
**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**
CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2024



Contents

Page

Independent Auditors' Report.....	1 - 2
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Consolidated Financial Statements

Consolidated Statement Of Financial Position	3
Consolidated Statement Of Activities.....	4
Consolidated Statements Of Functional Expenses	5 - 6
Consolidated Statement Of Cash Flows	7
Notes To Consolidated Financial Statements	8 - 31

Supplementary Information

Independent Auditors' Report On Supplementary Information	32
Schedule Of Consolidated Revenues, Expenditures And Comparison With Budget	33
Schedule Of Changes In Membership And Officers And Directors.....	34

Independent Auditors' Report

Board of Directors
Optimist International
St. Louis, Missouri

Opinion

We have audited the consolidated financial statements of Optimist International and Optimist International Youth Programs Foundation, which comprise the consolidated statement of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Optimist International and Optimist International Youth Programs Foundation as of September 30, 2024 and 2023, and the changes in their net assets, functional expenses and 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 Consolidated Financial Statements section of our report. We are required to be independent of Optimist International and Optimist International Youth Programs Foundation 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Optimist International and Optimist International Youth Programs Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 consolidated 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 consolidated 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 consolidated 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 and Optimist International Youth Programs Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Optimist International and Optimist International Youth Programs 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

April 5, 2025

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets

	September 30,	
	2024	2023
Cash and cash equivalents	\$ 917,927	\$ 690,649
Investments, carried at cost (Note 3)	2,024,722	1,986,695
Accounts receivable, net (Notes 4 and 8)	86,810	93,744
Promises to give	30,000	30,000
Due from related parties (Note 12)	63,963	44,737
Prepaid expenses and other current assets	344,000	356,664
Mineral rights asset, net (Note 2)	47,531	52,406
Net pension asset (Note 10)	1,935,194	1,448,483
Assets restricted for Board-designated endowment (Notes 3 and 9)	152,222	142,771
Property held for sale	197,756	197,756
Property and equipment, net (Notes 5, 6, 7 and 8)	13,897	9,897
Right-of-use asset (Note 6)	44,605	57,049
Total Assets	\$ 5,858,627	\$ 5,110,851

Liabilities And Net Assets

Liabilities

Accounts payable	\$ 71,787	\$ 95,608
Accrued expenses and other liabilities	72,175	110,915
Accrued paid time off	63,148	222,023
Due to districts and clubs	55,061	51,784
Deferred revenue	47,882	47,417
Finance lease liability (Note 6)	45,247	56,776
Debt (Note 7)	229,124	273,423
Total Liabilities	584,424	857,946

Net Assets Without Donor Restrictions

Undesignated - general	4,910,970	3,902,208
Board-designated endowment (Note 9)	152,222	142,771
Net investment in property and equipment	211,011	207,926
Total Net Assets Without Donor Restrictions	5,274,203	4,252,905
Total Liabilities And Net Assets	\$ 5,858,627	\$ 5,110,851

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

CONSOLIDATED STATEMENT OF ACTIVITIES

	For The Years Ended September 30,	
	2024	2023
Revenues And Public Support		
Optimist International		
Dues and fees	\$ 3,305,553	\$ 3,350,584
Charter fees	17,602	22,191
Life membership fees	32,863	38,226
International convention	286,038	248,227
Contributions and grants (Note 12)	22,500	22,500
Sales of supplies	8,594	11,555
Interest income	97,793	56,164
Other	174,437	164,955
Youth Programs		
JOI fees	125,443	104,721
Golf tournament	1,315,200	1,286,901
Contributions and grants	227,930	186,702
Merchandise sales	19,788	23,989
Other	7,182	251
Total Revenues And Public Support	5,640,923	5,516,966
Expenses		
Program Services		
Club programs	1,296,321	1,225,013
Youth programs	1,211,784	1,156,819
Education and community	703,936	657,121
Meetings	537,985	551,502
Total Program Activities	3,750,026	3,590,455
Supporting Services		
General management	1,185,171	1,160,043
Membership development	143,300	148,356
Total Supporting Services	1,328,471	1,308,399
Total Expenses	5,078,497	4,898,854
Increase In Net Assets From Operations	562,426	618,112
Other Income		
Gain on foreign currency translation	3,698	21,757
Other components of net periodic pension cost (Note 10)	61,078	32,903
Pension plan changes other than net periodic benefit cost (Note 10)	394,096	261,286
Total Other Income	458,872	315,946
Increase In Net Assets	1,021,298	934,058
Net Assets - Beginning Of Year	4,252,905	3,318,847
Net Assets - End Of Year	\$ 5,274,203	\$ 4,252,905

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended September 30, 2024

	Program Services					General Management	Membership Development	Total
	Club Programs	Youth Programs	Education And Community	Meetings	Total			
Salaries and wages	\$ 265,487	\$ 85,068	\$ 431,282	\$ 164,334	\$ 946,171	\$ 646,757	\$ 88,229	\$ 1,681,157
Payroll taxes and employee benefits	77,627	22,934	101,195	39,930	241,686	207,418	23,874	472,978
Total salaries and related expenses	343,114	108,002	532,477	204,264	1,187,857	854,175	112,103	2,154,135
Awards	11,930	13,025	—	—	24,955	—	1,849	26,804
Bad debt expense	—	—	—	—	—	69,479	—	69,479
Bank/credit card fees	23,988	46,031	3	7,783	77,805	10,299	—	88,104
Canadian taxes	11	—	—	10,200	10,211	1,286	—	11,497
Conferences, conventions and meetings	309	—	—	219,736	220,045	2,136	—	222,181
Depreciation, amortization and depletion	5,967	—	6,012	1,965	13,944	8,387	1,620	23,951
Dues to districts/friends	55,977	—	—	—	55,977	—	—	55,977
Golf tournament expenses	—	86,776	—	—	86,776	3,492	—	90,268
Information technology	978	352	34,379	—	35,709	41,646	—	77,355
Insurance	702,608	—	—	—	702,608	36,655	—	739,263
Interest	—	—	—	—	—	14,696	—	14,696
Occupancy	31,259	—	31,510	10,294	73,063	43,938	8,537	125,538
Postage/shipping	7,012	1,869	32,012	9,107	50,000	1,635	191	51,826
Printing	18,105	10,737	21,639	1,620	52,101	1,825	4,535	58,461
Professional fees	—	—	—	—	—	24,690	—	24,690
Supplies, office and other expenses	944	3,346	3,311	81	7,682	1,982	65	9,729
Telephone	7,695	2,808	9,182	2,926	22,611	13,197	2,468	38,276
Travel - Junior Golf	—	938,838	—	—	938,838	—	—	938,838
Travel	86,424	—	33,411	70,009	189,844	55,653	11,932	257,429
	\$ 1,296,321	\$ 1,211,784	\$ 703,936	\$ 537,985	\$ 3,750,026	\$ 1,185,171	\$ 143,300	\$ 5,078,497

