total	Total
Scholarships	\$ 537,586	\$ —	\$ —	\$ 537,586	\$ 518,800
Grants	747,554	—	—	747,554	572,081
Conferences and meetings	17,496	17,496	—	34,992	38,637
Publications	5,000	—	—	5,000	5,000
Depreciation and IT costs	16,769	6,017	4,260	27,046	22,585
Volunteer activities	27,941	27,941	—	55,882	46,546
Planned giving	2,708	—	902	3,610	3,500
Salaries and related costs	184,611	66,251	46,898	297,760	300,796
Dues, subscriptions and publications	—	—	—	—	1,674
Filing fees	—	4,469	—	4,469	4,517
Bank charges	—	23,422	—	23,422	20,256
Miscellaneous	—	10,072	—	10,072	1,762
Professional services	—	80,000	—	80,000	77,750
Telephone	—	3,536	—	3,536	3,389
Donor awards and recognition	—	—	49,041	49,041	18,920
Collectors' plates/prints	—	—	130	130	103
Office supplies	—	—	1,525	1,525	3,134
Printing	—	—	2,675	2,675	4,965
	\$ 1,539,665	\$ 239,204	\$ 105,431	\$ 1,884,300	\$ 1,644,415

OPTIMIST INTERNATIONAL FOUNDATION

STATEMENT OF CASH FLOWS For The Year Ended September 30, 2024 (With Summarized Financial Information For The Year Ended September 30, 2023)

	2024	2023
Cash Flows From Operating Activities		
Increase in net assets	\$ 2,282,083	\$ 1,318,644
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	1,505	772
Contributions restricted for endowment	(31,192)	(36,694)
Realized gains on investments	(319,984)	(207,569)
Unrealized gains on investments	(2,300,036)	(1,145,844)
Decrease in cash value of life insurance	1,847	2,664
Change in value of charitable gift annuities and beneficial interest in perpetual trust	(39,098)	3,135
Changes in assets and liabilities:		
Promises to give	(69,606)	(20,643)
Related party grant receivable	—	21,271
Prepaid expenses and other assets	18	(1,978)
Accounts payable and accrued expenses	135,005	71,341
Contests and scholarships payable	(3,506)	(36,010)
Due to Optimist International	13,033	(1,008)
Due to Member Clubs	(48,765)	(964,928)
Grants payable	(13,827)	16,586
Net Cash Used In Operating Activities	(392,523)	(980,261)
Cash Flows From Investing Activities		
Proceeds from sale of investments	375,000	1,328,093
Purchases of investments	(269,520)	(227,791)
Payments on promissory note receivable	44,300	42,143
Purchases of property and equipment	(2,383)	(1,144)
Net Cash Provided By Investing Activities	147,397	1,141,301
Cash Flows From Financing Activities		
Payments on charitable gift annuity obligations	(15,700)	(15,700)
Principal payments on long-term EIDL payable	(4,135)	(2,118)
Proceeds from contributions restricted for investment in permanent endowment	39,392	48,594
Net Cash Provided By Financing Activities	19,557	30,776
Net Increase (Decrease) In Cash	(225,569)	191,816
Cash - Beginning Of Year	602,332	410,516
Cash - End Of Year	\$ 376,763	\$ 602,332

OPTIMIST INTERNATIONAL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

1. Organization And Operations

Optimist International Foundation (the Foundation), incorporated in February 1971, is a foundation and charitable corporation established for the general purpose of soliciting and receiving gifts, donations and bequests of money and property to be used for the furtherance of the charitable and educational efforts and activities of Optimist International. The Foundation also acts as a custodian and investment manager for various funds that have been donated to or accumulated by Optimist International Clubs. The Foundation supports Optimist International programs.

2. Summary Of Significant Accounting Policies

Basis Of Accounting

The accompanying financial statements of the Foundation have been prepared on the accrual basis of accounting.

Basis Of Presentation

Financial statement presentation follows the requirements issued by the Financial Accounting Standards Board for not-for-profit organizations, which require the Foundation to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of management and the Board of Directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Estimates And Assumptions

The preparation of 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 amounts in the financial statements and accompanying notes. Actual results could differ from those estimates.