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended September 30, 2023

	Program Services					General Management	Membership Development	Total
	Club Programs	Youth Programs	Education And Community	Meetings	Total			
Salaries and wages	\$ 248,573	\$ 82,537	\$ 399,016	\$ 156,161	\$ 886,287	\$ 589,217	\$ 84,806	\$ 1,560,310
Payroll taxes and employee benefits	62,541	18,959	91,636	34,598	207,734	201,433	20,752	429,919
Total salaries and related expenses	311,114	101,496	490,652	190,759	1,094,021	790,650	105,558	1,990,229
Awards	26,253	9,533	—	—	35,786	—	3,996	39,782
Bad debt expense	—	—	—	—	—	52,014	—	52,014
Bank/credit card fees	24,962	44,567	22	5,649	75,200	12,724	—	87,924
Canadian taxes	—	—	—	—	—	3,243	—	3,243
Conferences, conventions and meetings	20,457	—	19,393	244,754	284,604	4,911	2,713	292,228
Depreciation, amortization and depletion	5,202	—	5,263	1,700	12,165	7,140	1,410	20,715
Dues to districts/friends	51,340	—	—	—	51,340	—	—	51,340
Golf tournament expenses	—	80,360	—	—	80,360	3,987	—	84,347
Information technology	500	300	37,196	167	38,163	34,857	13	73,033
Insurance	631,255	—	—	—	631,255	36,190	—	667,445
Interest	—	—	—	—	—	16,586	—	16,586
Occupancy	31,783	—	32,162	10,383	74,328	43,686	8,610	126,624
Postage/shipping	6,988	4,111	27,164	9,202	47,465	2,243	1,102	50,810
Printing	15,770	9,161	23,626	1,758	50,315	8,499	3,705	62,519
Professional fees	—	—	—	—	—	67,332	—	67,332
Supplies, office and other expenses	1,478	3,748	2,150	1,616	8,992	3,016	101	12,109
Telephone	7,902	3,088	9,918	3,474	24,382	15,353	2,949	42,684
Travel - Junior Golf	—	900,455	—	—	900,455	12,005	—	912,460
Travel	90,009	—	9,575	82,040	181,624	45,607	18,199	245,430
	\$ 1,225,013	\$ 1,156,819	\$ 657,121	\$ 551,502	\$ 3,590,455	\$ 1,160,043	\$ 148,356	\$ 4,898,854

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years Ended September 30,	
	2024	2023
Cash Flows From Operating Activities		
Increase in net assets	\$ 1,021,298	\$ 934,058
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation, amortization and depletion	23,951	20,715
Imputed interest on finance lease obligations	2,031	1,765
Gain on foreign currency translation	(3,698)	(21,757)
Gain on termination of finance lease	—	(4,763)
Changes in assets and liabilities:		
Accounts receivable	6,935	141,991
Prepaid expenses and other current assets	12,662	(86,487)
Net pension asset	(486,711)	(325,726)
Accounts payable	(23,823)	9,467
Accrued expenses and other liabilities	(38,740)	(4,980)
Accrued paid time off	(158,875)	17,844
Deferred revenue	465	31,874
Net Cash Provided By Operating Activities	355,495	714,001
Cash Flows From Investing Activities		
(Increase) decrease in due from related parties	(19,226)	5,460
Proceeds from sale or maturity of investments	1,895,976	1,851,750
Purchases of investments	(1,943,452)	(3,372,700)
Purchases of property and equipment	(10,632)	(1,160)
Net Cash Used In Investing Activities	(77,334)	(1,516,650)
Cash Flows From Financing Activities		
Increase (decrease) in due to districts	3,277	(21,097)
Payments on finance lease obligations	(13,560)	(13,518)
Repayments of promissory notes payable	(44,299)	(42,144)
Net Cash Used In Financing Activities	(54,582)	(76,759)
Effect Of Exchange Rate Changes On Cash	3,699	14,988
Net Increase (Decrease) In Cash And Cash Equivalents	227,278	(864,420)
Cash And Cash Equivalents - Beginning Of Year	690,649	1,555,069
Cash And Cash Equivalents - End Of Year	\$ 917,927	\$ 690,649
Supplemental Cash Flow Information		
Interest paid	\$ 12,665	\$ 14,821

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024 And 2023

1. Operations

The purpose of Optimist International is to foster an optimistic way of life through a network of Optimists, dedicated to the full development of their potential in order to provide ever-expanding service to youth, the community, and the world.

Optimist International Youth Programs Foundation (Youth Programs) was founded in 1996 to provide educational, cultural, recreational and social benefits to minors through the sponsorship of activities and programs, which foster the development of good character and sportsmanship.

Optimist International and Optimist International Youth Programs Foundation (collectively, Optimist) is supported primarily by membership dues and fees.

2. Summary Of Significant Accounting Policies

Principles Of Consolidation

The accompanying consolidated financial statements include the accounts of Optimist International and Youth Programs. Youth Programs is controlled by Optimist International, resulting in consolidation in these financial statements. All transactions and balances between Optimist International and Youth Programs have been eliminated in consolidation.

The accounts of the 50 administrative districts and 1,636 and 1,710 clubs for the years ended September 30, 2024 and 2023, respectively, are not combined with the accounts of Optimist, since the administrative districts and clubs control their own assets.