New Accounting Pronouncement

As of October 1, 2023, the Foundation adopted Accounting Standards Codification (ASC) Topic 326, *Financial Instruments - Credit Losses*, using a modified retrospective approach. The standards replaces the previous incurred loss model and requires entities to record an estimate of expected losses on financial assets for the remaining estimated life of the asset. This estimate must include consideration of historical experience, current conditions and reasonable and supportable forecasts. The standard applies to the Foundation's promissory note receivable. The adoption did not have a material impact on these financial statements.

Cash

Cash accounts at each bank are guaranteed by the Federal Deposit Insurance Corporation up to \$250,000 per depositor. At times, such amounts may be in excess of insurable limits.

Investments And Assets Restricted For Permanent Investment

Investments are reported at fair value based on quoted market prices of major securities exchanges. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position. Gains and losses on investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Donated investments are recorded at their fair values (based upon quotations or appraisals) at the date of the gift.

Promises To Give

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, that is, those with a measurable performance or other barrier, are not recognized until the conditions on which they depend have been met. The Foundation is not currently the recipient of any material conditional promises to give.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements *(Continued)*

The Foundation provides an allowance for uncollectible promises to give equal to the estimated collection losses that will be incurred in the collection of all unconditional promises to give. The estimated losses are based on a review of the current status of the existing promises to give. Management concluded that an allowance for uncollectible promises to give is not necessary as of September 30, 2024.

Property And Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization computed using the straight-line method over the following useful lives:

Computer equipment and software	3 - 5 years
Furniture and fixtures	5 - 15 years
Leasehold improvements	5 - 15 years

Artwork is carried at cost.

Debt Issuance Costs

In June 2020, debt issuance costs totaling \$100 were incurred and capitalized.

Amortization of debt issuance costs is recognized as additional interest expense over the life of the long-term note payable. As of September 30, 2024, the debt issuance costs had a remaining balance of \$100 that will be recognized over the remaining life of the long-term Economic Injury Disaster Loan (EIDL) payable (Note 11).

Support

Gifts of cash and other assets are reported as support with donor restrictions if the gifts are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Foundation has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash is received.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Description Of Program Services And Supporting Activities

The following program services and supporting activities are included in the accompanying financial statements:

Oratorical Contest Scholarships Program

An annual speech competition with over 8,000 entrants. Scholarships are awarded in district level contests in the United States. Scholarships are awarded to each individual winner and are payable upon receipt of the correct paperwork from an institution of higher learning. During 2024, the Foundation revoked scholarships that were awarded and expensed in prior periods that were unclaimed as of September 30, 2024, resulting in "revenue" from this program of approximately \$25,300, which is included in other public support on the statement of activities.

Communications Contest For The Deaf And Hard Of Hearing Scholarships Program (CCDHH)

A program that awards scholarships to district winners. Scholarships are awarded to each individual winner and are payable upon receipt of the correct paperwork from an institution of higher learning. During 2024, the Foundation revoked scholarships that were awarded and expensed in prior periods that were unclaimed as of September 30, 2024, resulting in "revenue" from this program of approximately \$19,200, which is included in other public support on the statement of activities.

Essay Contest Scholarships Program

An annual competition for high school students with approximately 3,150 entrants. Scholarships are awarded and attendance sponsored at seminars for district winners. Scholarships are awarded to each individual winner and are payable upon receipt of the correct paperwork from an institution of higher learning. During 2024, the Foundation revoked scholarships that were awarded and expensed in prior periods that were unclaimed as of September 30, 2024, resulting in "revenue" from this program of approximately \$7,500, which is included in other public support on the statement of activities.

Youth Club Programs

Scholarships to support Youth Club activities.

Club Grant Program

Grants for member clubs utilized for charitable, literary and educational programs at the direction of the Foundation in conjunction with support from the member clubs.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Charitable, Literary And Educational Programs

Grants for magazine/articles, seminars/training, grant writing program, international initiatives, support for childhood cancer initiatives and matching grants.

Management And General

Includes the functions necessary to maintain an adequate working environment, provide coordination of the Foundation's program strategy and manage the financial and budgetary responsibilities of the Foundation.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, clubs and other foundations.