Basis Of Accounting

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

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Basis Of Presentation

Optimist follows accounting standards set by the Financial Accounting Standards Board. Financial statements of not-for-profit organizations measure net assets and net asset activity based on the absence or existence of donor imposed restrictions. Net assets are reported as without donor restrictions and with donor restrictions. Optimist does not have any net assets with donor restrictions at September 30, 2024 or 2023.

Estimates And Assumptions

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

New Accounting Standard - Credit Losses

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

Operating And Nonoperating Activity

Operating results in the consolidated statement of activities reflect all transactions except foreign currency translation adjustments, pension plan adjustments, and nonrecurring revenues and expenses.

Cash And Cash Equivalents

Optimist considers all temporary cash investments with an original maturity date less than three months from the date of purchase as cash equivalents.

Optimist invests its cash with financial institutions with strong credit ratings. At times, such balances may be in excess of Federal Deposit Insurance Corporation insurance limits of \$250,000 per financial institution and Canada Deposit Insurance Corporation insurance limits of \$100,000 Canadian dollars per financial institution. At September 30, 2024, approximately \$717,000 is uninsured.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Investments And Assets Restricted For Board-Designated Endowment

Investments are reported at fair value based on quoted market prices of major securities exchanges, except for investments in guaranteed investment certificates and certificates of deposit, which are reported at cost plus accrued interest, which approximates fair value.

Assets restricted for Board-designated endowment include an interest in investments held by Optimist International Foundation.

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.

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 consolidated statement of financial position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding. The carrying amount is reduced by a valuation allowance, through a charge to earnings, that reflects management's best estimate of amounts that will not be collected. This assessment considers historical experience, current conditions, and when appropriate, reasonable and supportable forecasts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Optimist provides for an allowance for credit losses on its accounts receivable. To estimate the current expected credit losses, receivables have been grouped based on the historical collection experience, aging of receivables, and other economic and industry factors. The allowance is determined by applying an expected credit loss percentage to the carrying value of the assets by categories. The percentages, which are updated at least annually, are based on the historical experience, and may be adjusted to the extent that future results are expected to differ from past experience. Additionally, the allowance is also adjusted due to the changes in the collectability assessment of individual balances.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

The following is a summary of the allowance for current expected credit losses for the year ended September 30, 2024:

Balance - October 1, 2023	\$ 52,069
Provision for current expected credit losses	<u>14,364</u>
Balance - September 30, 2024	<u><u>\$ 66,433</u></u>

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 measurable performance or other barriers, are recognized as support when the conditions upon which they depend are met.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. The balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to promises to give. No allowances were deemed necessary at September 30, 2024 or 2023.

All promises to give are expected to be received in less than one year.

Mineral Rights Asset

Optimist received a donation of mineral rights below the surface of 13 acres of land in Midland, TX. The mineral rights have been valued at \$7,500 per acre, for a total value of \$97,500. These mineral rights are being depleted over an estimated extraction period of 20 years using a straight-line method. Depletion expense amounted to \$4,875 in both 2024 and 2023. Accumulated depletion on these mineral rights was \$49,969 and \$45,094 at September 30, 2024 and 2023, respectively.

Property And Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization computed using the straight-line method over periods ranging from 5 to 40 years.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Optimist reviews the carrying value of property and equipment for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. No impairment loss has been recognized in 2024 or 2023.

Property Held For Sale

Property held for sale includes land and building that Optimist utilizes in operations, but was available for sale at September 30, 2024 and 2023. This property is stated at cost, including improvements, less accumulated depreciation through the date the property was available for sale.

As of the date of the Independent Auditors Report, Optimist is under contract for the purchase of Optimist's property held for sale, which is subject to several contingencies.

Leases

Optimist accounts for its lease arrangement in accordance with ASC Topic 842, *Leases*. As further described in Note 6, Optimist maintains a lease of commercial printers. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU assets represent the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. Optimist does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the non-cancellable portion of the underlying leases. No leases currently contain renewal periods stated in the lease. Optimist has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

As most leases do not provide an implicit discount rate, Optimist has made an election available to private companies that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

Optimist does not separate non-lease components of a contract from the lease components to which they relate.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Revenues And Deferred Revenue

Disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from revenue streams are as following:

Dues And Fees

Dues and fees consist of membership dues collected from Optimist members, annual fees collected from Friends of Optimist (Friends), and processing fees. Dues and fees, which are nonrefundable, are considered exchange transactions based on the value of benefits provided to members. The payment of the membership fee constitutes the contract with the member.

Membership dues are billed quarterly to each Optimist Club based on the number of members. The dues structure is based on the United Nation's designation and categorized into either developed or developing countries. Optimist Clubs receive membership benefits including branding rights, insurance, administrative support, leadership training, and a variety of online resources. Membership dues are recognized as revenue over the course of the quarter for which the membership benefits are provided.

Annual fees for Friends are billed annually. Annual fees are recognized as revenue at the point in time a new Friend joins.

Processing fees relate to a one-time fee for each new member added to a Club. Optimist bills and recognizes revenue for processing fees at the point in time a new member is reported on the Club roster.

Charter Fees

Charter fees relate to a one-time fee for chartering a new Club. Charter fees are recognized as revenue at the point in time a new Club is created and supplies are provided to the Club.

Life Membership Fees

Life membership fees relate to a one-time fee members can pay to receive reduced quarterly membership dues for life. Life membership fees are recognized as revenue at the point in time a member enrolls as a life member.

Junior Optimist International (JOI) Fees

JOI fees consist primarily of membership dues and registration fees for JOI Clubs.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

JOI membership dues are billed annually to each JOI Club based on the number of members. Only the first 50 members of each JOI Club pay membership dues. The dues structure is based on tiers, as defined by the World Bank as high-income economies, upper middle income economies, and low income economies. JOI Clubs receive membership benefits including branding rights, postage, supplies, district officer newsletters, Club mailings, recruitment and training videos, board meetings, member newsletter, training modules, and the International Convention. JOI membership dues are recognized as revenue over the course of the year for which benefits are provided. JOI membership dues collected in advance and are recorded as deferred revenue.

JOI registration fees relate to a one-time fee for chartering a new JOI Club. JOI registration fees are recognized as revenue at the point in time a new JOI Club is created and supplies are provided to the JOI Club.

International Convention

International convention revenues consist primarily of registration fees, special event fees, and sales of merchandise. Revenues are recognized at the point in time the event occurs and/or when the products are sold. Registration fees and special event fees collected in advance of the event are recorded as deferred revenue.

Golf Tournament

Golf revenues relate to registration fees and event fees for the annual golf tournament hosted by Youth Programs. Registration fees and event fees are recognized at the point in time the event occurs. Fees related to earned revenue that are collected in advance of the event are recorded as deferred revenue.

Merchandise Sales

Merchandise sales are recognized as revenue at the point in time the products are sold.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

The following table provides opening and closing balances of gross accounts receivable derived from program revenue:

	October 1, 2022	September 30, 2023	September 30, 2024
Dues and fees	\$ 136,926	\$ 110,151	\$ 106,394

The following table provides opening and closing balances of deferred revenue derived from program revenue:

	October 1, 2022	September 30, 2023	September 30, 2024
Golf tournament	\$ 15,543	\$ 43,739	\$ 47,522

Public Support

Optimist reports contributions as with donor restrictions if they 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 restriction and reported in the consolidated statement of activities as net assets released from restrictions. Optimist reports donor restricted contributions as without donor restriction if Optimist meets the donor restrictions in the same period as receipt of the contributions, regardless of whether the related cash has been received.

Foreign Exchange

The accounts held in Canadian funds, primarily cash and cash equivalents, investments, accounts receivable, accounts payable and accrued expenses, are included in the consolidated financial statements after translation at appropriate rates of exchange. Gains resulting from such translation are included in gain on foreign currency translation on the consolidated statement of activities. Translation gain was \$3,698 and \$21,757 for the years ended September 30, 2024 and 2023, respectively.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Description Of Program Services And Supporting Activities

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

Programs - Club Programs - Optimist International is an association which provides operational support to 1,636 Optimist Clubs around the world dedicated to “bringing out the best in youth, in their communities, and in themselves.” Adult volunteers join Optimist Clubs to conduct positive service projects in their communities aimed at providing a helping hand to youth. With their upbeat attitude, Optimist Club members help empower young people to be the best that they can be. Each Optimist Club determines the needs of the young people in its community and conducts programs to meet those needs. Every year, optimists conduct 65,000 service projects and serve well over five million people.

Programs - Youth Programs - Youth Programs provide educational, cultural, literary, recreational and social benefits to minors through the sponsorship of activities and programs which foster the development of good character and sportsmanship and the education and cultural development of minors, and to prevent and alleviate the cruelty to and abuse of minors.

Programs - Education and Community - Includes the costs of supporting present and future leadership by providing education and community support for Optimist members through various training opportunities throughout the fiscal year. The quarterly magazine is an educational tool used by Optimist to educate its members on the value of community service. Each member receives a copy of the magazine. The magazine contains articles, international goodwill, fundraising, leadership development, youth leadership, and a variety of other topics that encourage members on the benefits of performing community service in their local communities that benefit youth.

Another emphasis is the development of leadership educational materials for Optimist’s clubs, districts and international officers. Optimist focuses efforts on educating club officers on how to lead and operate a club, educate Governors on how to lead and operate a District and to educate the International Board of Directors on how to lead the international organization. With effective leadership at all levels, the mission and function of Optimist Clubs and Optimist “to bring out the best in youth, their communities and themselves” can be carried out effectively.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

For over 100 years, Optimist has been building and developing leaders at all levels, offering a unique brand of leadership through the service to others. Optimist sponsors various programs for youth that can help change their lives. The JOI Program provides opportunities for youth to individually and collectively participate in community service activities, develop leadership abilities, learn respect for the law, work for international accord and friendship among all people, and build an active interest in good government and civic affairs.

Programs - Meetings - Includes the costs for the International Convention, which is held annually and brings together over 600 members and guests to inspire and inform of Optimist's programs and activities during the past year and highlight upcoming activities. Workshops, educational sessions, dynamic educational speakers, and motivational events are the focus of the event.

General Management - Includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of Optimist's program strategy; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of Optimist; provide advertising and marketing support for admissions and special programs; provide membership support; and manage the financial and budgetary responsibilities of Optimist.

Membership Development - Includes the costs of soliciting prospective members and membership dues, strengthening member relations and other similar activities.

Functional Expense Allocation

Expenses are charged to programs and supporting activities on the basis of management's estimates of how resources are utilized. Salaries and related expenses are charged to program services and supporting activities on the basis of time and expense studies. Expenses such as depreciation and amortization, insurance, and occupancy are charged to program services and supporting services on the basis of square footage. Other expenses are charged to program services and supporting services based on the nature of the expenditure. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Optimist.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

Tax Status

Optimist International has received a favorable determination letter from the Internal Revenue Service and is exempt from federal income taxes on related, exempt income under the provisions of Code Section 501(c)(4). Youth Programs has received a favorable determination letter from the Internal Revenue Service for exemption from federal income taxes on related, exempt income under the provisions of Code Section 501(c)(3).

Reclassifications

Certain 2023 amounts have been reclassified, where appropriate, to conform to the presentation used in the 2024 consolidated financial statements.

Subsequent Events

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

3. Investments And Assets Restricted For Board-Designated Endowment

Investments consist of:

	<u>2024</u>	<u>2023</u>
Guaranteed investment certificates	\$ 1,942,593	\$ 1,905,556
Certificate of deposit	82,129	81,139
	<u>\$ 2,024,722</u>	<u>\$ 1,986,695</u>

Investments are carried at cost plus accrued interest, which approximates fair value.

Assets restricted for Board-designated endowment are comprised of Optimist's interest in the investments held by Optimist International Foundation. At September 30, 2024 and 2023, \$152,222 and \$142,771, respectively, was held. The composition of these investments is a portfolio of mutual funds, including growth funds, growth and income funds, balanced funds, and fixed income funds.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

In accordance with generally accepted accounting principles, the major categories of financial assets and liabilities must be measured at fair value on a recurring basis during the years ended September 30, 2024 and 2023 using quoted prices in active markets (Level 1); significant observable inputs for similar assets and liabilities (Level 2); and significant unobservable inputs (Level 3). Investments held by Optimist International Foundation carried at fair value above are measured as Level 1 for fair value purposes.