Expense Allocation

The costs associated with providing the Foundation activities have been summarized on a functional basis. The majority of the Foundation's costs are directly identifiable to a specific functional category. Salaries and related costs that are incurred are associated with multiple activities and require allocation among the programs and supporting services benefited. Salaries and related costs are allocated based on management's estimate of the time spent by the applicable employees for each functional area. Depreciation and IT costs are allocated to each functional category based on the ratio of each respective functional category's total other costs to total other costs. Conferences and meetings and volunteer activities are allocated evenly between program services and management and general.

Tax Status

The Foundation is a not-for-profit organization under Section 501(c)(3) and a qualified public charity under Section 509(a)(1) of the Internal Revenue Code and is, therefore, exempt from federal income taxes on related, exempt income. The Foundation's tax returns for tax years 2020 and later remain subject to examination by taxing authorities.

Subsequent Events

Management evaluates subsequent events through the date the financial statements are available for issue, which is the date of the Independent Auditors' Report.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

3. Promises To Give

Promises to give that are unconditional are included in the financial statements as assets and support of the appropriate net asset category.

The promises to give consist of the following:

Scholarships and other	\$ 119,280
Endowment	<u>62,500</u>
	<u>\$ 181,780</u>

The promises to give are presented in the statement of financial position as follows:

Promises to give - short term	\$ 119,280
Assets restricted for permanent investment (Note 4)	<u>62,500</u>
	<u>\$ 181,780</u>

These promises to give are expected to be collected in the following periods:

In one year or less	\$ 126,780
Between one and five years	<u>55,000</u>
	<u>\$ 181,780</u>

4. Investments

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America and consist of the following:

Mutual Funds:	
Growth	\$ 3,307,417
Growth and income	4,105,668
Equities - income	1,259,783
Balanced	1,170,077
Fixed income	2,508,712
Money market fund	<u>820,354</u>
	<u>\$ 13,172,011</u>

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Investments are presented in the statement of financial position as follows:

Investments	\$ 10,806,830
Assets restricted for permanent investment (Note 8)	<u>2,365,181</u>
	<u>\$ 13,172,011</u>

Assets restricted for permanent endowment on the statement of financial position also include promises to give in the amount of \$62,500 (Note 3).

The Foundation records certain assets and liabilities at fair value, pursuant to the provisions of ASC 820, *Fair Value Measurements and Disclosures*. In accordance with ASC 820, the major categories of financial assets and liabilities must be measured at fair value on a recurring basis during the year ended September 30, 2024 using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3). The investments in money market funds and mutual funds held by the Foundation at September 30, 2024 and reported at their respective fair values above are all considered Level 1 investments.

5. Property And Equipment

Property and equipment consist of:

Computer equipment and software	\$ 127,433
Furniture and fixtures	24,557
Leasehold improvements	<u>10,993</u>
	162,983
Less: Accumulated depreciation and amortization	<u>159,318</u>
Depreciable property and equipment, net	3,665
Artwork	<u>26,750</u>
	<u>\$ 30,415</u>

Depreciation and amortization expense amounted to \$1,505 for the year ended September 30, 2024.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

6. Promissory Note Receivable

On April 1, 2008, the Foundation entered into a promissory note agreement with Optimist International, a related party (Note 9), for the purpose of funding Optimist International's defined benefit pension plan. The promissory note, which is secured by a deed of trust and security agreement on Optimist International's office building in St. Louis, Missouri, had an original principal balance of \$730,000 and bears interest at a rate of 5%. The promissory note does not have a prepayment penalty. As of September 30, 2024, the promissory note has an outstanding balance of \$229,124 and is due in March 2029.

The note requires a fixed monthly payment of principal and interest amounting to \$4,747.

The future minimum principal payments on the promissory note are as follows:

<u>Year</u>	<u>Amount</u>
2025	\$ 46,566
2026	48,948
2027	51,453
2028	54,085
2029	28,072
	<u>\$ 229,124</u>

For the year ended September 30, 2024, total interest income related to the promissory note receivable amounted to \$12,665, which is included in interest and dividends on the statement of activities.