During 2024 and 2023, there were no changes in the methods and/or assumptions utilized to derive the fair value of Optimist's assets.

4. Accounts Receivable

Accounts receivable consist of:

	<u>2024</u>	<u>2023</u>
Accounts receivable from clubs	\$ 106,394	\$ 110,151
Other receivables	46,849	35,662
Allowance for credit losses	(66,433)	(52,069)
	<u>\$ 86,810</u>	<u>\$ 93,744</u>

5. Property And Equipment

Property and equipment consist of:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 1,029,251	\$ 1,018,619
Less: Accumulated depreciation and amortization	1,015,354	1,008,722
	<u>\$ 13,897</u>	<u>\$ 9,897</u>

Depreciation and amortization expense amounted to \$6,632 and \$6,491 for the years ended September 30, 2024 and 2023, respectively.

6. Leases

During 2023, Optimist entered into a finance lease agreement for printers and copiers that expires in 2028. There are no renewal options. Optimist does not have any short-term lease costs.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Optimist also had an office in Canada under an operating lease that expired in 2023.

The components of lease costs for the years ended September 30, 2024 and 2023 are as follows:

		2024	2023
Finance Lease Costs	Classification		
Amortization of ROU asset	<i>Depreciation, amortization and depletion</i>	\$ 12,444	\$ 9,349
Interest	<i>Interest</i>	2,031	1,765
		<u>\$ 14,475</u>	<u>\$ 11,114</u>
 Operating Lease Costs	 Classification		
Operating lease costs	<i>Occupancy</i>	\$ —	\$ 11,341

Supplemental cash flow and other information related to leases for the years ended September 30, 2024 and 2023 are as follows:

	2024	2023
Cash Flow Information:		
ROU assets obtained in exchange for new finance lease obligations	\$ —	\$ 65,345
Cash paid for operating leases included in operating activities	—	11,341
Cash paid for finance leases included in operating activities	2,031	1,765
Cash paid for finance leases included in financing activities	13,560	13,518
 Other Information:		
Remaining term - finance lease	3.58 years	4.58 years
Discount rate - finance lease	3.94%	3.94%

Undiscounted cash flows for each of the next five years of the lease reconciled to the liabilities recorded on the consolidated statement of financial position is as follows:

Year	Finance Lease
2025	\$ 13,560
2026	13,560
2027	13,560
2028	7,910
Total minimum lease payments	48,590
Less: Amount of lease payments representing interest	3,343
Present value of future minimum lease payments	45,247
Less: Current portion	11,993
	<u>\$ 33,254</u>

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

7. Debt

On April 1, 2008, Optimist International entered into a promissory note agreement with Optimist International Foundation 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, an interest rate of 6.97% and matures in 2028. Beginning January 1, 2014, the terms of the promissory note were modified and the interest rate changed to a fixed rate of 5% per annum. The promissory note does not have a prepayment penalty. As of September 30, 2024 and 2023, the promissory note had an outstanding balance of \$229,124 and \$273,423, respectively.

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 years ended September 30, 2024 and 2023, interest expense related to the promissory note amounted to \$12,665 and \$14,821, respectively.

8. Line Of Credit

Optimist maintains a line-of-credit agreement with a financial institution. Optimist is permitted to borrow up to \$150,000 on the line of credit. The line of credit bears interest at the financial institution's prime rate plus 2.00% (10.00% at September 30, 2024) and terminates on April 8, 2025. The line of credit is secured by an interest in Optimist's inventory, accounts receivable and equipment.

As of September 30, 2024 and 2023, no amount is due under the line-of-credit agreement. No interest expense was incurred in 2024 or 2023.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

9. Board-Designated Endowment Fund

As required by accounting standards, 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. Optimist's endowment is comprised of funds designated by the Board of Directors to be held in perpetuity. Therefore, all endowment funds are considered without donor restrictions.

Optimist 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. 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

To satisfy its long-term rate-of-return objectives, Optimist 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). Optimist 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.

Optimist has a policy of appropriating for distribution each year the lesser of 5% (net of fees) of the fund's fair value or 90% of the amount earned by the fund (net of fees) during the previous fiscal year. In establishing this policy, Optimist considered the long-term expected return on its endowments.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

Optimist had the following endowment funds without donor restrictions:

	<u>2024</u>	<u>2023</u>
Board-designated endowment funds	\$ 152,222	\$ 142,771

Changes in the endowment fund are as follows:

	<u>Without Donor Restrictions</u>
Balance - October 1, 2022	\$ 140,499
Contributions to Board-designated endowment	<u>2,272</u>
Balance - September 30, 2023	142,771
Contributions to Board-designated endowment	3,926
Investment return	<u>5,525</u>
Balance - September 30, 2024	<u>\$ 152,222</u>

10. Retirement Plans

Defined Benefit Pension Plans

Optimist has a noncontributory defined benefit pension plan (pension plan) covering all U.S. employees who qualified for the plan as of September 30, 1997.

Additionally, a nonqualified supplemental pension plan (supplemental plan) was adopted in 1992. The supplemental plan originally covered seven employees and is intended to provide a supplement to the employees' retirement benefits, which were reduced as a result of certain Employee Retirement Income Security Act of 1974 (ERISA) amendments.