Given the nature of the related party relationship, management has been able to estimate at September 30, 2024 that this promissory note will be collected in full in the future. Therefore, no allowance for credit losses is recorded at October 1, 2023 and as of September 30, 2024. The Foundation does not anticipate that payments on this promissory note will be delinquent in the future, and therefore, does not have a policy on determining the past due status of the promissory note, nor does it have a policy on placing the promissory note on nonaccrual status.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

7. Split Interest Agreement

The Foundation has been named as the sole beneficiary of a perpetual trust that was established in 1978. The trust assets are held and administered by an independent financial institution trustee, in accordance with the donor's intent. For the year ended September 30, 2024, the Foundation recorded an increase in the value of the beneficial interest in perpetual trust of \$46,789, which represents the change in the fair value of the asset during the current fiscal year.

The fair value of this perpetual trust is based on the quoted market values of the underlying trust assets. Since the assets are held by a third party, the fair value of this asset is considered a Level 3 asset.

8. Net Assets And Endowments

Net assets consist of the following:

Net assets without donor restrictions	
Board designated endowment	\$ 559,080
Undesignated	2,139,585
	<u>\$ 2,698,665</u>
Net assets with donor restrictions	
Childhood Cancer Campaign	\$ 630,272
JOOI activities	42,181
Other	7,310
Donor restricted perpetual endowment	2,365,181
Accumulated restricted endowment earnings	2,895,783
Beneficial interest in perpetual trust	246,283
Donor restricted pledges to perpetual endowment	62,500
	<u>\$ 6,249,510</u>

Net assets released from restrictions consist of the following:

Childhood Cancer Campaign	\$ 63,667
Club Grant Program	355,757
Scholarships and promises to give	28,974
Appropriation of accumulated restricted endowment earnings	104,984
JOOI activities	836
Other	21,329
	<u>\$ 575,547</u>

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

The Foundation's endowments consist of approximately 60 donor-restricted endowments established for a variety of purposes and board-designated endowments. As required by generally accepted accounting principles (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

The Board of Directors of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Missouri in August 2009, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (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.

The remaining portion of the donor-restricted endowment funds that is not classified as with donor restrictions in perpetuity is classified as net assets with donor restrictions - accumulated restricted endowment earnings until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund;
- (2) The purposes of the Foundation and the donor-restricted endowment funds;
- (3) General economic conditions;
- (4) The possible effect of inflation and deflation;
- (5) The expected total return from income and the appreciation of investments;
- (6) Other resources of the Foundation; and
- (7) The investment policies of the Foundation.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Endowment Asset Composition By Type Of Fund As Of September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment funds	\$ —	\$ 5,260,964	\$ 5,260,964
Board-designated endowment funds	559,080	—	559,080
	\$ 559,080	\$ 5,260,964	\$ 5,820,044

Changes In Endowment Assets For The Fiscal Year Ended September 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, beginning of year	\$ 438,116	\$ 4,143,106	\$ 4,581,222
Investment return	120,964	1,183,450	1,304,414
Payments on promises to give	—	8,200	8,200
Contributions	—	31,192	31,192
Appropriations	—	(104,984)	(104,984)
Endowment assets, end of year	\$ 559,080	\$ 5,260,964	\$ 5,820,044

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 requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature related to market fluctuations are reported in net assets with donor restrictions. Deficiencies of this nature exist in thirteen of the Foundation's donor restricted endowment funds, which had aggregated original gift values of approximately \$448,000, current fair values of approximately \$404,000 and deficiencies of approximately \$44,000 at September 30, 2024. These deficiencies occurred as a result of individual funds with donor-initiated guaranteed minimum payout rates that exceed the historical net investment returns for the funds. The Foundation has a policy that prohibits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (*Continued*)

Return Objectives And Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results favorable to returns of benchmarks comparable for each particular investment vehicle.

Examples of such benchmarks include:

- S&P 500
- Russell 2000
- MSCI EAFE
- Barclay's Aggregate Bond
- Blend of indices

Strategies Employed For Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation 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). The Foundation targets a diversified asset allocation that places a greater emphasis on equity and bond mutual funds to achieve its long-term return objectives within prudent risk constraints.

Spending Policy And How The Investment Objectives Relate To Spending Policy

The Foundation has a policy of appropriating for distribution each year five percent of each endowment fund's fair value (only for such funds for which the donor did not explicitly state a distribution percentage). In establishing this policy, the Foundation considered the long-term expected return on its endowments.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements *(Continued)*

9. Related Party Transactions

Payments for certain administrative and operating expenses of the Foundation are made by Optimist International on a fully reimbursed basis. Payments for program services expenses, including youth club, scholarship awards, grants for the Childhood Cancer Campaign and charitable programs of the Foundation are also made by Optimist International on a fully reimbursed basis. At September 30, 2024, the Foundation recorded a liability of \$206,666 related to amounts due to Optimist International.

The Foundation collects, holds and disburses funds on behalf of the Optimist International Member Clubs (the Clubs). At September 30, 2024, the Foundation carried a liability of \$2,473,877, which represents the cumulative funds received in excess of disbursements for the Club Campaign Program. Earnings on the funds not yet disbursed to the clubs totaled \$842,396 at September 30, 2024 and are reported as a component of accounts payable and accrued expenses on the Foundation's statement of financial position.

Under the Club Grant Program, the Foundation collected \$355,757 and disbursed \$355,757 for the year ended September 30, 2024. These amounts are reported as support and program services expenses in the statement of activities.

Two former employees of the Foundation are participants in Optimist International's defined benefit plan. In an agreement with Optimist International, the Foundation agreed to fund a pro-rata portion (for the former employees of the Foundation as a percentage of the total participants in the defined benefit plan) of the contributions made to the plan by Optimist International on an annual basis. Pursuant to the terms of the agreement, the Foundation is only liable for the portion of the annual contribution as calculated by Optimist International and does not have any obligation, guaranty or warranty to fund any current or future deficits or shortfalls in the Plan. Conversely, the Foundation does not retain any residual rights to receive any excess assets remaining in the plan upon liquidation. As such, neither an asset nor a liability is recorded on the Foundation's statement of financial position related to this agreement with Optimist International. There were no costs incurred for the year ended September 30, 2024, under this agreement.

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

10. Gift Annuities Payable

The Foundation maintains a charitable gift annuity program whereby individuals make gifts to the Foundation and receive an annuity payment for the remainder of their lives. At September 30, 2024, the Foundation had approximately \$497,000 of assets pursuant to charitable gift annuity agreements (which are included as a component of investments on the statement of financial position). The assets held for annuity are recorded by the Foundation at fair value. Under the agreements, the Foundation pays the donors equal quarterly or monthly installments at an annual amount, which approximated \$15,700 in 2024. In calculating the present value of the payments to be made, discount rates ranging from 4.0% to 5.9% and life expectancies ranging from 10 to 25 years were assumed. At September 30, 2024, gift annuities payable totaled \$135,921. For the year ended September 30, 2024, the decrease in value of the charitable gift annuities was \$7,691.

11. Long-Term EIDL Payable

In June 2020, the Foundation entered into an EIDL with the Small Business Administration in the amount of \$150,000. The loan will be paid in monthly payments of \$641 over 30 years until the loan matures in June 2050. During the period beginning June 2020 and ending on the twenty-four-month anniversary of the date of the loan (the deferral period), interest on the outstanding principal balance accrued at a rate of 2.75% per annum, but neither principal nor interest was due or payable until June 2022. The loan is secured by all tangible and intangible personal property of the Foundation.

Future principal payments required on the loan as of September 30, 2024 are as follows:

Year Ended September 30,	Amount
2025	\$ 3,592
2026	3,692
2027	3,794
2028	3,900
2029	4,009
Thereafter	124,760
Gross long-term EIDL payable	143,747
Less: Current portion of long-term EIDL payable	(3,592)
Less: Non-current debt issuance costs	(100)
	<u>\$ 140,055</u>

OPTIMIST INTERNATIONAL FOUNDATION

Notes To Financial Statements (Continued)

Offset against borrowings of \$143,747 at September 30, 2024 are unamortized debt issuance costs of \$100 that will be amortized over the life of the loan.