Pension cost is determined based upon years of service and compensation levels. Pension cost was determined using the projected unit credit method. Prior year service costs are amortized over 15 years, which represents the average remaining service period of employees. The pension plan and supplemental plan are measured for the current fiscal year at October 1, 2023. Optimist's funding policy is to make, as a minimum contribution, the equivalent of the minimum required by the ERISA. No contributions were made to the pension plan in 2024 or 2023. Benefit accounts were frozen as of September 30, 1997.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

The following tables summarize the accumulated benefit obligation, the fair value of plan assets and the funded status at the measurement dates of September 30, 2024 and 2023, as estimated by the consulting actuary:

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Change In Benefit Obligation			
Benefit obligation at beginning of year	\$ 1,563,077	\$ 131,007	\$ 1,694,084
Interest cost	82,555	6,536	89,091
Actuarial loss	115,500	16,542	132,042
Benefits paid	(191,094)	(31,536)	(222,630)
Benefit obligation at end of year	1,570,038	122,549	1,692,587
Change In Plan Assets			
Fair value of plan assets at beginning of year	3,142,567	—	3,142,567
Actual gain on plan assets	676,308	—	676,308
Employer contribution	—	31,536	31,536
Benefits paid	(191,094)	(31,536)	(222,630)
Fair value of plan assets at end of year	3,627,781	—	3,627,781
Funded status	\$ 2,057,743	\$ (122,549)	\$ 1,935,194

	2023		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Change In Benefit Obligation			
Benefit obligation at beginning of year	\$ 1,692,645	\$ 140,905	\$ 1,833,550
Interest cost	82,214	6,497	88,711
Actuarial (gain) loss	(19,532)	15,141	(4,391)
Benefits paid	(192,250)	(31,536)	(223,786)
Benefit obligation at end of year	1,563,077	131,007	1,694,084
Change In Plan Assets			
Fair value of plan assets at beginning of year	2,956,307	—	2,956,307
Actual gain on plan assets	378,510	—	378,510
Employer contribution	—	31,536	31,536
Benefits paid	(192,250)	(31,536)	(223,786)
Fair value of plan assets at end of year	3,142,567	—	3,142,567
Funded status	\$ 1,579,490	\$ (131,007)	\$ 1,448,483

The net funded status of the pension plan and the supplemental pension plan has been recorded as an asset on Optimist's consolidated statement of financial position at September 30, 2024 and 2023.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements *(Continued)*

The supplemental pension plan is currently unfunded and will be funded by Optimist as benefits are due to participants. Expected contributions in 2025 are \$29,000.

The following is a summary of the components of net periodic pension cost for the years ended September 30, 2024 and 2023:

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Interest cost	\$ 82,555	\$ 6,536	\$ 89,091
Expected return on plan assets	(213,575)	—	(213,575)
Net amortization	51,820	11,586	63,406
Other components of net periodic pension cost	\$ (79,200)	\$ 18,122	\$ (61,078)

	2023		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Interest cost	\$ 82,214	\$ 6,497	\$ 88,711
Expected return on plan assets	(200,395)	—	(200,395)
Net amortization	68,877	9,904	78,781
Other components of net periodic pension cost	(49,304)	16,401	(32,903)

Components of net periodic pension cost other than service cost are presented separately in the consolidated statement of activities, while any service cost would be included within employee benefits.

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements *(Continued)*

Amounts recognized on the consolidated statement of activities for pension-related changes other than net periodic pension cost consist of the following:

	2024		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Current year actuarial gain	\$ (51,820)	\$ (11,586)	\$ (63,406)
Amortization of actuarial loss	(347,232)	16,542	(330,690)
	<u>\$ (399,052)</u>	<u>\$ 4,956</u>	<u>\$ (394,096)</u>

	2023		
	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Current year actuarial gain	\$ (68,877)	\$ (9,904)	\$ (78,781)
Amortization of actuarial loss	(197,646)	15,141	(182,505)
	<u>\$ (266,523)</u>	<u>\$ 5,237</u>	<u>\$ (261,286)</u>

Amounts expected to be reflected in net periodic benefit cost (excluding the period service cost, interest cost and return on plan assets) in the year ending September 30, 2025:

	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
Net prior service cost	\$ —	\$ —	\$ —
Net amortization	24,302	13,779	38,081
Transition obligation	—	—	—
	<u>\$ 24,302</u>	<u>\$ 13,779</u>	<u>\$ 38,081</u>

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

Six former employees of Optimist International Foundation are also participants in the pension plan. Optimist International Foundation has agreed to fund a pro-rata portion (for the former employees of Optimist International Foundation as a percentage of the total participants in the pension plan) of the contributions made to the plan by Optimist on an annual basis. Pursuant to the terms of the agreement, Optimist International Foundation is only liable for the portion of the annual contribution as calculated by Optimist and does not have any obligation, guaranty or warranty to fund any current or future deficits or shortfalls in the pension plan. Conversely, Optimist International Foundation does not retain any residual rights to receive any excess assets remaining in the pension plan upon liquidation. There were no contributions from Optimist International Foundation in 2024 or 2023.

The following table sets forth the weighted average assumptions used to determine net period pension cost and benefit obligations as of September 30, 2024 and 2023:

	2024		2023	
	Defined Benefit Pension Plan	Supplemental Pension Plan	Defined Benefit Pension Plan	Supplemental Pension Plan
Weighted-average assumptions used to determine benefit obligations at September 30:				
Discount rate	4.79%	4.79%	5.61%	5.61%
Rate of compensation increase	N/A	N/A	N/A	N/A
Weighted-average assumptions used to determine net periodic benefit costs for the years ended September 30:				
Discount rate	4.79%	4.79%	5.61%	5.61%
Expected long-term return on plan assets	7.00%	N/A	7.00%	N/A
Rate of compensation increase	N/A	N/A	N/A	N/A

The benefits expected to be paid in each year from 2025 through 2029 and thereafter are as follows:

Year	Defined Benefit Pension Plan	Supplemental Pension Plan	Total Pension Plans
2025	\$ 185,000	\$ 29,000	\$ 214,000
2026	173,000	24,000	197,000
2027	165,000	20,000	185,000
2028	155,000	16,000	171,000
2029	145,000	13,000	158,000
2030-2034	562,000	32,000	594,000
	\$ 1,385,000	\$ 134,000	\$ 1,519,000

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements *(Continued)*

Management has estimated, based on actuarial information, that no contribution was required for the defined benefit pension plan for the year ended September 30, 2025.

The pension plan assets are placed with money managers recommended by the pension plan's consultant. The Pension Committee reviews the performance of the managers on an ongoing basis and meets at least annually with the consultant. The expected long-term return on plan assets assumption is based on a periodic review and modeling of the plan's asset allocation and liability structure over a long-term period. Expectations of returns for each asset class are based on comprehensive reviews of historical data and economic/financial market theory.