In December 2024, the EIDL payable was repaid in full.

12. Liquidity And Availability Of Financial Assets

As of September 30, 2024, the following financial assets could readily be made available within one year of the date of the statement of financial position to meet general expenditures:

Cash	\$ 376,763
Investments	10,806,830
Promissory note receivable	46,566
Promises to give	<u>119,280</u>
	<u>11,349,439</u>
Less amounts not available to be used within one year:	
Club campaign funds	3,316,273
Accumulated restricted endowment earnings	<u>2,895,783</u>
	<u>6,212,056</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 5,137,383</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over the next twelve months, the Foundation considers all expenditures related to its ongoing mission as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next twelve months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.



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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report On Supplementary Information

Board of Directors
Optimist International Foundation
St. Louis, Missouri

We have audited the financial statements of Optimist International Foundation as of and for the year ended September 30, 2024, and our report thereon dated February 11, 2025, which expressed an unmodified opinion on those financial statements, appears on pages 1 through 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of program services expenses, management and general expenses and fundraising expenses, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

February 11, 2025

OPTIMIST INTERNATIONAL FOUNDATION
SCHEDULE OF PROGRAM SERVICES EXPENSES

	For The Years Ended September 30,	
	2024	2023
Oratorical Contest Scholarships Program		
Scholarships	\$ 244,250	\$ 244,000
CCDHH Scholarships Program		
Scholarships	37,500	42,500
Essay Contest Scholarships Program		
Scholarships	95,000	97,500
Youth Club Programs		
Scholarships and programs	160,836	134,800
Club Grant Program		
Grants	355,757	282,421
Charitable, Literary And Educational Programs		
Childhood cancer grant	63,667	37,261
Club Campaign funds interest	75,368	100,951
Donor restricted grants	191,311	105,029
International convention	17,496	19,319
Publications	5,000	5,000
Depreciation and IT costs	16,769	14,003
Other programs	61,451	46,419
Volunteer activities	27,941	23,273
Planned giving	2,708	2,625
Allocated staff time and related costs	184,611	186,491
Total Charitable, Literary And Educational Programs	646,322	540,371
	\$ 1,539,665	\$ 1,341,592

OPTIMIST INTERNATIONAL FOUNDATION
SCHEDULE OF MANAGEMENT AND GENERAL EXPENSES

	For The Years	
	Ended September 30,	
	2024	2023
Volunteer Activities		
Special representatives seminar	\$ 1,447	\$ 544
Board of Directors	8,031	9,574
Executive Director	18,463	13,155
Allocated staff time and related costs	23,076	23,312
Total Volunteer Activities	51,017	46,585
International Conventions		
Convention operations	14,268	16,178
Staff travel and lodging	3,228	3,140
Allocated staff time and related costs	15,632	15,792
Total International Conventions	33,128	35,110
Other Management And General		
Allocated staff time and related costs	27,543	27,824
Bank charges	23,359	20,256
Depreciation and IT costs	6,017	5,025
Dues, subscriptions and publications	—	1,674
Loss on foreign currency transactions	63	—
Filing fees - federal and state	4,469	4,517
Miscellaneous expense	10,072	1,762
Professional services	80,000	77,750
Telephone	3,536	3,389
Total Other Management And General	155,059	142,197
	\$ 239,204	\$ 223,892

OPTIMIST INTERNATIONAL FOUNDATION
SCHEDULE OF FUNDRAISING EXPENSES

	For The Years	
	Ended September 30,	
	2024	2023
Awards And Recognition		
Donor awards	\$ 35,312	\$ 6,123
Engraving	360	505
Postage and shipping	13,369	12,292
Allocated staff time and related costs	18,610	18,800
Total Awards And Recognition	67,651	37,720
Special Programs		
Collectors' plates/prints	130	103
Planned giving programs	902	875
Allocated staff time and related costs	15,634	15,794
Total Special Programs	16,666	16,772
Other Fundraising		
Depreciation and IT costs	4,260	3,557
Office supplies	1,525	3,134
Printing	2,675	4,965
Allocated staff time and related costs	12,654	12,783
Total Other Fundraising	21,114	24,439
	\$ 105,431	\$ 78,931