At September 30, 2024 and 2023, the asset allocation goal of the defined benefit pension plan assets has been 60% equity securities and 40% fixed income. The assets are to be invested in conservative, well-known vehicles traded on established U.S. exchanges.

The fair value of defined benefit pension plan assets by asset category are as follows:

Asset Category	Fair Value Measurements At September 30, 2024				Total
	Quoted Prices In Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash and cash equivalents	\$ 675,208	\$ —	\$ —	\$	675,208
Mutual funds:					
Mid-cap value	143,870	—	—		143,870
Mid-cap growth	289,022	—	—		289,022
Large-cap value	429,456	—	—		429,456
Large-cap growth	564,420	—	—		564,420
Large-cap blend	863,275	—	—		863,275
Multisector bond	318,600	—	—		318,600
High-yield bond	343,930	—	—		343,930
	\$ 3,627,781	\$ —	\$ —	\$	3,627,781

**OPTIMIST INTERNATIONAL
AND RELATED ORGANIZATION**

Notes To Consolidated Financial Statements (*Continued*)

Asset Category	Fair Value Measurements At September 30, 2023				Total
	Quoted Prices In Active Markets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)		
Cash and cash equivalents	\$ 657,145	\$ —	\$ —	\$	\$ 657,145
Mutual funds:					
Mid-cap value	120,743	—	—		120,743
Mid-cap growth	237,782	—	—		237,782
Large-cap value	382,246	—	—		382,246
Large-cap growth	447,892	—	—		447,892
Large-cap blend	674,323	—	—		674,323
Multisector bond	304,512	—	—		304,512
High-yield bond	317,924	—	—		317,924
	\$ 3,142,567	\$ —	\$ —	\$	\$ 3,142,567

Defined Contribution Plans

Optimist has established a defined contribution 401(k) plan for its U.S. employees whereby Optimist makes matching contributions of up to 6% of the salary of each eligible employee. Optimist's contribution to the plan amounted to \$91,970 and \$74,833 in 2024 and 2023, respectively.

Effective October 1, 1999, Optimist established a defined contribution Registered Retirement Savings Plan to replace the previously terminated defined benefit plan for its Canadian employees. No contributions were made to the plan in 2024 or 2023.

11. General Liability Insurance

Optimist maintains general liability insurance coverage for itself, all member districts and clubs in the total amount of \$10,000,000 per occurrence and aggregate. The insurance costs are reported separately in the consolidated financial statements.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

12. Related Party Transactions

Due from related parties consist of:

	<u>2024</u>	<u>2023</u>
Due from Optimist International Foundation	\$ 54,443	\$ 42,861
Due from Canadian Children's Optimist Foundation	9,520	1,876
	<u>\$ 63,963</u>	<u>\$ 44,737</u>

Optimist International Foundation and Canadian Children's Optimist Foundation reimburse Optimist for certain payments of payroll, as well as for other administrative charges and services. Additional administrative services are provided without charge.

Optimist International Foundation and Canadian Children's Optimist Foundation also provide grants to Optimist for various programs. The grants to Optimist totaled \$203,504 and \$168,633 for the years ended September 30, 2024 and 2023, respectively.

13. Contingencies

Optimist International enters into contracts with hotels for the annual convention and other meeting events significantly earlier than the scheduled dates of the events. Such contracts typically allow for a reduction, at a predetermined percent, of the original contract amount. However, in the circumstance that such a contract is cancelled, a penalty is usually assessed at a percentage of the original contract amount based on the date of cancellation and the date of the event. As of September 30, 2024, no such cancellations are expected.

Optimist is involved in various claims, proceedings, and legal actions. These actions can involve claims for compensatory or punitive damages, as well as other types of relief. While the ultimate resolution of claims, proceedings, or legal action cannot be predicted with certainty, management, based on consultation with outside counsel, does not believe that any such claim, proceeding, or legal action, either alone or in the aggregation, will have a material adverse effect on the consolidated financial position of Optimist, but could be material to its changes in net assets or cash flows in one or more future years.

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

Notes To Consolidated Financial Statements (*Continued*)

14. Risks And Uncertainties

Optimist derives the majority of its revenue from membership dues and fees. Membership in the organization may fluctuate based upon larger cultural and economic trends, such as significant downturns in the economy. Due to the level of risk associated with declines in membership of Optimist, it is at least reasonably possible that declines in membership revenue will occur in the short term and that such changes could materially affect amounts reported in the consolidated statement of activities.

15. Employment Agreement

Optimist has executed an employment agreement with a key officer. The terms of the agreement run through September 30, 2024, and include provisions regarding compensation, benefits and effects of termination. During 2024, this agreement was extended through September 30, 2027.

16. Liquidity And Availability Of Resources

Optimist's financial assets available within one year of the consolidated statement of financial position date for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	\$ 917,927	\$ 690,649
Investments	2,024,722	1,986,695
Accounts receivable, net	86,810	93,744
Promises to give	30,000	30,000
Due from related parties	63,963	44,737
	<u>\$ 3,123,422</u>	<u>\$ 2,845,825</u>

Optimist's financial assets are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the consolidated statement of financial position. As part of Optimist's liquidity management, it regularly monitors liquidity required to meet its operating needs. To help manage unanticipated liquidity needs, Optimist has a line of credit, as described in Note 8, which it could draw upon if needed. In addition, if necessary, the Board of Directors could un-designate investments to meet cash flow needs.

Independent Auditors' Report On Supplementary Information

Board of Directors
Optimist International
St. Louis, Missouri

We have audited the consolidated financial statements of Optimist International and Optimist International Youth Programs Foundation as of and for the years ended September 30, 2024 and 2023, and have issued our report thereon dated April 5, 2025, which expressed an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying schedules of consolidated revenues, expenditures, and comparison with budget and changes in membership and officers and directors, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

April 5, 2025

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

SCHEDULE OF CONSOLIDATED REVENUES, EXPENDITURES AND COMPARISON WITH BUDGET For The Years Ended September 30, 2024 And 2023

	2024			2023		
	Actual	Budget	Favorable (Unfavorable)	Actual	Budget	Favorable (Unfavorable)
Revenues						
Optimist International						
Dues and fees	\$ 3,305,553	\$ 3,353,600	\$ (48,047)	\$ 3,350,584	\$ 3,370,000	\$ (19,416)
Charter fees	17,602	33,000	(15,398)	22,191	33,000	(10,809)
Life membership fees	32,863	30,875	1,988	38,226	32,500	5,726
International convention	286,038	290,800	(4,762)	248,227	275,664	(27,437)
Grants	22,500	22,500	—	22,500	22,500	—
Income from sales of supplies	8,594	11,500	(2,906)	11,555	13,000	(1,445)
Interest income	97,793	62,000	35,793	56,164	8,000	48,164
Other	174,437	191,500	(17,063)	164,955	116,000	48,955
Youth Programs						
JOI fees	125,443	69,500	55,943	104,721	141,502	(36,781)
Golf	1,315,200	1,319,312	(4,112)	1,286,901	1,269,750	17,151
Contributions and grants	227,930	190,500	37,430	186,702	163,300	23,402
Merchandise sales	19,788	21,000	(1,212)	23,989	21,000	2,989
Other	7,182	3,002	4,180	251	—	251
Total Revenues	5,640,923	5,599,089	41,834	5,516,966	5,466,216	50,750
Expenditures						
Allocated dues to districts	30,643	25,000	(5,643)	16,196	35,000	18,804
Club insurance premiums	739,263	730,700	(8,563)	667,445	591,475	(75,970)
Growth and member services	235,594	386,423	150,829	277,992	390,933	112,941
Membership development	348,328	385,026	36,698	343,139	382,788	39,649
Communication	205,880	275,511	69,631	176,597	203,760	27,163
Meeting services	146,005	147,781	1,776	137,723	151,967	14,244
International convention	207,517	271,215	63,698	242,095	284,156	42,061
Canadian office services	8,419	18,950	10,531	21,429	63,285	41,856
Building maintenance	251,487	244,894	(6,593)	235,329	243,372	8,043
Finance, administration, information services and facilities	969,500	1,071,817	102,317	949,861	992,251	42,390
Loss on uncollectible accounts receivable	69,479	53,400	(16,079)	52,014	50,870	(1,144)
Executive director department	232,752	229,844	(2,908)	217,746	220,219	2,473
Board and officers	122,180	155,410	33,230	125,656	145,740	20,084
Committees	3,857	16,425	12,568	11,663	14,925	3,262
JOI programs	175,029	192,088	17,059	145,118	211,241	66,123
Youth Programs expenses	1,293,917	1,416,184	122,267	1,241,550	1,252,312	10,762
Capital improvements	10,632	500	(10,132)	1,160	500	(660)
Interest expense	14,696	14,165	(531)	16,586	15,381	(1,205)
Pension contributions	31,536	34,000	2,464	31,536	34,200	2,664
Total Expenditures	5,096,714	5,669,333	572,619	4,910,835	5,284,375	373,540
Gain On Foreign Currency Translation	3,698	—	3,698	21,757	—	21,757
Excess (Deficiency) Of Revenues Over Expenditures	\$ 547,907	\$ (70,244)	\$ 618,151	\$ 627,888	\$ 181,841	\$ 446,047

OPTIMIST INTERNATIONAL AND RELATED ORGANIZATION

SCHEDULE OF CHANGES IN MEMBERSHIP AND OFFICERS AND DIRECTORS For The Year Ended September 30, 2024

	Member Clubs	Members
Membership, September 30, 2023	1,710	43,933
New clubs and members	45	5,485
Less: Discontinued clubs and members	119	8,196
Membership, September 30, 2024	1,636	41,222

Officers and Directors - 2024-2025:

Optimist International

Jan Oord Graves	President
Thomas Kendo	President - Elect
Tracy Huxley	Immediate Past President
Patrick Prendergast	Board Member
Terry Gorman	Board Member
Sandi Schmidt	Board Member
Rod McKendrick	Board Member
Michael Boles	Board Member
Paula Reyling	Board Member
Carter Sinclair	President of JOI (nonvoting)
Cheryl Brenn	Executive Director (nonvoting)
Ben DeRemer	President of Optimist International Foundation (nonvoting)
Sylvain Menard	President of Canadian Children's Optimist Foundation (nonvoting)
Robert Doyle	President of Optimistes Francophones Canadiens (nonvoting)

Optimist International Youth Programs Foundation

Jan Oord Graves	Chair
Thomas Kendo	President - Elect
Tracy Huxley	Board Member
Cheryl Brenn	Optimist International Executive Director (nonvoting)
Craig Boring	Optimist International Foundation Executive Director (nonvoting)
Andre Michelet-Figueroa	Canadian Children's Optimist Foundation Executive Director (nonvoting)
Open seat	
Open seat	

Officers and Directors - 2023-2024:

Optimist International

Tracy Huxley	President
Jan Oord Graves	President - Elect
Robert McFadyen	Immediate Past President
Patrick Prendergast	Board Member
Carol Haynes	Board Member
Russ Thomas	Board Member
Terry Gorman	Board Member
Sandi Schmidt	Board Member
Rod McKendrick	Board Member
Mason McSwegin	President of JOI (nonvoting)
Cheryl Brenn	Executive Director (nonvoting)
Teri Davis	President of Optimist International Foundation (nonvoting)
Tim Bell	President of Canadian Children's Optimist Foundation (nonvoting)
Robert Doyle	President of Optimistes Francophones Canadiens (nonvoting)

Optimist International Youth Programs Foundation

Rod McKendrick	Chair
Robert McFadyen	Board Member
Jan Oord Graves	Board Member
Terry Gorman	Board Member
Patrick Prendergast	Board Member
Russ Thomas	Board Member
Tracy Huxley	Board Member
Sandi Schmidt	Board Member
Carol Haynes	Board Member
Lawson Headley	Board Member
Kathleen Manchec	Board Member
Cheryl Brenn	Optimist International Executive Director (nonvoting)
Teri Davis	President of Optimist International Foundation
Tim Bell	President of Canadian Children's Optimist Foundation